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Gender gaps in the social insurance system



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Aging is a gender-sensitive issue. In 2020, women made up 60 per cent of all people aged 65 and above in Viet Nam. Furthermore, women dedicate a much larger share of their time to unpaid care than men: an estimated 14.5 per cent of women, compared to 5.5 per cent of men, are out of the labour force due to care reasons.¹ Therefore, as more and more people live into their eighties, elderly care demands will grow and women are likely to bear most of this burden. This will further limit their ability to participate in the labour force and earn an income.

Gender gaps in participation and earnings continue to place women in Viet Nam at a disadvantage compared to men.² These gaps affect women's access to social insurance benefits and the value of benefits they receive. In a context of gender inequality in the

labour market and in social and family relations, gender neutral rules in social security may not be sufficient to guarantee adequate social protection for women.



9.7%

Gender gap in labour force participation

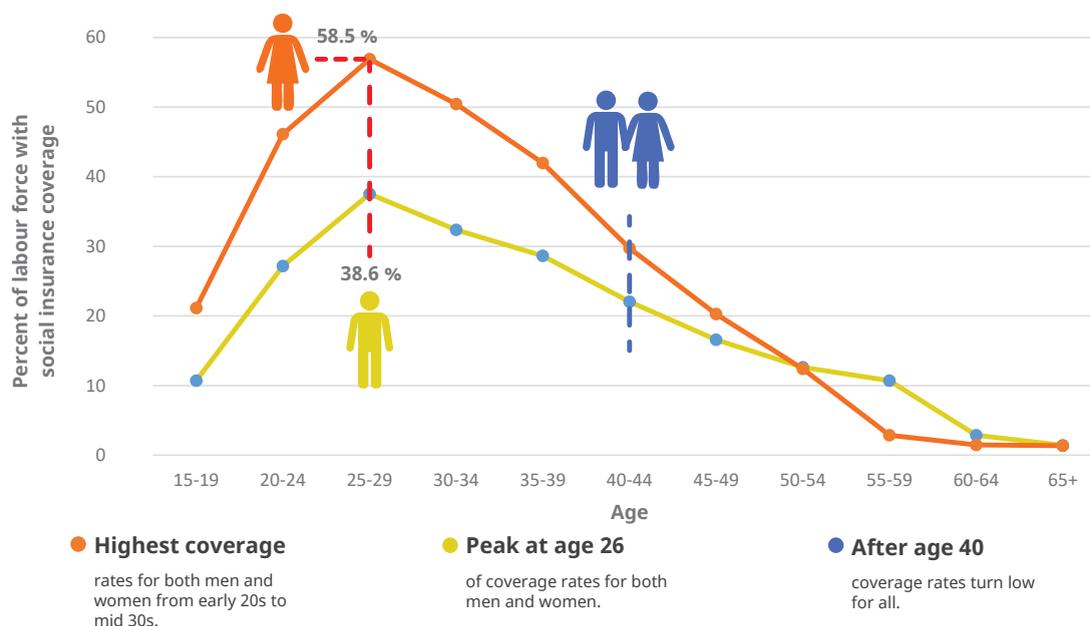
8.9%

Gender gap in median earnings for full-time workers



Social insurance coverage is low in Viet Nam. In 2019, about 31.3 per cent of women and 22.1 per cent of men were insured. For both women and men, coverage rates peak early, at age 26. This singular pattern indicates many workers have access to the social insurance system early on in their careers, only to drop out later. Women, in particular, seem to drop

Figure 1: Social insurance coverage as percent of labour force by age and gender, 2019



1. Addati, Laura, Umberto Cattaneo, Valeria Esquivel and Isabel Valarino. *Care Work and Care Jobs for the Future of Work* (Geneva: ILO, 2018).
 2. ILOSTAT, 2019.

out at a faster rate than men. Coverage has remained low partly because of the voluntary system's limited capacity to incorporate non-wage earners (who make up 81 per cent of total informally employed women).

Old age pensions

Despite higher coverage rates, only 16 per cent of women aged 65 and over receive a social insurance pension, compared to 27.3 per cent of men. At older ages the gap is even wider. In the short term, the expansion of the tax-funded old age pension is the only way to increase coverage for everyone. However, addressing the gap between men and women will require reforms to the social insurance system too.

Women's contributory histories are, on average, four years shorter than those of men. That is a fifth of the total 20 years required to qualify for a pension. Low contribution records affect both coverage and benefit amounts, since benefits are calculated taking into account the years of effective contributions.

In social insurance pension systems that link benefits to past employment and earnings, benefit can reflect the accumulation of disadvantages that women face both in the labour market and at home.

Figure 2: Social Insurance Retirement Pensions coverage, by age and sex, 2019

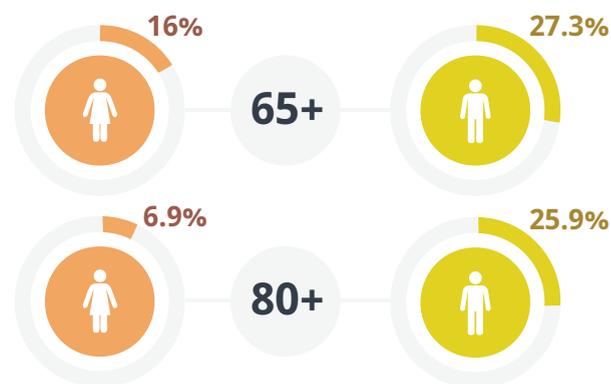


Figure 3: Past credits of workers by age and sex in the private sector, 2019



11 years

Average years of contribution for women one year before retirement.



15 years

Average years of contribution for men one year before retirement.



4 additional years

On average, men have three more years of contributions than women.

In 2019, for women working in the private sector, insurable earnings were 11.6 per cent lower than those of men. In the public sector, the difference was less pronounced but still present. It is particularly concerning to note that the gap has been increasing over the past five years.

As a consequence, in 2019 the average value of men’s pensions was higher than that of women by almost 20 per cent. For pensions newly paid in 2019, the gap in pension values was 19.4 per cent in the public sector and 12.2 per cent in the private sector. In the broader picture over the past five years, the data shows that the gap has actually widened, meaning that this issue will not correct itself over time. Specific policies are thus required to prevent the gap from widening even further.



11.6%

Private Sector

In 2019, insurable earnings were lower for women than men by 11.6%, up from 10% in 2016.



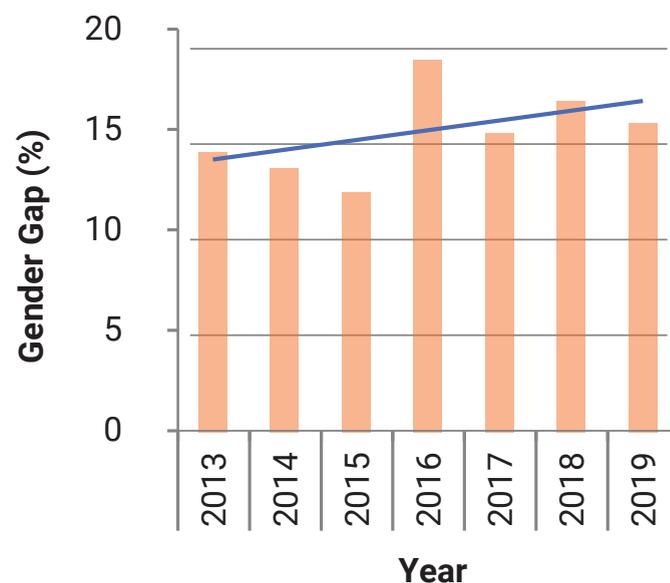
4.5%

Public Sector

In 2019, insurable earnings were lower for women than men by 4.5%, up from 2.7% in 2016.

Figure 4: Gender gap in pension benefit of new pensions, 2013–19 (percentage)

Old age pensions currently in payment (2019)	Gender gap in pension benefits
Pensions financed from the social insurance fund	18.6%
Mandatory insurance (public and private)	18.4%
Voluntary insurance	-5.4%
Pensions financed from the state budget (pre-95 pensions)	28.3%
Total Viet Nam Social Security old age pensions	19.8%

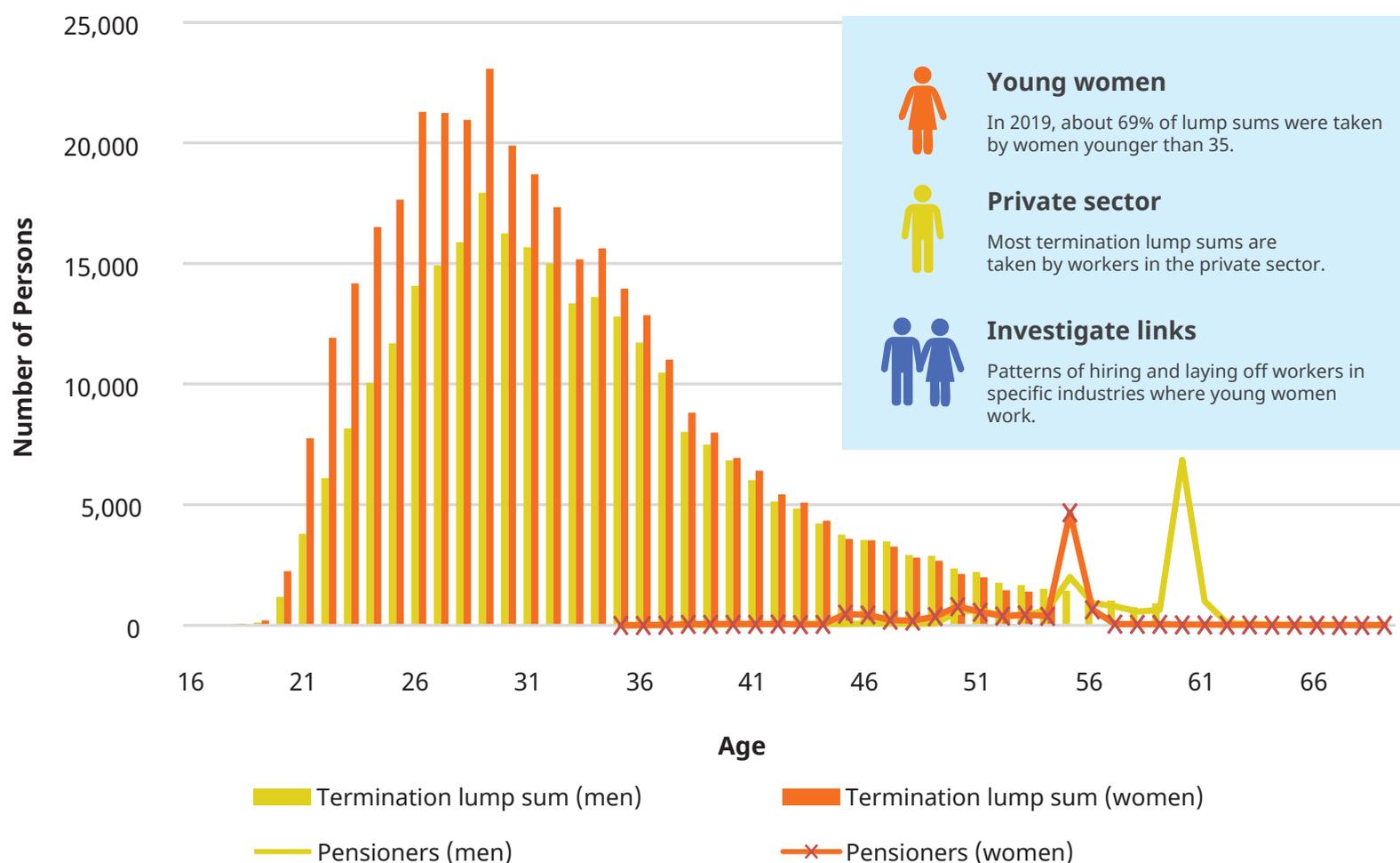


In Viet Nam, higher accrual rates for women are meant to compensate for this inequality, but the data show this policy is not enough. The revision of the Social Insurance Law and Decree 136 is the right opportunity to expand measures that compensate women and other vulnerable groups with lower insurable earnings and shorter contributory careers.

The high take-up of lump sums in the Vietnamese system is also concerning because it affects the

accumulation of contribution records. **In Viet Nam, it is particularly concerning that a majority of lump sums are withdrawn by young women**, as it coincides with a lower number of pensions for them. This might indicate a particular need that is not sufficiently covered by other short-term benefits, like maternity and unemployment insurance.

Figure 5: Private sector termination lump sums, 2019



Maternity leave

In 2019, social insurance covered only 30 per cent of women in the labour force for maternity. Considering that not all women are in the labour force, the effective level of protection is even lower. Unlike in the case of pensions, where a (still narrow) non-contributory benefit exists, in the case of maternity uninsured women do not have a non-contributory alternative. Lack of maternity protection affects not only women's earnings and work trajectories, but also the well-being of mothers, children and the family at large. Extending coverage seems the main urgent challenge for the maternity system from both a gender-equality and socio-economic equality perspective, as the expansion of maternity protection is likely to benefit women from lower income backgrounds.

A second challenge of the maternity system, from a gender-equality perspective, is that it focuses almost exclusively on mothers. The system supports fathers to have a very limited role in childcare. In a modern design oriented to encourage equality in the distribution of unpaid care between men and women, the system could start moving away from this maternalistic approach towards a model of parental leave available to both mothers and fathers.



Sickness benefits

The main limitation of the sickness system, like the maternity system, is low coverage. In 2019, an estimated 30 per cent of women and 21.3 per cent of men in the labour force were covered (that is, workers in the mandatory Viet Nam Social Security system). In Viet Nam, this means that getting sick can have considerable impacts on the work and earnings trajectories of uninsured workers. Pressing needs may also push many of these workers to continue working while sick, putting themselves at risk, and as the COVID-19 pandemic has shown, putting others at risk too. **Women receive considerably fewer sickness benefits than men**, at least in the private sector. Overall, women receive 36.2 per cent of all sickness benefits paid.³ The reasons behind this require further research.

Legal challenges exist as well. Differences in the length of the sickness leave based on the length of a person's contributory career can generate gender inequality, given the shorter paid work careers that women tend to have, compared to men. Finally, while the Social Insurance Law establishes that insured women and men have an equal right to sick leave days if their child is ill,⁴ the Labour Code restricts this leave to female workers only, reinforcing gender norms.⁵



3. *Elaborated by ILO, based on data from Viet Nam Social Security.*

4. *Law 58/2014/QH13, Art. 27, and Circular 59/2015/TT-BLDTBXH, Art.5.*

5. *Labour Code 2019, Art. 141.*

This policy brief is number 1 in a series of technical notes based on the report *Adapting social insurance to women's life courses: A gender impact assessment of Viet Nam*. It was prepared by the ILO Social Protection team in Viet Nam as an input to the ongoing process of revision of the 2014 Social Insurance Law. The draft benefited from comments from the Policy and Legal Department of the Viet Nam Women's Union.

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