
ESS Extension of Social Security

Analysis of the Viet Nam National Social Protection Strategy (2011-2020) in the context of Social Protection Floor objectives

A rapid assessment

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Gintare Mazelkaite and Valérie Schmitt

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International Labour Office

**Social Security Department
Geneva**

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The authors, however, are solely responsible for the content of and especially for any opinions expressed in this paper.

Acronyms and abbreviations

| | |
|--------|--|
| AFTA | ASEAN Free Trade Area |
| CCT | conditional cash transfers |
| CIT | corporate income tax |
| DOLISA | Department of Labour, Invalids and Social Affairs |
| GSO | General Statistics Office |
| HH | household |
| ILO | International Labour Organization, International Labour Office |
| ILSSA | Institute of Labour Science and Social Affairs |
| IMF | International Monetary Fund |
| MDGs | Millenium Development Goals |
| MOLISA | Ministry of Labour, Invalids and Social Affairs |
| NTP | National Targeted Programme |
| OOP | out-of-pocket payments |
| PIT | personal income tax |
| PPP | purchasing power parity |
| RAM | Rapid Assessment Matrix |
| SEDS | Socio-economic Development Strategy |
| SP | social protection |
| SPF | social protection floor |
| SPS | National Social Protection Strategy |
| UN | United Nations |
| UNDP | United Nations Development Program |
| UNICEF | United Nations Children’s Fund |
| USBTA | United States Bilateral Trade Agreement |
| VAT | value-added tax |
| VND | Vietnamese Dong (currency) |
| VSS | Viet Nam Social Security |
| WHO | World Health Organization |
| WTO | World Trade Organization |

Executive summary

The last decade has seen the development of a fairly extensive set of social protection policies in Viet Nam. A social insurance scheme mandatory for workers, now covering 18 per cent of the labour force, was introduced in 2008 under the Social Insurance Law. The health insurance system was created and extended to benefit formal workers and the poor and vulnerable through various strategies: automatic affiliations and full subsidies of the premium for the poorest, and voluntary affiliation and partial subsidies for other categories. Moreover, in 2007 Viet Nam introduced several social assistance benefits targeting vulnerable groups excluded from the labour market: orphans, the elderly, the disabled and people living with HIV. Finally, Viet Nam embedded several social protection interventions within different National Target Programmes (NTPs) targeted to specific vulnerable groups, areas and sectors to provide access to basic social services.

The Ministry of Labour formulated a draft Social Protection Strategy (2011–2020) in order to further develop the national social protection system. Social protection is clearly considered as an engine of socio-economic growth and development. According to the strategy, the concept of social protection embraces not only social transfers but brings into a consistent and comprehensive framework labour market policies, social insurance policies, health-care policies, social welfare/assistance, poverty reduction programmes and access to public social services.

The International Labour Office (ILO), on behalf of the global UN Social Protection Floor Initiative (SPF), assessed the existing social protection system of Viet Nam using the guarantees of the SPF as benchmarks: health for all, income security for children, working-age population and the elderly.

First, on health, the Government embraced the target of achieving universal health insurance coverage by 2014. Nevertheless, the strategy to extend the coverage to the informal sector still remains unclear. Furthermore, the level of out-of-pocket health-care costs and quality deficiencies underscore some implementation challenges. Second, regarding income security for children, Viet Nam established cash benefits under Decree 67 for orphans, as well as different programmes targeting children living in vulnerable regions or children of ethnic minorities. However, due to tight eligibility criteria, coverage is limited and the low level of benefits fails to ensure an adequate living standard. Overlaps among beneficiaries, policies and programmes have been identified (UNDP, 2009). Third, an unemployment insurance scheme which covers formal workers was introduced in 2009. However, informal workers have no systemic protection from unemployment or underemployment; only a scattered series of individual programmes provide some ad-hoc support to specific groups of people. Furthermore, better systemic linkages between social protection provisions and labour market policies are required. Fourth, only 9 per cent of the retired population received retirement pensions from the compulsory insurance system. Apart from this formal pension scheme, people over 80 or poor or vulnerable elderly are supposed to benefit from a universal non-contributory social pension. According to ILO estimates, around 30 per cent of the eligible elderly are not covered by social pensions. Furthermore, by design, income security of elderly people aged between 65 and 79 is not guaranteed. The voluntary insurance scheme, conceived to protect the informal workers, covers only around 90,000 people.

In order to fill the policy gaps identified, the ILO designed alternative scenarios that led to a dialogue with the Government and the social partners to extend the coverage of basic levels of social protection in Viet Nam. For each scenario some assumptions were made on the design of the schemes (types and levels of transfers in cash and in kind) in order to be able to estimate the cost of introducing or completing the guarantees. A new costing tool – a Rapid Assessment Protocol (RAP) – developed by the ILO on the basis of an earlier

UNICEF/ILO costing tool for the group of cooperating agencies and development partners in the Social Protection Floor Initiative was used for this costing exercise.

For the elderly an enhanced social pension was suggested, by increasing the benefit level from the current level, VND270,000 (around US\$13), to the poverty line, VND400,000 (US\$19.4) in rural areas and VND500,000 (US\$24.2) in urban settlements. Furthermore, the age threshold was lowered from 80 to 65 years. Gradual implementation and two different scenarios were assumed: one providing the social pension to people not covered by the formal pension, with a maximum cost of 0.6 per cent of GDP; and another providing 50 per cent of the benefit to those receiving the formal pension as a step to building a universal non-contributory scheme; the latter would cost up to 0.8 per cent of GDP. A social pension would reduce poverty among the elderly population from its current level of 14.5 to 12.2 per cent.

In addition, a package for children under 16 years old, composed of an allowance of between 25 and 50 per cent of the minimum wage, additional education services and one meal per day, was suggested for gradual implementation over five years. The ILO designed two scenarios for poor children: one benefit capped to two children per household, which would cost 0.47 per cent of GDP, and another without any ceiling with a maximum cost close to 0.87 per cent of GDP by 2016. The former would reduce child poverty from 20.8 to 12.2 per cent, while the latter would cut it drastically to 2.2 per cent. Obviously, the difference is explained by the high number of children in poor households.

Finally, for the working-age population, the ILO proposed the gradual implementation over four years of an employment guarantee of 100 days, similar to the Mahatma Gandhi National Rural Employment Guarantee Act of India, combined with social assistance for the disabled and training services to facilitate return to employment and the creation of micro-enterprises. It would reduce the working-age population poverty rate from 12.1 to 5.3 per cent and the disabled poverty rate from 25.8 to 9.4 per cent with a maximum cost of 1.14 per cent of GDP.

With gradual implementation, the cost for all three benefits (pension for the elderly without coverage in the “cheapest version”, targeted child benefits for all poor children and working-age benefits) would peak around 2016, once fully implemented for the working-age benefit and child benefit and with the retirement age reduced for the uncovered to 72 years old. The total cost of the entire package declines from a peak of around 2.33 to 2.3 per cent of GDP in 2020.

The possibility of adding SPF benefits that will close coverage gaps within the next four years appears unlikely, especially in view of the latest government announcements indicating that Viet Nam might have to go through a longer recovery period than was assumed last spring. However, fiscal space may be opening up around the middle of this decade that would allow a gradual strengthening of various elements of the SPF in addition to the health gaps that are being closed during the first half of the decade.

A sequence of policy actions could be designed that would envisage a successive closing of gaps in child, active age and old-age income security. None of the individual measures appear so expensive that they could not be introduced without increasing the annual deficit to more than 3 per cent, provided the level of overall revenue were to be restored to its pre-crisis level.

Some degree of underestimation of revenues also seems to have occurred during recent years, which may indicate further space for the extension of benefits. In addition, the comparatively low share of the government budget that is presently spent on social protection may indicate that some fiscal space could possibly be freed over the years by shifting expenditure away from other uses. At least the low and declining state social expenditure ratio should provide some justification for undertaking an overall budgetary

review within the next few years. A combination of increased personal income tax by 1.3 per cent of GDP and a 1 per cent increase of the value-added tax rate could cover the cost of the most modest set of measures, closing the SPF gap by 2017/18.

Viet Nam has already introduced substantial elements of its social protection floor and is pursuing determined policies to close the health coverage gap within the next four years. This report estimates that the SPF gap could be gradually closed progressively over the next 10 to 15 years without a major increase of overall revenues compared to pre-crisis levels.

1. Context

1.1. National context

Viet Nam is seen by international observers as an example of success, both in reorienting its development towards a market-based growth path and towards rapid poverty reduction (i.e. reducing the poverty rate from more than 66 per cent to less than 15 per cent over the past 20 years). The economic reforms undertaken during the period 1986-2009 have played a major role in providing a solid foundation for economic growth, including creating better jobs and higher living standards.

Experiencing an annual average GDP growth rate of 7.6 per cent in the period of 2000-2007, Viet Nam was the second fastest-growing economy among East Asian countries, being second only to China and outperforming countries such as India (Binh, 2010). During the same period there has been a remarkable increase in foreign trade by an average of 20.6 per cent annually, boosted by the adherence to international trade agreements such as the ASEAN Free Trade Area (AFTA) and the Bilateral Trade Agreement with the United States (USBTA) as well as by accession to the World Trade Organization (WTO). The economic growth coincided with a gradual shift from the agricultural sector to the more productive sectors of construction and services, together with an increase in domestic and international migration. However, while labour productivity was increasing during the period, it still remained low in absolute terms (Long et al., 2011).

At the beginning of 2007 Viet Nam experienced overheating of the economy, fuelled by massive capital inflows and credit expansion, which resulted in spiralling inflation and a real-estate bubble (Binh, 2010). There was a rapid rise in international prices for fuel and rice and a sharp increase in domestic non-food prices caused by national monetary policies rather than the world economic crisis. At the same time, increased economic integration and trade liberalization led to a rising trade deficit (mainly due to the trade with China), and there was a decrease in wages as well as less demand for Vietnamese workers overseas (ASEAN/World Bank, 2010). As a result, GDP growth slowed to 6.3 per cent in 2008 and further to 5.3 per cent in 2009, although by 2010 the economy had already started showing signs of recovery.

The slowdown in economic growth was partly a result of government policies. In 2008, the Government decided to ensure economic stability by introducing a stabilization policy package, which combined tight monetary policy with a reduction in government expenditure. Through this, the Government was able to maintain a manageable fiscal balance and temporarily curb inflation, although the package contributed to lower GDP growth in 2008 (Binh, 2010). In 2009 the Government shifted its policy from fiscal restraint to fiscal stimulus by cuts and delays in tax payments due in order to respond to the global economic crisis, the interest rate subsidy and increased social spending. The stimulus package accounted for about 8.3 per cent of GDP, around 16 per cent of which went to social protection programmes, including a one-off targeted cash transfer to the poor during the Tet New Year holiday, a new regionally targeted programme for the poorest districts and a new programme providing housing support for poor families (ASEAN/World Bank, 2010). However, while the stimulus package successfully addressed some of the issues triggered by the crisis, such as income vulnerability of individuals and rising unemployment, it contributed to an increased budget deficit and rising inflation (Binh, 2010).

At present (2012) the Government has to deal with the double problem of fiscal and monetary contraction, and is thus obliged to consolidate the government budget and curb inflation. The crisis triggered a negative fiscal balance of around 9 per cent of GDP in

2009, and inflation peaked to over 23 per cent in August 2011. Even though inflation receded at the end of 2011, it closed at almost 19 per cent and is expected to remain high for the next two years. According to the National Committee for Financial Supervision, the expected growth rate in 2012 should be around 5.6 to 5.9 per cent. However, depending on the international economic context, that figure could either reach 6.3 or be reduced to 5.2 per cent (*TuoTreNews*, 10 Jan. 2012).

Despite these fiscal and monetary constraints, the Government has to address the challenges related to the transition from a low- to a middle-income country. These include persistent rural poverty, especially concentrated in ethnic minority groups; strong internal migration; increasing vulnerability to international economic shocks due to integration into the global economy; and natural disasters triggered by climate change (World Bank, 2010b). In addition to strengthening protection against various risks, the Government needs to pay attention to the rapidly expanding labour force by supplying enough employment and training for around 1.3 million individuals joining the labour force every year in addition to the existing labour force. Finally, the Government has to move towards implementing a robust labour market information system and monitoring of social protection programmes to ensure better targeting and higher efficiency.

In addition to the problems discussed above, employment and labour market participation patterns and the informality of the labour market, as well as productivity and income distribution patterns, suggest that the benefits of growth have been unevenly distributed among different population groups. Urban areas are generally better off through the process of restructuring a production system that is now more oriented towards industrial activities and services. The poor, over-represented among ethnic minorities and in rural Viet Nam, still too often lack basic services (infrastructure, housing premises, health, sanitation) and access to education and training opportunities. It is also important that the current social protection system is mainly geographically or categorically targeted and thus excludes the working poor, especially individuals from the informal sector and migrant workers.

The Government acknowledges these equity issues in its Socio-economic Development Strategy (SEDS), which recognizes the importance of labour-intensive production and the high levels of informal employment, which are both expected to continue to play a role in Viet Nam during the coming years. Therefore, the social protection framework should develop an inclusive approach built upon instruments that make basic services accessible not only to the population that is easy to identify and reach, but also to those more exposed to poverty and to forms of economic and social exclusion. In the next ten years social protection institutions, as already stated in the Viet Nam Social Protection Strategy, will have to play a role in maintaining the current well-being, and developing future opportunities, of those who have been left behind in the development process so far.

Viet Nam already has a fairly extensive set of social protection programmes in place, including a social insurance scheme which is mandatory for workers under the Social Insurance Law and covers 18 per cent of the labour force; a health insurance system which is being extended to informal economy workers and the poor and vulnerable through various strategies (automatic affiliations and full subsidies of the premium for the poorest; voluntary affiliation and partial subsidies for other categories); unfortunately scattered social assistance programmes; and a large number of programmes targeted to specific vulnerable groups, areas and sectors (National Targeted Programmes, NTPs). The latter programmes include, for example:

- exemptions from the payment of health-care user fees;
- preferential credit policies (for the development of production, the creation of employment, improving living standards, improving education, etc.);

-
- exemptions from education fees;
 - vocational training to meet the labour demands of enterprises and increase employment opportunities for vulnerable groups;
 - migration programmes to reallocate labour resources.

The Ministry of Labour, Invalids and Social Affairs (MOLISA) has formulated a Social Protection Strategy (SPS) for the ten coming years (2011–2020) to further develop the national social protection system. In this strategy social protection is considered as an engine of socio-economic growth and development. The concept of social protection not only embraces social transfers but also brings labour market policies, social insurance policies, health-care policies, social welfare/assistance and poverty reduction programmes, as well as access to public social services, into a consistent and comprehensive framework. Through its SPS Viet Nam plans to achieve universal health-care coverage by 2014; to provide access to basic social services for all such as education, health care, housing, drinking water, electricity, information, sanitation and legal advice; and to provide a minimum income to those in need. The main principles of the SPS – universality, solidarity, equitability, sustainability and the promotion of individual responsibility as well as prioritizing the poor – are fully in line with those guiding the implementation of the Social Protection Floor Initiative worldwide. Unfortunately, after waiting for approval for more than a year, the Strategy has not yet been approved by the Prime Minister. Nevertheless, the Government still needs to weigh how to reform and strengthen the social protection system of Viet Nam. The future Programme on Social Insurance Reform and the Strategy on Social Assistance to be approved in 2012 provide excellent vehicles for carrying out the changes necessary to rationalize and modernize the system, addressing new vulnerabilities.

1.2. Global context

In April 2009, the High Level Committee on Programmes of the UN Chief Executives Board approved the social protection floor as one of its Joint Crisis Initiatives, with the ILO and WHO as lead agencies. This Initiative supports countries in planning and implementing sustainable social transfer schemes and essential social services. As this objective transcends the mandate of any single body or agency, the Initiative built a global coalition of UN agencies (FAO, ILO, OHCHR, UNAIDS, UNDESA, UNDP, UNESCO, UNFPA, UN-HABITAT, UNHCR, UNICEF, UNODC, UN Regional Commissions, UNRWA, WFP, WHO, WMO), the IMF and the World Bank, as well as development partners and leading NGOs.

The social protection floor seeks to guarantee legal rights to nationally defined baskets of essential goods, services and income transfers to ensure adequate access to food, health care, education, clean water and housing for everyone. It is based on the straightforward idea that people who have access to a basic set of goods, services and transfers are lifted out of poverty or vulnerability and can become more productive contributors to their national economies. Entitlements to goods and services are transfers in kind and complement or wholly substitute cash transfers. For example, universal access to safe water can be made available to all by supplying water free of charge or by providing people with the financial resources to purchase the necessary amount of water. The SPF gives concrete content to the human right to social security. Specifically, Article 22 of the *Universal Declaration of Human Rights* lays down that:

Everyone, as a member of society, has the right to social security and is entitled to realization, through national effort and international cooperation and in accordance with the organization and resources of each State, of the economic, social and cultural rights indispensable for his dignity and the free development of his personality.

Social protection floors comprise at least the following basic social security guarantees:

- (a) access to a nationally-defined set of goods and services, constituting essential health care, including in the case of maternity;
- (b) basic income security for children, at least at a nationally-defined minimum level, providing access to nutrition, education, care and any other necessary goods and services;
- (c) basic income security, at least at a nationally-defined minimum level, for persons in active age who are unable to earn sufficient income, including in case of sickness, unemployment, maternity and disability; and
- (d) basic income security, at least at a nationally-defined minimum level, for persons in old age.

The term “guarantees” also implies that benefit access is underwritten by effective legal entitlements, and is outcome-oriented but leaves a maximum of flexibility for national adaptation.

The level of benefits and scope of population covered for each guarantee should be defined with regard to national conditions; however, the level of benefits and the actual combination of transfers in cash and in kind should not fall below a minimum that ensures access to a basic basket of food and other essential goods and services.

Transfers may be organized as universal benefits (as in the case of a universal tax-financed pension or a universal national health service), as social insurance schemes with complete population coverage (which may mean subsidized insurance coverage for some population groups), or a combination thereof; they may be conditional or unconditional, or organized as social assistance schemes that guarantee access to income security and health care only for those who have no other form of risk coverage. What is important is that everyone who is in need of income transfers or health services can access these transfers in cash or in kind and is not confronted with obstacles that effectively exclude her/him from coverage.

Defining the components of the SPF as guarantees creates the flexibility that makes the concept compatible with all possible national social protection systems. The four guarantees set minimum performance or outcome standards with respect to access, scope and levels of income security and health in national social protection systems, rather than prescribing a specific architecture for these systems. While not all countries will be able to immediately put in place all components for the whole population, the SPF provides a framework for planning a progressive implementation that ensures a holistic vision – a social protection system that exploits synergies and complementarities between different components.

2. Objectives of the assessment-based national dialogue in Viet Nam

The dialogue process between the national Government, social partners and the UN country team has the following general and immediate objectives.

General objective: to support the implementation planning of the social protection strategy in Viet Nam by using the SPF approach and tools.

Immediate objectives

- Immediate Objective 1: Take stock of the social protection situation through a mapping exercise of all existing and planned social protection schemes, actors, institutions, strategies, legislation, assessments and studies.
- Immediate Objective 2: Carry out a quantitative and qualitative analysis of the social protection system and strategy, for example in terms of the population covered, benefit levels and adequacy of benefits, availability and quality of social services, good practices and weak points, priority needs, potentials and constraints.
- Immediate Objective 3: Contribute to facilitating a dialogue in order to identify priority areas for government interventions, based on the stocktaking exercise and on the design and costing of the corresponding programmes and schemes; undertake a fiscal space analysis to support decision-making.
- Immediate Objective 4: Develop generic methods and know-how that can be shared at regional level with other countries involved in the assessment-based national dialogue process.

The dialogue began with a *rapid assessment mission in January 2011* aiming at starting the national dialogue on the implementation of the social protection strategy in Viet Nam between Vietnamese stakeholders and the UN system. The terms of reference of the mission were:

- (1) to undertake a rapid stocktaking and mapping exercise of all social protection schemes, actors, institutions, strategies, legislation, assessments and studies, etc.;
- (2) to analyse to what extent existing social protection provisions and the emerging national social protection strategies match the generic SPF framework;
- (3) to develop tools and methods to facilitate the ongoing policy development process that can lead to the identification of priorities and the consequent preparation of the implementation of the national social protection strategy;
- (4) to outline the next steps in the assessment-based national dialogue process;
- (5) to provide preliminary evidence on the capacity to finance existing and planned social protection provisions from the government budget and calculate the additional cost incurred if Viet Nam were to develop a complete SPF, which would embody a major step towards closing the poverty gap;
- (6) to use this preliminary evidence to engage in a discussion on the fiscal space analysis.

3. The Assessment Matrix: Social protection floor benchmarks

The Assessment Matrix (see table 3.1) is a tool whose purpose is to analyse the extent to which existing and planned future social protection provisions match the benchmarks set by the four guarantees of the social protection floor and to support the identification of policy priorities to complete the floor. The matrix analyses the present (and future) social protection situation and identifies design and implementation gaps.

The Assessment Matrix underscores the relative strength of the Vietnamese social protection system, as a number of guarantees identified in the social protection floor are already provided for an important share of the population. However, some opportunities for improvement have been identified.

No design gaps could be detected in health insurance, for which the objective of government policy is to close the coverage gaps by 2014. Health care is generally the most costly guarantee of the social protection floor. Attempting to close the coverage gap within four years is a major undertaking and a major step forward towards realizing a complete national SPF. It is also a major contribution to achieving the targets set by the MDGs.

Examples of design gaps (population or key SPF guarantees not covered or insufficiently covered by existing policies, legislation and schemes) in Viet Nam include:

- unemployment benefits provided only to formal sector workers in enterprises of ten and more employees;
- maternity benefits limited to formal sector workers with a contract of more than three months;
- a pension scheme design that is not adapted to the needs of informal economy workers, resulting in very low coverage, i.e.:
 - (i) only those above 80 years old are eligible for old-age pension for those not covered by the contributory pension scheme; the category 60-79 years old is subject to many conditions;
 - (ii) poor adequacy of benefits; the old-age universal pension benefit (for 80+) is VND270,000 per month (US\$13, two-thirds of the nationally defined poverty line).

Examples of implementation gaps (dysfunctional implementation of existing policies and unmet entitlements for various reasons, such as unavailability or lack of access to services) include:

- unavailability of health services, as evidenced by deficient infrastructure, lack of qualified staff or medicines, etc.
- lack of effective access to health care and other social services due to prohibitive transportation costs, under-the-table payments, etc.

The template in table 3.1 provides stakeholders with an overview per guarantee of existing entitlements, and a consistent framework identifying areas where all schemes, together with the Government and UN actors, could collaborate in future. It also helps to identify possible overlaps, gaps and inefficiencies of existing SP provision.

Since the matrix also maps activities and responsibilities of international actors (such as UNICEF, the lead agency for children protection), the ILO believes that it could be used as a coordination mechanism for the implementation of the strategy.

The indicators and qualitative information included in the matrix (population covered, levels and adequacy of benefits, availability and quality of social services, good practices and weak points, priority needs, potentials and constraints) will provide a rough baseline for the assessment of the present performance of the country's social security system against the social protection floor benchmarks.

Table 3.1. Structure of the SPF Assessment Matrix

| | SPF objectives | Existing SP provision | Measures foreseen in the SPS | Gaps | | Agencies involved | Priorities |
|-------------|---|--|------------------------------|---|---------------------|--|---|
| | | | | Design gaps | Implementation gaps | | |
| Health | Social protection floor template: guarantees and objectives | Describe the present and planned social protection situation, taking into account SP strategy objectives | | Identify design & implementation gaps → Basis for the preliminary costing | | Mapping & sharing of responsibilities and activities | Priority policy options to be decided through national dialogue based on assessment results |
| Children | | | | | | | |
| Working age | | | | | | | |
| Elderly | | | | | | | |

3.1. The Viet Nam Rapid Assessment Matrix: Main results

The following sections describe the main results of the stocktaking exercise undertaken by the rapid assessment mission in January 2011. Further details can be found in Annex 1.

3.2.1. Health for all

Existing provisions

The Law on Health Insurance of 2008 came into effect on 1 July 2009 with the aim of achieving universal health insurance by 2014. The promulgation of the Law has shown the strong commitment of the Government to fully or partly fund the health insurance contributions of vulnerable groups and hence undertake an explicit effort to close the coverage gap.

Health insurance in Viet Nam consists of both mandatory and voluntary health insurance. Among the working population, individuals formally employed for a period longer than three months or an undefined period are obliged to pay the full premium from their salary on a monthly basis. The Government fully subsidizes health insurance cards for the poor, pensioners, beneficiaries of social assistance, ethnic minority people with disadvantaged living conditions, children under six years and some other population groups. Individuals receiving a partial subsidy (50 per cent of insurance costs) include the “near-poor” (those with incomes up to 30 per cent above the poverty line), middle- and low-income people

operating in agriculture, forestry and salt, schoolchildren and students. The rest of the population have the right to insure themselves through voluntary health insurance.

Social health insurance covers between 80 and 100 per cent of the costs for services such as examination and treatment, screening and early diagnosis, rehabilitation, ante-natal care and birth, and also provides some travel expenses. The rest of the cost is borne by the patients through out-of-pocket payments, which remain high compared to WHO recommendations, even though the share of out-of-pocket payments dropped from 65 per cent in 2005 to 49.3 per cent in 2009 (*Joint Annual Health Review*, 2011). Services such as routine check-ups, family planning and cases of work-related accidents are not covered under the public health insurance. The number of people covered by either compulsory or voluntary health insurance has increased sharply – from 11.3 million in 2001 to 53.3 million people in 2009, *accounting for more than 60 per cent of the total population in 2010* (MOLISA, 2010). Thirty million people participated in compulsory non-subsidized health insurance, of whom 20 per cent lived in rural areas, while 12.5 million were considered poor and were covered through subsidized health insurance. Close to 95 per cent of the poor benefiting from subsidized health insurance live in rural areas. Nearly 9.6 per cent of schoolchildren and students were covered by social insurance, of whom residents in rural areas accounted for nearly 40 per cent. Around 11 million people participated in voluntary health insurance, 66.6 per cent of whom lived in rural areas (*ibid.*).

In terms of GDP, total health expenditure rose from 5.2 per cent to 6.4 per cent between 2000 and 2009 and is relatively high compared to other countries with similar income levels (*Joint Annual Health Review*, 2011). Public health-care expenditure rose by 16.7 per cent between 2008 and 2010, which was lower than the overall increase in the health budget (25.8 per cent) during the same period.

The revenues of the health insurance fund have risen rapidly as a result of the expansion of participation and the increased contribution rates. The turnover of the fund was equal to VND1,151 billion in 2001 but expanded rapidly during the decade to 2010 (MOLISA, 2010). The 2009 revenue of VND13,035 billion nearly doubled in 2010 to VND 25,238 billion, making a positive surplus of VND5,573 billion after many years of imbalance (*Joint Annual Health Review*, 2011). State subsidies represented 45 per cent of the total health insurance budget, 1 per cent of GDP in 2010 (*ibid.*).

In order to attain the goals set out for the coming decade, the Government of Viet Nam will have to take a strong lead in improving the quality of health care, while at the same time implementing cost-containment measures to avoid an escalation in the cost of health care.

Policy design

No policy design gaps could be identified in the Government's strategy to achieve full population coverage by 2014. There is, however, no clear mapping of an administrative approach to tackle the lack of health insurance coverage for the 40 per cent of the population presently not covered, nor are the role and accountability of local authorities in implementing public health insurance clearly defined in law. In addition, given the size of the informal economy and the obviously low perceived value of public health insurance, it is improbable that universal coverage can be attained by expanding voluntary rather than mandatory health insurance.

Implementation gaps

- It is not clear whether the “near-poor” are actually benefiting from the partial subsidy from the Government; out-of-pocket payments remain high for this population group

(20 per cent of the treatment cost) and may easily reach catastrophic expenditure levels.

- Even though there is no comprehensive analysis of the performance of the service delivery mechanism (quality, availability and geographical access), some recognized issues and limitations include: the sometimes low quality of health care; the fact that direct and indirect out-of-pocket health-care costs for poor households and vulnerable groups sometimes exceed affordability limits and are responsible for high levels of inequality in access to health care among different population groups; and that there is a substantial lack of awareness of the benefits of joining a health insurance scheme.
- There is a lack of clear orientation and capacity to implement the provider payment reform, for example: a full policy awareness of the effectiveness and efficiency of alternative provider payment mechanisms is needed, which requires considerable knowledge; a reluctance to move away from the costly fee-for-service method is evident; investments in operational research in new payment methods remain insufficient; hospital management capacity fails to ensure the successful implementation of the reform; and the diversity and fragmentation of parties paying for health-care services through Viet Nam Social Security (VSS), the health sector, household out-of-pocket payments, reduces the negotiating power of third-party payers vis-à-vis service providers (*Joint Annual Health Review*, 2011).
- There is a need for more effective cost-containment measures: a lack of standard treatment protocols leads to over-prescription of pharmaceuticals and medical services; the selection of items on the insurance list of approved services and pharmaceuticals is not cost-effective; a lack of information about cost-effectiveness of medical interventions leads to inefficient use of resources; and more information is needed on corruption such as under-the-table-payments in the health-care sector (*ibid.*).
- Registration, data collection and monitoring in the health insurance system are deficient.
- Problems in health-care financing and extension of coverage persist: low compliance in paying insurance premiums in the informal sector; equity issues brought about by fragmented distribution of the state budget for hospitals – large hospitals receive considerably less, although the poor tend to seek health services at smaller units (a problem of “adverse subsidy”); and making hospitals financially self-reliant has led to increased health-care costs and informal out-of-pocket payments (*ibid.*).
- The insufficiency of the health-care services network persists: many health-care human resource indicators (doctors per 10,000 population, university-trained pharmacists per 10,000 population, nurses-to-doctors ratio) fall below the targets defined in 2010; the redistribution of health staff remains unequal across provinces and cities and technical specialities due to differences in remuneration; the real capacity of training facilities is not growing in line with the increased number of students in medical and pharmaceutical schools, despite the sharp rise in numbers of graduates from medical schools; and there has not been an adequate increase in recruited professionals (*ibid.*).

Agencies involved

The World Health Organization (WHO) is the lead agency involved in supporting improvements to the delivery system. The ILO, UNICEF, UNDP and others can offer support.

3.2.2. Income security for children

Existing provisions

There are a number of benefit schemes delivering either in-cash or in-kind benefits, often not exclusively targeting children but rather entire vulnerable groups such as orphans or the poor. These include:

- (i) regular social assistance schemes under Decrees 67 and 13: the targeted social assistance under Decree 67 reached 61,000 orphaned children in 2006. The total number of beneficiaries of regular social assistance (all age groups and not only children) gradually increased from 416,000 in 2005 to one million in 2008 (World Bank, 2010b). Children represent just over 5 per cent of total beneficiaries. The total budget for regular social assistance (all programmes and target groups) represented less than 0.15 per cent of GDP in 2008/09 (ILSSA, 2010);
- (ii) the National Targeted Programme for Poverty Reduction (NTP-PR) which aims to promote access to economic assets and services for the poor;
- (iii) programmes targeted at poor and disadvantaged ethnic minority households working in agriculture and forestry and aiming to provide them with land, housing and clean water (the P134 programme); and
- (iv) geographically targeted anti-poverty programmes aimed at addressing structural sources of poverty in remote regions (the P135 programme being the most prominent).

Some examples of benefits granted to children include:

- programmes providing free essential services such as water or electricity, but limited to ethnic minorities;
- school fee exemptions and reductions for poor students. Over 10 per cent of children attending school benefit from such exemptions and reductions (900,000 children in 2010), among whom are 90 per cent of primary school children in households with bottom quintile incomes. The budget was VND2,000 billion in 2010 representing 0.1 per cent of GDP (ibid.);
- student loans for students living in poor households;
- support for ethnic minority children for the purchase of food, textbooks and notebooks;
- scholarships for poor university students equal to 80 per cent of the basic minimum wage; and
- health coverage for children under six years (included under the health section). State support of 100 per cent for the health insurance premiums of children under six years old represented 0.37 per cent of GDP in 2010 (ibid.).

Policy design gaps

Numerous programmes targeted at poor children already cover major elements of the SPF. However, there is no general child benefit that ensures income security for children. The existing social assistance programmes for children, as for the other categories of the population, show a number of deficiencies.

-
- There is low coverage due to tight eligibility criteria.
 - The low benefit levels fail to ensure subsistence living standards and sustainable poverty reduction.
 - There are some overlaps among the beneficiaries, policies and resources of poverty reduction programmes.

Implementation gaps

- The implementation of the poverty reduction policies outlined above is incomplete, as benefits often do not reach the intended beneficiaries, especially migrant children who are difficult to identify.
- Many beneficiaries are unaware of the policies and/or programmes.
- There is no unified registry of beneficiaries for social assistance.
- The responsibilities for monitoring and evaluation are divided among different levels within MOLISA and DOLISA branches, with no consistent and standardized procedure at the national level.
- The resources for implementation are limited and dispersed between too many programmes.

Agencies involved

UNICEF is planned to be the lead agency involved, and might benefit from an ongoing World Bank project on conditional cash transfers. The design and costing of the pilot project is ongoing.

3.2.3. Income security for the working-age population

Existing provisions

The compulsory social insurance schemes for unemployment and maternity as well as the various social assistance programmes suffer from various limitations, particularly coverage, through:

- unemployment insurance and maternity protection targeting only a minority of workers in formal employment, with unemployment insurance limited to workers in formal enterprises of more than ten workers.¹ According to calculations for the Draft

¹ Part of the Law on Social Insurance. Unemployment insurance is mandatory for Vietnamese employees working under indefinite-term labour contracts and fixed-term labour contracts of between 12 and 36 months and for employers employing more than ten employees. To be eligible for unemployment insurance, the employee must have paid into the unemployment fund for at least a full 12 months within 24 months before becoming unemployed; must have registered with the social insurance agency; and has not been able to find a job within 15 days from the date of registration with the social insurance agency. On 25 Oct. 2010, the Ministry of Labour, Invalids and Social Affairs (MOLISA) passed Circular No. 32/2010/TT-BLĐTBXH (Circular 32) instructing the implementation of the provisions of Decree No. 127/2008/NĐ-CP dated 12 Dec. 2008 (Decree 127) issued by the Government stipulating the details and instructions for implementing the provisions of the Law on social insurance and unemployment insurance.

National SPS, unemployment coverage in 2010 was around 10 per cent² of the working-age population, with total financing representing 0.3 per cent of GDP, one-third from the Government and two-thirds from contributions from employees and enterprises (ILSSA, 2010). Maternity benefits provided under the compulsory insurance scheme covered less than 20 per cent of the working-age population;

- coverage of less than 1.5 per cent of the total population from social assistance provided through Decree 67, including emergency relief, the National Targeted Programme for Poverty Reduction (NTP-PR) and the P134 and P135 programmes (MOLISA, Bureau of Social Protection Administrative Records);
- social assistance for the disabled and for single parents under Decree 67 covering only 306,000 disabled and 16,500 single parents in 2009 with a minimal benefit amounting to only 32.5 per cent of the poverty line (MOLISA, 2010, with associated detailed calculations from ILSSA);
- some targeted programmes providing housing and food support but only covering minorities;
- underfunded labour market policies, representing 0.14 per cent of GDP in 2010;³
- benefits to those people considered to be of national merit amounting to VND13,691 billion (0.82 per cent of GDP) in 2009 (ILSSA, 2010).

Policy design gaps

- The economy's employment generation capacity is still low, with a large proportion of workers in vulnerable jobs. Despite the opportunities to join the social insurance scheme on a voluntary basis, there is no general income support for informal workers, who represent close to 70 per cent of total employment.⁴
- Area-based social assistance programmes show little focus on urban and near-urban areas where the majority of the poor are located, resulting in substantial protection gaps for workers in informal employment in these areas.
- There is no clear or concrete linkage between social protection and measures to facilitate the insertion or reinsertion of beneficiaries in the labour market.
- There is no maternity protection for workers in informal employment, leading to a lack of income replacement during periods of absence from work due to maternity.

² According to *Voice of Viet Nam News* (Feb. 2010), around 5.4 million workers were participating in the unemployment insurance scheme (see <http://english.vovnews.vn/> accessed 31 March 2010).

³ Authors' calculations based on the total budget for social security programmes in 2003-2010 and forecast for 2020, as provided in MOLISA (2010) and the associated detailed calculations.

⁴ The current Law on Social Insurance, covering compulsory social insurance, voluntary social insurance and unemployment insurance, has created opportunities for workers, especially those in the informal sector, to participate in social insurance. However, notably due to a lack of communication, as well as mechanisms and policies to assist informal sector workers, only a few have joined the social insurance scheme on a voluntary basis. Most voluntary social insurance participants are those who have formerly participated in compulsory social insurance for a few years and who continue participating on a voluntary basis to satisfy the minimum condition of 20 years' contributions to be eligible for a pension (MOLISA, 2010).

-
- There is no guaranteed protection for migrant workers.
 - The low levels of coverage are partly due to the tight eligibility requirements for receiving regular assistance benefits. The low levels of benefit are also part of the design gap.
 - Social assistance programmes are usually targeted geographically or by category, such as to people in mountainous areas, or the elderly, rather than depending on income level; thus the general working-age population is less protected.

Implementation gaps

- According to the diagnosis presented in the Social Protection Strategy regarding access to employment of better quality including better working conditions, employment security, training opportunities, income and social protection, the policies have not been implemented effectively, especially with regard to vulnerable groups. The Government's interventions are insufficient, some policies are unsuitable and resources for implementation are limited. As a result, the formalization process and the associated extension of the coverage of the social insurance scheme, in particular to workers in informal employment, are still limited. In addition, underemployment in the informal labour market remains a notable problem (MOLISA, 2010).
- Regarding the management of the social insurance system, certain obstacles can be foreseen owing to an estimated increase in the number of participants in the coming years. The infrastructure of the management system is still weak; the network for collecting insurance premiums and paying benefits, and the cadres of management and professional staff, are still deficient. Monitoring and supervising participants in social insurance is still difficult in practice (*ibid.*).
- Regarding poverty reduction policies and programmes, some of the implementation gaps share common ground with those for children (see section 4.2.2), notably overlaps in the responsibilities of executing agencies and beneficiaries leading to fragmented resources, as well as shortcomings and weaknesses in management systems, particularly in rural areas (*ibid.*).
- Although the “poor list” has been used for many years to identify vulnerable households, it contains many errors both of inclusion and exclusion. The process of updating the list is slow and non-transparent and there are large discrepancies between those listed and those identified through household survey data (World Bank, 2010a).
- Replacement incomes have tended to remain low due to under-reporting of wages, which is mainly a result of the low perceived value of social transfers, followed by incentives to increase the net wage. So long as the perceived value remains low this under-reporting will continue, reducing replacement rates and vice versa (Thanh and Castel, 2009).

Agencies involved

The ILO recommends studying the experience of India with its 100-day employment guarantee scheme, while the World Bank is currently undertaking a study of a comprehensive social assistance programme (conditional cash transfers).

3.2.4. Income security for the elderly

Existing provisions

There are a total of 1.9 million pensioners having reached the retirement age of 55 for women and 60 for men (authors' calculations based on ILSSA, 2010). Old-age benefits are provided through:

- compulsory pension insurance covering 18 per cent of the total workforce (Viet Nam Social Insurance Agency). At present about 9 per cent of the retirement-age population receive retirement pensions (excluding pre-1995 retirees), while 200,000 workers received a severance payment in 2009 due to a period of contributions of less than 20 years;
- the inclusion of pre-1995 retirees – almost one million people or 20 per cent of the retirement-age population, whose pensions are financed by the Government at a cost of 1.5 per cent of GDP;
- the voluntary pension insurance scheme, which after two years of operation now covers about 90,000 voluntary participants; and
- targeted social assistance for people above age 80 and single elderly people in poor households or elderly people in poor households who have no spouse or other relative to rely on. The coverage was 430,000 pensioners in 2008 and 538,000 in 2009 (representing almost 70 per cent of elderly not covered by social insurance, including pre-1995 retirees). The scheme is financed as part of the regular social assistance under Decrees 67 and 13/2010. The overall budget represents less than 0.2 per cent of GDP in 2010, with the majority of the resources allocated to targeted assistance for the elderly (authors' calculations based on ILSSA, 2010).

Policy design gaps

- There was a coverage gap among people aged 60-80 of about 680,000 people in 2010: these were not covered by the contributory pension and the various targeted programme groups under the NTPs.
- Thirty per cent of people over 80 are not covered by social insurance and do not receive social assistance; the level of benefits is low despite the recent increase (raised from 180,000 to 270,000 in January 2011) and is still lower than both the rural and urban poverty lines.

Implementation gaps

- There are obvious delivery problems, such as difficulties in identifying the elderly entitled to the social assistance pension.
- There is substantial contribution evasion in the contributory insurance scheme as well as under-reporting of wages among formal economy workers. This creates multiple problems: it reduces the perceived value of social insurance benefits in income protection and results in a situation where there are likely to be many retirees receiving a guaranteed minimum pension although they were not low-income earners before retirement (Thanh and Castel, 2009).
- The coverage of the theoretically compulsorily insured population is still low; so far the system has covered only about 70 per cent of the total number, nearly 13 million targeted compulsory participants in the formal sector. The contribution rate for workers in the non-state sector is very low.

-
- A problem linked to the design of the scheme is that a large share of workers aged 45 and over for men and 40 and over for women are unable to participate in the voluntary social insurance scheme with the aim of earning a pension when they reach retirement age, because it is impossible for them, given their age, to contribute to voluntary social insurance for at least 20 years (MOLISA, 2010).

Agency involved

During the assessment mission the ILO was requested to undertake an actuarial study of the contributory social security pension scheme. The ILO also recommends that the possibilities be studied of lowering the age of the social pension to age 65+ and of increasing the level of benefits to at least the poverty line.

4. Costing the completion of the social protection floor

4.1. The Rapid Assessment Protocol methodology

A new costing tool – a Rapid Assessment Protocol (RAP) – developed by the ILO on the basis of an earlier UNICEF/ILO costing tool for the group of cooperating agencies and development partners in the Social Protection Floor Initiative was used for this costing exercise.

The exercise first identifies and defines the policy options that would complete the SPF in line with the diagnosis of the Social Protection Floor Rapid Assessment Matrix (SPF-RAM), then estimates the cost of the different measures and relates them to projections of the government budget. The RAP uses a simple and easy methodology that builds on single age population projections; single age estimates of labour force participation rates; a relatively crude economic scenario as determined by assumptions of the overall GDP growth rates, productivity rates, inflation and base real wage rates and increases over the projection period, and interest rates, as well as initial poverty rates. The model uses these variables as drivers of expenditures and revenues starting from initial statistical values given for the last observation years. Detailed assumptions are all noted in the model, which can be provided to all readers together with this report.

In the case of Viet Nam the cost is also related to the overall base line status quo social budget estimates that were undertaken by ILSSA in order to establish the overall cost of the new SPS strategy. One caveat is due in this context. The SPF cost estimates and the baseline Social Budget figures may not be perfectly compatible, as they may have been established on the basis of different economic assumptions.

The costing exercise provides a rough estimate of cost in Vietnamese Dong, as well as in percentage of GDP and government expenditure, of the additional social protection measures that would provide a comprehensive social protection floor in Viet Nam. The result of this costing is then used to support discussions on SP policy priorities and provides a basis for discussions on the fiscal space and budget reallocations with different government agencies.

4.2. Description of the benefit scenarios to complete the SPF

4.2.1. *Income security for the elderly*

Two scenarios: targeted benefits vs universal

Scenario 1. Old-age pension benefit at the level of the poverty line for all uncovered elderly (targeted)

| Guarantee | Income security for the elderly |
|--|--|
| Package | Extension of the existing non-contributory social pension for 80+ population |
| Changes recommended (vis-à-vis existing schemes) | <ul style="list-style-type: none"> – Lower the age gradually (from 80 to 65) – Increase the level of benefit: from VND270,000 to poverty line level (VND500,000 per month in urban areas in 2011 and VND400,000 per month in rural areas) |
| Target population | Population over 65 years old, not covered by contributory pension schemes |
| Benefits | <p>Social assistance at the level of the poverty line (with urban/rural distinction):</p> <ul style="list-style-type: none"> – those already receiving the old-age pension of VND270,000 have their benefit level increased to VND500,000 per month (urban) or VND400,000 per month (rural) – those who are not receiving anything will receive VND500,000 (urban) or VND400,000 per month (rural) |
| Eligibility criteria | 65+ years of age and not benefiting from contributory pension |
| Gradual implementation | Age gradually lowered from 80 in 2011 to 65 in 2020 (78 in 2012, 76 in 2013, 74 in 2015, 72 in 2016, 70 in 2017, 68 in 2018, 66 in 2019 and 65 in 2020 (see cost estimates in graph form in figures 4.3 and 4.4 below, with details in Annex 5) |
| Take-up rate | Full coverage of those 80 years old and over in 2012; take-up rate of 100% starting from 2014 for elderly below 80 |

Scenario 2. Old-age pension for all elderly (universal, with reduced benefit level if receiving a pension from the contributory social insurance scheme)

| Guarantee | Income security for the elderly |
|--|--|
| Package | Extension of the existing non-contributory social pension for 80+ population |
| Changes recommended (vis-à-vis existing schemes) | <ul style="list-style-type: none"> – Lower the age (from 80 to 65) – Benefit level: <ul style="list-style-type: none"> – increase the level of benefit: from VND270,000 to the poverty line level for the population not covered by the contributory scheme – 50% of the poverty line level for elderly benefiting from the contributory pension |
| Target population | Population over 65 years old, including those covered by contributory pension schemes |
| Benefits | <p>Social assistance at the level of the poverty line (with urban/rural distinction)</p> <ul style="list-style-type: none"> – those already receiving the old-age pension of VND270,000 have their benefit level increased to VND500,000 per month (urban) or VND400,000 per month (rural) – those who are not receiving anything will receive VND500,000 (urban) or VND400,000 per month (rural) – elderly benefiting from the contributory pension will receive the equivalent of 50% of the poverty line |
| Eligibility criteria | 65+ years of age |
| Gradual implementation | Age gradually lowered from 80 in 2011 to 65 in 2020 (78 in 2012, 76 in 2013, 74 in 2015, 72 in 2016, 70 in 2017, 68 in 2018, 66 in 2019 and 65 in 2020 (see cost estimates in graph form in figures 4.3 and 4.4 below, with details in Annex 5) |
| Take-up rate | Full coverage of those 80 years old and over in 2012; take-up rate of 100% starting from 2014 for elderly below 80 |

4.2.2. Income security for children

Three scenarios: one universal vs two targeted

Scenario 1. Universal child benefit

| Guarantee | Income security for children |
|--|---|
| Package | Child allowance for all children aged 0–15 years old Additional education services for children in communities lacking schools or kindergarten One meal + take-home ration for all children in school (aged 5–15 years old) |
| Changes recommended (vis-à-vis existing schemes) | Increase in the population covered (from approx. 100,000 to universal coverage for the child allowance) Holistic approach including not only transfers in cash but also availability of services and food security |
| Target population | All children below 16 years old (because children must be 16 to be legally employed) |
| Benefits | (1) Child allowance: between 30 and 50% of minimum wage depending on age group (incentive against child labour) (2) Education services: 1 additional teacher per 20 children ¹ + non-staff costs (3) Meals & take-home ration: 50% of poverty line per child |
| Eligibility criteria | All children for the child allowance, children in remote areas for education services, all children going to school for the meal & take-home ration |
| Take-up rate | Implemented gradually over a period of 5 years with an additional 20% coverage each year |

¹ Based on national statistics on the average number of children (20) per teacher in Viet Nam in 2009, General Statistics Office of Viet Nam. Number of schools, classes, teachers and pupils of kindergarten education as of 30 September by province. Available at: http://www.gso.gov.vn/default_en.aspx?tabid=474&idmid=3&ItemID=10246 (accessed February 2011).

Scenario 2(a). Targeted child benefit, all poor children

| Guarantee | Income security for the children |
|--|---|
| Package | Child allowance for all poor children aged 0–15 years old Additional education services for children in communities lacking schools or kindergarten One meal + take-home ration for all poor children in school (aged 5–15 years old) |
| Changes recommended (vis-à-vis existing schemes) | Increase in the population covered (from approx. 100,000 to all poor children for the child allowance) Holistic approach including not only transfers in cash but also availability of services and food security |
| Target population | All poor children below 16 years old. The poverty rate for children is higher than the overall national poverty rate. For the costing exercise, 20% of the children are considered as poor. ¹ |
| Benefits | (1) Child allowance: between 30 and 50% of minimum wage depending on age group (incentive against child labour) (2) Education services: 1 additional teacher per 20 children ² + non-staff costs (3) Meals & take-home ration: 50% of poverty line per child |
| Eligibility criteria | All poor children for the child allowance, children in remote areas for education services (all remote children are considered poor), all poor children going to school for the meal & take-home ration |
| Take-up rate | Implemented gradually over a period of 5 years with an additional 20% coverage each year. |

¹ General Statistics Office of Viet Nam – Viet Nam Household Living Standard Survey (VHLSS) 2008. Child poverty rate based on consumption expenditure as presented in table 9.6 Consumption expenditure, child poverty and multidimensional poverty rate by urban, rural, region, child sex, age group and ethnic group. Available at: http://www.gso.gov.vn/Modules/Doc_Download.aspx?DocID=11361 (accessed February 2011).

² See note in scenario 1 above.

Scenario 2(b). Targeted child benefit for a maximum of two children per household

Scenario 2(b) is similar to scenario 2(a) but limited to a maximum of two children per household. Figure 4.4 shows the costing in graph form, while Annex 7 presents the results for all three scenarios. The poverty impact analysis focuses on the two targeted scenarios 2(a) and 2(b).

Limiting child benefits for up to two children in the household is less costly than its alternative and may also be more favourable due to the fact that it prevents perverse incentives to have more children. However, such a policy would be more challenging to implement as it requires thorough registration and administration of beneficiaries. Most importantly, as figure 5.1 suggests, the policy would raise a serious equity issue due to the fact that the poverty rates tend to be considerably higher among large families compared to families with one or two children. With regard to equity, designing a household-based benefit that depends on the number of children but does not grow proportionally (e.g. the benefit for households with two children is less than twice the amount of benefit for one child) can be more morally acceptable.

4.2.3. Income security and return to employment for the working-age population

| Guarantee | Income security and return to employment for the working-age population |
|--|---|
| Package | Employment guarantee scheme of 100 days per household per year Social assistance for those who are unable to work (3.7% of population has a severe disability) Employment & training service available including training allowances to facilitate return to employment and creation of micro-enterprises |
| Changes recommended (vis-à-vis existing schemes) | Increase in the level of benefits for people with disabilities Introduction of benefits in cash and in kind for unemployed and underemployed |
| Target population | Labour force (economically active population), unemployed and underemployed, mostly poor (20% ¹ of the labour force, considering the proportion of the poor in the economically active population) ² |
| Benefits | (1) Employment guarantee scheme: Annual minimum wage * 100 days / 240 ³ working days per household (2 adults on average per household) (2) Social assistance: Urban/rural poverty line (3) Employment & training service: 2 staff per county & urban district (682) + non-staff costs |
| Eligibility criteria | Self-targeting |
| Take-up rate | Implemented gradually over a period of 4 years (see take-up rates in Annex 7) |

¹ The proportion of poor in the labour force is 13.4% according to VHLSS data (2008). Here 20% is assuming a higher poverty rate among informal economy workers and unemployed persons.

² The 20% of the economically active population results from the hypothesis that all workers in informal employment are poor with a poverty rate at the national level of 13.4% in 2008 and the share of informal employment reported to the economically active population of 70%.

³ 240 days based on five working days per week, eight public holidays and 12 days of paid leave per year (legislation in Viet Nam).

4.2.4. Access to basic health care for the whole population

The extension of social health protection to all the population by 2014 is planned in the National Social Protection Strategy through a subsidized voluntary health insurance scheme for the uncovered population (estimated at 40 per cent of the total population).

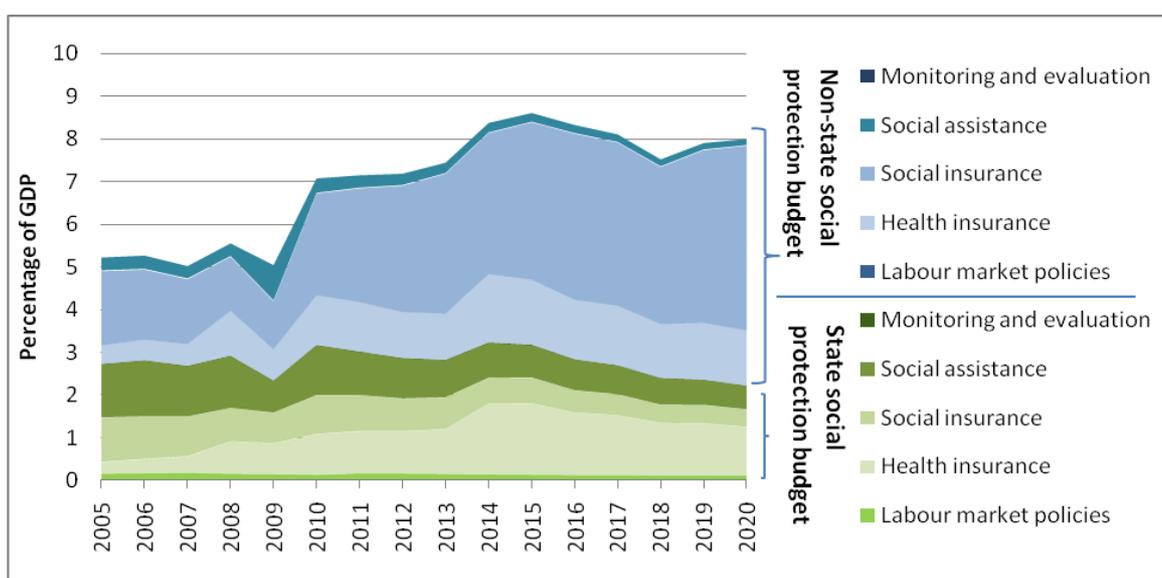
However, there are doubts whether the extension will be successful, given the sometimes poor quality and availability of health-care services in Viet Nam (and therefore the low willingness of the population to contribute to a system that will only provide access to poor quality health-care services). We suggest that a sound and thorough analysis of the problems of availability and accessibility of health care services be taken before a complementary scenario is proposed that could for instance include the following two components: (1) an increase in the subsidies for a large proportion of the uncovered population (from 50 per cent of subsidies to 80 per cent or even 100 per cent); (2) investments on the supply side in terms of staffing, equipment and consumables such as medicines, to increase the quality and availability of health-care services and the attractiveness of the health system as a whole.

4.3. Results of cost estimates

4.3.1. The baseline social expenditure level

MOLISA estimates that public social expenditure was in the order of 7.5 per cent of GDP in 2010 (including the non-state budget). Assuming that all elements of the NSPS – including the achievement of universal health-care coverage by 2014, ambitious as that may seem – will be implemented, public expenditure on social protection, including social insurance expenditure, is expected to increase to about 11 per cent of GDP in 2020 (see Annex 2). The estimated proportion for 2020 is significantly lower when using IMF projections for GDP as presented in figure 4.1. Most of the increase is driven by the rapidly maturing social insurance expenditure which is not financed directly by general revenues. The social expenditure to be financed by the state budget is expected to decrease from an already low level of 3.4 per cent of GDP in 2010 to about 3.1 per cent of GDP in 2020. The – again already low – share of state social expenditure in the total government budget is declining accordingly from 10.2 per cent to about 9.2 per cent.

Figure 4.1. State and non-state social protection budget, 2005–2010 (percentage of GDP, status quo including the NSPS)

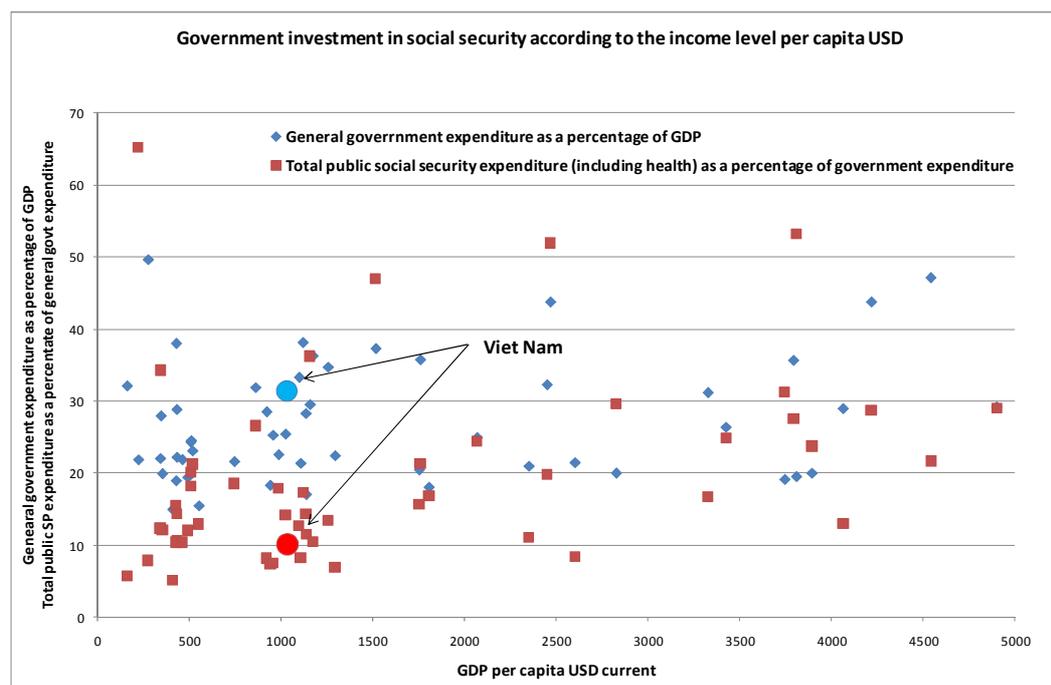


Source: ILSSA calculations for the National Social Protection Strategy, 2010 for the numerator and IMF data for GDP on the denominator.

According to World Bank data (2011), Viet Nam had a per capita level of GDP of about US\$1,032 (2,953 in PPP international dollars) in 2009. Government expenditure in the same year amounted to 35.7 per cent of GDP according to the International Monetary Fund

(IMF). This was unusually high in 2009 in response to the crisis; the proportion was 30.2 per cent in 2008 and 34.6 per cent in 2010. While we found slightly different levels of total public expenditure depending on the source, it appears obvious that Viet Nam's total public expenditure is in the top half among developing countries, with between 2,000 and 5,000 PPP current international dollars of GDP per capita, but it also seems to be in the normal range among former socialist countries with similar or higher levels of GDP. On the other hand, the share of total public social expenditure in the total government budget appears low. Figure 4.2 places Viet Nam in the context of other countries with respect to its level of GDP, its overall level of public expenditure and its share of the total government budget (a detailed table is available in Annex 3).

Figure 4.2. Viet Nam's total public and state social expenditure in an international context, 2009



Sources: GDP per capita: World Development Indicators (World Bank, 2009); social security expenditure: IMF Government Finance Statistics and the ILO Social Security Inquiry database.

4.3.2. Status quo public expenditure

Based on the UN actual population projections (UN-DESA, 2011), the ILO generic labour force participation projections (EAPEP), a number of economic assumptions and the public revenue and expenditure projections of the IMF (2007, 2010, 2011a), overall public expenditure in Viet Nam was projected from 2010 to 2020. The economic assumptions are summarized in Annex 4 of this paper. Table 4.1 provides the main results of the projection exercise.

Table 4.1. Status quo general government budget projections, to 2020**4.1(a). General government revenue as a percentage of GDP**

| Revenue | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Revenue (excluding grants) | 26.8 | 27.9 | 28.1 | 28.4 | 26.3 | 27.9 | 27.6 | 27.9 | 27.9 | 28.1 | 28.3 | 28.3 | 28.1 | 28.0 | 27.9 | 27.8 |
| Oil | 7.9 | 8.6 | 6.9 | 6.0 | 3.6 | 3.5 | 3.4 | 3.4 | 3.1 | 2.9 | 2.8 | 2.7 | 2.6 | 2.4 | 2.2 | 2.0 |
| Corporate income tax (CIT) | 5.4 | 5.8 | 5.0 | 4.4 | 2.7 | 2.5 | 2.4 | 2.4 | 2.2 | 2.1 | 2.0 | 1.9 | 1.8 | 1.7 | 1.6 | 1.4 |
| NRT | 2.5 | 2.7 | 1.9 | 1.6 | .9 | 1.0 | 1.0 | 1.0 | .9 | .9 | .8 | .8 | .8 | .7 | .6 | .6 |
| Non-oil | 18.8 | 19.3 | 21.3 | 22.3 | 22.6 | 24.4 | 24.1 | 24.5 | 24.8 | 25.2 | 25.5 | 25.6 | 25.5 | 25.6 | 25.7 | 25.7 |
| Personal income tax (PIT) | 0.5 | 0.5 | 0.6 | 0.9 | 0.9 | 1.1 | 1.1 | 1.2 | 1.2 | 1.2 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 |
| Corporate income tax (CIT) | 3.6 | 4.4 | 4.1 | 4.9 | 4.0 | 4.7 | 4.4 | 4.6 | 4.8 | 4.9 | 5.1 | 5.1 | 5.1 | 5.1 | 5.1 | 5.1 |
| Excise (domestic) | 1.9 | 1.8 | 1.5 | 1.5 | 1.8 | 1.9 | 2.1 | 2.2 | 2.2 | 2.3 | 2.4 | 2.4 | 2.4 | 2.4 | 2.4 | 2.4 |
| VAT | 5.5 | 5.7 | 6.1 | 6.2 | 6.4 | 7.6 | 7.8 | 8.0 | 8.2 | 8.5 | 8.7 | 8.7 | 8.8 | 8.9 | 9.0 | 9.2 |
| Domestic | 3.7 | 4.0 | 4.2 | 4.1 | 4.7 | 5.0 | 5.3 | 5.5 | 5.8 | 6.0 | 6.3 | 6.3 | 6.4 | 6.5 | 6.6 | 6.7 |
| Imports | 1.7 | 1.7 | 1.9 | 2.1 | 1.7 | 2.6 | 2.5 | 2.5 | 2.5 | 2.4 | 2.4 | 2.4 | 2.4 | 2.4 | 2.4 | 2.4 |
| Trade (tariffs and import SCT) | 2.8 | 2.7 | 3.3 | 4.1 | 4.6 | 3.9 | 3.6 | 3.6 | 3.5 | 3.4 | 3.4 | 3.4 | 3.3 | 3.3 | 3.2 | 3.1 |
| Other taxes | 0.6 | 0.6 | 0.8 | 1.0 | 0.9 | 0.9 | 1.0 | 1.0 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 |
| Capital revenue | 1.8 | 1.8 | 2.7 | 2.2 | 2.3 | 2.4 | 2.1 | 2.1 | 2.0 | 2.0 | 1.9 | 1.9 | 1.9 | 1.9 | 1.9 | 1.9 |
| Other revenue (fees and charges) | 2.1 | 1.8 | 1.9 | 1.7 | 1.7 | 1.8 | 2.0 | 1.9 | 1.8 | 1.7 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 |
| Grants | 0.5 | 0.8 | 0.5 | 0.6 | 0.4 | 0.3 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.1 | 0.1 | 0.1 | 0.1 |
| Total revenue (IMF data) | 27.2 | 28.7 | 28.7 | 29.0 | 26.7 | 28.2 | 27.8 | 28.1 | 28.1 | 28.3 | 28.5 | 28.4 | 28.2 | 28.1 | 28.0 | 27.9 |

Sources: IMF: Statistical Annex for 2005–2007 (structure of revenue) and Article IV Consultation (updated Mar. 2011) for 2006–2015; and estimates based on average from 2016 to 2020 (total revenue and grants as a percentage of GDP); ILSSA calculations for social security contributions 2005–2020; ILO estimates based on average from 2016 to 2020.

4.1(b). General government expenditure as a percentage of GDP

| Expenditure | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Total current expenditure | 17.9 | 18.5 | 20.3 | 19.7 | 20.9 | 21.1 | 21.8 | 22.0 | 21.9 | 21.9 | 21.8 | 21.8 | 21.8 | 21.8 | 21.8 | 21.9 |
| General administrative services | 2.2 | 1.9 | 2.8 | 2.6 | 2.5 | 2.6 | 2.7 | 2.7 | 2.7 | 2.7 | 2.7 | 2.7 | 2.7 | 2.7 | 2.7 | 2.7 |
| Economic services | 1.4 | 1.5 | 1.4 | 1.4 | 1.5 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 |
| Social services | 7.3 | 8.0 | 8.0 | 7.7 | 8.4 | 8.5 | 8.7 | 8.7 | 8.7 | 8.7 | 8.7 | 8.7 | 8.7 | 8.7 | 8.7 | 8.7 |
| Education | 2.6 | 3.1 | 3.1 | 2.9 | 3.2 | 3.2 | 3.3 | 3.3 | 3.3 | 3.3 | 3.3 | 3.3 | 3.3 | 3.3 | 3.3 | 3.3 |
| Training | 0.8 | 0.7 | 0.8 | 0.7 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 |
| Health | 0.9 | 1.2 | 1.1 | 1.0 | 1.1 | 1.1 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 |
| Science and technology | 0.3 | 0.3 | 0.3 | 0.2 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 |
| Culture and information | 0.3 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 |
| Radio and TV | 0.2 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Sport | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Population and family planning | 0.1 | 0.1 | 0.0 | 0.0 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Social subsidies | 2.1 | 2.3 | 2.4 | 2.5 | 2.5 | 2.5 | 2.6 | 2.6 | 2.6 | 2.6 | 2.6 | 2.6 | 2.6 | 2.6 | 2.6 | 2.6 |
| Defence | 1.9 | 2.1 | 2.3 | 2.2 | 2.3 | 2.3 | 2.4 | 2.4 | 2.4 | 2.4 | 2.4 | 2.4 | 2.4 | 2.4 | 2.4 | 2.4 |
| Security | 0.9 | 1.0 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 |
| Salary reform | 1.5 | 1.7 | 1.9 | 1.5 | 1.8 | 1.8 | 1.9 | 1.9 | 1.9 | 1.9 | 1.9 | 1.9 | 1.9 | 1.9 | 1.9 | 1.9 |
| Others | 1.8 | 1.5 | 1.7 | 2.1 | 1.9 | 1.9 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| Oil subsidies | 1.3 | 1.0 | 0.9 | 1.5 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 |
| Other | 0.5 | 0.5 | 0.8 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 |
| Interest payments (paid) | 0.8 | 0.8 | 1.1 | 1.1 | 1.4 | 1.3 | 1.5 | 1.7 | 1.6 | 1.5 | 1.5 | 1.4 | 1.4 | 1.5 | 1.5 | 1.5 |
| Capital expenditure | 9.4 | 9.1 | 9.1 | 8.0 | 10.9 | 9.0 | 7.1 | 7.1 | 7.1 | 7.1 | 7.1 | 7.1 | 7.0 | 6.8 | 6.7 | 6.6 |
| Off-budget investment expenditure | 3.2 | 1.3 | 1.8 | 2.5 | 3.9 | 4.5 | 2.8 | 2.7 | 2.6 | 2.6 | 2.6 | 2.5 | 2.5 | 2.5 | 2.4 | 2.4 |
| Bond-financed expenditure | 1.2 | 0.9 | 1.5 | 1.8 | 2.8 | 2.8 | 1.9 | 1.8 | 1.8 | 1.7 | 1.7 | 1.7 | 1.7 | 1.7 | 1.6 | 1.6 |
| Education bonds | 0.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Infrastructure bonds | 0.8 | 0.7 | 1.2 | 1.5 | 2.2 | 2.3 | 1.5 | 1.5 | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 | 1.3 | 1.3 | 1.3 |
| Reform bonds | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Municipal bonds | 0.3 | 0.2 | 0.3 | 0.4 | 0.5 | 0.5 | 0.4 | 0.4 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 |
| On-lending | 2.0 | 0.5 | 0.4 | 0.6 | 0.5 | 1.6 | 0.9 | 0.9 | 0.9 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 |
| Interest subsidy scheme | 0.0 | 0.0 | 0.0 | 0.0 | 0.6 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total expenditure (IMF data) | 30.5 | 28.9 | 31.2 | 30.2 | 35.7 | 34.6 | 31.7 | 31.9 | 31.7 | 31.6 | 31.5 | 31.4 | 31.3 | 31.1 | 31.0 | 30.8 |
| General government fiscal balance | -3.3 | -0.2 | -2.5 | -1.2 | -9.0 | -6.4 | -3.9 | -3.8 | -3.6 | -3.3 | -3.0 | -2.9 | -3.0 | -3.0 | -3.0 | -3.0 |
| Total public debt as percentage of GDP | 41.2 | 41.8 | 44.6 | 42.9 | 51.2 | 52.8 | 51.5 | 51.0 | 50.1 | 49.1 | 47.9 | 46.7 | 45.6 | 44.6 | 43.5 | 42.7 |

Sources: IMF Statistical Annex for 2005–2007 (structure of expenditure) and Article IV Consultation (updated Mar.2011) for 2006–2015; and estimates based on average from 2016 to 2020 (total expenditures as a percentage of GDP); ILO estimates based on average from 2016 to 2020.

General government revenue starts out at a level of 28.2 per cent of GDP in 2010 and is assumed to be about 27.9 per cent of GDP in 2020 under the given assumptions. During the same period general government expenditure is projected to decrease from 34.6 to 30.8 per cent of GDP and hence will approximately return to the pre-crisis level of 2008. The projected income and expenditure developments result in a crisis-triggered high deficit equal to 6.4 per cent of GDP in 2010 (vs 1.2 per cent of GDP in pre-crisis 2008 and 9.0 per cent in full-crisis 2009) which slowly decreases to 3.0 per cent of GDP in 2020.

The actual development might be slightly less favourable, as the interest payments estimated by the IMF in the first half of the projection period appear to be based on a very low average bond interest rate. Our ILO projections may also carry some further minor structural risks in addition to the general uncertainty of any budget forecast, such as the development of income generated by grants over the next decade that may be more unpredictable than we assumed. But in general our scenario is considered relatively risk-averse.

Indeed, it should be noted that in the pre-crisis years 2006–2008 the overall level of revenues was in the order of 1 per cent higher in 2006 and similar in 2007 and 2008 than the projected level in 2020. This would indicate that even without an increase in actual or recent (2008) tax rates, some fiscal space could open up for the filling of gaps in the SPF during the second half of the projection period.

4.3.3. Estimating the cost of closing the observed SPF gap and its fiscal implications

The following graphs (figure 4.3) display the results of our costing⁵ exercises of the additional benefits described in section 4.2, expressed as a percentage of GDP as well as a share of total government expenditure. The figure starts with two different scenarios for the elderly: the first scenario, 1(a), includes protection only for those not covered by the contributory social insurance scheme; while the second, 1(b), also includes granting a reduced amount of benefit for beneficiaries of the contributory scheme from the age of 65. The second part of the figure contains the cost for scenarios 2(a) and (b) of the child benefit: the means-tested child benefit for all children taking into account the relatively higher poverty rate among children (2(a)); and a similar scenario but limited to two children per household (2(b)). The third part of the figure shows also the relatively expensive benefits for the population in working age – clearly the most expensive benefit reaching a maximum cost of 1.1 per cent of GDP in 2014/2015.

It is worth noting that in the costing exercise it is currently assumed that the amounts of child and working-age benefits (i.e. 100 days employment guarantee) are set according to the minimum wage indexed on the average wage.⁶ Due to the lack of information on how the minimum wages will be set in the near future and possible delays in wage adjustments, it is important to ensure that the real value of the benefit does not decline over time. It might therefore be advisable to use other variables as a reference for the benefits.

⁵ A general and once-only additional administrative cost of 15 per cent has been added to each of the benefits for this costing exercise, even though some types of benefits are more expensive to implement and monitor.

⁶ This method of indexation of the minimum wage following the average wage increase results in higher minimum wage value for future years compared to previous ILSSA calculations. This has obviously some direct implications on the total estimated costs of the child and working-age benefits.

Figure 4.4 summarizes the cost of four possible benefit packages. With gradual implementation, the cost for all three kinds of benefit (pension for elderly not covered by the contributory pension in the “cheapest version”, working-age benefits and targeted child benefits for all poor children (the “modest scenario”) would peak around 2016, once fully implemented for the working-age benefit and child benefit and with the retirement age for those not covered reduced to 72 years old. The total cost of the entire package declines from the peak of around 2.33 per cent of GDP to remain stable to about 2.30 per cent of GDP until 2020.

Details of the cost development of the individual benefits are displayed in Annexes 5, 6 and 7. For the old-age benefits, under scenario 1 the total additional cost to be considered would in the order of 0.6 per cent of GDP in 2020 (compared to 0.8 for scenario 2 corresponding to the universal pension) once the retirement age for those uncovered reaches the target age of 65, equivalent to about 2 per cent of general government expenditure (compared to 2.0 per cent for scenario 2).

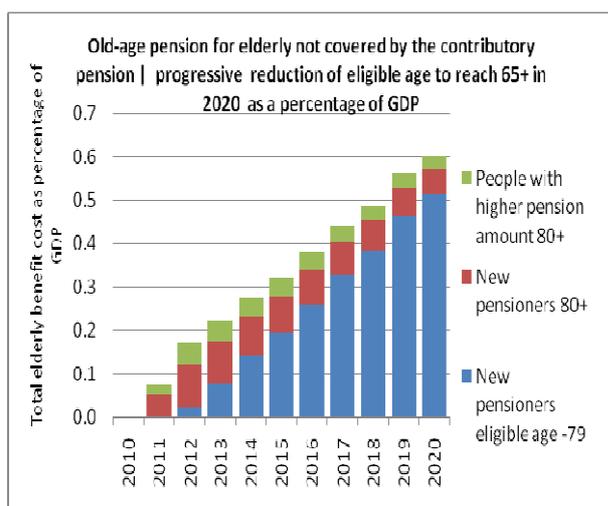
Figure 4.5 presents the theoretical effect of the total cost on the government deficit of three possible combinations: from the most expensive combination of scenarios (universal old-age pension and child benefit for all poor children in addition to working-age benefit) to the most modest benefit package (combining an old-age pension for the elderly not covered by the contributory scheme with a targeted child benefit limited to a maximum of two children per family, plus working-age benefit, i.e. no. 4 in figure 4.4). The graphs take into account the additional interest payments resulting from the increased deficit. As expected, under the modest benefit package the deficit in 2020, net of interest payments, would increase by at least 66 per cent in relative terms compared to the status quo scenario as a result of the additional three SPF benefits.

Figure 4.3. Summary of cost estimates for the three benefits that could help to close the SPF gap

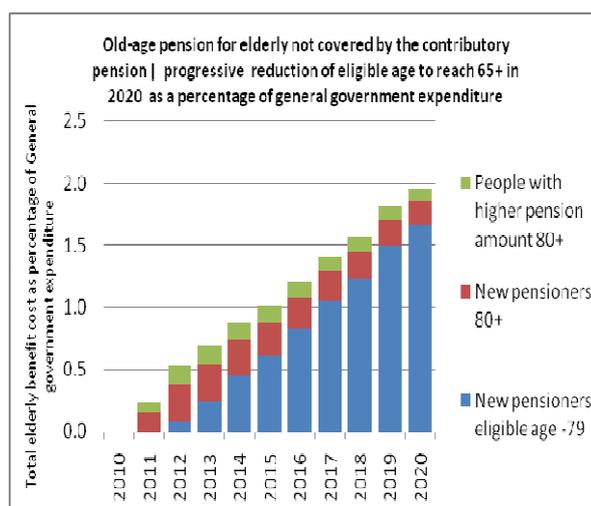
1(a). Old-age pension at the level of the poverty line for those not covered by the contributory scheme (scenario 1)

1(a). Old-age pension at the level of the poverty line for those not covered by the contributory scheme (scenario 1)

Total cost as a percentage of GDP

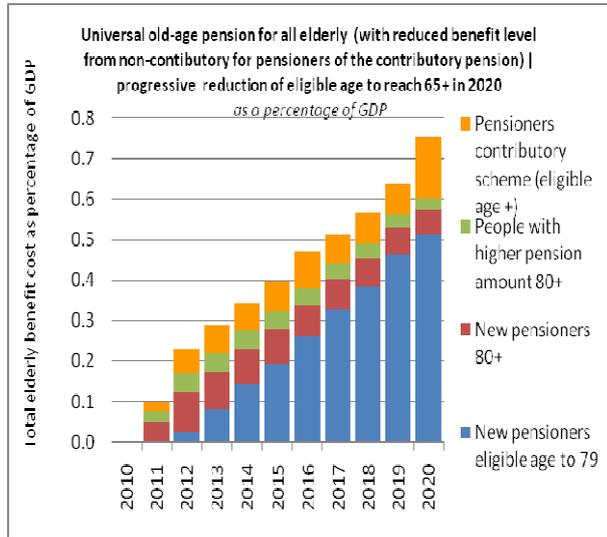


Total cost as a percentage of government expenditure

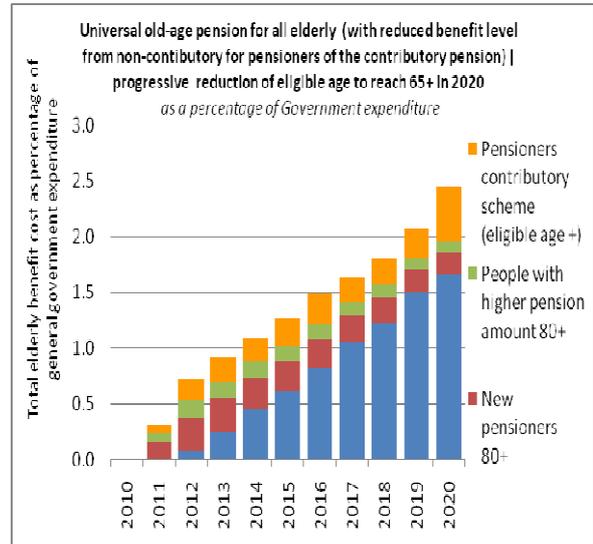


1(b). Universal old-age pension at the level of the poverty line for all elderly, with reduced non-contributory pension for those in the contributory social insurance scheme (scenario 2)

Total cost as a percentage of GDP

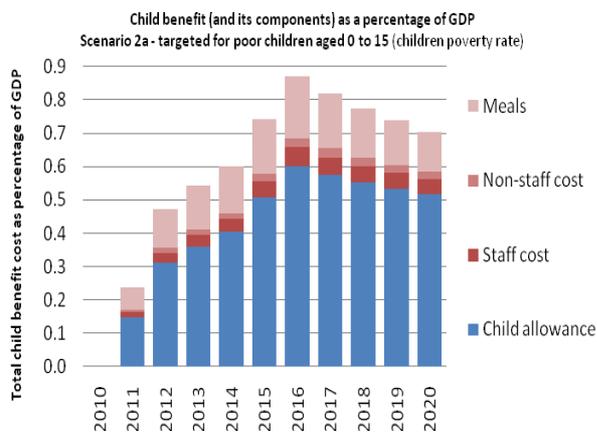


Total cost as a percentage of government expenditure

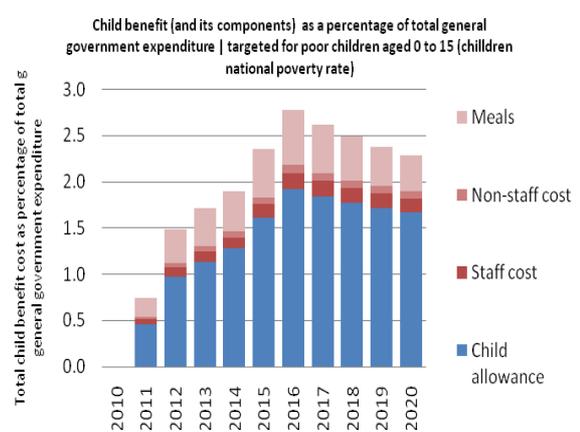


2(a). Child allowance for all poor children aged 0–15 years old (scenario 2a)

Total cost as a percentage of GDP

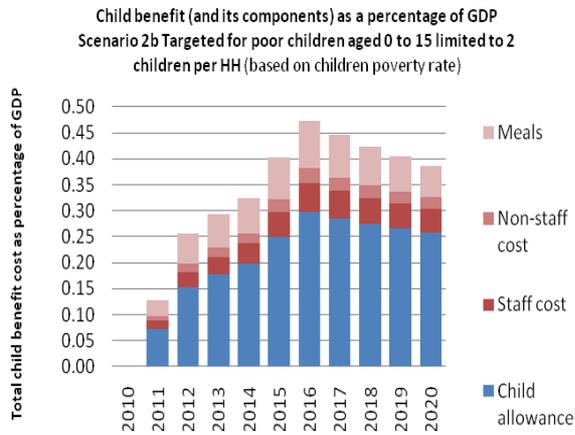


Total cost as a percentage of government expenditure

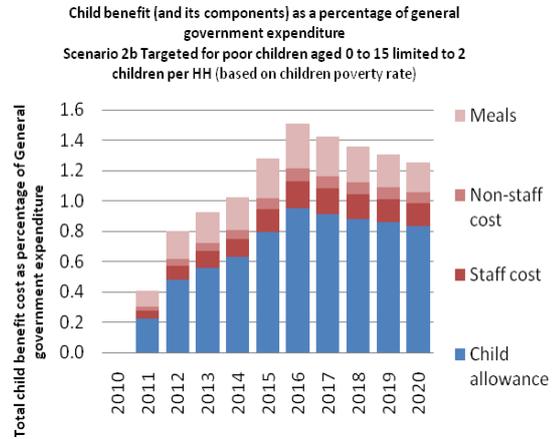


2(b). Child allowance for poor children aged 0–15 years old limited to 2 children per household (scenario 2b)

Total cost as a percentage of GDP

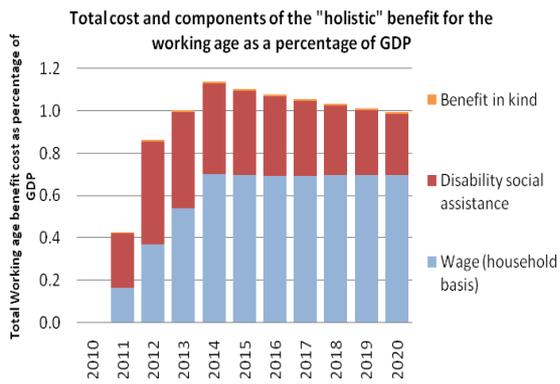


Total cost as a percentage of government expenditure



3. Employment guarantee scheme of 100 days per household per year and social assistance for those who are unable to work

Total cost as a percentage of GDP



Total cost as a percentage of government expenditure

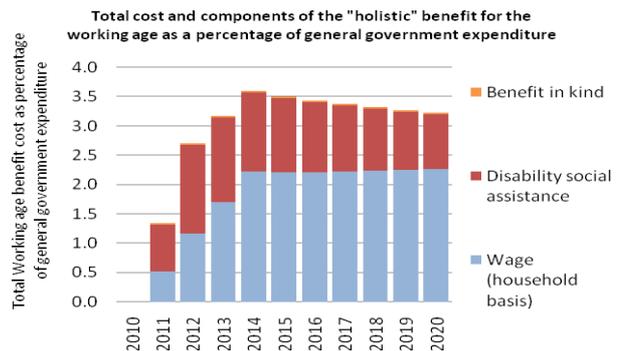
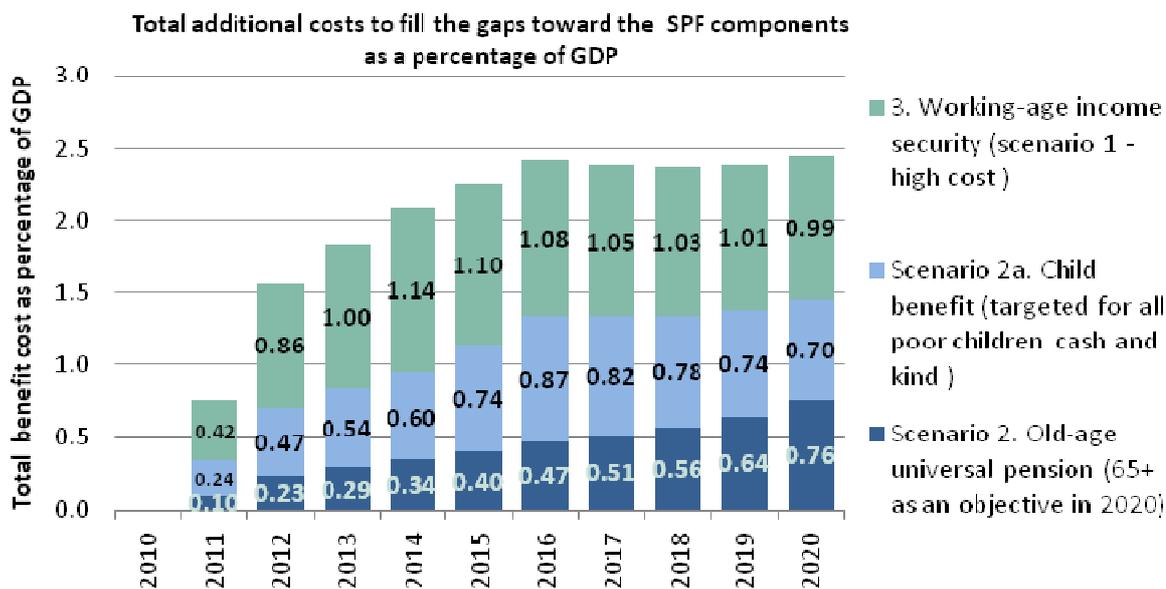
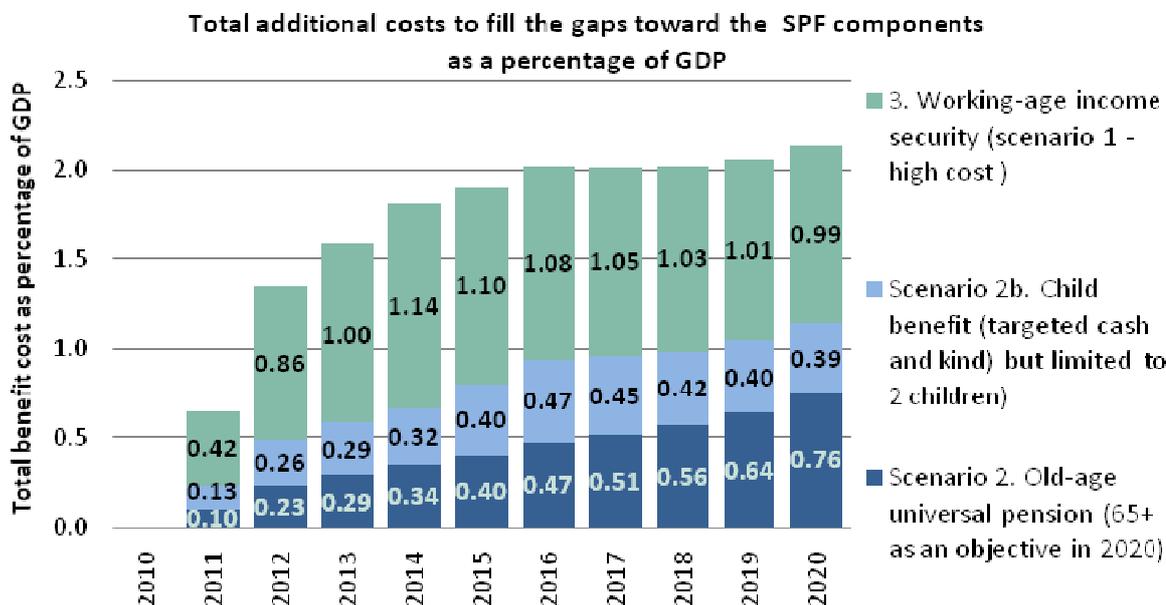


Figure 4.4. Total additional cost of combined benefit package: Four alternatives

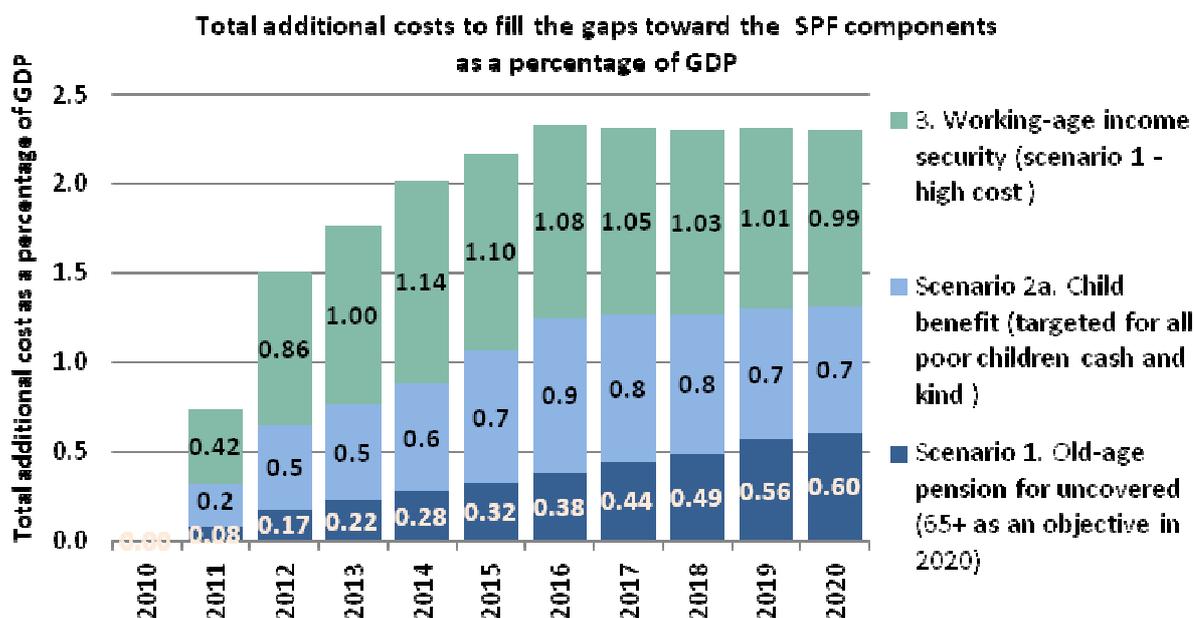
1. Universal old-age pension, child benefit for all poor children, working-age income security



2. Universal old-age pension, child benefit for poor children limited to 2 children per family, working-age income security



3. Old-age pension for elderly not covered by contributory scheme, child benefit for all poor children, working-age income security (the “modest scenario”)



4. Old-age pension for elderly not covered by contributory scheme, child benefit for poor children limited to 2 children per family, working-age income security

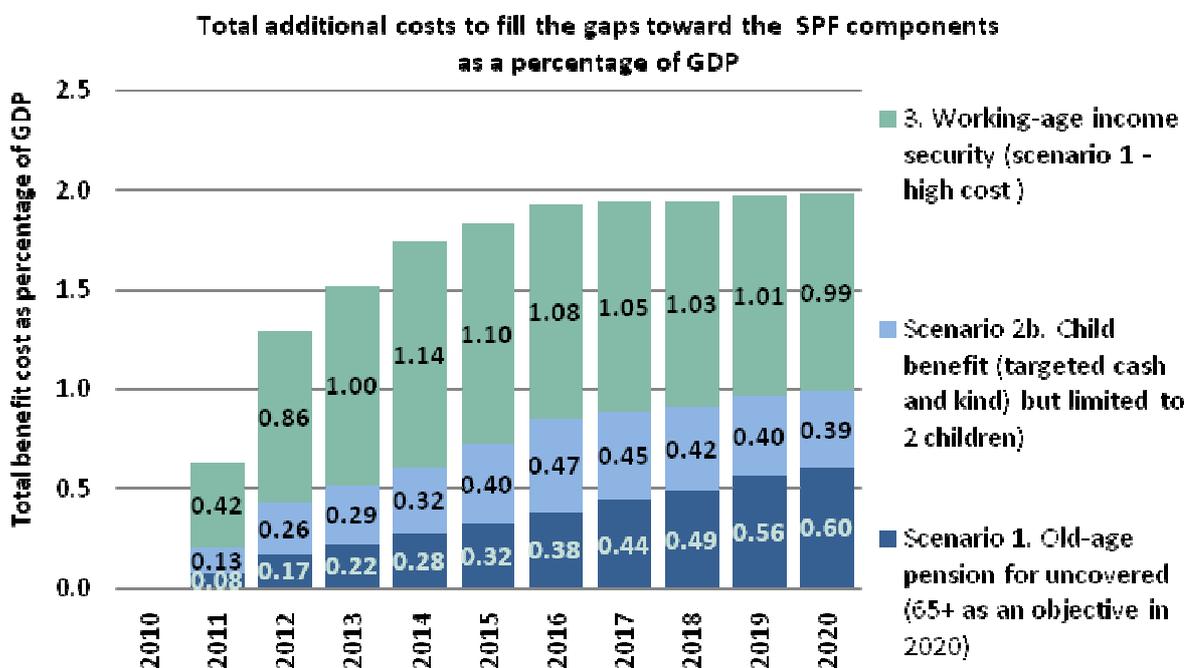
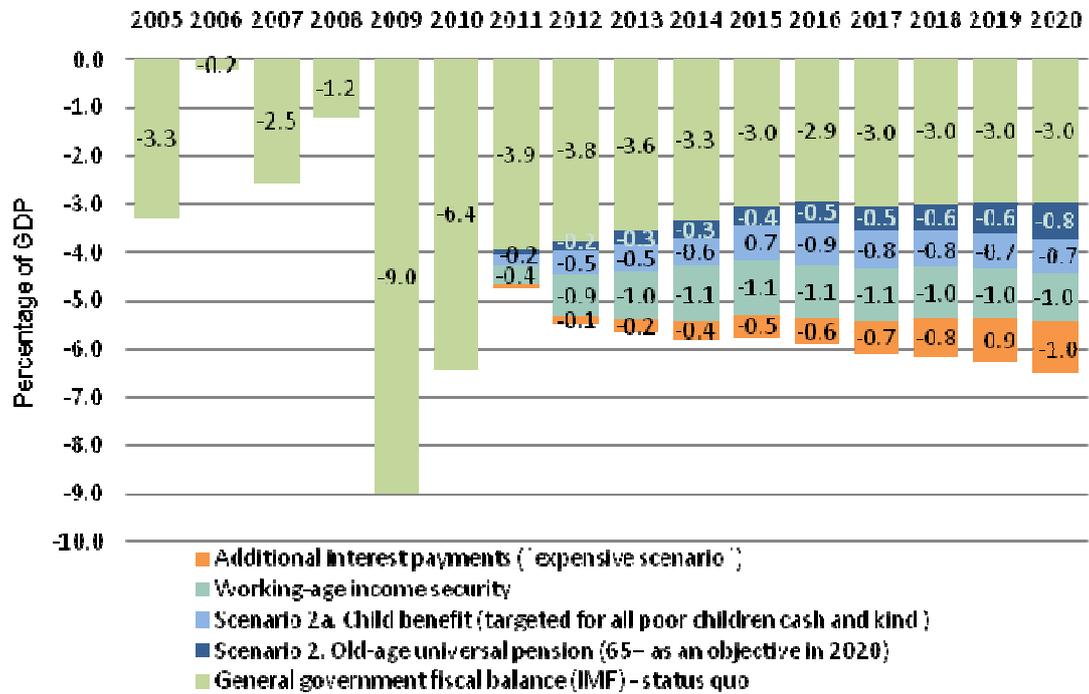
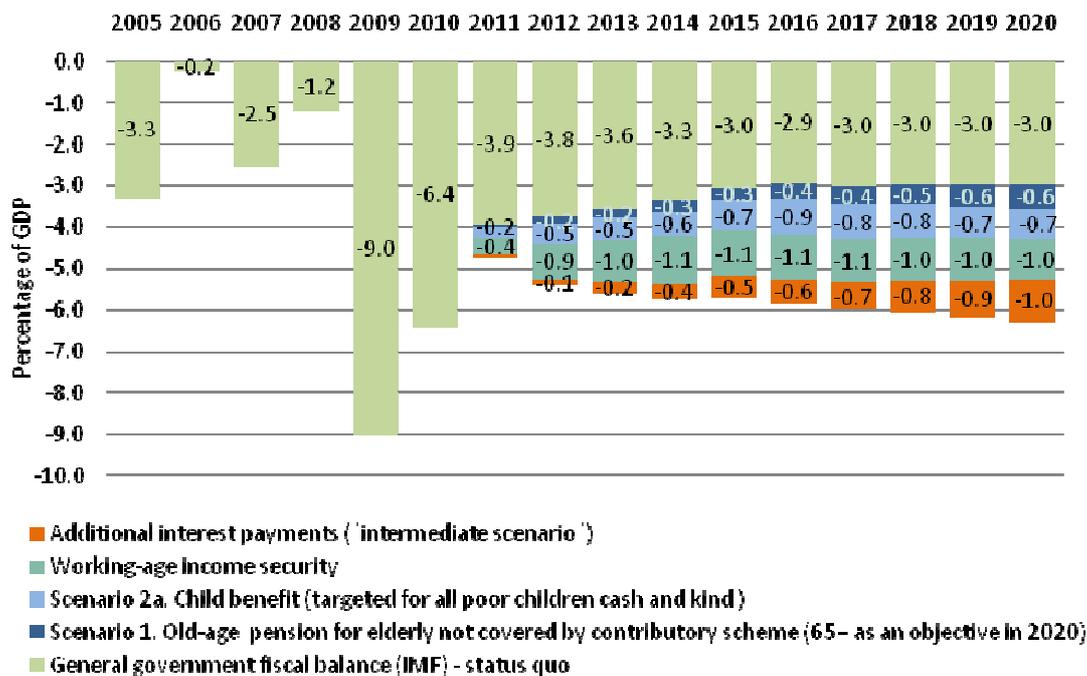


Figure 4.5. Filling the SPF gap: Potential impact on the general government deficit (percentage of GDP)

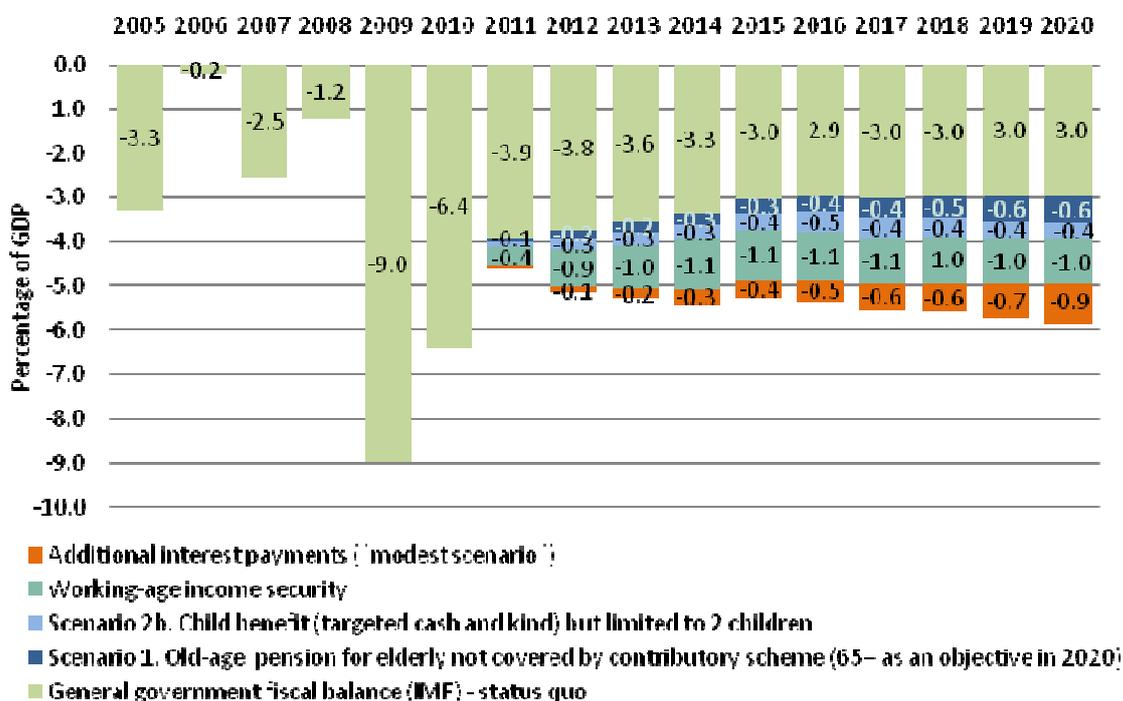
1. Most expensive combination of scenarios: universal old-age pension, child benefit for all poor children and working-age income security



2. Combination of the intermediate options: old-age pension for elderly not covered by contributory schemes, child benefit for all poor children and working-age income security, corresponding to the “modest scenario”



3. Combination of the less expensive scenarios: Old-age pension for the elderly not covered by contributory schemes, child benefit for poor children limited to 2 children per family and working-age income security



4.3.4. Theoretical financing options

In a modest variant of measures to close the SPF gap (benefits for all poor children, pensions for all pensioners not covered elsewhere and limited social assistance for unemployed in active age), the country would face additional benefit expenditure (net of additional interest payments) of about 2.2 per cent of GDP by 2015 and a maximum of 2.3 per cent in 2016 to 2020. This begs the critical questions of whether and/or how that gap can be closed by increases of government revenues.

According to the IMF’s Fiscal Affairs Department (IMF, 2011b), during the last decade Viet Nam has undertaken “sweeping reforms” in tax policy and tax administration. Tax policy modifications included the unification of corporate income tax (CIT) (to 25 per cent rather than the previous differentiation of 15 and 28 per cent, as well as permitting some deductions for expenses), value added tax (VAT) has been increased by reducing the zero-rating for exports, personal income tax (PIT) brackets have widened and the top marginal rate has been brought down from 40 to 35 per cent. Losses in revenues due to lower tax rates and higher levels of deductions were apparently overcompensated by effectiveness and efficiency gains in the tax administration. Overall, tax revenues increased from 19.6 per cent (average of 2001 to 2004) to 23.7 per cent (average of 2005 to 2008). The result was that Viet Nam’s overall levels of government revenues excluding grants, at 27.9 per cent of GDP in 2010, are higher than the mean government revenues excluding grants of 48 lower-middle-income countries at 25.6 per cent of GDP (ibid. p. 54) but well within the “mean + one standard deviation” range (see table 4.2 below). Overall government revenue levels are actually identical with the mean value of a sample of 41 upper-middle-income countries.

Table 4.2 shows that revenue from corporate taxes (measured as a percentage of GDP) in Viet Nam is higher than in other lower-middle-income countries even though the actuarial CIT rates are lower. The same phenomenon applies also to VAT revenues and rates. The most likely explanation is that tax collection for CIT is more effective than in other countries with comparable levels of GDP per capita. On the other hand, trade tax revenues and in particular personal income tax revenues are substantially lower than in other lower-middle-income countries; they correspond more to these revenues in low-income countries.

Table 4.2. Viet Nam's tax structure compared to other lower-middle-income countries

| Revenue category | Lower-middle-income countries (around 2010) | | Viet Nam 2010 |
|-------------------------------------|--|--------------------|----------------------------|
| | Mean revenue (% of GDP) | Standard deviation | Mean revenue (% of GDP) |
| Government revenue excluding grants | 25.6 | 10.5 | 27.9 |
| CIT | 2.9 | 2.5 | 7.2 |
| PIT | 1.9 | 1.4 | 1.1 |
| VAT | 5 | 2.4 | 7.6 |
| Trade tax | 4.9 | 5.3 | 3.9 |
| CIT tax rate | 33.5 | 10.4 | 25 |
| VAT rate | 13.8 | 4.1 | 10 |

Source: IMF, 2011b.

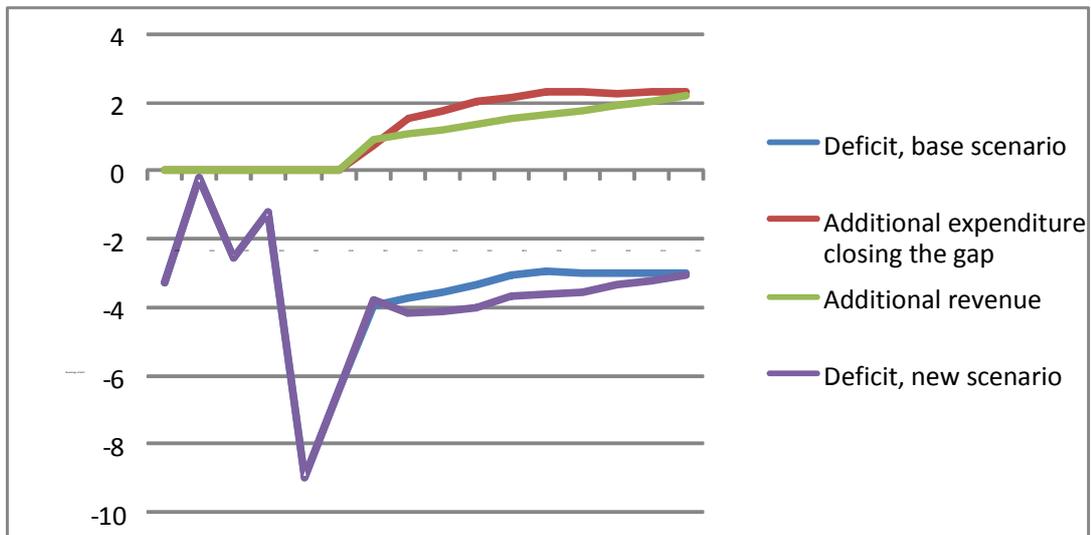
Our extrapolation of these IMF figures up to 2020 show that under present legal conditions total government revenues in 2020 are expected to be about 1.1 per cent lower than in the peak year of 2008 (29.0 per cent of GDP). A major factor is the expected dramatic fall in oil revenues; these are not expected to be fully compensated by other revenues without changes in the tax legislation allowing for further improvements in the effectiveness of tax collection.

However, a gradual increase in revenues from the PIT of about 1.3 per cent of GDP, which is equivalent to moving towards the average level of income tax revenues in upper-middle-income countries, combined with an increase in VAT of about 1 percentage point to be phased in by the end of the decade, might be sufficient to generate the 2.3 per cent of GDP that could be sufficient to close the SPF financing gap while keeping the overall government deficit at a projected level of 3 per cent of GDP (see figure 4.6). Individual benefits out of the SPF basket of transfers can probably be phased in earlier, around the middle of the present decade.

Alternatively, and administratively easier, that additional financing requirement could be generated by raising the general VAT rate by about 2.5 percentage points, or 25 per cent in relative terms. This would still leave Viet Nam with a relatively low VAT rate in the group of lower-middle-income countries. However, without using differential VAT rates for the main items in the goods and services baskets of low-income families, this would reduce the effects of transfers on the closure of the poverty gaps. Transfer levels would have to be increased to avoid that effect. Alternatively, there could be some space in increasing excise taxes, but the rates are already relatively high for some goods and the present revenues for domestic excise tax would have to be doubled to cover the additional SPF cost.

Using personal income tax to close the SPF gap appears to be a fair way of financing benefits; it would affect income redistribution and reduce poverty. However, further investments in the tax collection machinery would probably be needed. Like the range, level and priorities of SPF benefits, the financing options should be discussed in a national consultation process that the international organizations can support.

Figure 4.6. Government budget 2005–2020, observed and projected deficit, with status quo and SPF financing scenarios



Sources: IMF, 2011b for base scenario.

5. Poverty impact analysis

The results presented in this section are based on an ex-ante assessment of the impact of the different benefits and scenarios already shown in the costing exercise on the reduction of poverty. This is a static micro-simulation of the (direct) impact of transfers on individual/household expenditure and poverty status, and not a full dynamic assessment of the impact which would take behavioural changes into account.

Three major assumptions are made and should be kept in mind when interpreting the results: (i) it is assumed that the individuals/households consume the benefit in full; (ii) an equal sharing of individual benefits among all household members is assumed (as poverty is likewise calculated on the basis of per capita consumption without the use of equivalent scales); and (iii) a perfect targeting of benefits is assumed in case of means-tested benefits – which is an ideal case and may overestimate the impact for this type of benefit.

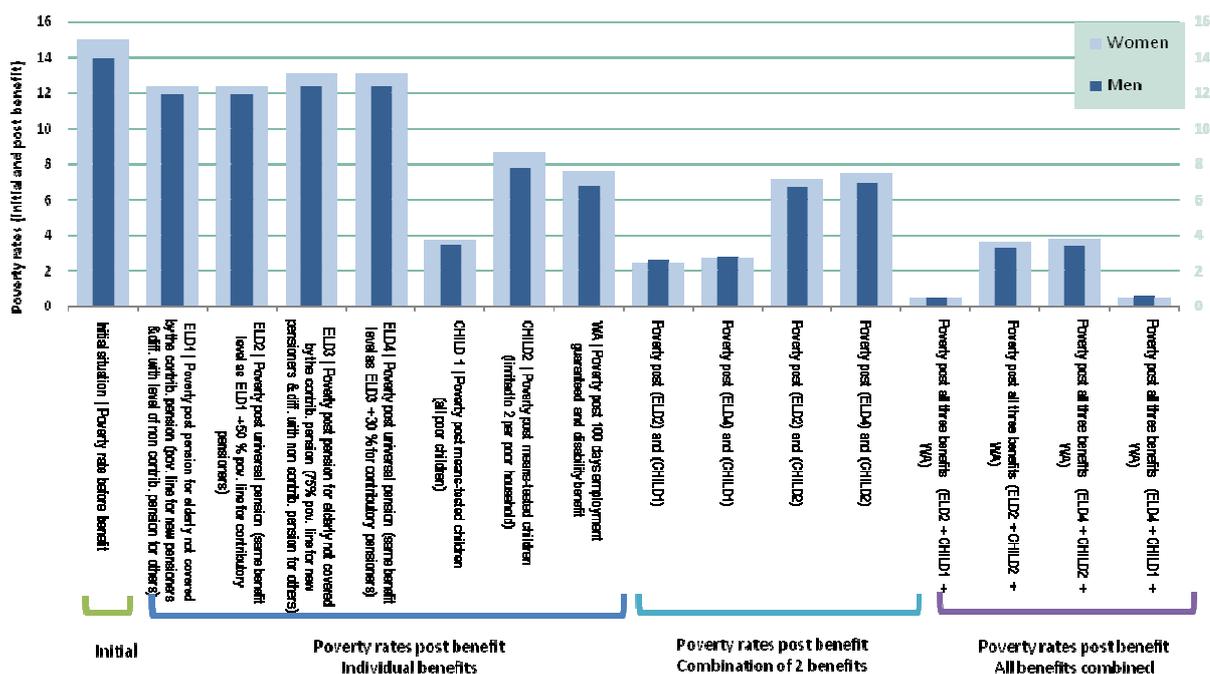
The micro-simulation is based on data from the latest available Viet Nam Household Living Standards Survey 2008 (VHLSS, 2008) using as a reference the expenditure per capita and the corresponding poverty line (VND280,000 per month), resulting in a national poverty rate of 14.5 in 2008.

Table 5.1 provides a comparison of poverty rates before and after the provision of benefits (considered either individually or as a combination of benefits). Figure 5.1 presents some results showing the respective impacts on men and women. A combination of benefits tends to eliminate the difference in poverty rates between the sexes, with a slightly higher impact on poverty reduction among women. However, poverty and the resulting poverty rates are derived from the household per capita expenditure (assuming an equal redistribution of expenditure and income as well as simulated benefits for the elderly, children or people of working age). As such, both pre- and post-transfers consider the household as a whole and not the individuals who are part of the household. As a result, gender differences are most probably underestimated. The only remaining difference visible in the figure is mainly due to differences in household structure and the over-representation of women in poor households.

Table 5.1. Reduction in poverty rates as a result of individual benefits and some combinations of benefits

| Population and subgroups | Initial situation and poverty rate before benefit | Old-age pension: not covered by contributory pension, or universal pension | Child benefit: targeted for all poor children, or limited to 2 children in poor households | Working-age benefit | | | Some combinations of benefits | | | |
|--------------------------|---|--|--|---|--|---|--|---|---|---|
| | | Scenario ELD1 Poverty post pension for elderly not covered by the contributory pension (poverty line for new pensioners /difference with the actual level of non-contributory pension for others) | Scenario ELD2 Poverty post universal pension to all (Same as scenario 1 + 50% poverty line for contributory pensioners) | CHILD 1 Poverty post means-tested children (all children in poor HH) | CHILD 2 Poverty post means-tested children (limited to 2 per poor HH) | WA1 Poverty post 100 days employment guaranteed and disability benefit | Poverty post universal elderly (ELD2) and means-tested child benefits (All children in poor HH - CHILD1) | Poverty post all elderly (ELD2) and means-tested child benefits (Limited to 2 children in poor HH - CHILD2) | Poverty post all three benefits (all elderly ELD2 + all children per poor HH CHILD1 + WA) | Poverty post all three benefits (all elderly poverty line ELD2 + limited to 2 children per poor HH CHILD2 + WA) |
| Total population | 14.5 | 12.2 | 12.2 | 3.6 | 8.3 | 7.2 | 2.6 | 6.9 | 0.5 | 3.5 |
| Children 0–15 | 20.8 | 18.5 | 18.5 | 2.2 | 12.2 | 10.9 | 1.7 | 11.2 | 0.3 | 6.6 |
| Children <5 | 23 | 20.4 | 20.4 | 5.1 | 15.3 | 13 | 4 | 13.6 | 0.8 | 7.4 |
| Children 6–10 | 22.1 | 19.7 | 19.7 | 1.2 | 12.7 | 11.6 | 0.9 | 12 | 0.1 | 7.4 |
| Children 11–15 | 18.2 | 16.2 | 16.2 | 0.6 | 9.4 | 8.8 | 0.6 | 8.9 | 0 | 5.4 |
| Elderly | 14.4 | 3.9 | 3.9 | 7.3 | 9.2 | 11.5 | 0.7 | 1.9 | 0.4 | 1.2 |
| Working age | 12.1 | 10.7 | 10.7 | 3.8 | 6.7 | 5.3 | 3.1 | 5.9 | 0.5 | 2.5 |
| Disabled | 25.8 | 22.9 | 22.9 | 10.6 | 15.6 | 9.4 | 7.5 | 12.4 | 1.9 | 4.4 |
| Rural | 18.8 | 15.9 | 15.9 | 4.8 | 10.8 | 9.5 | 3.4 | 9.1 | 0.6 | 4.6 |
| Urban | 3.3 | 2.5 | 2.5 | 0.7 | 1.7 | 1.3 | 0.4 | 1.3 | 0.1 | 0.4 |
| HH without working age | 18.1 | 0.4 | 0.4 | 14.7 | 15.5 | 17 | 0.1 | 0.1 | 0 | 0 |

Figure 5.1. Impact of benefits on poverty rates, by sex



Source: Calculations based on VHLSS, 2008. Poverty measures based on consumption expenditure.

The options presented for the elderly in table 5.1 have the same impact in terms of poverty reduction since the additional reduced benefit provided to pensioners already covered by the contributory scheme is de facto not benefiting a poor population. The main objective of this option is to take a step towards a universal pension and not necessarily to achieve an additional impact on poverty reduction.

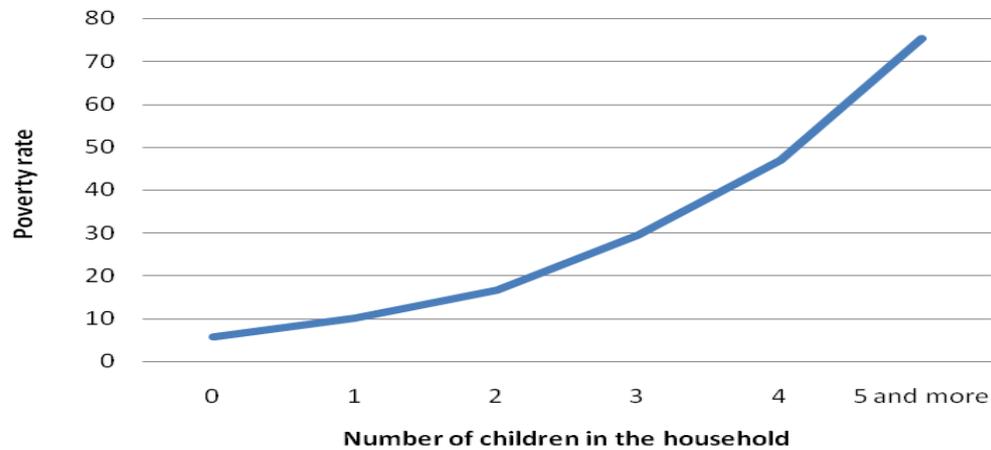
In the case of the two targeted options for children, it appears that limiting the provision of benefits to a maximum of two children per household has important implications as the number of children in poor households is significantly higher than average. The probability that a poor child will be in a household with a maximum of two children is lower than 50 per cent, but close to 80 per cent in the case of non-poor children. Figure 5.2 shows poverty rates according to the number of children aged 0–15 per household. In addition to these moral and equity issues, additional difficulties with regard to implementation must be taken into account.

The total cost of the alternative targeted child benefit is lower (a maximum of 0.43 per cent of GDP in 2016 against 0.78 per cent in the absence of a limitation on the number of poor children benefiting). Nevertheless, the poverty reduction is also significant. The poverty rate after the benefit is 8.3 per cent for the total population (12.2 per cent among children) compared to 3.6 per cent for the total population and 2.2 per cent for children when targeting all poor children. This latter benefit (targeting all poor children) has the highest absolute impact on the overall poverty rate. These results show an important redistribution effect on other age groups, in particular on the working-age population.

Another way to demonstrate poverty effects is through a “spider (radar) graph” where the original poverty rates are represented by the “largest circle” and smaller circles represent the various post-benefit poverty rates (figure 5.3) and poverty gaps (figure 5.4). The centre of the graph represents a poverty rate (or a poverty gap) of zero. As said before, the individual benefit resulting in the highest impact on poverty reduction is the one provided to all poor children (cash allowance and benefits in kind), the closest to the centre of the

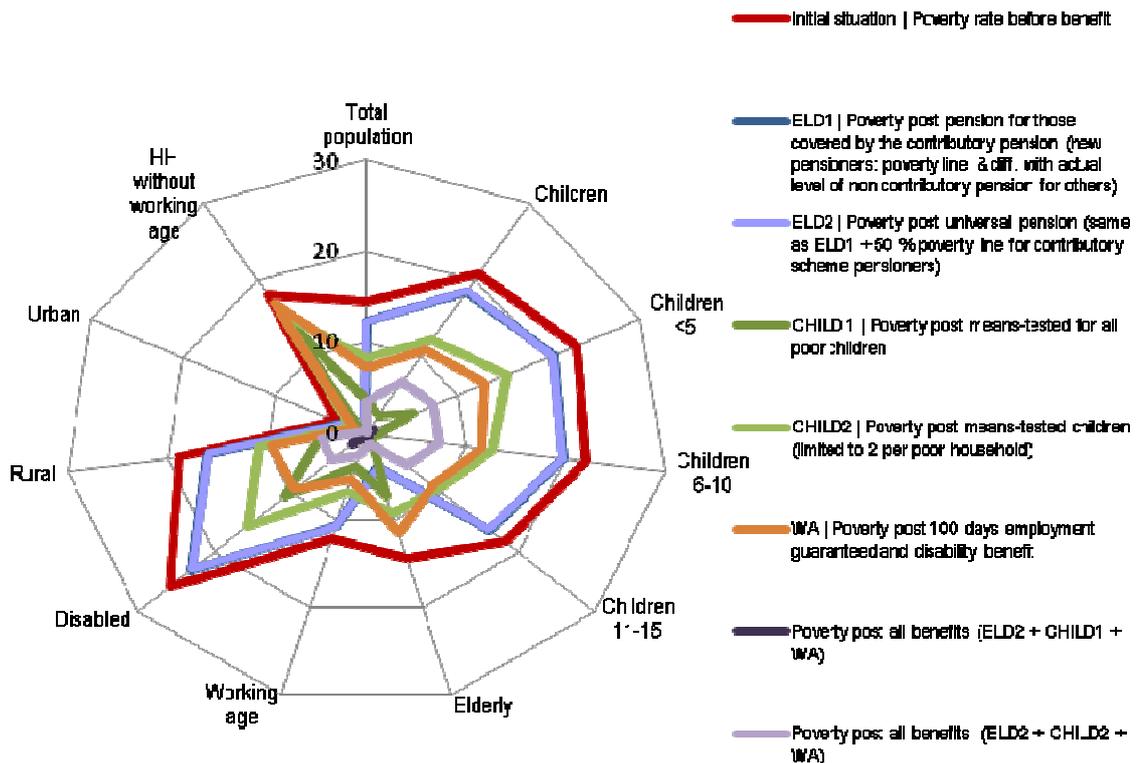
graph, followed by the working-age benefit. In both cases, perfect targeting is assumed for the simulation.

Figure 5.2. Poverty rates according to the number of children in the household



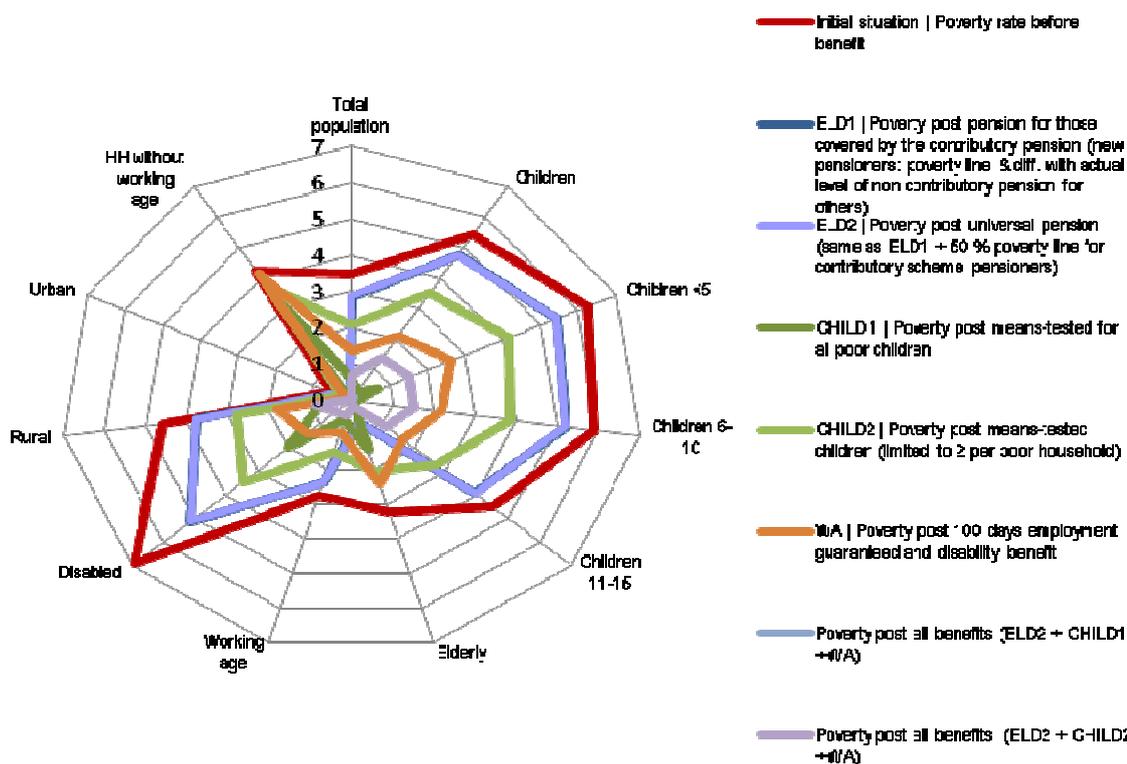
Source: VHLSS, 2008.

Figure 5.3. Simulation of impacts on poverty rates of the different SPF benefit components



Source: Calculations based on VHLSS, 2008. Poverty measures based on consumption expenditure.

Figure 5.4. Simulation of impacts on poverty gaps of the different SPF benefit components

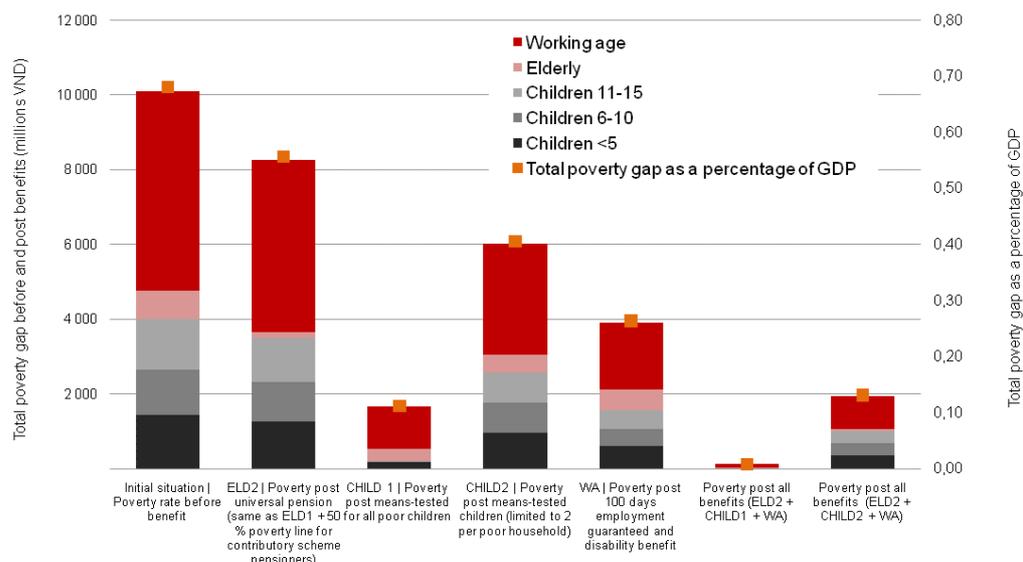


Source: Calculations based on VHLSS, 2008. Poverty measures based on consumption expenditure.

A set of additional indicators makes the link between the impact (including reduction of the total poverty gap) and total cost (including an assumed level of administrative costs of 15 per cent of benefits). Figure 5.5 presents the size of the total poverty gap before and after the provision of benefit. The initial total poverty gap corresponds to the cost of eliminating poverty by perfectly targeted transfers to the poor. This total poverty gap can be related to GDP or broken down in sub-poverty gaps (e.g. by age groups) to analyse its composition. Finally, the comparison between expenditure to provide the benefit and the reduction of poverty gap provides an indication of the relative target efficiency of the various benefits.

The total initial poverty gap as a proportion of GDP represents less than 0.7 per cent of GDP with more than 95 per cent of this gap being from poor people from rural areas. As shown by figure 5.5, over 50 per cent of the gap concerns the working-age population. In this age group the general poverty rate is slightly lower than the average national poverty rate but it represents two-thirds of the total population. In relative terms the situation for children is more problematic, as their relative share of the total poverty gap is higher than their proportion in the total population.

Figure 5.5. Total poverty gap: Levels and composition (VND millions and as a percentage of GDP)

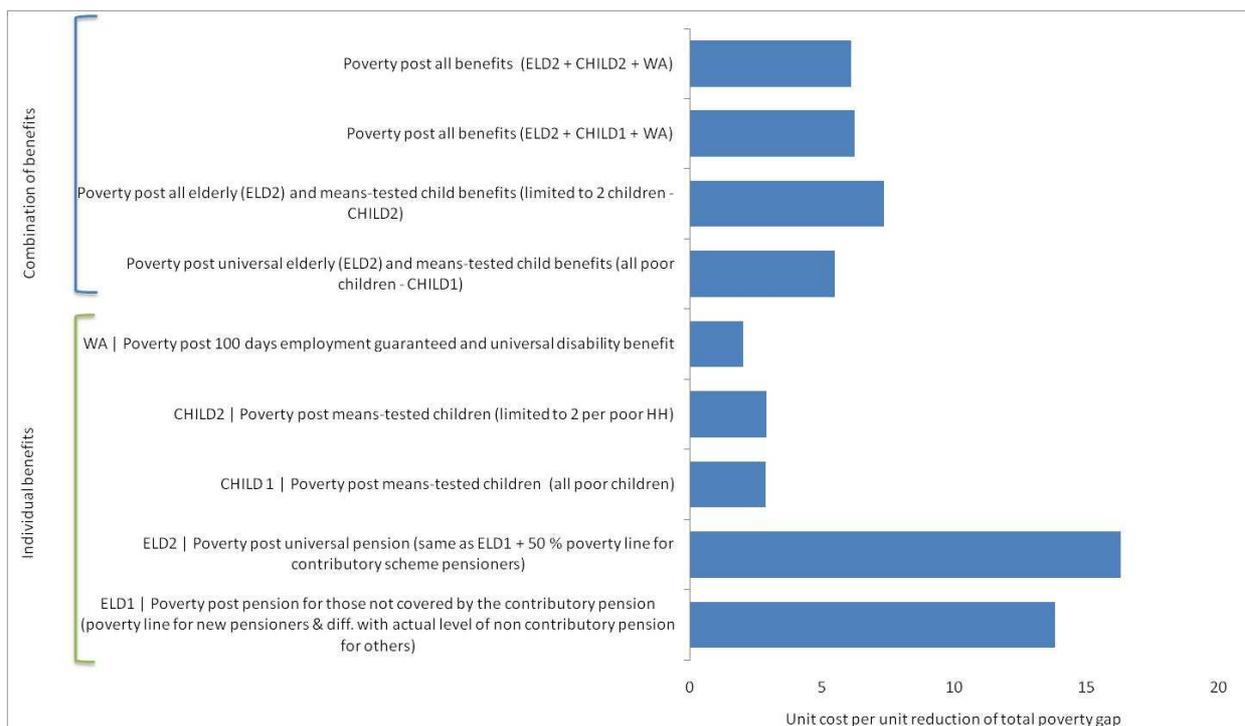


Source: Calculations based on VHLSS, 2008. Poverty measures based on consumption expenditure.

When considering the total transfer cost (including administrative costs)⁷ compared to total poverty gap reduction as an indication of efficiency in terms of overall poverty reduction, the working-age benefit and both options for child benefit as formulated appear to be more “efficient” than the pension benefit, as they are targeted to the poor whereas the old-age pension is universal. Figure 5.6 provides an indicative measure of the unit cost – the number of “units” spent for “one unit” of poverty gap reduction.

⁷ Administrative costs are not included in the calculation of the poverty gap reduction, resulting in a ratio over 1 even with perfect targeting and benefit levels strictly corresponding to the poverty gap for each individual.

Figure 5.6. Unit cost of reducing the total poverty gap



Source: Calculations based on VHLSS, 2008. Poverty measures based on consumption expenditure.

These results may be taken into consideration when modifications of the benefit features that were assumed for the costing exercise are discussed in national consultations. One could notably test some alternative levels of benefits, especially for the elderly universal pension where a reduced level of benefit might not change the impact on poverty reduction substantially. It should also be borne in mind that efficiency losses due to imperfect targeting, and higher than assumed administrative costs involved in the targeting, might change the above results in favour of more universal benefit provisions.

6. Conclusions

Viet Nam has already undertaken great efforts to strengthen its social protection system. A careful analysis of the social protection situation in the country has led to the development of a comprehensive and ambitious social security strategy. Discussions are under way regarding the progressive implementation of the strategy and priority areas. It is unclear to what extent the Social Protection Strategy 2011-2020, expected to be endorsed by the recent Party Congress, will be fully implemented within the next few years.

The established priority of closing the health-care coverage gap alone between now and 2014 is already an ambitious exercise. Implementing the full strategy would go a long way toward fully realizing all guarantees of the SPF and would require considerable political will. Viet Nam is already a relatively high-expenditure and high-revenue country. It may be unrealistic at present to assume that new sources of income can be opened up in the very near future.

However, while the possibility of adding SPF benefits that will close coverage gaps within the next four years may appear unlikely, especially in view of the latest government announcements indicating that Viet Nam might have to go through a longer recovery period than assumed last spring, fiscal space may be opening up around the middle of the present decade that would allow a gradual strengthening of various elements of the SPF in addition to the closure of the health gaps during the first half of the decade.

A sequence of policy actions could be designed envisaging a successive closing of gaps in child, active age and old-age income security. None of the individual measures appear so expensive that they could not be introduced without increasing the annual deficit to more than 3 per cent, provided the level of overall revenue is restored to its pre-crisis level.

Some degree of under-estimation of revenues also seems to have occurred during recent years, which might indicate further space for the extension of benefits. In addition, the comparatively low share of the government budget that is presently spent on social protection may indicate that some fiscal space could possibly be freed over the years by shifting expenditure away from other uses. At least the low and declining state social expenditure ratio should provide a reason to undertake an overall budgetary review within the next few years. A combination of increased personal income tax by 1.3 per cent of GDP and a 1 percentage point increase in the VAT rate could cover the cost of the most modest set of measures outlined here, closing the SPF gap by 2017/18.

Overall, Viet Nam has already introduced substantial parts of its social protection floor and is pursuing determined policies to close the health coverage gap within the next four years. Also closing the remaining SPF gaps would cost in the order of at least 2 per cent of GDP in 2020. The present report estimates that these gaps could be closed progressively over the next 10 to 15 years without a major increase in overall revenues compared to pre-crisis levels.

Annex 1. Viet Nam Rapid Assessment Matrix

| SPF objectives | Existing provision | | Foreseen in the Social Protection Strategy 2011–2020 | Gaps | | Agencies involved | Priority actions |
|---|---|--|---|--|---|---|------------------|
| | Overview | Indicators | | Design gaps | Implementation gaps | | |
| All residents have access to a nationally defined set of essential health-care services | <p>Voluntary and compulsory health insurance:</p> <ul style="list-style-type: none"> – Fully financed by the state budget for children under 6 years old, old-age policy beneficiaries, the poor, beneficiaries under Decree No. 67/2007/NĐ-CP receiving monthly allowances, armed forces and family members of armed forces, ethnic minority people in areas with difficulties, and some other beneficiaries stipulated by the Government – Partially financed by the state budget (almost 50%) with contributions from the near-poor: middle-income people operating in agriculture, forestry and salt, and schoolchildren and students – The remaining groups should be fully supported by health insurance premiums (through voluntary health insurance) | <p>Coverage: 60% of the population covered (61% of those receiving medical examination or treatment had health insurance or health cards in 2008); 40% of the population still to be covered by 2014</p> <p>Financial indicators:</p> <ul style="list-style-type: none"> – Total health expenditure accounted for 6.2% of GDP in 2007 (2.4% financed by state institutions / 3.8% by non-state institutions, mainly households OOP (source: NHA, 2007) – Health insurance accounted for 30% of the total state budget for social security in 2010 (1% of GDP). This is planned to rise to 51% from 2015 to 2020 (1.8% of GDP in 2015 to 1.3% in 2020) – In 2010, 45% of health insurance financing came from the state budget and 55% from contributions (1.26% of GDP) | <p>Extension of population coverage to 100% by 2014 (Law on Health Insurance was adopted on 14 Nov. 2008, effective since 1 July 2009):</p> <ul style="list-style-type: none"> – By 2015, total number of health insurance participants to be 91.7 million; 29.4 million with health insurance contributions paid by the Government and 36.9 million partially supported by the Government – By 2020, total number of health insurance participants to be 96.2 million; 25.5 million with health insurance contribution paid by the Government and 38.8 million partially supported by the Government – Access to health-care services and activities in mountainous, remote and ethnic areas are improved | <p>Policy to achieve population coverage is fully developed to 2014; policy design gap thereafter for coverage</p> <p>Rational definition needed of essential services (essential benefit package definition does not exist)</p> | <p>No clear solution to cover the remaining 40%</p> <p>“Uncovered costs” remain high</p> <p>Lack of comprehensive analysis of the delivery or supply of services (quality, availability and geographical access)</p> <p>Need for a registration, data collection and monitoring system</p> <p>Expected low take-up rate of voluntary health insurance</p> | <p>WHO (main leader); ILO can offer long-term support</p> | |

Health for all ages

| SPF objectives | Existing provision | | Foreseen in the Social Protection Strategy 2011–2020 | Gaps | | Agencies involved | Priority actions | |
|--|--|--|--|--|---|---|---|--|
| | Overview | Indicators | | Design gaps | Implementation gaps | | | |
| All children have income security at the level of the national poverty line | Social assistance under Decrees 67 and 13: | Orphaned children: 61,000 beneficiaries in 2006 | Regarding the target groups of regular social assistance in accordance with Decree No. 13/2010/ND-CP, it is expected that there will be about 1.7 million people by 2015 and 1.8 million by 2020 benefiting from regular social allowances (1.8% of total population). This includes all target groups: children, elderly and working age. Children as a specific group represent less than 10% For both regular and emergency relief, 2.0 million people will be benefiting from social assistance by 2015, 2.3 million by 2020 (2.4% of total population) | No general child benefits (under consideration by MoLISA) For all social assistance programmes for children, working age and elderly: | Delivery does not reach the intended beneficiaries Identification of children of domestic/ internal migration For all social assistance programmes for children, working age and elderly: | UNICEF information on programmes piloted and on costing | | |
| | <ul style="list-style-type: none"> Eligible groups of children and young people include orphans, abandoned children, minors aged between 16 and 18 who are in general education or vocational training, those who have nobody to rely on, and HIV/AIDS-infected children in poor households. Families and individuals who adopt orphans or abandoned children are also included | <ul style="list-style-type: none"> Total number of beneficiaries from regular social assistance (all age groups) gradually increased from 416,000 in 2005 to one million in 2008. Children represent just over 5% of total beneficiaries Total budget for regular social assistance represents less than 0.15% of GDP in 2008/09 (all programmes and target groups) | | | | | | |
| | Poverty reduction policies and programmes, and Programme 135: | 11.7% of communities lack schools or kindergartens | | | | | <ul style="list-style-type: none"> Low coverage due to tight eligibility criteria Low level of benefits fails to ensure subsistence living standard and sustainable poverty reduction | <ul style="list-style-type: none"> Implementation of poverty reduction policies is incomprehensive Lack of information: a large number of beneficiaries are unaware of policies/ programmes, affecting their effectiveness as well as monitoring activities and participation of people and key partners such as service providers in implementation |
| | <ul style="list-style-type: none"> Some free essential services (water, electricity) but limited for ethnic minorities School fee exemption and reduction for poor pupils (under the National Targeted Programme for Poverty Reduction, NTP-PR) | <ul style="list-style-type: none"> Over 10% of children attending school are benefiting from school fee exemption and reduction (900,000 children in 2010) but over 90% of children from bottom quintile are in primary school (2006) <ul style="list-style-type: none"> Level of reduction: 51% in 2008 vs 50% in 2006 Budget: VND2,000 billion in 2010 (0.1% of GDP) | | | | | <ul style="list-style-type: none"> Area-based programmes with little focus on urban and peri-urban areas where the majority of the poor are found Some overlaps among beneficiaries, policies and resources of poverty reduction programmes | <ul style="list-style-type: none"> Resources for implementation are limited and dispersed |
| Government support for poor households to send their children to school (includes support in education costs for rural households in difficult circumstances): | Government support in education costs for rural households with difficult circumstances: VND1,200 billion in 2010 (0.06% of GDP) | | | | | | | |
| <ul style="list-style-type: none"> Loans for food for students living in poor households (max. VND800,000/HH/month) Support for minority children for food, textbooks, notebooks (VND140,000/month for 9 months for boarding students and 70,000/month for kindergarten students) Scholarships for poor students equal to 80% of basic salary | | | | | | | | |
| Health coverage under 6 years (included under health) | 0.37% of GDP | | | | | | | |

| SPF objectives | Existing provision | | Foreseen in the Social Protection Strategy 2011–2020 | Gaps | | Agencies involved | Priority actions | |
|--|---|---|--|--|---|--------------------------------|------------------|--|
| | Overview | Indicators | | Design gaps | Implementation gaps | | | |
| All those in active age groups who are unable to earn sufficient income on the labour market should enjoy a minimum of income security through social assistance/employment guarantee scheme | Unemployment insurance (5% of working age population covered). Limited to workers in formal enterprises of more than 10 workers. Unemployment financing is partly supported by the Government | Coverage: 5% of the working-age population covered Financing: Total financing represents 0.3% of GDP in 2010 (1/3 from the Government; 2/3 contributions from employees and enterprises) | By 2015, there will be 10.0 million workers participating in unemployment insurance, accounting for 73% of the targeted group. The figures should increase to 15.7 million workers (84.5%) by 2020 (25% of total working-age population) | See general design gap below | MOLISA and VSS both involved: delays the process. | ILO | | |
| | Maternity protection for the formal sector (provided under compulsory social insurance but not under voluntary insurance) | Only 18% of the working-age population is covered. Not part of benefits provided under voluntary insurance | | No maternity protection for informal economy workers | | | | |
| | Social assistance for disabled and single parents | <ul style="list-style-type: none"> – Covers only 306,000 disabled (10% of total disabled) and 16,500 single parents in 2009 – Minimal benefit amounts to only 32.5% of the poverty line | Further develop social services General social assistance scheme to be introduced; beneficiaries to increase to 1.7 million by 2020; services to localities in need to be further developed | General design gaps for working age: <ul style="list-style-type: none"> – No general income support for workers in informal employment; no unemployment or under-employment social protection provision for informal sector/economy workers | See implementation gaps under children, which apply to all regular and relief assistance programmes | UNICEF/ WORLD BANK, IFAD | | |
| | NTP-PR housing support: complete support for poor households in 61 poor district areas by the end of the first quarter 2010, complete support for the remaining poor households by the end of 2012. | Budget to support the building of houses for poor households in accordance with Decision No. 167-2008/QĐ-TTG: VND1,500 billion in 2009, of which VND1,000 billion from the state budget (0.09% of GDP) | See planned strategy under children, which applies to all regular and relief assistance programmes | <ul style="list-style-type: none"> – Low coverage of social assistance cash transfer programmes, but higher coverage for benefit in kind (driven primarily by free health care insurance) | | | | |
| | Grant of 15 kilograms of rice for the poor in border areas: food support for minorities in Central Highlands and households in hunger | Budget for 2003–10: VND39 billion over the 8-year period | | <ul style="list-style-type: none"> – No clear or concrete linkage between social protection and measures to facilitate return to employment | | | | |
| Benefits for people of national merit (also in old age) | Social protection budget 2008 and 2009: <ul style="list-style-type: none"> – 2008: VND13,613 billion (0.92% of GDP) – 2009: VND13,691 billion (0.82% of GDP) | | | | | | | |

| SPF objectives | Existing provision | | Foreseen in the Social Protection Strategy 2011–2020 | Gaps | | Agencies involved | Priority actions |
|---|--|---|--|---|--|-------------------------|------------------|
| | Overview | Indicators | | Design gaps | Implementation gaps | | |
| All residents in old age and with disabilities have income security at the level of the national poverty line | <p>Social insurance:</p> <ul style="list-style-type: none"> – Old-age contributory pension | <p>Coverage:</p> <ul style="list-style-type: none"> – 18% of total workforce contributes to the old-age contributory pension – In 2009, 200,000 workers received a severance payment, corresponding to a period of contribution < 20 years – About 9% of the country population of retirement age (55 for women and 60 for men) live on retirement pensions at present. These include the pre-1995 retirees paid by the Government (see below). A total of 1.9 million pensioners, representing 20% of the 55/60 age group, receive a pension – Voluntary insurance: after a year of operation there are about 90,000 voluntary participants (covers old age and survivors) | <p>By 2015, 20.2 million workers will be participating in both compulsory and voluntary social insurance, accounting for 38.4% of the labour force</p> <p>Increase to 28.4 million workers by 2020, accounting for 51.8% of the labour force</p> | <p>No clear extension strategy of the pension scheme (both voluntary and compulsory)</p> <p>Problems related to the design and sustainability of the compulsory social insurance system; ineffective mechanism and investment methods used to raise the social insurance fund</p> | <p>Limited coverage level: only about 70% of the total number of nearly 13 million targeted compulsory (formal sector) participants. The rate of workers in the non-state sector participating in social insurance is still low. Important levels of evasion</p> | | |
| | <ul style="list-style-type: none"> – State budget transfer for the pre-1995 public sector retirees <p>Targeted social assistance for those aged 80 and over, covering 538,000 people in 2009 (70% of the 85 and over)</p> | <p>Coverage: Number of beneficiaries: one million in 2008, reduced to 880,000 in 2010 (300,000 planned for 2020)</p> <p>Total state social protection budget:</p> <ul style="list-style-type: none"> – 2008: VND23,044 billion (1.56% of GDP) – 2009: VND24,829 billion (1.49% of GDP) <p>Coverage: 430,000 pensioners in 2008 and 538,000 in 2009 (representing almost 70% of elderly not covered by social insurance, including pre-1995 retirees). However, when considering the overall coverage of general social assistance programmes, this represents less than 2% of the total population in 2010</p> <p>Financing: part of regular social assistance in accordance with Decree 67 and 13/2010: the overall budget represents less than 0.2% of GDP in 2010, most of it allocated to targeted assistance for the elderly</p> | <p>Reduction of the minimum age from 85 to 80 in January 2011. Further reduction planned</p> <p>Level of benefit increased in January 2011 from VND180,000 to VND270,000 per month</p> | <p>Those aged 55/60–79 and not covered by social insurance People over 80 not covered by social insurance and not receiving social assistance (30%)</p> <p>Low level of benefit (VND270,000 /month): should cover the gap to reach the poverty line</p> | <p>Delivery problems</p> <p>Identification of beneficiaries entitled to social assistance</p> | <p>World Bank / ILO</p> | |

Sources: ILSSA calculations for the Viet Nam Draft Social Protection Strategy, 2010; World Bank, 2010b.

Annex 2. Baseline social budget, actual 2003-2010 and forecast 2011-2015, 2016-2020 (VND billions)

| | Actual | | Forecast | | | |
|---|-----------|--------|-----------|---------|-----------|---------|
| | 2003-2010 | | 2011-2015 | | 2016-2020 | |
| | Total | Annual | Total | Annual | Total | Annual |
| Total budget for social security | 528 028 | 66 003 | 1 287 508 | 257 502 | 2 479 691 | 495 938 |
| State budget | 271 071 | 33 884 | 507 609 | 101 522 | 775 263 | 155 053 |
| % of total budget for social security | | 51.3 | | 39.4 | | 31.3 |
| Non-state budget | 256 957 | 32 120 | 779 899 | 155 980 | 1 704 429 | 340 886 |
| Break-down | | | | | | |
| 1. Labour market development | 14 673 | 1 834 | 24 377 | 4 875 | 37 178 | 7 436 |
| 1.1. Vocational training projects | 5 226 | 653 | 13 324 | 2 665 | 15 012 | 3 002 |
| 1.2. National Targeted Programme on Employment | 2 152 | 269 | 2 325 | 465 | 3 577 | 715 |
| 1.3. Agriculture, forestry and aquaculture extension programmes | 1 100 | 138 | 812 | 162 | 1 037 | 207 |
| 1.4. Compensation for interest gap of Bank for Social Policies | 6 196 | 775 | 7 915 | 1 583 | 17 552 | 3 510 |
| 2. Health insurance and health care | 126 753 | 15 844 | 427 109 | 85 422 | 795 942 | 159 188 |
| 2.1. State budget for supporting health insurance payments | 55 920 | 6 990 | 213 137 | 42 627 | 387 764 | 77 553 |
| 2.2. Supporting 50% of health insurance premiums for near-poor | 0 | 0 | 53 400 | 10 680 | 168 800 | 33 760 |
| 2.3. 100% of premiums financed by community and society | 70 833 | 8 854 | 160 571 | 32 114 | 239 377 | 47 875 |
| 3. Compulsory social insurance | 236 333 | 29 542 | 554 121 | 110 824 | 1130 121 | 226 024 |
| 3.1. Contributions of enterprises and employees | 153 203 | 19 150 | 466 433 | 93 287 | 1059 260 | 211 852 |
| 3.2. Retirement pension paid by state budget | 83 130 | 10 391 | 87 688 | 17 538 | 70 861 | 14 172 |
| 4. Unemployment insurance | 4 932 | 616 | 50 008 | 10 002 | 108 004 | 21 601 |
| 4.1. Contributions of enterprises and employees | 3 288 | 411 | 33 339 | 6 668 | 72 003 | 14 401 |
| 4.2. Support from the state budget | 1 644 | 205 | 16 669 | 3 334 | 36 001 | 7 200 |
| 5. Voluntary social insurance | 873 | 109 | 34 773 | 6 955 | 145 569 | 29 114 |
| 5.1. Contributions of employees | 873 | 109 | 28 090 | 5 618 | 116 455 | 23 291 |
| 5.2. Support from the state budget | 0 | 0 | 6 683 | 1 337 | 29 114 | 5 823 |
| 6. Social assistance | 143 510 | 17 939 | 195 527 | 39 105 | 260 159 | 52 032 |
| 6.1. State budget | 114 750 | 14 344 | 157 462 | 31 492 | 211 626 | 42 325 |
| – Regular social assistance in accordance with Decree No. 13/2010 | 9 003 | 1 125 | 20 241 | 4 048 | 32 646 | 6 529 |
| – Emergency social relief in accordance with Decree No. 13/2010 | 24 852 | 3 107 | 21 719 | 4 344 | 30 625 | 6 125 |
| – Grant of 15 kilograms of rice for the poor in border areas | 39 | 5 | 31 | 6 | 34 | 7 |
| – National Targeted Programme on Poverty Reduction | 3 657 | 457 | 11 089 | 2 218 | 22 498 | 4 500 |
| – Project on building houses for poor households | 4 500 | 563 | 15 000 | 3 000 | 15 000 | 3 000 |
| – School fee exemption and reduction for poor pupils | 12 076 | 1 509 | 12 923 | 2 585 | 17 388 | 3 478 |
| – Government support for poor households to send their children to school | 4 867 | 608 | 8 162 | 1 632 | 19 831 | 3 966 |
| – Health-care programmes | 10 741 | 1 343 | 12 137 | 2 427 | 14 494 | 2 899 |
| – Social housing for migrant workers | 0 | 0 | 12 137 | 2 427 | 14 494 | 2 899 |
| – Programme 135 | 12 879 | 1 610 | 8 432 | 1 686 | 9 124 | 1 825 |
| – Support in production land, residential land and fresh water in accordance with Decision No. 134 | 5 288 | 661 | 4 417 | 883 | 4 315 | 863 |
| – Fresh water and environmental sanitation | 17 699 | 2 212 | 21 675 | 4 335 | 21 675 | 4 335 |
| – Migration, residential and farming settlement policies under Decision Nos. 193/2006/QĐ -TTG and 33/2007/QĐ -TTG | 9 150 | 1 144 | 9 500 | 1 900 | 9 500 | 1 900 |
| 6.2. Budget mobilized from communities for social assistance | 28 760 | 3 595 | 38 065 | 7 613 | 48 533 | 9 707 |
| 7. Monitoring, evaluation, management and communication | 953 | 119 | 1 592 | 318 | 2 719 | 544 |

| Rates | 2003-2010 | 2011-2015 | 2016-2020 |
|---|------------------|------------------|------------------|
| Total spending on social protection (SP) out of GDP | 5.7 | 8.8 | 11.0 |
| Total spending on SP from the State budget out of GDP | 2.9 | 3.5 | 3.4 |
| – Labour market | 0,16 | 0,17 | 0,17 |
| – Health | 0,60 | 1,45 | 1,72 |
| – Social insurance | 0,91 | 0,71 | 0,47 |
| – Social assistance | 1,24 | 1,07 | 0,94 |
| State budget allocation for SP out of SP total budget | 51.3 | 39.4 | 31.3 |
| State budget allocation for SP out of total state budget | 8.8 | 10.4 | 10.3 |
| State budget allocation for rural protection out of total state budget for SP | 69.7 | 55.6 | 46.3 |

Source: ILSSA.

Annex 3. Viet Nam's total public and state social expenditure in an international context, 2009

| Country | GDP per capita, PPP international \$ (2009) | GDP per capita, current US\$ (2009) | General government expenditure, % GDP (latest available year) | Total public social security expenditure including health, % of government expenditure | Social expenditure excluding health care, % GDP | Public social security benefit expenditure excl. health care, % of total government expenditure |
|------------------|---|-------------------------------------|---|--|---|---|
| Zimbabwe | 0 | 274 | 49.64 | 7.9 | 0.3 | 0.6 |
| Burundi | 392 | 160 | 32.09 | 5.7 | 1.1 | 2.8 |
| Liberia | 396 | 222 | 21.82 | 65.2 | 9.9 | 45.2 |
| Niger | 675 | 352 | 19.89 | 12.2 | 0.5 | 1.5 |
| Sierra Leone | 808 | 341 | 21.99 | 12.3 | 1.0 | 4.5 |
| Togo | 850 | 431 | 22.16 | 10.6 | 1.3 | 5.9 |
| Mozambique | 885 | 428 | 38 | 10.4 | 0.7 | |
| Ethiopia | 934 | 344 | 27.92 | 34.3 | 6.5 | 4.8 |
| Guinea | 1 048 | 407 | 14.92 | 5.1 | 0.1 | 1.3 |
| Madagascar | 1 049 | 461 | 21.84 | 10.4 | 0.3 | 7.1 |
| Rwanda | 1 070 | 506 | 24.27 | 20.2 | 0.8 | 2.1 |
| Nepal | 1 155 | 427 | 18.9 | 15.5 | 1.3 | 4.2 |
| Burkina Faso | 1 187 | 517 | 23.05 | 21.3 | 1.6 | 6.9 |
| Uganda | 1 217 | 490 | 19.37 | 12.1 | 0.4 | 2.1 |
| Tanzania | 1 356 | 509 | 24.48 | 18.2 | 1.2 | 4.9 |
| Gambia | 1 415 | 430 | 28.81 | 14.4 | 1.2 | 4.2 |
| Bangladesh | 1 416 | 551 | 15.42 | 13.0 | 1.1 | 2.9 |
| Zambia | 1 429 | 985 | 22.53 | 17.9 | 1.6 | 7.1 |
| Benin | 1 508 | 745 | 21.56 | 18.6 | 1.0 | 2.3 |
| Ghana | 1 552 | 1 098 | 33.28 | 12.7 | 1.9 | 5.7 |
| Côte d'Ivoire | 1 701 | 1 106 | 21.32 | 8.3 | 0.9 | 4.2 |
| Senegal | 1 817 | 1 023 | 25.39 | 14.2 | 1.9 | 7.5 |
| Mauritania | 1 950 | 921 | 28.48 | 8.2 | 0.8 | 1.8 |
| Cameroon | 2 205 | 1 136 | 16.99 | 11.5 | 0.5 | 2.9 |
| Sudan | 2 210 | 1 294 | 22.38 | 7.0 | 0.3 | 1.3 |
| Laos PDR | 2 255 | 940 | 18.26 | 7.3 | 0.6 | 3.3 |
| Papua New Guinea | 2 281 | 1 172 | 36.25 | 10.5 | 0.2 | 0.6 |
| Kyrgyzstan | 2 283 | 860 | 31.85 | 26.6 | 6.1 | 19.2 |
| Yemen | 2 470 | 1 118 | 38.11 | 17.4 | 4.7 | 12.3 |
| Solomon Islands | 2 547 | 1 256 | 34.69 | 13.4 | 0.7 | 2.0 |
| Pakistan | 2 609 | 955 | 25.23 | 7.6 | 1.5 | 5.5 |
| Moldova, Rep. of | 2 854 | 1 516 | 37.28 | 46.9 | 12.6 | 31.2 |
| Uzbekistan | 2 875 | 1 156 | 29.49 | 36.2 | 8.3 | 28.1 |
| | | | 30.2 in 2008 | | | |
| Viet Nam | 2 953 | 1 032 | 35.7 in 2009 | 10.2 | 2.2 | 8.5 |
| | | | 34.6 in 2011 | | | |
| India | 3 270 | 1 134 | 28.25 | 14.3 | 3.1 | 13.8 |
| Philippines | 3 542 | 1 752 | 20.42 | 15.7 | 1.9 | 9.3 |
| Indonesia | 4 199 | 2 349 | 20.92 | 11.1 | 1.4 | 5.3 |
| Congo | 4 238 | 2 601 | 21.42 | 8.4 | 0.9 | 2.8 |
| Bolivia | 4 419 | 1 758 | 35.73 | 21.3 | 4.4 | 13.9 |
| Fiji | 4 526 | 3 326 | 31.16 | 16.7 | 2.3 | 9.3 |
| Sri Lanka | 4 772 | 2 068 | 24.9 | 24.5 | 4.2 | 16.9 |
| Georgia | 4 774 | 2 449 | 32.25 | 19.8 | 4.9 | 16.8 |
| Bhutan | 5 113 | 1 805 | 18 | 16.9 | 0.2 | |
| Armenia | 5 279 | 2 826 | 19.96 | 29.6 | 4.2 | 12.5 |
| Jordan | 5 597 | 4 216 | 43.77 | 28.7 | 8.4 | 19.0 |
| Ukraine | 6 318 | 2 468 | 43.75 | 51.9 | 18.8 | 37.9 |
| Belize | 6 628 | 4 062 | 28.93 | 13.0 | 1.0 | 3.8 |
| El Salvador | 6 629 | 3 424 | 26.34 | 24.9 | 3.9 | 8.8 |
| China | 6 828 | 3 744 | 19.09 | 31.3 | 4.1 | 22.3 |
| Thailand | 7 995 | 3 893 | 19.95 | 23.8 | 2.6 | 8.1 |
| Tunisia | 8 273 | 3 792 | 35.63 | 27.6 | 7.5 | 20.9 |

| Country | GDP per capita, PPP international \$ (2009) | GDP per capita, current US\$ (2009) | General government expenditure, % GDP (latest available year) | Total public social security expenditure including health, % of government expenditure | Social expenditure excluding health care, % GDP | Public social security benefit expenditure excl. health care, % of total government expenditure |
|-------------------------|---|-------------------------------------|---|--|---|---|
| Dominica | 8 883 | 5 132 | 47.12 | 18.2 | 4.1 | 6.5 |
| St Vincent & Grenadines | 9 154 | 5 335 | 40.52 | 16.8 | 3.4 | 8.4 |
| Saint Lucia | 9 605 | 5 496 | 32.62 | 15.9 | 1.9 | 5.8 |
| Azerbaijan | 9 638 | 4 899 | 29.18 | 29.0 | 7.6 | 26.0 |
| South Africa | 10 278 | 5 786 | 36.4 | 33.9 | 8.4 | 13.6 |
| Brazil | 10 412 | 8 121 | 49.9 | 25.4 | 9.6 | 19.2 |
| Costa Rica | 11 106 | 6 386 | 24.78 | 38.4 | 4.2 | 16.9 |
| Kazakhstan | 11 510 | 7 257 | 22.98 | 27.2 | 3.9 | 19.8 |
| Iran, Islamic Rep. | 11 558 | 4 540 | 47.14 | 21.7 | 8.4 | 15.5 |
| Venezuela | 12 323 | 11 490 | 27.15 | 14.7 | 2.1 | 7.6 |
| Mauritius | 12 838 | 6 735 | 23.56 | 33.9 | 5.9 | 22.6 |
| Belarus | 13 040 | 5 075 | 47 | 38.4 | 13.5 | 29.2 |
| Panama | 13 057 | 7 155 | 43.67 | 23.6 | 5.1 | 11.7 |
| Bulgaria | 13 333 | 6 423 | 34.67 | 48.6 | 12.0 | 32.0 |
| Turkey | 13 885 | 8 215 | 24.27 | 56.4 | 8.3 | 34.2 |
| Malaysia | 14 012 | 7 030 | 27.77 | 23.2 | 4.2 | 15.1 |
| Romania | 14 199 | 7 500 | 32.64 | 45.5 | 11.0 | 27.3 |
| Chile | 14 331 | 9 644 | 19.81 | 42.2 | 5.4 | 30.9 |
| Mexico | 14 335 | 8 143 | 24.41 | 30.3 | 4.5 | 16.8 |
| St Kitts & Nevis | 14 527 | 10 988 | 37.55 | 16.2 | 2.6 | 6.9 |
| Argentina | 14 538 | 7 626 | 32.36 | 39.7 | 8.5 | 26.2 |
| Latvia | 15 413 | 11 616 | 37.18 | 33.3 | 8.6 | 24.2 |
| Lithuania | 16 747 | 11 141 | 32.63 | 50.9 | 11.1 | 28.2 |
| Russian Federation | 18 963 | 8 684 | 31.01 | 39.6 | 8.3 | 28.2 |
| Poland | 19 059 | 11 273 | 43.78 | 48.0 | 16.7 | 40.7 |
| Estonia | 19 451 | 14 238 | 32.83 | 37.2 | 9.0 | 27.4 |
| Seychelles | 19 587 | 8 688 | 57.34 | 29.1 | 12.6 | 14.2 |
| Hungary | 19 764 | 12 868 | 51.74 | 43.5 | 16.5 | 31.1 |
| Croatia | 19 805 | 14 222 | 43.22 | 50.3 | 15.7 | 37.8 |
| Slovakia | 22 356 | 16 176 | 37.49 | 44.3 | 11.3 | 29.1 |
| Portugal | 24 569 | 21 903 | 46.32 | 49.9 | 15.9 | 37.3 |
| Czech Republic | 25 232 | 18 139 | 43.95 | 44.4 | 13.2 | 29.4 |
| Trinidad & Tobago | 25 572 | 15 841 | 32.93 | 16.2 | 3.1 | 11.4 |
| Slovenia | 27 004 | 23 726 | 45.42 | 50.1 | 16.6 | 35.4 |
| Korea, Rep | 27 168 | 17 078 | 30.1 | 22.9 | 3.7 | 12.3 |
| New Zealand | 29 072 | 29 352 | 39.32 | 47.0 | 11.6 | 29.5 |
| Greece | 29 663 | 29 240 | 36.59 | 56.0 | 14.9 | 47.6 |
| Italy | 31 909 | 35 084 | 48.87 | 51.2 | 18.2 | 39.5 |
| Japan | 32 453 | 39 738 | 36.69 | 50.7 | 12.3 | 33.5 |
| Spain | 32 545 | 31 774 | 38.38 | 55.2 | 15.4 | 39.3 |
| France | 33 655 | 41 051 | 52.97 | 55.1 | 21.4 | 40.0 |
| Finland | 34 720 | 44 581 | 49.31 | 52.9 | 19.9 | 40.4 |
| Belgium | 36 249 | 43 671 | 48.59 | 54.3 | 19.1 | 44.0 |
| Germany | 36 267 | 40 670 | 45.26 | 59.0 | 19.0 | 46.0 |
| United Kingdom | 36 496 | 35 165 | 44.49 | 47.9 | 14.3 | 40.9 |
| Denmark | 36 762 | 55 992 | 51.15 | 53.0 | 21.2 | 45.4 |
| Iceland | 37 595 | 38 029 | 42.7 | 39.6 | 10.6 | 35.4 |
| Sweden | 37 905 | 43 654 | 53.93 | 54.5 | 22.6 | 44.3 |
| Canada | 37 946 | 39 599 | 39.33 | 42.0 | 9.7 | 30.8 |
| Austria | 38 363 | 45 562 | 49.18 | 55.3 | 20.4 | 43.7 |
| Australia | 39 231 | 42 279 | 33.99 | 50.3 | 11.2 | 33.0 |
| Netherlands | 40 715 | 47 917 | 46.39 | 45.1 | 14.9 | 44.2 |
| Ireland | 41 278 | 51 049 | 33.95 | 49.2 | 10.2 | 31.5 |
| Switzerland | 45 117 | 63 629 | 34.76 | 58.4 | 14.2 | 58.4 |
| United States | 45 989 | 45 989 | 36.69 | 43.3 | 8.9 | 24.3 |
| Singapore | 50 633 | 36 537 | 21.16 | 7.3 | 0.6 | 2.6 |
| Norway | 55 672 | 79 089 | 40.63 | 53.2 | 15.8 | 42.3 |
| Luxembourg | 83 759 | 105 044 | 38.83 | 59.7 | 16.2 | 40.4 |

Sources: GDP per capita: World Bank, World Development Indicators; social security expenditure: IMF Government Finance Statistics and the ILO Social Security Inquiry database.

Annex 4. Economic assumptions

| Assumptions | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Treasury bill interest rate (difference from inflation) | 13.9 | 16.4 | 9.2 | 9.1 | 8.6 | 8.1 | 7.6 | 7.4 | 7.4 | 7.5 | 7.5 |
| Average wage (VND/month) | 1 631 744 | 1 792 193 | 1 973 979 | 2 180 709 | 2 416 245 | 2 684 971 | 2 994 512 | 3 352 399 | 3 767 820 | 4 252 009 | 4 818 760 |
| Minimum wage (VND/month) | 730 000 | 830 000 | 1 050 000 | 1 159 964 | 1 285 250 | 1 428 191 | 1 592 842 | 1 783 210 | 2 004 181 | 2 261 731 | 2 563 197 |
| Population in rural areas (%) | 73.0 | 72.2 | 71.3 | 70.5 | 69.7 | 68.9 | 68.1 | 67.3 | 66.5 | 65.8 | 65.0 |
| Poor in rural areas (%) | 86.0 | 85.7 | 85.4 | 85.1 | 84.8 | 84.5 | 84.2 | 83.9 | 83.6 | 83.3 | 83.0 |
| Total poverty rate | 13.4 | 12.7 | 12.1 | 11.5 | 10.9 | 10.4 | 9.8 | 9.3 | 8.9 | 8.4 | 8.0 |
| – Rural | 16.1 | 15.5 | 14.9 | 14.4 | 13.8 | 13.3 | 12.8 | 12.3 | 11.9 | 11.4 | 11.0 |
| – Urban | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 |
| Estimated national amount for poverty line (VND per month) | 344 598 | 414 305 | 442 350 | 469 234 | 495 401 | 521 787 | 548 271 | 576 098 | 605 335 | 636 054 | 668 330 |
| – Rural | 335 579 | 400 000 | 426 764 | 452 370 | 477 250 | 502 306 | 527 421 | 553 792 | 581 482 | 610 556 | 641 084 |
| – Urban | 400 000 | 500 000 | 533 455 | 565 463 | 596 563 | 627 883 | 659 277 | 692 241 | 726 853 | 763 195 | 801 355 |
| Annual percentage changes | | | | | | | | | | | |
| GDP at constant prices | 6.8 | 6.3 | 6.8 | 7.2 | 7.4 | 7.5 | 7.5 | 7.5 | 7.5 | 7.5 | 7.5 |
| GDP deflator | 11.9 | 14.4 | 7.2 | 7.1 | 6.6 | 6.1 | 5.6 | 5.4 | 5.4 | 5.5 | 5.5 |
| GDP deflator index (base 1994) | 3.6 | 4.1 | 4.4 | 4.7 | 5.0 | 5.3 | 5.6 | 5.9 | 6.2 | 6.6 | 6.9 |
| Labour productivity increase | 4.9 | 5.5 | 5.5 | 5.5 | 5.5 | 5.5 | 5.6 | 5.7 | 5.8 | 5.9 | 6.0 |
| Results | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| National income and prices (VND millions) | | | | | | | | | | | |
| GDP at constant prices | 551 609 000 | 586 132 624 | 625 705 580 | 670 913 391 | 720 792 571 | 774 815 386 | 832 887 166 | 895 311 380 | 962 414 237 | 1 034 546 398 | 1 112 084 807 |
| GDP at current prices | 1 980 913 600 | 2 407 760 639 | 2 754 323 266 | 3 162 885 089 | 3 622 238 328 | 4 129 308 056 | 4 688 104 087 | 5 313 131 174 | 6 021 452 698 | 6 826 390 186 | 7 741 528 169 |
| GDP per capita at constant prices | 6 323 601 | 6 637 222 | 6 998 860 | 7 413 676 | 7 870 071 | 8 361 733 | 8 886 864 | 9 447 863 | 10 047 780 | 10 690 009 | 11 378 136 |
| GDP per capita at current prices | 22 709 035 | 27 264 889 | 30 808 614 | 34 950 271 | 39 549 898 | 44 563 097 | 50 021 835 | 56 067 347 | 62 865 063 | 70 537 358 | 79 206 336 |
| Consumer prices (annual percentage change) | 9.2 | 13.5 | 6.7 | 6.0 | 5.5 | 5.3 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 |
| Population and labour market | | | | | | | | | | | |
| Total population ('000s) | 87 230 | 88 310 | 89 401 | 90 497 | 91 587 | 92 662 | 93 721 | 94 763 | 95 784 | 96 777 | 97 739 |
| Labour force ('000s) | 50 313 | 51 274 | 52 186 | 53 053 | 53 883 | 54 682 | 55 449 | 56 178 | 56 861 | 57 490 | 58 059 |
| Labour productivity (unit per worker) | 11 289 | 11 909 | 12 564 | 13 255 | 13 984 | 14 753 | 15 579 | 16 467 | 17 423 | 18 451 | 19 558 |
| Employment ('000s) | 48 864 | 49 216 | 49 800 | 50 615 | 51 543 | 52 518 | 53 461 | 54 368 | 55 239 | 56 071 | 56 862 |
| Unemployment ('000s) | 1 449 | 2 058 | 2 386 | 2 438 | 2 340 | 2 164 | 1 989 | 1 810 | 1 622 | 1 419 | 1 197 |
| Unemployment rate | 2.9 | 4.0 | 4.6 | 4.6 | 4.3 | 4.0 | 3.6 | 3.2 | 2.9 | 2.5 | 2.1 |
| Informal economy workers (%) | 0.68 | 0.68 | 0.68 | 0.68 | 0.68 | 0.68 | 0.68 | 0.68 | 0.68 | 0.68 | 0.68 |
| Compulsory social insurance members ('000s) | 8 910 | 9 695 | 10 481 | 11 005 | 12 052 | 13 100 | 14 037 | 14 975 | 15 600 | 16 850 | 18 100 |
| Social insurance members nationwide including compulsory and voluntary ('000s) | 10 691 | 12 061 | 13 431 | 15 435 | 16 172 | 20 180 | 21 725 | 23 271 | 24 302 | 26 363 | 28 424 |

Sources: IMF, 2011a; ILSSA, 2010; General Statistics Office of Viet Nam: VHLSS, 2008 and LFS, 2009. Detailed sources and references are indicated in the Excel file, available on request.

Annex 5. Cost estimates for the universal old-age pension

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Roadmap for eligible age reduction (age) | 80 | 80 | 78 | 76 | 76 | 74 | 72 | 70 | 68 | 66 | 65 |
| Reference population, by age ('000s) | | | | | | | | | | | |
| 65 and over | 6 266 | 6 378 | 6 494 | 6 624 | 6 781 | 6 973 | 7 205 | 7 477 | 7 790 | 8 146 | 8 543 |
| 80 and over | 1 717 | 1 802 | 1 893 | 1 984 | 2 070 | 2 145 | 2 208 | 2 260 | 2 307 | 2 353 | 2 404 |
| 65-79 | 4 549 | 4 576 | 4 602 | 4 640 | 4 711 | 4 828 | 4 997 | 5 216 | 5 484 | 5 793 | 6 139 |
| 78 and over | 2 264 | 2 355 | 2 444 | 2 531 | 2 612 | 2 687 | 2 755 | 2 817 | 2 876 | 2 932 | 2 988 |
| 77 and over | 2 461 | 2 552 | 2 637 | 2 718 | 2 795 | 2 868 | 2 939 | 3 007 | 3 073 | 3 135 | 3 195 |
| 76 and over | 2 734 | 2 824 | 2 906 | 2 982 | 3 054 | 3 126 | 3 198 | 3 272 | 3 345 | 3 416 | 3 482 |
| 74 and over | 3 219 | 3 311 | 3 395 | 3 472 | 3 546 | 3 618 | 3 691 | 3 766 | 3 843 | 3 921 | 4 003 |
| 72 and over | 3 827 | 3 924 | 4 023 | 4 121 | 4 212 | 4 294 | 4 366 | 4 432 | 4 502 | 4 587 | 4 695 |
| 70 and over | 4 455 | 4 554 | 4 662 | 4 772 | 4 878 | 4 976 | 5 063 | 5 146 | 5 239 | 5 358 | 5 517 |
| 68 and over | 5 157 | 5 254 | 5 356 | 5 464 | 5 577 | 5 698 | 5 826 | 5 967 | 6 129 | 6 327 | 6 570 |
| 66 and over | 5 857 | 5 957 | 6 057 | 6 167 | 6 297 | 6 455 | 6 644 | 6 866 | 7 124 | 7 423 | 7 764 |
| 78-79 | 547 | 553 | 552 | 547 | 542 | 542 | 547 | 557 | 569 | 579 | 585 |
| 77-79 | 744 | 750 | 745 | 734 | 726 | 724 | 731 | 747 | 766 | 783 | 792 |
| 76-79 | 1 017 | 1 022 | 1 014 | 998 | 985 | 981 | 991 | 1 012 | 1 039 | 1 063 | 1 078 |
| 74-79 | 1 503 | 1 509 | 1 502 | 1 488 | 1 476 | 1 474 | 1 484 | 1 506 | 1 536 | 1 568 | 1 599 |
| 72-79 | 2 110 | 2 122 | 2 130 | 2 137 | 2 142 | 2 149 | 2 158 | 2 172 | 2 196 | 2 234 | 2 292 |
| 70-79 | 2 738 | 2 752 | 2 769 | 2 788 | 2 809 | 2 831 | 2 855 | 2 886 | 2 932 | 3 005 | 3 114 |
| 68-79 | 3 441 | 3 452 | 3 463 | 3 480 | 3 508 | 3 553 | 3 619 | 3 706 | 3 823 | 3 974 | 4 166 |
| 66-79 | 4 140 | 4 155 | 4 165 | 4 183 | 4 227 | 4 310 | 4 436 | 4 605 | 4 817 | 5 070 | 5 360 |
| Population above eligible age | 1 717 | 1 802 | 2 444 | 2 982 | 3 054 | 3 618 | 4 366 | 5 146 | 6 129 | 7 423 | 8 543 |
| Population above eligible age and below 80 | 0 | 0 | 552 | 998 | 985 | 1 474 | 2 158 | 2 886 | 3 823 | 5 070 | 6 139 |
| Level of benefit (% poverty line) for new pensioners | 75 | 75 | 75 | 75 | 75 | 75 | 75 | 75 | 75 | 75 | 75 |
| Level of benefit (% poverty line) for existing pensioners | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 |
| Pensioners in existing contributory schemes, by age ('000s) | | | | | | | | | | | |
| 80+ | 343 | 375 | 411 | 448 | 487 | 525 | 563 | 600 | 638 | 678 | 721 |
| 65-79 | 910 | 953 | 998 | 1 048 | 1 108 | 1 183 | 1 275 | 1 386 | 1 517 | 1 669 | 1 842 |
| Total 65+ | 1 253 | 1 328 | 1 409 | 1 496 | 1 595 | 1 708 | 1 838 | 1 986 | 2 155 | 2 347 | 2 563 |
| 78-79 | 109 | 115 | 120 | 123 | 128 | 133 | 140 | 148 | 157 | 167 | 175 |
| Total 78+ | 453 | 491 | 530 | 572 | 614 | 658 | 703 | 748 | 796 | 845 | 896 |
| 76-79 | 203 | 213 | 220 | 225 | 232 | 240 | 253 | 269 | 287 | 306 | 323 |
| Total 76+ | 547 | 588 | 630 | 674 | 718 | 766 | 816 | 869 | 925 | 984 | 1 045 |
| 74-79 | 301 | 314 | 326 | 336 | 347 | 361 | 379 | 400 | 425 | 452 | 480 |
| Total 74+ | 644 | 690 | 736 | 784 | 834 | 886 | 942 | 1 000 | 1 063 | 1 130 | 1 201 |
| 72-79 | 422 | 442 | 462 | 483 | 504 | 526 | 550 | 577 | 607 | 644 | 688 |
| Total 72+ | 765 | 817 | 873 | 931 | 991 | 1 052 | 1 114 | 1 177 | 1 245 | 1 321 | 1 409 |
| 70-79 | 548 | 573 | 601 | 630 | 661 | 693 | 728 | 767 | 811 | 866 | 934 |
| Total 70+ | 891 | 949 | 1 011 | 1 078 | 1 147 | 1 219 | 1 291 | 1 367 | 1 449 | 1 544 | 1 655 |
| 68-79 | 688 | 719 | 751 | 786 | 825 | 870 | 923 | 985 | 1 057 | 1 145 | 1 250 |
| Total 68+ | 1 031 | 1 094 | 1 162 | 1 234 | 1 312 | 1 396 | 1 486 | 1 585 | 1 696 | 1 823 | 1 971 |
| 66-79 | 828 | 865 | 903 | 945 | 994 | 1 056 | 1 132 | 1 223 | 1 333 | 1 460 | 1 608 |
| Total 66+ | 1 171 | 1 241 | 1 314 | 1 393 | 1 481 | 1 581 | 1 695 | 1 824 | 1 971 | 2 138 | 2 329 |
| Total according to eligible age | 343 | 375 | 530 | 674 | 718 | 886 | 1 114 | 949 | 1 094 | 1 241 | 2 563 |
| Total between eligible age and 80 | 0 | 0 | 120 | 225 | 232 | 361 | 550 | 693 | 1 057 | 1 460 | 1 842 |

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|-------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Pensioners in non-contributory schemes 80+ ('000s) | 961 | 999 | 1 037 | 1 075 | 1 108 | 1 134 | 1 151 | 1 162 | 1 168 | 1 173 | 1 178 |
| New pensioners to fill the gap | | | | | | | | | | | |
| New pensioners eligible age –79 | 0 | 0 | 108 039 | 386 273 | 753 176 | 1 112 722 | 1 607 552 | 2 192 620 | 2 765 123 | 3 609 221 | 4 297 560 |
| New pensioners 80+ | 0 | 213 994 | 444 640 | 460 774 | 474,839 | 485 811 | 493 332 | 497 922 | 500 539 | 502 512 | 504 747 |
| People with higher pension amount 80+ | 0 | 499 320 | 1 037 493 | 1 075 139 | 1 107 958 | 1 133 559 | 1 151 108 | 1 161 819 | 1 167 924 | 1 172 529 | 1 177 744 |
| Average pension amount (VND per month) | | | | | | | | | | | |
| New pensioners eligible age –79 | 344 598 | 414 305 | 442 350 | 469 234 | 495 401 | 521 787 | 548 271 | 576 098 | 605 335 | 636 054 | 668 330 |
| New pensioners 80+ | 344 598 | 414 305 | 442 350 | 469 234 | 495 401 | 521 787 | 548 271 | 576 098 | 605 335 | 636 054 | 668 330 |
| People with higher pension amount 80+ | 74 598 | 89 688 | 95 759 | 101 579 | 107 243 | 112 955 | 118 689 | 124 713 | 131 042 | 137 692 | 144 679 |
| Pensioners contributory scheme (eligible age +) | 0 | 187 649 | 530 195 | 673 543 | 718 449 | 886 329 | 1 113 595 | 948 533 | 1 094 254 | 1 240 611 | 2 562 879 |
| Scenario 1. Old-age pension for all elderly not covered by the contributory pension: 65+ | | | | | | | | | | | |
| Annual cost (VND millions) | | | | | | | | | | | |
| New pensioners eligible age –79 | 0 | | 573 494 | 2 175 029 | 4 477 494 | 6 967 247 | 10 576 497 | 15 157 966 | 20 085 913 | 27 547 917 | 34 466 261 |
| New pensioners 80+ | 0 | 1 063 907 | 2 360 239 | 2 594 528 | 2 822 832 | 3 041 880 | 3 245 757 | 3 442 225 | 3 635 924 | 3 835 501 | 4 048 054 |
| People with higher pension amount 80+ | 0 | 537 396 | 1 192 193 | 1 310 536 | 1 425 856 | 1 536 500 | 1 639 482 | 1 738 720 | 1 836 561 | 1 937 370 | 2 044 734 |
| Total cost | 0 | 1 601 302 | 4 125 926 | 6 080 092 | 8 726 181 | 11 545 628 | 15 461 736 | 20 338 911 | 25 558 398 | 33 320 788 | 40 559 049 |
| Administrative costs as % of benefit cost | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 |
| Including administrative costs | | | | | | | | | | | |
| New pensioners eligible age –79 | 0 | | 659 518 | 2 501 283 | 5 149 118 | 8 012 334 | 12 162 972 | 17 431 661 | 23 098 800 | 31 680 105 | 39 636 200 |
| New pensioners 80+ | 0 | 1 223 493 | 2 714 275 | 2 983 707 | 3 246 256 | 3 498 162 | 3 732 621 | 3 958 558 | 4 181 312 | 4 410 826 | 4 655 262 |
| People with higher pension amount 80+ | 0 | 618 005 | 1 371 022 | 1 507 116 | 1 639 734 | 1 766 975 | 1 885 404 | 1 999 528 | 2 112 045 | 2 227 976 | 2 351 444 |
| Total cost | 0 | 1 841 498 | 4 744 815 | 6 992 106 | 10 035 108 | 13 277 472 | 17 780 996 | 23 389 748 | 29 392 157 | 38 318 906 | 46 642 907 |
| Annual cost (% of GDP) | | | | | | | | | | | |
| New pensioners eligible age –79 | 0.00 | 0.00 | 0.02 | 0.08 | 0.14 | 0.19 | 0.26 | 0.33 | 0.38 | 0.46 | 0.51 |
| New pensioners 80+ | 0.00 | 0.05 | 0.10 | 0.09 | 0.09 | 0.08 | 0.08 | 0.07 | 0.07 | 0.06 | 0.06 |
| People with higher pension amount 80+ | 0.00 | 0.03 | 0.05 | 0.05 | 0.05 | 0.04 | 0.04 | 0.04 | 0.04 | 0.03 | 0.03 |
| Cost extension of universal old age pension 65+ and higher level of benefit | 0.00 | 0.08 | 0.17 | 0.22 | 0.28 | 0.32 | 0.38 | 0.44 | 0.49 | 0.56 | 0.60 |
| Annual cost (% of government expenditure) | | | | | | | | | | | |
| New pensioners eligible age –79 | 0.0 | 0.0 | 0.1 | 0.2 | 0.4 | 0.6 | 0.8 | 1.0 | 1.2 | 1.5 | 1.7 |
| New pensioners 80+ | 0.0 | 0.2 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.2 | 0.2 | 0.2 | 0.2 |
| People with higher pension amount 80+ | 0.0 | 0.1 | 0.2 | 0.2 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Cost extension of universal old age pension 65+ and higher level of benefit | 0.0 | 0.2 | 0.5 | 0.7 | 0.9 | 1.0 | 1.2 | 1.4 | 1.6 | 1.8 | 2.0 |
| Scenario 2. Universal old-age pension (65+) with reduced benefit level if receiving a pension from the contributory social insurance scheme | | | | | | | | | | | |
| Average pension amount (VND per month) | | | | | | | | | | | |
| New pensioners eligible age –79 | 344 598 | 414 305 | 442 350 | 469 234 | 495 401 | 521 787 | 548 271 | 576 098 | 605 335 | 636 054 | 668 330 |
| New pensioners 80+ | 344 598 | 414 305 | 442 350 | 469 234 | 495 401 | 521 787 | 548 271 | 576 098 | 605 335 | 636 054 | 668 330 |
| People with higher pension amount 80+ | 74 598 | 89 688 | 95 759 | 101 579 | 107 243 | 112 955 | 118 689 | 124 713 | 131 042 | 137 692 | 144 679 |
| Pensioners contributory scheme (eligible age +) | 172 299 | 207 152 | 221 175 | 234 617 | 247 701 | 260 894 | 274 136 | 288 049 | 302 668 | 318 027 | 334 165 |

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Annual cost (VND millions) | | | | | | | | | | | |
| New pensioners eligible age –79 | 0 | | 573 494 | 2 175 029 | 4 477 494 | 6 967 247 | 10 576 497 | 15 157 966 | 20 085 913 | 27 547 917 | 34 466 261 |
| New pensioners 80+ | 0 | 1 063 907 | 2 360 239 | 2 594 528 | 2 822 832 | 3 041 880 | 3 245 757 | 3 442 225 | 3 635 924 | 3 835 501 | 4 048 054 |
| People with higher pension amount 80+ | 0 | 537 396 | 1 192 193 | 1 310 536 | 1 425 856 | 1 536 500 | 1 639 482 | 1 738 720 | 1 836 561 | 1 937 370 | 2 044 734 |
| Pensioners contributory scheme (eligible age +) | 0 | 466 463 | 1 407 191 | 1 896 294 | 2 135 521 | 2 774 849 | 3 663 315 | 3 278 687 | 3 974 344 | 4 734 575 | 10 277 095 |
| Total cost | 0 | 2 067 766 | 5 533 118 | 7 976 386 | 10 861 703 | 14 320 477 | 19 125 051 | 23 617 598 | 29 532 742 | 38 055 362 | 50 836 144 |
| Administrative costs as % of benefit cost | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 |
| Including administrative costs | | | | | | | | | | | |
| New pensioners eligible age –79 | 0 | | 659 518 | 2 501 283 | 5 149 118 | 8 012 334 | 12 162 972 | 17 431 661 | 23 098 800 | 31 680 105 | 39 636 200 |
| New pensioners 80+ | 0 | 1 223 493 | 2 714 275 | 2 983 707 | 3 246 256 | 3 498 162 | 3 732 621 | 3 958 558 | 4 181 312 | 4 410 826 | 4 655 262 |
| People with higher pension amount 80+ | 0 | 618 005 | 1 371 022 | 1 507 116 | 1 639 734 | 1 766 975 | 1 885 404 | 1 999 528 | 2 112 045 | 2 227 976 | 2 351 444 |
| Pensioners contributory scheme (eligible age +) | 0 | 536 433 | 1 618 270 | 2 180 739 | 2 455 850 | 3 191 076 | 4 212 812 | 3 770 489 | 4 570 496 | 5 444 761 | 11 818 659 |
| Total cost | 0 | 2 377 931 | 6 363 085 | 9 172 844 | 12 490 958 | 16 468 549 | 21 993 808 | 27 160 237 | 33 962 653 | 43 763 667 | 58 461 566 |
| Annual cost (% of GDP) | | | | | | | | | | | |
| New pensioners eligible age –79 | 0.0 | 0.0 | 0.0 | 0.1 | 0.1 | 0.2 | 0.3 | 0.3 | 0.4 | 0.5 | 0.5 |
| New pensioners 80+ | 0.0 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| People with higher pension amount 80+ | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Pensioners contributory scheme (eligible age +) | 0.00 | 0.02 | 0.06 | 0.07 | 0.07 | 0.08 | 0.09 | 0.07 | 0.08 | 0.08 | 0.15 |
| Cost extension of universal old age pension 65+ and higher level of benefit (% GDP) | 0.0 | 0.1 | 0.2 | 0.3 | 0.3 | 0.4 | 0.5 | 0.5 | 0.6 | 0.6 | 0.8 |
| Annual cost (% government expenditure) | | | | | | | | | | | |
| New pensioners eligible age –79 | 0.0 | 0.0 | 0.1 | 0.2 | 0.4 | 0.6 | 0.8 | 1.0 | 1.2 | 1.5 | 1.7 |
| New pensioners 80+ | 0.0 | 0.2 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.2 | 0.2 | 0.2 | 0.2 |
| People with higher pension amount 80+ | 0.0 | 0.1 | 0.2 | 0.2 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Pensioners contributory scheme (eligible age +) | 0.0 | 0.1 | 0.2 | 0.2 | 0.2 | 0.2 | 0.3 | 0.2 | 0.2 | 0.3 | 0.5 |
| Cost extension of universal old age pension 65+ and higher level of benefit (% Government budget) | 0.0 | 0.3 | 0.7 | 0.9 | 1.1 | 1.3 | 1.5 | 1.6 | 1.8 | 2.1 | 2.4 |

Sources: Population data: General Statistics Office of Viet Nam and World Population Prospects: the 2008 revision used only for annual rate of increase

(<http://www.socialsecurityextension.org/gimi/gess/RessFileDownload.do?ressourceId=20140>). Pensioners from existing schemes: Viet Nam social security scheme and ILSSA, 2010. Detailed sources and references are indicated in the Excel file available on request.

Annex 6. Cost estimates for child income security benefits

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|-----------|-----------|-----------|-----------|-----------|-----------|------------|------------|------------|------------|------------|
| Eligibility criteria | | | | | | | | | | | |
| National child poverty rate | 20.0 | 19.4 | 18.9 | 18.3 | 17.8 | 17.3 | 16.8 | 16.4 | 15.9 | 15.4 | 15.0 |
| Poverty rate calculated on expenditure | 14.5 | 14.0 | 13.5 | 13.0 | 12.5 | 12.0 | 11.6 | 11.2 | 10.8 | 10.4 | 10.0 |
| Poverty rate according to government poverty line | 13.4 | 12.7 | 12.1 | 11.5 | 10.9 | 10.4 | 9.8 | 9.3 | 8.9 | 8.4 | 8.0 |
| Rate for children with no school access | 11.7 | 11.3 | 10.8 | 10.4 | 10.0 | 9.7 | 9.3 | 9.0 | 8.6 | 8.3 | 8.0 |
| Reference population, by age ('000s) | | | | | | | | | | | |
| 0–15 | 23 040 | 22 752 | 22 541 | 22 391 | 22 276 | 22 176 | 22 087 | 22 013 | 21 952 | 21 903 | 21 866 |
| 0–5 | 8 580 | 8 554 | 8 541 | 8 537 | 8 536 | 8 534 | 8 528 | 8 518 | 8 506 | 8 494 | 8 483 |
| 6–10 | 6 660 | 6 597 | 6 546 | 6 507 | 6 478 | 6 457 | 6 443 | 6 436 | 6 432 | 6 429 | 6 427 |
| 11–15 | 7 800 | 7 602 | 7 454 | 7 347 | 7 262 | 7 185 | 7 116 | 7 059 | 7 014 | 6 980 | 6 957 |
| 6–15 | 14 460 | 14 199 | 14 000 | 13 854 | 13 740 | 13 642 | 13 559 | 13 495 | 13 446 | 13 409 | 13 383 |
| Eligible population, by age ('000s) | | | | | | | | | | | |
| Scenario 1 – Universal | | | | | | | | | | | |
| 0–15 | 0 | 4 550 | 9 016 | 11 196 | 13 366 | 17 741 | 22 087 | 22 013 | 21 952 | 21 903 | 21 866 |
| 0–5 | 0 | 1 711 | 3 416 | 4 269 | 5 122 | 6 827 | 8 528 | 8 518 | 8 506 | 8 494 | 8 483 |
| 6–11 | 0 | 1 319 | 2 618 | 3 254 | 3 887 | 5 165 | 6 443 | 6 436 | 6 432 | 6 429 | 6 427 |
| 11–15 | 0 | 1 520 | 2 982 | 3 674 | 4 357 | 5 748 | 7 116 | 7 059 | 7 014 | 6 980 | 6 957 |
| 6–15 | 0 | 2 840 | 5 600 | 6 927 | 8 244 | 10 914 | 13 559 | 13 495 | 13 446 | 13 409 | 13 383 |
| Scenario 2 – Targeted to the poor (national child poverty rate) | | | | | | | | | | | |
| 0–15 | 0 | 884 | 1 702 | 2 054 | 2 383 | 3 073 | 3 717 | 3 600 | 3 488 | 3 381 | 3 280 |
| 0–5 | 0 | 332 | 645 | 783 | 913 | 1 183 | 1 435 | 1 393 | 1 351 | 1 311 | 1 272 |
| 6–10 | 0 | 256 | 494 | 597 | 693 | 895 | 1 084 | 1 052 | 1 022 | 993 | 964 |
| 11–15 | 0 | 295 | 563 | 674 | 777 | 996 | 1 198 | 1 154 | 1 114 | 1 078 | 1 044 |
| 6–15 | 0 | 552 | 1 057 | 1 271 | 1 470 | 1 890 | 2 282 | 2 207 | 2 136 | 2 070 | 2 007 |
| Take-up rate | 0 | 20 | 40 | 50 | 60 | 80 | 100 | 100 | 100 | 100 | 100 |
| Benefit parameters | | | | | | | | | | | |
| % minimum wage for those aged 0–5 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 |
| % minimum wage for those aged 6–10 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 |
| % minimum wage for those aged 11–15 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 |
| % non-staff cost for supply side | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 |
| Probability that children are in a HH with maximum 2 children | | | | | | | | | | | |
| Among all children | 72.6 | 72.8 | 73.1 | 73.3 | 73.6 | 73.8 | 74.0 | 74.3 | 74.5 | 74.8 | 75.0 |
| Among poor children | 48.8 | 48.9 | 49.1 | 49.2 | 49.3 | 49.4 | 49.5 | 49.6 | 49.8 | 49.9 | 50.0 |
| A. Benefit per person per month (VND) | | | | | | | | | | | |
| 1. Child allowance per child, by age | | | | | | | | | | | |
| 0–5 | 182 500 | 207 500 | 262 500 | 289 991 | 321 313 | 357 048 | 398 211 | 445 802 | 501 045 | 565 433 | 640 799 |
| 6–10 | 219 000 | 249 000 | 315 000 | 347 989 | 385 575 | 428 457 | 477 853 | 534 963 | 601 254 | 678 519 | 768 959 |
| 11–15 | 365 000 | 415 000 | 525 000 | 579 982 | 642 625 | 714 096 | 796 421 | 891 605 | 1 002 090 | 1 130 865 | 1 281 599 |
| 2. Availability of services, estimated cost | | | | | | | | | | | |
| Average wage of teachers in the new schools | 1 631 744 | 1 792 193 | 1 973 979 | 2 180 709 | 2 416 245 | 2 684 971 | 2 994 512 | 3 352 399 | 3 767 820 | 4 252 009 | 4 818 760 |
| Non-staff cost (50% wage costs) | 815 872 | 896 097 | 986 990 | 1 090 354 | 1 208 122 | 1 342 486 | 1 497 256 | 1 676 199 | 1 883 910 | 2 126 004 | 2 409 380 |

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Total cost (staff and non-staff) by teacher | 2 447 617 | 2 688 290 | 2 960 969 | 3 271 063 | 3 624 367 | 4 027 457 | 4 491 768 | 5 028 598 | 5 651 730 | 6 378 013 | 7 228 140 |
| % of communities with no school | 11.70 | 11.26 | 10.84 | 10.44 | 10.05 | 9.67 | 9.31 | 8.97 | 8.63 | 8.31 | 8.00 |
| Number of children per teacher (unit) | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 |
| Number of children with no school access (6-15) | 0 | 319 854 | 607 248 | 723 111 | 828 471 | 1 055 869 | 1 262 880 | 1 209 996 | 1 160 634 | 1 114 323 | 1 070 656 |
| Number of additional teachers | 0 | 15 993 | 30 362 | 36 156 | 41 424 | 52 793 | 63 144 | 60 500 | 58 032 | 55 716 | 53 533 |

B. Total benefit cost per month per component (VND '000s)

1. Child allowance, by age

Scenario 1 – Universal

| | | | | | | | | | | | |
|--------------|---|---------------|---------------|---------------|---------------|---------------|----------------|----------------|----------------|----------------|----------------|
| 0-5 | 0 | 354 972 414 | 896 772 340 | 1 237 827 881 | 1 645 712 758 | 2 437 705 903 | 3 395 997 525 | 3 797 514 774 | 4 261 959 865 | 4 802 661 418 | 5 435 690 543 |
| 6-10 | 0 | 328 518 413 | 824 824 629 | 1 132 187 843 | 1 498 589 276 | 2 213 192 773 | 3 078 940 892 | 3 442 765 473 | 3 866 993 111 | 4 362 285 285 | 4 941 735 708 |
| 11-15 | 0 | 630 951 426 | 1 565 367 528 | 2 130 576 597 | 2 800 053 033 | 4 104 769 769 | 5 667 255 520 | 6 294 046 778 | 7 028 901 740 | 7 893 828 204 | 8 915 669 816 |
| Total | 0 | 1 314 442 253 | 3 286 964 497 | 4 500 592 320 | 5 944 355 067 | 8 755 668 444 | 12 142 193 937 | 13 534 327 024 | 15 157 854 716 | 17 058 774 907 | 19 293 096 066 |

Scenario 2a – Targeted to the poor (national child poverty rate)

| | | | | | | | | | | | |
|--------------|---|-------------|-------------|-------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| 0-5 | 0 | 68 981 197 | 169 326 313 | 227 095 556 | 293 365 161 | 422 223 048 | 571 523 535 | 620 972 478 | 677 155 425 | 741 424 791 | 815 353 581 |
| 6-10 | 0 | 63 840 435 | 155 741 326 | 207 714 523 | 267 138 893 | 383 336 233 | 518 165 036 | 562 963 605 | 614 401 694 | 673 440 447 | 741 260 356 |
| 11-15 | 0 | 122 611 738 | 295 568 787 | 390 881 870 | 499 138 142 | 710 966 979 | 953 760 974 | 1 029 207 273 | 1 116 777 045 | 1 218 632 632 | 1 337 350 472 |
| Total | 0 | 255 433 370 | 620 636 426 | 825 691 948 | 1 059 642 195 | 1 516 526 260 | 2 043 449 545 | 2 213 143 355 | 2 408 334 164 | 2 633 497 870 | 2 893 964 410 |

Scenario 2b - Targeted to the poor (national child poverty rate) limited to 2 children per household

| | | | | | | | | | | | |
|--------------|---|-------------|-------------|-------------|-------------|-------------|--------------|--------------|--------------|--------------|--------------|
| 0-5 | 0 | 33 757 146 | 83 060 908 | 111 665 259 | 144 595 642 | 208 605 534 | 283 044 833 | 308 269 592 | 336 964 322 | 369 828 082 | 407 676 791 |
| 6-10 | 0 | 31 241 425 | 76 396 962 | 102 135 403 | 131 669 076 | 189 392 929 | 256 619 242 | 279 472 226 | 305 736 974 | 335 916 996 | 370 630 178 |
| 11-15 | 0 | 60 002 182 | 144 987 576 | 192 200 703 | 246 018 307 | 351 263 739 | 472 346 455 | 510 929 739 | 555 727 690 | 607 862 826 | 668 675 236 |
| Total | 0 | 125 000 753 | 304 445 446 | 406 001 365 | 522 283 025 | 749 262 202 | 1012 010 530 | 1098 671 557 | 1198 428 986 | 1313 607 904 | 1446 982 205 |

2. Total cost of providing teachers to children with no school access

| | | | | | | | | | | |
|----------|-------------------|-------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| 0 | 42 992 953 | 89 902 058 | 118 266 999 | 150 134 162 | 212 623 251 | 283 628 122 | 304 229 054 | 327 979 478 | 355 358 371 | 386 942 670 |
|----------|-------------------|-------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|

3. Total cost of providing meals

| | | | | | | | | | | | |
|--|---------|-------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Cost of 1 meal per day per child (50% est. poverty line) | 172 299 | 207 152 | 221 175 | 234 617 | 247 701 | 260 894 | 274 136 | 288 049 | 302 668 | 318 027 | 334 165 |
| Scenario 1–Total cost of 1 meal per day | 0 | 588 253 994 | 1 238 612 302 | 1 625 199 263 | 2 042 005 542 | 2 847 313 607 | 3 717 056 679 | 3 887 150 913 | 4 069 602 556 | 4 264 574 077 | 4 472 198 084 |
| Scenario 2a –Total cost of 1 meal per day | 0 | 114 314 417 | 233 871 681 | 298 163 853 | 364 008 410 | 493 169 183 | 625 555 630 | 635 629 847 | 646 593 008 | 658 355 996 | 670 829 713 |
| Scenario 2b –Total cost of 1 meal per day | 0 | 55 941 744 | 114 722 832 | 146 610 284 | 179 414 725 | 243 657 521 | 309 804 021 | 315 545 955 | 321 755 932 | 328 392 762 | 335 414 856 |

C. Total cost for the three components

Scenario 1

Annual cost per component (VND millions)

| | | | | | | | | | | | |
|-----------------|----------|-------------------|-------------------|-------------------|-------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Child allowance | 0 | 15 773 307 | 39 443 574 | 54 007 108 | 71 332 261 | 105 068 021 | 145 706 327 | 162 411 924 | 181 894 257 | 204 705 299 | 231 517 153 |
| Staff cost | 0 | 343 944 | 719 216 | 946 136 | 1 201 073 | 1 700 986 | 2 269 025 | 2 433 832 | 2 623 836 | 2 842 867 | 3 095 541 |
| Non-staff cost | 0 | 171 972 | 359 608 | 473 068 | 600 537 | 850 493 | 1 134 512 | 1 216 916 | 1 311 918 | 1 421 433 | 1 547 771 |
| Meals | 0 | 7 059 048 | 14 863 348 | 19 502 391 | 24 504 066 | 34 167 763 | 44 604 680 | 46 645 811 | 48 835 231 | 51 174 889 | 53 666 377 |
| Total | 0 | 23 348 270 | 55 385 746 | 74 928 703 | 97 637 937 | 141 787 264 | 193 714 545 | 212 708 484 | 234 665 241 | 260 144 488 | 289 826 842 |

Including administrative costs (15%)

| | | | | | | | | | | | |
|-----------------|---|-------------------|-------------------|-------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Child allowance | 0 | 18 139 303 | 45 360 110 | 62 108 174 | 82 032 100 | 120 828 225 | 167 562 276 | 186 773 713 | 209 178 395 | 235 411 094 | 266 244 726 |
| Staff cost | | 395 535 | 827 099 | 1 088 056 | 1 381 234 | 1 956 134 | 2 609 379 | 2 798 907 | 3 017 411 | 3 269 297 | 3 559 873 |
| Non-staff cost | | 197 768 | 413 549 | 544 028 | 690 617 | 978 067 | 1 304 689 | 1 399 454 | 1 508 706 | 1 634 649 | 1 779 936 |
| Meals | | 8 117 905 | 17 092 850 | 22 427 750 | 28 179 676 | 39 292 928 | 51 295 382 | 53 642 683 | 56 160 515 | 58 851 122 | 61 716 334 |
| Total | | 26 850 511 | 63 693 608 | 86 168 008 | 112 283 628 | 163 055 353 | 222 771 727 | 244 614 756 | 269 865 027 | 299 166 161 | 333 300 868 |

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|-------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Annual cost per component (% of GDP) | | | | | | | | | | | |
| Child allowance | 0.00 | 0.75 | 1.65 | 1.96 | 2.26 | 2.93 | 3.57 | 3.52 | 3.47 | 3.45 | 3.44 |
| Staff cost | 0.00 | 0.02 | 0.03 | 0.03 | 0.04 | 0.05 | 0.06 | 0.05 | 0.05 | 0.05 | 0.05 |
| Non-staff cost | 0.00 | 0.01 | 0.02 | 0.02 | 0.02 | 0.02 | 0.03 | 0.03 | 0.03 | 0.02 | 0.02 |
| Meals | 0.00 | 0.34 | 0.62 | 0.71 | 0.78 | 0.95 | 1.09 | 1.01 | 0.93 | 0.86 | 0.80 |
| Total | 0.00 | 1.12 | 2.31 | 2.72 | 3.10 | 3.95 | 4.75 | 4.60 | 4.48 | 4.38 | 4.31 |
| Annual cost per component (% of government expenditure) | | | | | | | | | | | |
| Child allowance | 0.00 | 2.37 | 5.17 | 6.20 | 7.17 | 9.29 | 11.40 | 11.24 | 11.16 | 11.13 | 11.15 |
| Staff cost | 0.00 | 0.05 | 0.09 | 0.11 | 0.12 | 0.15 | 0.18 | 0.17 | 0.16 | 0.15 | 0.15 |
| Non-staff cost | 0.00 | 0.03 | 0.05 | 0.05 | 0.06 | 0.08 | 0.09 | 0.08 | 0.08 | 0.08 | 0.07 |
| Meals | 0.00 | 1.06 | 1.95 | 2.24 | 2.46 | 3.02 | 3.49 | 3.23 | 3.00 | 2.78 | 2.59 |
| Total | 0.00 | 3.52 | 7.26 | 8.60 | 9.81 | 12.53 | 15.16 | 14.72 | 14.40 | 14.15 | 13.96 |
| Scenario 2a | | | | | | | | | | | |
| Annual cost per component (VND millions) | | | | | | | | | | | |
| Child allowance | 0 | 3 065 200 | 7 447 637 | 9 908 303 | 12 715 706 | 18 198 315 | 24 521 395 | 26 557 720 | 28 900 010 | 31 601 974 | 34 727 573 |
| Staff cost | 0 | 343 944 | 719 216 | 946 136 | 1 201 073 | 1 700 986 | 2 269 025 | 2 433 832 | 2 623 836 | 2 842 867 | 3 095 541 |
| Non-staff cost | 0 | 171 972 | 359 608 | 473 068 | 600 537 | 850 493 | 1 134 512 | 1 216 916 | 1 311 918 | 1 421 433 | 1 547 771 |
| Meals | 0 | 1 371 773 | 2 806 460 | 3 577 966 | 4 368 101 | 5 918 030 | 7 506 668 | 7 627 558 | 7 759 116 | 7 900 272 | 8 049 957 |
| Total | 0 | 4 952 889 | 11 332 922 | 14 905 474 | 18 885 417 | 26 667 824 | 35 431 600 | 37 836 027 | 40 594 880 | 43 766 547 | 47 420 842 |
| Including administrative costs (15%) | | | | | | | | | | | |
| Child allowance | 0 | 3 524 981 | 8 564 783 | 11 394 549 | 14 623 062 | 20 928 062 | 28 199 604 | 30 541 378 | 33 235 011 | 36 342 271 | 39 936 709 |
| Staff cost | 0 | 395 535 | 827 099 | 1 088 056 | 1 381 234 | 1 956 134 | 2 609 379 | 2 798 907 | 3 017 411 | 3 269 297 | 3 559 873 |
| Non-staff cost | 0 | 197 768 | 413 549 | 544 028 | 690 617 | 978 067 | 1 304 689 | 1 399 454 | 1 508 706 | 1 634 649 | 1 779 936 |
| Meals | 0 | 1 577 539 | 3 227 429 | 4 114 661 | 5 023 316 | 6 805 735 | 8 632 668 | 8 771 692 | 8 922 984 | 9 085 313 | 9 257 450 |
| Total | 0 | 5 695 822 | 13 032 860 | 17 141 295 | 21 718 230 | 30 667 998 | 40 746 339 | 43 511 431 | 46 684 112 | 50 331 529 | 54 533 968 |
| Annual cost per component (% of GDP) | | | | | | | | | | | |
| Child allowance | 0.00 | 0.15 | 0.31 | 0.36 | 0.40 | 0.51 | 0.60 | 0.57 | 0.55 | 0.53 | 0.52 |
| Staff cost | 0.00 | 0.02 | 0.03 | 0.03 | 0.04 | 0.05 | 0.06 | 0.05 | 0.05 | 0.05 | 0.05 |
| Non-staff cost | 0.00 | 0.01 | 0.02 | 0.02 | 0.02 | 0.02 | 0.03 | 0.03 | 0.03 | 0.02 | 0.02 |
| Meals | 0.00 | 0.07 | 0.12 | 0.13 | 0.14 | 0.16 | 0.18 | 0.17 | 0.15 | 0.13 | 0.12 |
| Total | 0.00 | 0.24 | 0.47 | 0.54 | 0.60 | 0.74 | 0.87 | 0.82 | 0.78 | 0.74 | 0.70 |
| Annual cost per component (% of government expenditure) | | | | | | | | | | | |
| Child allowance | 0.00 | 0.46 | 0.98 | 1.14 | 1.28 | 1.61 | 1.92 | 1.84 | 1.77 | 1.72 | 1.67 |
| Staff cost | 0.00 | 0.05 | 0.09 | 0.11 | 0.12 | 0.15 | 0.18 | 0.17 | 0.16 | 0.15 | 0.15 |
| Non-staff cost | 0.00 | 0.03 | 0.05 | 0.05 | 0.06 | 0.08 | 0.09 | 0.08 | 0.08 | 0.08 | 0.07 |
| Meals | 0.00 | 0.21 | 0.37 | 0.41 | 0.44 | 0.52 | 0.59 | 0.53 | 0.48 | 0.43 | 0.39 |
| Total | 0.00 | 0.75 | 1.49 | 1.71 | 1.90 | 2.36 | 2.77 | 2.62 | 2.49 | 2.38 | 2.28 |

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|-------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Scenario 2b | | | | | | | | | | | |
| Annual cost per component (VND millions) | | | | | | | | | | | |
| Child allowance | 0 | 1 500 009 | 3 653 345 | 4 872 016 | 6 267 396 | 8 991 146 | 12 144 126 | 13 184 059 | 14 381 148 | 15 763 295 | 17 363 786 |
| Staff cost | 0 | 343 944 | 719 216 | 946 136 | 1 201 073 | 1 700 986 | 2 269 025 | 2 433 832 | 2 623 836 | 2 842 867 | 3 095 541 |
| Non-staff cost | 0 | 171 972 | 359 608 | 473 068 | 600 537 | 850 493 | 1 134 512 | 1 216 916 | 1 311 918 | 1 421 433 | 1 547 771 |
| Meals | 0 | 671 301 | 1 376 674 | 1 759 323 | 2 152 977 | 2 923 890 | 3 717 648 | 3 786 551 | 3 861 071 | 3 940 713 | 4 024 978 |
| Total | 0 | 2 687 225 | 6 108 844 | 8 050 544 | 10 221 983 | 14 466 516 | 19 265 312 | 20 621 359 | 22 177 973 | 23 968 308 | 26 032 077 |
| Including administrative costs (15%) | | | | | | | | | | | |
| Child allowance | 0 | 1 725 010 | 4 201 347 | 5 602 819 | 7 207 506 | 10 339 818 | 13 965 745 | 15 161 667 | 16 538 320 | 18 127 789 | 19 968 354 |
| Staff cost | 0 | 395 535 | 827 099 | 1 088 056 | 1 381 234 | 1 956 134 | 2 609 379 | 2 798 907 | 3 017 411 | 3 269 297 | 3 559 873 |
| Non-staff cost | 0 | 197 768 | 413 549 | 544 028 | 690 617 | 978 067 | 1 304 689 | 1 399 454 | 1 508 706 | 1 634 649 | 1 779 936 |
| Meals | 0 | 771 996 | 1 583 175 | 2 023 222 | 2 475 923 | 3 362 474 | 4 275 295 | 4 354 534 | 4 440 232 | 4 531 820 | 4 628 725 |
| Total | 0 | 3 090 309 | 7 025 171 | 9 258 125 | 11 755 280 | 16 636 493 | 22 155 109 | 23 714 563 | 25 504 669 | 27 563 555 | 29 936 888 |
| Annual cost per component (% of GDP) | | | | | | | | | | | |
| Child allowance | 0.00 | 0.07 | 0.15 | 0.18 | 0.20 | 0.25 | 0.30 | 0.29 | 0.27 | 0.27 | 0.26 |
| Staff cost | 0.00 | 0.02 | 0.03 | 0.03 | 0.04 | 0.05 | 0.06 | 0.05 | 0.05 | 0.05 | 0.05 |
| Non-staff cost | 0.00 | 0.01 | 0.02 | 0.02 | 0.02 | 0.02 | 0.03 | 0.03 | 0.03 | 0.03 | 0.02 |
| Meals | 0.00 | 0.03 | 0.06 | 0.06 | 0.07 | 0.08 | 0.09 | 0.08 | 0.07 | 0.07 | 0.06 |
| Total | 0.00 | 0.13 | 0.26 | 0.29 | 0.32 | 0.40 | 0.47 | 0.45 | 0.42 | 0.40 | 0.39 |
| Annual cost per component (% of government expenditure) | | | | | | | | | | | |
| Child allowance | 0.00 | 0.23 | 0.48 | 0.56 | 0.63 | 0.79 | 0.95 | 0.91 | 0.88 | 0.86 | 0.84 |
| Staff cost | 0.00 | 0.05 | 0.09 | 0.11 | 0.12 | 0.15 | 0.18 | 0.17 | 0.16 | 0.15 | 0.15 |
| Non-staff cost | 0.00 | 0.03 | 0.05 | 0.05 | 0.06 | 0.08 | 0.09 | 0.08 | 0.08 | 0.08 | 0.07 |
| Meals | 0.00 | 0.10 | 0.18 | 0.20 | 0.22 | 0.26 | 0.29 | 0.26 | 0.24 | 0.21 | 0.19 |
| Total | 0.00 | 0.40 | 0.80 | 0.92 | 1.03 | 1.28 | 1.51 | 1.43 | 1.36 | 1.30 | 1.25 |

Sources: Population data: General Statistics Office of Viet Nam and World Population Prospects: the 2008 revision used only for annual rate of increase (<http://www.socialsecurityextension.org/gimi/gess/RessFileDownload.do?ressourceId=20140>).

Child poverty rate: General Statistics Office of Viet Nam – VHLSS, 2008, child poverty rate based on consumption expenditure as presented in Table 9.6. Consumption expenditure child poverty and multidimensional poverty rate by urban rural, region, child sex, age group and ethnic group: http://www.gso.gov.vn/Modules/Doc_Download.aspx?DocID=11361/accessed February 2011. Other parameters based on ILSSA calculations for the Social Protection Strategy (ILSSA, 2010). Detailed sources and references are indicated in the Excel file, available on request.

Annex 7. Cost estimates for benefits during working age

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|-----------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Reference population ('000s) | | | | | | | | | | | |
| Labour force (15–64) | 48 646 | 49 610 | 50 523 | 51 386 | 52 202 | 52 976 | 53 705 | 54 382 | 55 002 | 55 556 | 56 040 |
| Severely disabled | 2 204 | 2 248 | 2 290 | 2 330 | 2 367 | 2 402 | 2 435 | 2 466 | 2 494 | 2 519 | 2 541 |
| Employment | 43 452 | 44 549 | 45 579 | 46 461 | 48 015 | 48 864 | 49 216 | 49 800 | 50 615 | 51 543 | 52 518 |
| Formal | 13 905 | 14 256 | 14 585 | 14 867 | 15 365 | 15 636 | 15 749 | 15 936 | 16 197 | 16 494 | 16 806 |
| Informal | 29 547 | 30 293 | 30 994 | 31 593 | 32 650 | 33 227 | 33 467 | 33 864 | 34 418 | 35 049 | 35 712 |
| Parameters | | | | | | | | | | | |
| Take-up rate able to work | 0 | 25 | 50 | 75 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| Take-up rate disabled | 0 | 50 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| Labour force (those able to work) who will take up the 100 days (%) | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 |
| Number of days worked (max. 100) | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| Percentage disabled in total population | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 |
| Average number of adults per household | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Number of staff per district | 0 | 5 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| Number of districts and counties covered (of 682) | 682 | 682 | 682 | 682 | 682 | 682 | 682 | 682 | 682 | 682 | 682 |
| Wage for staff (per month) | 1 631 744 | 1 792 193 | 1 973 979 | 2 180 709 | 2 416 245 | 2 684 971 | 2 994 512 | 3 352 399 | 3 767 820 | 4 252 009 | 4 818 760 |
| Percentage non-staff cost | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 |
| Beneficiaries of existing programmes ('000s) | | | | | | | | | | | |
| Beneficiaries of social assistance (disabled) | 300 | 306 | 320 | 324 | 334 | 342 | 349 | 355 | 361 | 368 | 376 |
| Target/eligible population ('000s) | | | | | | | | | | | |
| Eligible labour force (informal, 65+ who will be covered by old-age pension) able to work | 32 538 | 33 106 | 33 647 | 34 189 | 34 471 | 34 938 | 35 521 | 35 981 | 36 312 | 36 543 | 36 693 |
| Unable to work and in need of social assistance | 2 204 | 2 248 | 2 290 | 2 330 | 2 367 | 2 402 | 2 435 | 2 466 | 2 494 | 2 519 | 2 541 |
| Presently covered by social assistance | 300 | 306 | 320 | 324 | 334 | 342 | 349 | 355 | 361 | 368 | 376 |
| Not covered by social assistance | 1 903 | 1 942 | 1 971 | 2 005 | 2 033 | 2 060 | 2 086 | 2 110 | 2 133 | 2 151 | 2 166 |
| Coverage | | | | | | | | | | | |
| Government poverty rate | 13 | 13 | 12 | 11 | 11 | 10 | 10 | 9 | 9 | 8 | 8 |
| Poverty calculator on expenditure from General Statistics Office (GSO) | 14.5 | 14.0 | 13.5 | 13.0 | 12.5 | 12.0 | 11.6 | 11.2 | 10.8 | 10.4 | 10 |
| Take-up rate participation | 0 | 0.05 | 0.1 | 0.15 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 |
| Beneficiaries (estimated, '000s) | 0 | 1 655 | 3 365 | 5 128 | 6 894 | 6 988 | 7 104 | 7 196 | 7 262 | 7 309 | 7 339 |
| Benefits | | | | | | | | | | | |
| Per month/year and per component (VND) | | | | | | | | | | | |
| 1. Wage | | | | | | | | | | | |
| Benefit amount (per unit and per year) | 3 650 000 | 4 150 000 | 5 250 000 | 5 799 818 | 6 426 250 | 7 140 957 | 7 964 212 | 8 916 048 | 10 020 904 | 11 308 654 | 12 815 987 |
| Benefit amount (per unit and per month) | 304 167 | 345 833 | 437 500 | 483 318 | 535 521 | 595 080 | 663 684 | 743 004 | 835 075 | 942 388 | 1 067 999 |
| 2. Disability benefit (social assistance) | | | | | | | | | | | |
| Increased level for those already covered | 234 327 | 281 727 | 300 798 | 319 079 | 336 873 | 354 815 | 372 825 | 391 747 | 411 628 | 432 517 | 454 464 |
| Total social assistance benefit for the uncovered | 344 598 | 414 305 | 442 350 | 469 234 | 495 401 | 521 787 | 548 271 | 576 098 | 605 335 | 636 054 | 668 330 |
| 3. Benefits in kind | | | | | | | | | | | |
| Employment and training services (10 staff per country and urban districts) | 0 | 6 111 379 047 | 13 462 537 231 | 14 872 432 249 | 16 478 787 594 | 18 311 503 437 | 20 422 571 278 | 22 863 358 574 | 25 696 532 164 | 28 998 699 022 | 32 863 944 536 |
| Employment and training services (non-staff cost) | 0 | 1 833 413 714 | 4 038 761 169 | 4 461 729 675 | 4 943 636 278 | 5 493 451 031 | 6 126 771 383 | 6 859 007 572 | 7 708 959 649 | 8 699 609 707 | 9 859 183 361 |
| Total benefit in kind per month | 0 | 7 944 792 762 | 17 501 298 400 | 19 334 161 924 | 21 422 423 872 | 23 804 954 468 | 26 549 342 661 | 29 722 366 147 | 33 405 491 813 | 37 698 308 728 | 42 723 127 896 |

| <i>(cont.)</i> | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|------|------------|------------|------------|------------|------------|------------|------------|-------------|-------------|-------------|
| Per year (VND millions) | | | | | | | | | | | |
| Wage (individual basis) | | 6 869 483 | 17 664 904 | 29 743 101 | 44 303 829 | 49 897 860 | 56 579 130 | 64 161 194 | 72 775 070 | 82 651 114 | 94 050 467 |
| Wage (household basis) | | 3 434 742 | 8 832 452 | 14 871 551 | 22 151 915 | 24 948 930 | 28 289 565 | 32 080 597 | 36 387 535 | 41 325 557 | 47 025 233 |
| Social assistance for the disabled | | 5 345 283 | 11 614 307 | 12 533 273 | 13 434 981 | 14 352 900 | 15 283 780 | 16 258 530 | 17 276 141 | 18 328 893 | 19 417 315 |
| Benefits in kind | | 95 338 | 210 016 | 232 010 | 257 069 | 285 659 | 318 592 | 356 668 | 400 866 | 452 380 | 512 678 |
| Benefit amount (on individual basis for wage component) | | 12 310 103 | 29 489 226 | 42 508 384 | 57 995 879 | 64 536 420 | 72 181 501 | 80 776 393 | 90 452 077 | 101 432 386 | 113 980 459 |
| Benefit amount (on household basis for wage component) | | 8 875 362 | 20 656 774 | 27 636 834 | 35 843 965 | 39 587 490 | 43 891 936 | 48 695 796 | 54 064 542 | 60 106 829 | 66 955 226 |
| Costs | | | | | | | | | | | |
| Administrative costs (%) | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 |
| Total annual cost including administrative costs (VND millions) | | | | | | | | | | | |
| Wage (individual basis) | 0 | 7 899 906 | 20 314 639 | 34 204 566 | 50 949 404 | 57 382 539 | 65 065 999 | 73 785 374 | 83 691 331 | 95 048 781 | 108 158 037 |
| Wage (household basis) | 0 | 3 949 953 | 10 157 320 | 17 102 283 | 25 474 702 | 28 691 270 | 32 532 999 | 36 892 687 | 41 845 666 | 47 524 391 | 54 079 018 |
| Social assistance for the disabled | 0 | 6 147 075 | 13 356 453 | 14 413 264 | 15 450 228 | 16 505 835 | 17 576 346 | 18 697 310 | 19 867 562 | 21 078 227 | 22 329 913 |
| Benefits in kind | 0 | 109 638 | 241 518 | 266 811 | 295 629 | 328 508 | 366 381 | 410 169 | 460 996 | 520 237 | 589 579 |
| Total cost (on individual basis for wage component) | 0 | 14 156 619 | 33 912 610 | 48 884 642 | 66 695 261 | 74 216 883 | 83 008 726 | 92 892 852 | 104 019 889 | 116 647 244 | 131 077 528 |
| Total cost (on household basis for wage component) | 0 | 10 206 666 | 23 755 290 | 31 782 359 | 41 220 559 | 45 525 613 | 50 475 727 | 56 000 165 | 62 174 223 | 69 122 854 | 76 998 510 |
| Annual cost (%) of GDP | | | | | | | | | | | |
| Wage (individual basis) | 0.00 | 0.33 | 0.74 | 1.08 | 1.41 | 1.39 | 1.39 | 1.39 | 1.39 | 1.39 | 1.40 |
| Wage (household basis) | 0.00 | 0.16 | 0.37 | 0.54 | 0.70 | 0.69 | 0.69 | 0.69 | 0.69 | 0.70 | 0.70 |
| Social assistance for the disabled | 0.00 | 0.26 | 0.48 | 0.46 | 0.43 | 0.40 | 0.37 | 0.35 | 0.33 | 0.31 | 0.29 |
| Benefits in kind | 0.00 | 0.00 | 0.01 | 0.01 | 0.01 | 0.01 | .01 | 0.01 | 0.01 | 0.01 | 0.01 |
| Benefit amount (on individual basis for wage component) | 0.00 | 0.59 | 1.23 | 1.55 | 1.84 | 1.80 | 1.77 | 1.75 | 1.73 | 1.71 | 1.69 |
| Benefit amount (on household basis for wage component) | 0.00 | 0.42 | 0.86 | 1.00 | 1.14 | 1.10 | 1.08 | 1.05 | 1.03 | 1.01 | 0.99 |
| Annual cost (% of government expenditure) | | | | | | | | | | | |
| Wage (individual basis) | 0.00 | 1.03 | 2.32 | 3.41 | 4.45 | 4.41 | 4.43 | 4.44 | 4.47 | 4.49 | 4.53 |
| Wage (household basis) | 0.00 | 0.52 | 1.16 | 1.71 | 2.23 | 2.21 | 2.21 | 2.22 | 2.23 | 2.25 | 2.27 |
| Social assistance for the disabled | 0.00 | 0.80 | 1.52 | 1.44 | 1.35 | 1.27 | 1.20 | 1.13 | 1.06 | 1.00 | 0.94 |
| Benefits in kind | 0.00 | 0.01 | 0.03 | 0.03 | 0.03 | 0.03 | 0.02 | 0.02 | 0.02 | 0.02 | 0.02 |
| Benefit amount (on individual basis for wage component) | 0.00 | 1.85 | 3.87 | 4.88 | 5.83 | 5.71 | 5.65 | 5.59 | 5.55 | 5.52 | 5.49 |
| Benefit amount (on household basis for wage component) | 0.00 | 1.34 | 2.71 | 3.17 | 3.60 | 3.50 | 3.43 | 3.37 | 3.32 | 3.27 | 3.23 |

Sources: Population data: General Statistics Office of Viet Nam and World Population Prospects: the 2008 revision used only for annual rate of increase

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