



International
Labour
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▶ Expanding social insurance for household businesses in Viet Nam: Challenges, policy options, and the way forward



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▶ Abbreviations and acronyms

CSI	Compulsory social insurance
FGD	Focus group discussion
NSO	National Statistics Office
HHB	Household Business
IDI	In-depth interview
ILO	International Labour Organization
LFS	Labour Force Survey
PIT	Personal income tax
VAT	Value-added tax
VIDERI	Viet Nam Development Research Institute
VSS	Viet Nam Social Security

Executive summary

Household businesses (HHB) are a distinctive feature of the Vietnamese economy, providing jobs for about nine million workers and contributing to 30 per cent of Gross Domestic Product (GDP). Yet effective social insurance coverage among HHB owners and employees remains below five per cent, leaving the vast majority unprotected against key life-cycle risks. Only about one third of HHBs are formally registered, and even among these, participation in social insurance is far lower than in private enterprises. Weak legal recognition and fragmented links to the social protection system reinforce this exclusion.

The 2024 Social Insurance Law, effective from July 2025, extends compulsory social insurance to registered HHB owners that register their business. This builds on the 2014 Social Insurance Law, which already required HHBs to enrol employees with contracts of one month or longer, though compliance has been limited. Together, these reforms have the potential to extend protection to millions of workers, moving Viet Nam closer to its 2030 target of 60 per cent coverage under Resolution No. 28-NQ/TW and signalling a broader shift toward universal social protection.

Evidence from a structured survey of 827 HHB owners and individual businesses, complemented by qualitative interviews and focus group discussions, underscores both opportunities and challenges in implementing the reform. Awareness of the 2024 Law remains low, even in major urban centres. Many HHB owners conflate social insurance with health insurance or continue to rely on alternative risk-smoothing strategies such as land, gold or commercial insurance. Nonetheless, once learnt about the eligibility, more than half of registered HHB owners expressed willingness to participate in CSI, particularly women and those in the 25–35 age group. This willingness reflects the multiple needs and risks faced by women over the life course (ILO, 2021b). It also suggests that trust and communication are crucial levers for increasing compliance.

Barriers to extend participation among HHB owners remain significant. Affordability is a concern for small or newly established HHBs, despite minimum contributions accounting for less than five per cent of their average monthly income. Seasonal and irregular revenues undermine stable payments, while HHB owners bear the full 25 per cent contribution themselves, unlike employees who share costs with employers. Limited tax deductibility compared to enterprises reinforces perceptions of inequity. Administrative procedures are complex and fragmented across registration, taxation and social insurance, discouraging participation and increasing compliance costs.

Barriers for HHB owners to enrol their employees are also pronounced. Many HHB owners reported that their workers did not want to participate in CSI, as contributions reduce already modest take-home pay. In practice, owners often prioritise paying competitive wages over offering social protection, particularly in contexts where labour supply is abundant or short-term. Employers also expressed confusion over legal obligations and were unsure when contracts should trigger social insurance enrolment. Some believed

that casual, seasonal or part-time workers were not eligible to CSI, even when they met the criteria. Others admitted to reluctance in enrolling non-family workers, citing administrative burdens and the financial risks of additional obligations. As a result, enrolment of HHB employees remains extremely limited, with most participation confined to family members formally classified as employees to access benefits.

Institutional capacity will be decisive for success. District-level social insurance offices already face resource and staffing constraints and lack integrated data with business registration and tax agencies. Without stronger coordination and digital integration, effective monitoring and enforcement will remain out of reach. Digital tools such as the VssID application have potential to reduce compliance costs and improve user access, but uptake remains limited and requires sustained outreach, user training and support.

International experiences show that legal mandates alone are insufficient, but implementations strategies are crucial to expand social insurance coverage to the HHB sector. Simplified procedures integrated one-stop systems and bundled contributions can reduce entry barriers such as business registration for HHBs and enrolment in social insurance. Costa Rica demonstrates the importance of state co-financing to ensure affordability for lower-income self-employed workers. The Philippines' AlkanSSSy illustrates how highly flexible contributions can accommodate workers with irregular incomes, while Chile's PREVIRED shows how digital platforms can streamline registration and contribution processes. These cases highlight the value of combining legal reforms with enabling implementation measures that lower costs, increase predictability and strengthen incentives.

To translate the 2024 reform into effective coverage, Viet Nam will need to adopt a sequenced and enabling implementation strategy. Strengthening outreach and communication through trusted intermediaries such as the Viet Nam Fatherland Front and its member organizations, can build awareness and trust. Simplifying administrative procedures and integrating registration, taxation and social insurance systems will reduce compliance costs, while expanding flexible payment modalities, including quarterly or annual contributions and prepayment options, can address income volatility. Introducing transitional subsidies or graduated contribution rates would support small or newly registered HHBs during the adjustment period, while clearer legal recognition of HHBs and their rights and obligations will provide a stronger foundation for enforcement and compliance.

The extension of CSI to HHB owners and employees is a transformation in Viet Nam's approach to social protection, formalization and inclusive development. Realizing its full potential will require investment in local institutional capacity, strong inter-agency coordination, and meaningful social dialogue to ensure policies are feasible and equitable. With adaptive policy design and sustained support, Viet Nam can close long-standing gaps in social protection, accelerate the transition from informality to formality, and build a social protection system that leaves no one behind.

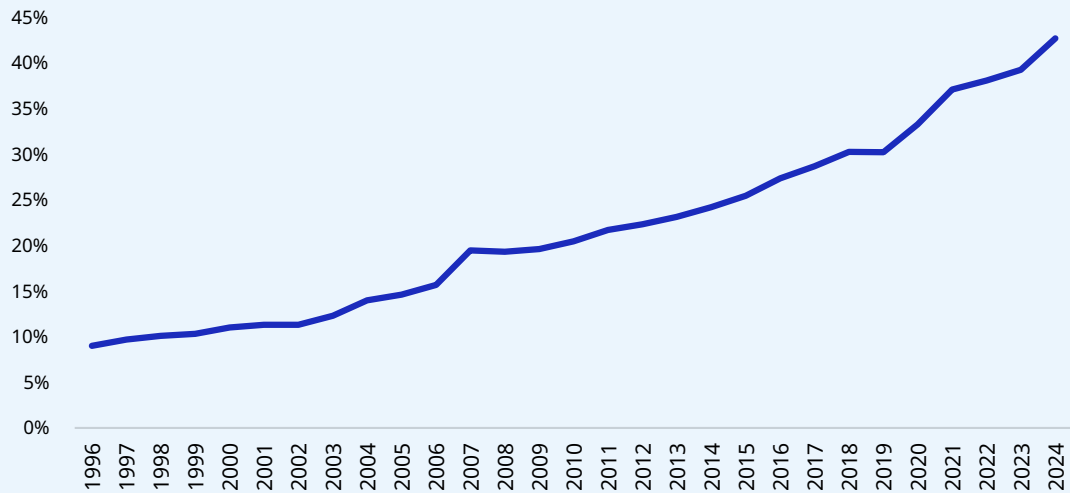
1. Introduction

This report forms part of the International Labour Organization's ongoing support to the Government of Viet Nam and social partners in advancing formalization and expanding social protection. It contributes to national dialogue on the implementation of the 2024 Social Insurance Law, which took effect on 1 July 2025. The report assesses the feasibility of extending effective compulsory social insurance coverage to household business owners and their employees under the new legal framework. It examines the barriers that may hinder participation, including challenges faced by HHB owners to register their businesses, enrol themselves and their employees, local social insurance agencies, and government actors responsible for the implementation of the new law. Based on this assessment, the report proposes policy options to support the progressive expansion of effective social insurance coverage to this large and diverse segment of the informal economy in Viet Nam.

Viet Nam has undertaken an ambitious reform agenda to strengthen its social protection system and to accelerate the transition from informality to formality. A central element of this agenda is the extension of CSI to groups that have traditionally remained unprotected, including HHB owners and their employees. Resolution No. 28-NQ/TW (2018) provides the strategic roadmap for these reforms, while the 2024 Social Insurance Law constitutes a major legal step toward universal social protection. Although the 2014 Social Insurance Law already required HHB to enrol their employees with labour contract of at least one month, effective coverage remains low. By explicitly including HHB owners themselves as compulsory participants, the 2024 Law marks a significant policy shift, broadening the reach of Viet Nam's social insurance system.

The government has set progressive social insurance coverage targets in Resolution No. 28, specifically 35 per cent of the working-age population by 2021, 45 per cent by 2025, and 60 per cent by 2030. Figure 1 illustrates the expansion of social insurance coverage in Viet Nam, from 9.7 per cent of the working-age population in 1997 to 18.5 per cent in 2007, the year when the first Social Insurance Law took effect. By 2021, effective coverage reached 37 per cent, meeting the target under Resolution No. 28, and increased further to 42.7 per cent by 2024, indicating that the 2025 target is within reach. Nonetheless, the pace of expansion and the challenges associated with reaching the remaining uncovered groups suggest that achieving the 2030 target will be difficult.

► **Figure 1. Evolution of social insurance coverage in Viet Nam 1996-2024 (percentage of the labour force)**



Source: VSS.

Household businesses are a distinctive feature of Viet Nam's economy and play an important role in fostering livelihoods and resilience. In 2023, approximately 8.9 million women and men worked in 5.1 million HHBs. Of these, about 1.7 million HHBs were formally registered with tax authorities (ILO, 2024a). However, business registration does not guarantee registration of HHB employees with the CSI, even though mandated in the 2014 Social Insurance Law for labour with contracts of at least one month. These formal HHBs can hire an employee informally if the employee is not enrolled with the social security agency. The remaining 3.4 million HHBs operate outside the formal economy, with the majority of owners and employees excluded from social protection (ILO, 2024a). Achieving the 2030 target of 60 per cent coverage set out by Resolution No. 28 will require substantial progress in formalizing HHBs and including both owners and employees into the social insurance system.

Despite recent legal developments, evidence on the determinants of participation in social insurance of HHBs owners and their employees remains limited. There are gaps in understanding awareness of CSI obligations, readiness to participate, and the institutional capacities required for effective implementation. The 2024 Social Insurance Law reform is connected to the informal economy in two ways: it can foster formalization by bringing HHB employers into the CSI system, yet it also carries the risk of informalization if new obligations lead HHB owners to de-register or remain unregistered to avoid compliance. Complementary research by the ILO on business registration for individual businesses in Viet Nam (forthcoming) further inform the opportunities and challenges of formalization in this diverse segment of the informal economy.

This report addresses these gaps by assessing the feasibility of expanding CSI to HHB owners and their employees under the 2024 and 2014 Social Insurance Laws. It examines barriers to participation, perceptions of fairness and affordability, and administrative challenges across provinces with diverse socio-economic conditions.

The analysis in this report draws primarily on the 2024 Component Report conducted by the Viet Nam Development Research Institute (VIDERI) in collaboration with the ILO Country Office for Viet Nam. It combines desk research with findings from a structured survey, in-depth interviews and focus group discussions to generate evidence-based insights for policy design and implementation.

The specific objectives of the report are to:

- ▶ assess levels of participation in CSI among HHBs and their employees and identify factors that constrain compliance with the 2014 and 2024 legal provisions;
- ▶ examine HHB owners' perceptions of benefits and costs, and their willingness to contribute for themselves and for employees;
- ▶ identify institutional, administrative, and coordination challenges affecting effective implementation of expanding CSI to HHB owners and employees;
- ▶ propose policy options to support the progressive expansion of effective coverage to HHB owners and their employees in line with Viet Nam's social protection reform agenda and international good practice.

The assessment combines desk research with primary data collection through a structured survey of HHB owners and individual businesses, complemented by in-depth interviews and focus group discussions with HHB owners, social insurance officials, government authorities at district-level and line departments, and social insurance experts. Data were collected in Hanoi, Ho Chi Minh City, Thanh Hoa, and Tuyen Quang between August and October 2024.

It should be noted that the report and its analysis are based on the government and administrative structure in Viet Nam as of December 2024, to reflect the timing of the actual field work in 2024. This means that it does not account for the subsequent changes in the configuration of Ministries and provinces in 2025. Moreover, the field work was carried out before the 2024 Social Insurance Law became effective on 1st July 2025¹.

¹ The Law on Social Insurance was passed in June 2024.

2. Household businesses in Viet Nam

▶ 2.1. Definition and scope

A household business is a business owned by an individual or by a household, where the owner or owners are fully liable for all business obligations with their personal assets. This unlimited liability distinguishes HHBs from enterprise forms such as limited liability companies. For the purposes of this report, household businesses are defined operationally as either:

- ▶ registered household businesses in which the owner may work alone or with contributing family workers or wage employees
- ▶ unregistered household businesses in which the owner engages family workers or employees.

Business individuals are individuals with activities conducted by a single owner without family workers or wage employees and without business registration. The distinction used in this report rests on the presence of additional labour and on registration status, as summarized below.

▶ **Table 1. Typology used in the report**

Category	Registration	Labour size
Registered household businesses	Yes	Owner alone or owner plus family workers or wage employees
Unregistered household businesses	No	Owner plus family workers or wage employees
Business individuals	No	One person only, no family workers or wage employees

► 2.2. Economic roles

Household businesses are an important source of the Viet Nam's economy. Since the onset of market-oriented reforms (Doi Moi) in 1986, the HHB model has been widely adopted and continues to play a central role in the private sector landscape. Alongside other non-farm individual establishments, HHBs account for a substantial share of employment and production, particularly in trade, services, and low-capital manufacturing. According to the National Statistics Office, Viet Nam had about 5.1 million non-farm individual business establishments in 2023, up from 4.8 million in 2015 (see Table 2). This figure far exceeds the 778,000 formally registered enterprises operating in 2023.

Household businesses are highly diverse in scale and function. At one end are small, subsistence-oriented units such as market vendors or family-run groceries. These HHBs are micro in size, typically run by an individual household head who acts as both sole proprietor and primary worker. The average household business employed only 1.6 workers (NSO, 2022). These units share many characteristics with sole proprietorships or small traders commonly found in other countries, such as operating with limited capital, depending heavily on family labour, and serving primarily as livelihood-oriented rather than growth-oriented enterprises (ILO, 2024a). At the other end are larger, more commercially oriented operations with multiple outlets across provinces and organizational and accounting systems comparable to micro-enterprises. These are especially visible in sectors such as restaurants, construction materials, functional foods and beauty services.

► **Table 2. Number of individual business establishments and enterprises (in thousands)**

	2015	2019	2020	2021	2022	2023
Non-farm individual business establishments	4,755	5,378	5,200	5,067	5,170	5,085
Enterprises	442	669	684	719	735	778
Of which						
State-owned	2.8	2.1	2.0	1.9	1.9	1.8
Non-state	427.7	647.6	660.1	694.2	710.6	751.9
FDI	11.9	18.8	22.2	22.6	22.9	24.7

Note: Non-farm individual business establishments include registered and unregistered HHBs and business individuals. Enterprises refer to acting enterprises having business outcomes as of annual 31st December of reference year.

Source: NSO.

For statistical reporting, the NSO does not use the category “household business” as a standalone classification. Instead, household businesses are grouped under “individual business establishments”, a broad category that includes both registered HHBs and unregistered units such as street vendors and

small traders². Throughout the report, references to household businesses in secondary data from the NSO reflect this broader statistical group. Figures cited from the NSO therefore do not distinguish between registered household businesses and other individual business establishments.

Individual business establishments are estimated to account for one third of Viet Nam's gross domestic product in 2018 (ILO, 2024a). Yet roughly two thirds of HHBs remain outside the tax registry. Administrative records from district-level business registration offices and tax authorities indicate that only 1.7 million HHBs are formally registered, pointing to a sizeable gap between the number of establishments captured in official statistics and those recorded by local tax authorities. This highlights the scale of informality within the sector. Even among registered businesses, full compliance with tax obligations is not assured. Estimates indicate that HHBs contributed only about 1.6 per cent of State budget at the end of 2021 (ILO, 2024a). This reflects their generally small scale and modest turnover, which limit the tax collected per unit compared with enterprises, but it also stems from long-standing reliance on the lump-sum tax regime applied to HHBs³.

Recent regulatory developments also aim to strengthen compliance and transparency. Decree No. 70/2025/ND-CP requires household and individual businesses with annual revenue of at least VND 1 billion to use electronic invoices generated from cash registers connected directly to the tax authority from 1 June 2025. These measures promote real-time data transmission and clearer rules to reduce invoice misuse, although they will initially affect a limited share of household businesses and will require HHBs' upgrades to information systems, billing procedures and internal controls, and contract arrangements with service providers to meet the new requirements.

This prevalence of informality is not only a matter of non-compliance. It is also rooted in legal ambiguities. There is no standalone law governing the rights and obligations of household businesses. HHBs are currently regulated under Decree No. 168/2025/ND-CP on Enterprise Registration. Household businesses are not bound by extensive procedural requirements on operations, accounting, etc. as enterprises are; however, they are not allowed to deduct compulsory social insurance contribution expenses when determining their tax obligations (see Box 1). This creates challenges not only for compliance with business registration but also for accessing support and protection mechanisms such as social insurance.

-
- 2 According to the NSO definition, an individual business establishment is a unit where production, business, or service activities directly take place across all sectors of the national economy (excluding agriculture, forestry, and fisheries). It is owned by an individual, a group of individuals, or a household, and is not yet registered as enterprise or cooperative under the Enterprise Law. Moreover, the establishment must have a fixed location and operate on a regular, continuous, or seasonal basis in line with business practices, with a minimum operating duration of three months per year.
 - 3 Resolution 68 NQ/TW sets out a major shift in tax administration, moving HHBs from the traditional flat, lump-sum tax system with minimal declaration requirements to a self-declaration and self-payment regime starting 1 January 2026. The reform introduces a revenue-based classification system with differentiated tax obligations, comprising three main categories: i) HHBs with annual revenues under VND 200 million are exempt from VAT and PIT and follow simplified procedures with only twice-yearly declarations; ii) HHBs with annual revenues from VND 200 million to under VND 3 billion are required to maintain simplified accounting records, declare taxes quarterly and pay PIT calculated as a fixed percentage of revenue depending on industries; and iii) HHBs with annual revenues of VND 3 billion and above are treated similarly to small enterprises, required to issue e-invoices, pay PIT at 17 per cent of profit and declare tax monthly if annual turnover exceeds VND 50 billion, or quarterly otherwise.

► **Box 1. Legal definition of household businesses**

Decree No. 168/2025/ND-CP governs business registration in Viet Nam and provides the current legal basis for the registration and operation of household businesses. The Decree defines a household business as an entity by an individual or by members of a household, and is liable for its business operations with all of its assets.

An individual owner or household members register to establish a household business assume full responsibility for all obligations with their assets. Low-income activities in agricultural, forestry and fishery production, salt production, as well as street vendors, small snack sellers, itinerant traders, mobile and seasonal businesses, and service providers with low income are not required to register unless they operate in conditional business lines, with thresholds defined by provincial People's Committees. The business household model is suitable for local units, small in scale and simple in operation with flexible capital. In reality, there are registered HHBs but also HHBs that are operating but have not yet registered.

While the decree enables registration of HHBs at commune level like an enterprise, it does not place HHB on the same footing as enterprises in broader commercial, labour, or tax legislation. This limits their legal identity, constrains business expansion and reduces participation in formal policy frameworks.

Circular No. 40/2021/TT-BTC provides that household businesses with annual revenue of VND 100 million or more are required to pay value-added tax and personal income tax, without allowing deduction of input costs such as cost of goods sold, wage expenses, or compulsory social insurance contributions for workers before tax calculation as applied to enterprises. According to Official Letter No. 4613/CT-CS dated 22 October 2025 of the General Department of Taxation (Ministry of Finance), the taxable revenue threshold for household businesses has been raised to VND 200 million per calendar year, but there is still no provision allowing cost deduction prior to tax calculation.

The persistent growth in the number of HHBs signals that existing registration pathways for micro and small enterprises are not sufficiently attractive and the establishment of household businesses continues to be prioritised when the owner is not yet capable of operating an enterprise. Many entrepreneurs opt for the household business model because it offers flexibility, ease of entry and a lighter regulatory burden, even if this implies members of the household remaining in informality (ILO, 2024a). Addressing this requires a coherent legal framework that defines household businesses, clarifies obligations and entitlements and facilitates gradual integration into the formal economy (ILO, 2024b).

► **2.3. Job creation**

Household businesses are a major source of employment. Based on the 2023 Labour Force Survey, of the 51 million employed persons nationwide, more than one third were working in the household business segment (see Figure 2, Panel A). The number of jobs in household businesses (18 millions) is approximately equivalent to that of private domestic, private foreign and public combined. Over the past decade, individual business establishments have consistently accounted for a large share of jobs. Between 2015 and 2023,

employees in this segment, defined as wage employees plus contributing family workers, increased from about 8 million to about 9 million (Table 3). This level is comparable with employment in private enterprises and substantially exceeds employment in state-owned and foreign-invested enterprises.

► **Table 3. Number of workers (in millions) by type of establishment and enterprise**

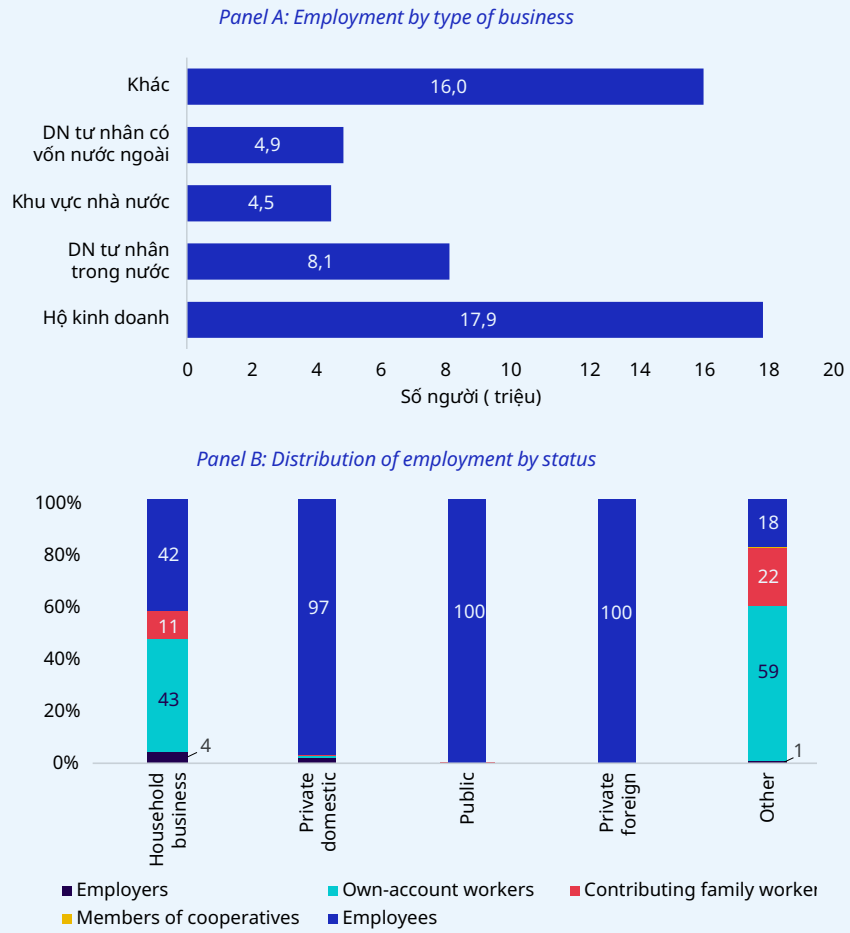
	2015	2019	2020	2021	2022	2023
Non-farm individual business establishments	8.0	9.0	8.7	8.5	9.0	8.9
Enterprises	12.9	15.2	14.7	14.8	15.3	15.6
Of which:						
State-owned	1.4	1.1	1.0	1.0	1.0	1.0
Non-state	7.7	9.1	8.6	8.6	9.1	9.3
FDI	3.8	5.0	5.1	5.2	5.3	5.3

Note: Number of employees in non-farm individual business establishments count wage employees and contributing family workers. Employees in acting enterprises having business outcomes as of annual 31st December of reference year

Source: NSO.

The employment structure within household businesses is diverse and extends well beyond the standard employer–employee relationship that characterises formal enterprises. It includes HHB employers, contributing family workers, wage employees and own-account workers. In 2023, an estimated 7.6 million people were employed as wage workers in HHBs, 1.9 million as contributing family workers, 750,000 as employers, and 7.7 million as own-account workers (Figure 2, Panel B). Household and individual businesses typically operate at a small scale and primarily rely on family labour, which explains the high share of own-account workers and contributing family members in this sector. The heterogeneity of roles within HHBs reflects their dual character. They are flexible and accessible sources of livelihoods, yet they pose significant challenges for extending social protection to workers who fall outside standard employment arrangements (Figure 2, Panel B).

► **Figure 2. Employed individuals by type of business establishment**



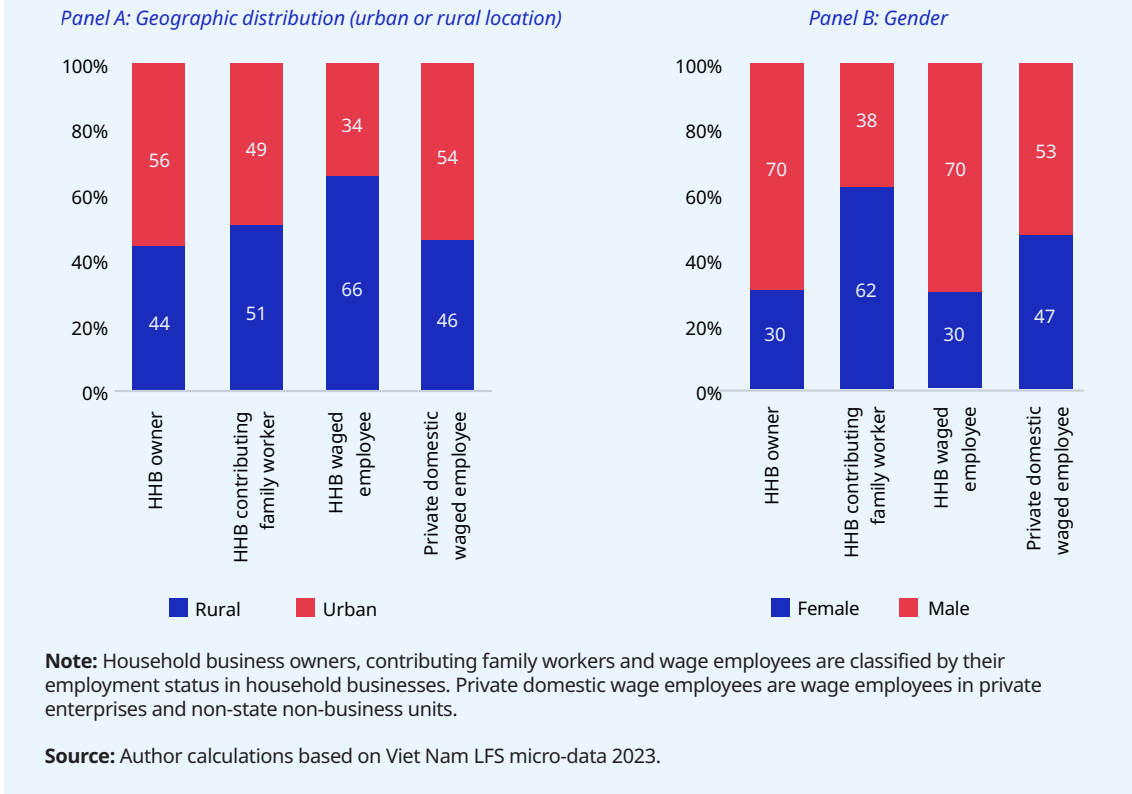
Note: “Household business” includes non-farm registered and unregistered household businesses. “Private domestic” includes private enterprises and non-state non-business units. “Public” includes state organizations, state-owned enterprises and state non-business units. “Private foreign” includes foreign-owned enterprises, and “Other” includes farm households, own account individuals, collective and other organizations.

Source: Author calculations based on Viet Nam LFS micro-data 2023.

Household businesses are mostly micro in size, individually run in nature and with the household head the sole proprietor and worker. In 2021, the average size of employment in the household business sector was 1.6 workers per household business (NSO, 2022). Household businesses share the same features and nature as business individuals, sole proprietorships, or traders as commonly found in other countries.

Workers in household business are disproportionately located in rural areas. Approximately 66 per cent of wage employees and 51 per cent of contributing family workers in household businesses resided in rural areas in 2023 (Figure 3, Panel A). As emphasized in (ILO, 2021a), informality is more pronounced in rural and economically disadvantaged areas, where limited administrative capacity and weak coordination mechanisms further constrain social insurance enrolment. By contrast, a higher share of household business owners (56 per cent) lives in urban areas.

► **Figure 3. Geographical and gender profiles of employed individuals in household businesses**



Gender patterns within the household business sector are also pronounced. Men account for the majority (70 per cent) of owners and wage employees, while women make up 62 per cent of contributing family workers (Figure 3, Panel B). Compared with private domestic enterprises, household businesses employ a larger share of women in unpaid or low-paid family roles and a smaller share as wage employees. This distribution underscores the dual burden faced by women, who often combine unpaid care responsibilities with vulnerable forms of work.

These patterns align with ILO evidence showing that women are disproportionately represented in the most precarious categories of informal employment, particularly as contributing family workers (ILO, 2024c). Yet an important nuance in Viet Nam is that informal employment is more prevalent among men than women, and the share of women in informal employment declined more rapidly between 2013 and 2019 (ILO, 2021a).⁴

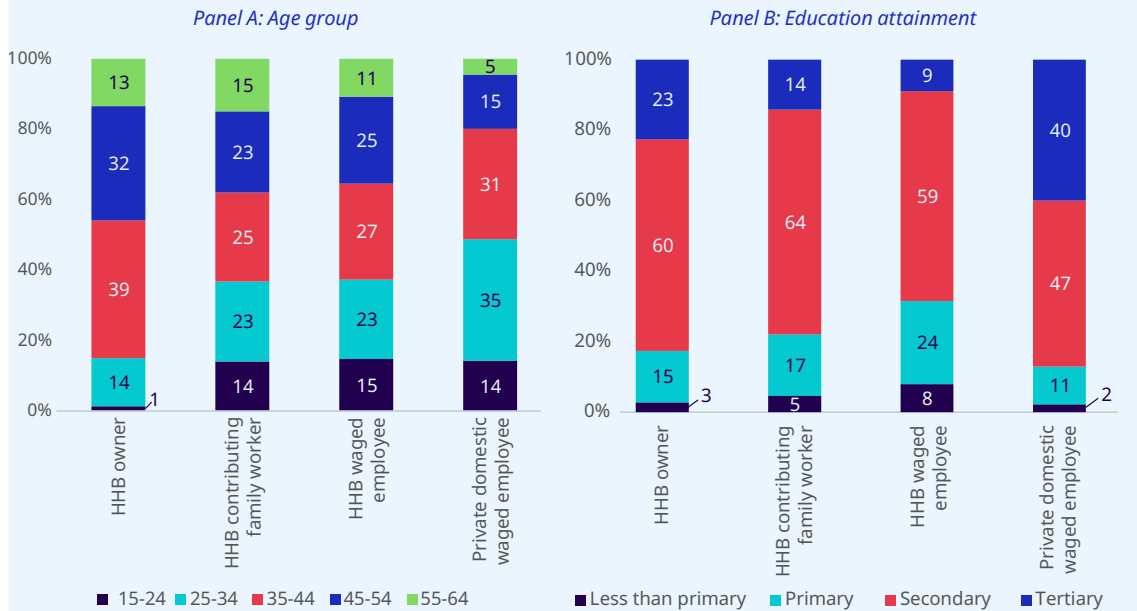
ILO report (2024c) also shows that once asked among informal workers, there was a higher rate of female workers willing to participate in health and social insurance than male workers. This reflects multiple needs and risks faced by women over the life course (ILO, 2021b). For example, data shows that lump sums withdrawals remain high with a majority taken by young women, a pattern that may reflect women's

4 This reflects Viet Nam's structural transformation from agriculture to manufacturing and services, with women moving out of agriculture faster than men and their employment in manufacturing growing more rapidly (ILO, 2021a). Manufacturing employment has been growing fast while the prevalence of informality has been relatively low and falling.

broken careers and childbirth, and that a particular need is not sufficiently covered by other short-term benefits such as maternity and unemployment insurance (ibid.)⁵.

Owners of household businesses tend to be older than the general working-age population. While 39 per cent of HHB owners aged between 35 and 44 years old and 14 per cent between 25 and 34 years old, the share of the working-age population within these two age groups are 29 per cent and 28 per cent, respectively (not shown in the figure). Wage employees in HHBs also have an older age profile when compared to their counterparts in private domestic enterprises (Figure 4, Panel A). This suggests that HHBs may serve as fallback option for older workers with fewer opportunities in the private domestic sector.

► **Figure 4. Demographic and educational attainment of employed individuals in household business**



Note: Household business owners, contributing family workers and wage employees are classified by their employment status in household businesses. Private domestic wage employees are wage employees in private enterprises and non-state non-business units. Education category: less than primary refers to no formal schooling or less than primary; primary includes primary school; secondary includes lower and upper secondary schools; and tertiary includes vocational schools, colleges, universities or higher.

Source: Author calculations based on Viet Nam LFS micro-data 2023.

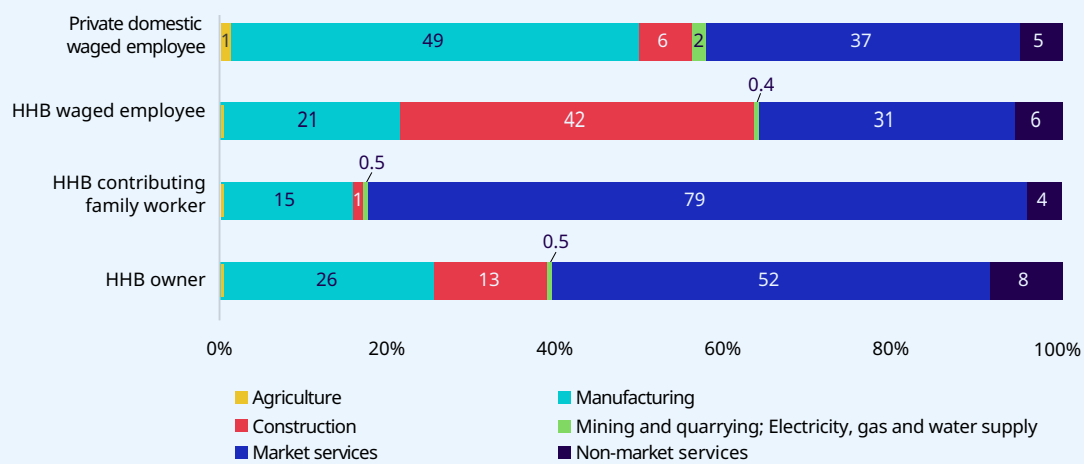
Educational attainment among owners and workers in household businesses is generally lower than among employees in private enterprises. The majority of household business participants have completed only secondary school or less, with 60 per cent of owners and 59 per cent of wage employees holding

⁵ In this context, the 2024 Social Insurance Law introduces tighter provisions on lump-sum withdrawals to strengthen the protective function of the system and improving long-term income security, especially for vulnerable workers. Under the 2024 Social Insurance Law, individuals who contributed before 1 July 2025 may withdraw only after 12 months of non-contribution and with fewer than 20 years of contributions, while those entering from 1 July 2025 onward may withdraw only in specific circumstances such as permanent emigration, reaching retirement age with fewer than 15 years of contributions, or severe illness or major work incapacity.

secondary-level qualifications (Figure 4, Panel B). This contrasts with 47 per cent of wage employees in private enterprises who fall into the same educational category. The gap is even more pronounced at the tertiary level: while 40 per cent of wage employees in private enterprises hold a university or higher degree, only 23 per cent of household business owners and just 9 per cent of wage employees in household businesses have attained tertiary education. This limits mobility into higher skilled occupations and potentially contributes to lower productivity and earnings.

Sectoral patterns show a heavy concentration of household business activities in market services, including trade, food and accommodation services and personal services. Within household businesses, market services account for 52 per cent of household business owners, 79 per cent of contributing family workers, and 31 per cent of wage employees (Figure 5). This highlights the sector’s dominant role in informal trade, food services, and personal services. By contrast, manufacturing accounts for a smaller share of employment among HHB owners (26 per cent) and employees (17–23 per cent). Construction is a significant source of wage employment in HHBs, comprising 42 per cent, compared to just 6 per cent among private enterprise employees. This reflects the informal nature of small-scale and subcontracted construction activities.

► **Figure 5. Sectoral distribution of employment among household business owners, workers, and private enterprise employees**

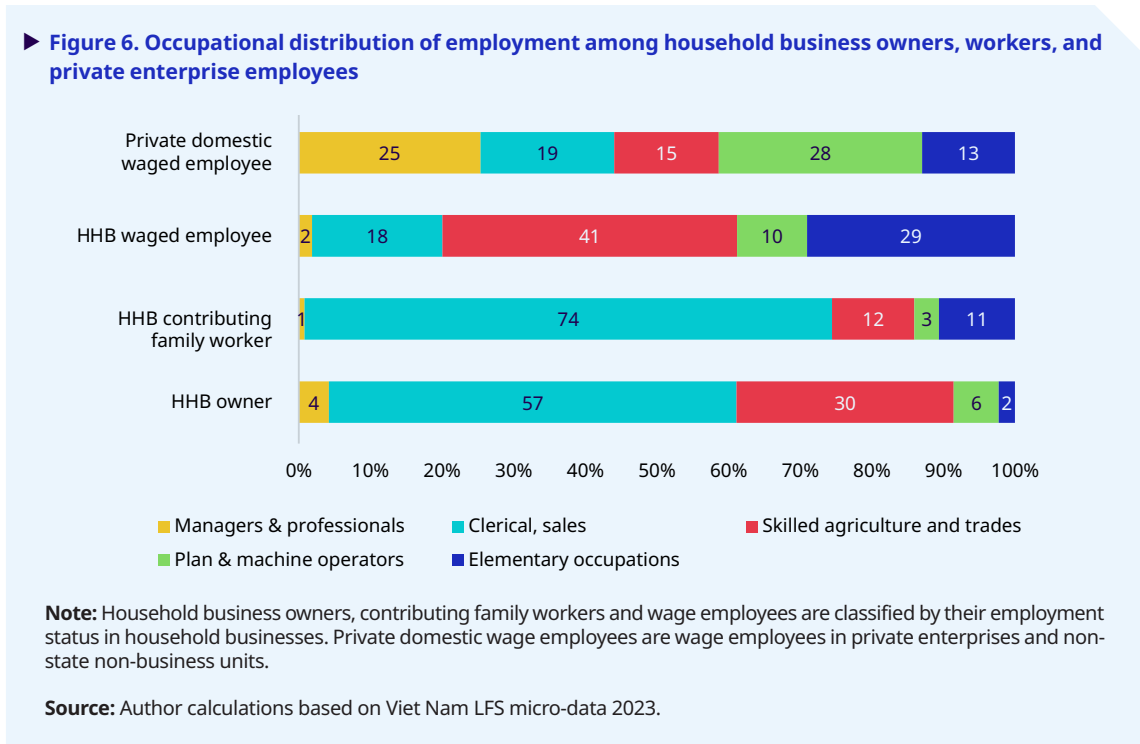


Note: Household business owners, contributing family workers and wage employees are classified by their employment status in household businesses. Private domestic wage employees are wage employees in private enterprises and non-state non-business units. Market services include Trade; Transportation; Accommodation and food; and Business and administrative services; Non-market services include Public administration; Community, Social and other services and activities.

Source: Author calculations based on Viet Nam LFS micro-data 2023.

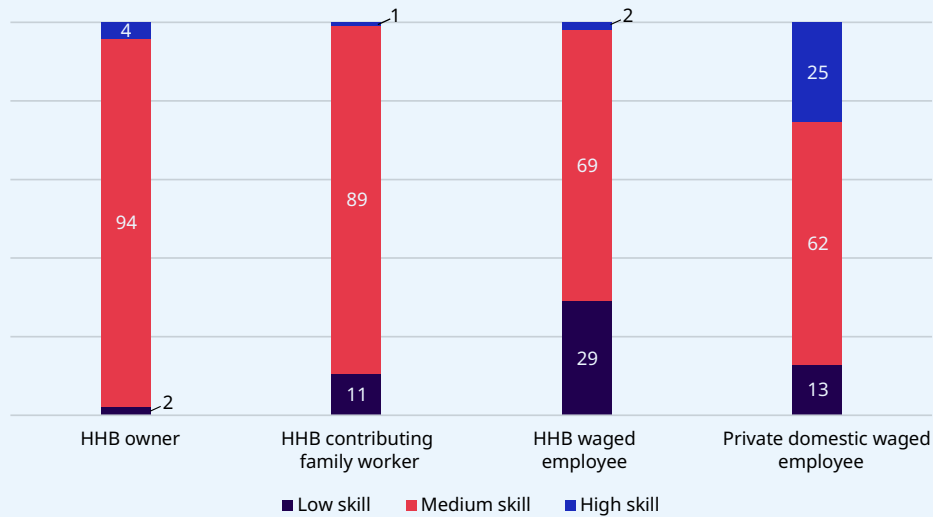
The occupational distribution of household business employment reflects a concentration in low- and semi-skilled roles. Clerical and sales dominate household business employment, accounting for 53 per cent of owners, 73 per cent of contributing family workers, and 16 per cent of HHB wage employees. Among private domestic employees, this occupational group only accounts for 18 per cent. Skilled agricultural and trades occupations are more prominent among HHB wage employees (44 per cent) and owners (33 per cent). Elementary occupations represent 29 per cent of HHB wage employees, compared to just 11 per

cent of wage employees in private domestic enterprises. In stark contrast, managers and professionals account for 25 per cent of wage employees in private enterprises, but only 2 to 5 per cent across all HHB employment categories, revealing limited access to high-skilled roles among household businesses.



Skills profiles of occupations mirror educational patterns. Owners and employees in HHBs are more likely to be in medium-skill occupations, with a sizable share of wage employees in low-skill roles. Within HHB segment, owners are on average more skilled, with 4 per cent in high-skill occupations and 94 per cent in medium skill occupation (see Figure 7). At the other spectrum, 29 per cent of HHB wage employees and 11 per cent of HHB contributing family workers are employed in low-skilled occupations. This contrasts with 25 per cent of wage employees in private domestic enterprises working in high skill occupations and 62 per cent in medium skill occupations.

► **Figure 7. Skill distribution of employment among household business owners, workers, and private enterprise employees**



Note: Household business owners, contributing family workers and wage employees are classified by their employment status in household businesses. Private domestic wage employees are wage employees in private enterprises and non-state non-business units. High skill includes ISCO one-digit categories 1 “Legislators, Senior officials, Managers”; 2 “Professionals”; 3 “Technicians and associate professionals”; medium skill includes ISCO one-digit categories 4 “Clerical support workers”; 5 “Service and sales workers”; 6 “Skilled agricultural, forestry and fishery workers”; 7 “Craft and related trades workers”; 8 “Plant and machine operators, and assemblers”, and low skill includes ISCO one-digit category 9 “Elementary occupations”.

Source: Author calculations based on Viet Nam LFS micro-data 2023.

Income levels are modest and heterogenous within the household businesses segment. The 2020 Economic Census reports average annual revenue per household business of about VND 550 million, equivalent to around VND 45 million per month once divided by 12 months. Assuming a profit margin of 10 per cent, this translates into approximately VND 4.5-5.0 million per month in profits for HHB owners, including labour income (ILO, 2024a). Labour Force Survey data for 2023 indicate that household business owners earned on average VND 17.5 million per month, compared with VND 6.8 million for their wage employees (see Table 4). Private domestic wage employees earned on average VND 8.8 million, which is higher than HHB wage employees but lower than HHB owners. These are gross earnings and do not account for tax or social security contributions.

► **Table 4. Average gross monthly earning by the employment category (in million VND)**

Employment Category	All sample	Registered business	Non-registered business
HHB owner	17.5	19.1	15.9
HHB wage employee	6.8	7.0	6.8
Private domestic wage employee	8.8	8.8	NA

Note: Household business owners and wage employees are classified by their employment status in household businesses. Private domestic wage employees are wage employees in private enterprises and non-state non-business units. Monthly earnings are calculated as monthly income of main job in the reference month. Earnings are gross earnings and do not account for tax or social security contributions.

Source: Author calculations based on Viet Nam LFS micro-data 2023.

Disaggregating by registration status reveals further disparities. Registered household business owners earned VND 19.1 million per month, while those in unregistered businesses earned only VND 15.9 million. This pattern suggests that higher-income HHBs are more likely to formalize, in part because they are better able to meet the financial and administrative requirements associated with taxation and social insurance, and because they are more visible to local authorities. Wage employees show less variation by registration status, VND 7.0 million in registered businesses versus VND 6.8 million in unregistered ones. This implies that income gains associated with formalisation tend to accrue primarily to HHB owners, and that benefits for employees may remain limited unless accompanied by broader reforms in labour protection and social insurance coverage.

Earning differences by registration status are consistent with recent evidence on Viet Nam's transition toward formality. While real hourly earnings in the formal sector remain higher than in the informal sector, the gap narrowed markedly from 34 per cent in 2016 to 14 per cent in 2022 as earnings in the informal sector grew faster (ILO, 2025). Over the same period, returns to education weakened, driven in part by diminishing returns within the formal sector. At the same time, evidence from the small and medium manufacturing sector indicates that formalisation can still yield important gains that are not fully captured in short-term wage differentials. Firms that formalise tend to report higher profits, increased investment and less reliance on casual labour, supported by clearer employment contracts and improved working conditions (Rand and Torm, 2012). This points to complementing legal mandates with measures that reduce compliance costs, strengthen contract practices and improve access to finance could help translate formal status into productivity and income gains over time.

Registering a household business provides clearer legal status, and it can serve as an entry point into the social insurance system. If registration can be linked to social insurance registration, both HHB owners and workers would gain access to long-term income security through old-age pensions and survivorship benefits. Over the long term, participation in the pension system represents a significant investment in lifetime earnings: even modest, regular contributions can generate a stable retirement income with positive present values over the life cycle.

▶ 2.4. Social insurance coverage

As in many low- and middle-income countries, household business owners and employees in Viet Nam have low levels of effective social insurance coverage. As of 2023, only a small share of HHB owners (4 per cent), wage employees (2 per cent), and contributing family workers (1 per cent), were contributing to any form of social insurance (Figure 8, Panel A). These figures stand in sharp contrast with effective coverage rates among wage employees in private domestic enterprises at 84 per cent and are even higher in public and foreign-invested enterprises (more than 90 per cent, figures not shown).

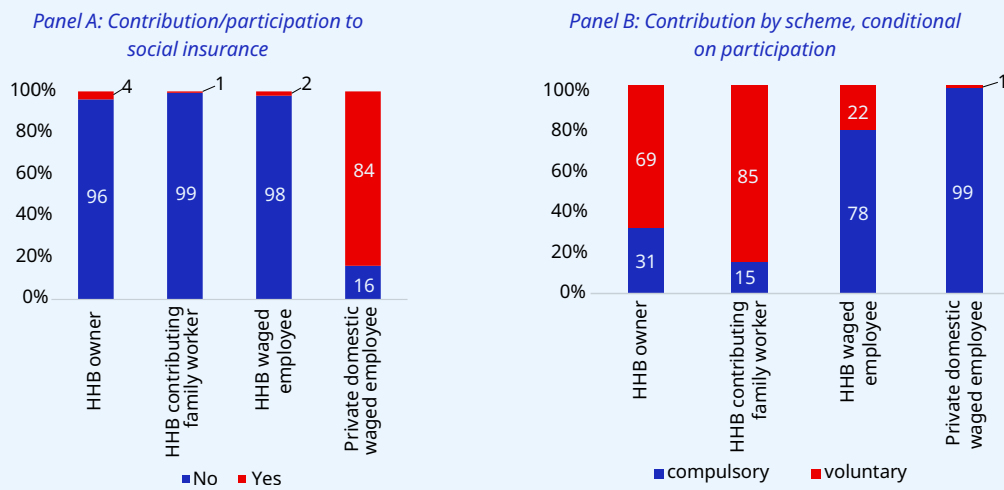
Among HHB owners who reported participating in social insurance, representing 4 per cent of all HHB owners, the vast majority were enrolled in the voluntary social insurance scheme, consistent with their exclusion from compulsory coverage prior to the implementation of the 2024 Social Insurance Law. Despite this, some HHB owners reported participating in the compulsory scheme. Within this small group of SI contributors, 31 per cent reported participating in the compulsory and 69 per cent under the voluntary scheme (Figure 8, Panel B). One mechanism is, for example, by registering under other employment arrangements.



Caption: Migrant worker managing goods at a family-owned shop; Viet Nam; March 2014. © ILO / Nguyen Viet Thanh

By contrast, wage employees in HHBs have been legally eligible for compulsory coverage since the entry into force of the 2014 Social Insurance Law on 1 January 2016. Yet participation remains limited. Among HHB wage employees who enrolled in social insurance, equivalent to 2 per cent of all HHB wage employees, 78 per cent were enrolled in CSI. This remains far below the near-universal CSI coverage observed among wage employees in private domestic enterprises, 99 per cent of whom were enrolled in social insurance participated in the CSI (contributing wage employees in these enterprises represent 84 per cent of all wage employees in the sector). This substantial gap underscores persistent enforcement challenges, weak compliance incentives and limited awareness among both HHB owners and their employees.

► **Figure 8. Effective social insurance coverage of workers employed in household businesses**



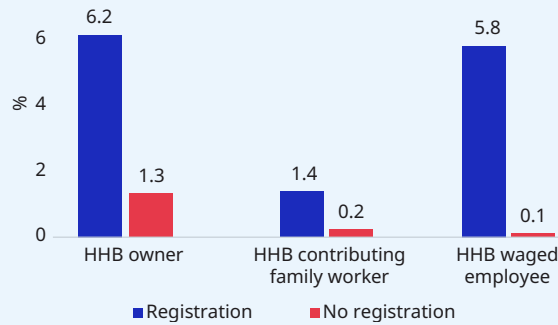
Note: Household business owners, contributing family workers and wage employees are classified by their employment status in household businesses. Private domestic wage employees are wage employees in private enterprises and non-state non-business units.

Source: Author calculations based on Viet Nam LFS micro-data 2023.

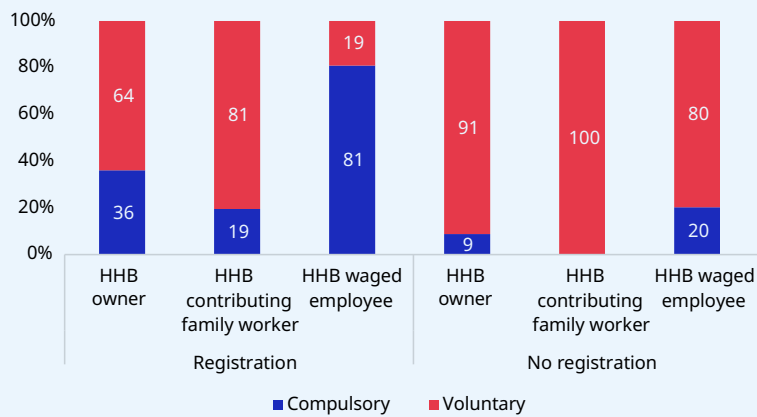
Business registration status plays a decisive role. In 2023, 6.2 per cent of HHB owners that registered their business contributed to social insurance, compared to just 1.3 per cent among business owners who did not register (Figure 9, Panel A). Similar gaps are observed for wage employees and contributing family workers. Registered HHBs demonstrate higher rates of social insurance participation, although coverage remains limited across all groups. Among social insurance contributors in household businesses, wage employees in registered units are more likely to be covered by compulsory social insurance than those in unregistered units, at 81 per cent versus 20 per cent respectively (Figure 9, Panel B).

► **Figure 9. Effective social insurance coverage by registration status**

Panel A: Contribution to social insurance by unit's business registration status



Panel B: Social insurance scheme by unit's business registration status



Note: Household business owners, contributing family workers and wage employees are classified by their employment status in household businesses.

Source: Author calculations based on Viet Nam LFS micro-data 2023.

Coverage also varies geographically but remains extremely low in all regions. Among HHB owners, participation ranges from just 1.7 per cent in the Red River Delta to 7.5 per cent in the Northern Midlands and Mountains (Table 5). For HHB wage employees, coverage peaks at only 3.5 per cent in the Central Highlands. By contrast, wage employees in private domestic enterprises consistently reach coverage levels above 70 per cent in all regions and above 85 per cent in the Southeast and Red River Delta, where economic activity is most concentrated.

► **Table 5. Regional variation in effective social insurance coverage by household business employment type (%)**

Region	HHB owner	HHB contributing family workers	HHB wage employees	Private domestic wage employee
Red River Delta	1.7	0.4	1.8	87.0
Northern Midlands and Mountains	7.5	1.6	2.1	77.6
North Central and Central Coast	4.1	0.5	1.8	81.0
Central Highlands	1.6	0.8	3.5	80.6
Southeast	2.8	0.6	2.2	85.7
Mekong River Delta	7.0	0.9	2.6	72.5

Note: Household business owners, contributing family workers and wage employees are classified by their employment status in household businesses. Private domestic wage employees are wage employees in private enterprises and non-state non-business units.

Source: Author calculations based on Viet Nam LFS micro-data 2023.

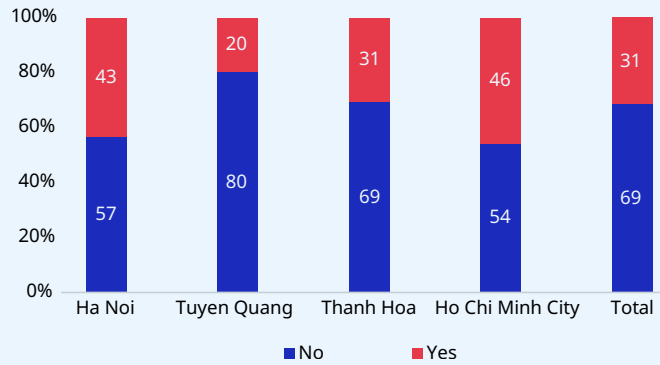
Provincial differences further underline these disparities. Among the four provinces included in the assessment, Ho Chi Minh City (47 per cent) and Hanoi (41 per cent) report contribution rates to social insurance among all employed individuals above the national average of 29 per cent (Figure 10, Panel A). Tuyen Quang and Thanh Hoa recorded lower rates at 16 per cent and 26 per cent, respectively. Narrow down to the HHB segment, effective social insurance remains limited across all provinces under assessment, with less than 2 per cent of coverage, except 3.4 per cent in Thanh Hoa province (Figure 10, Panel B).



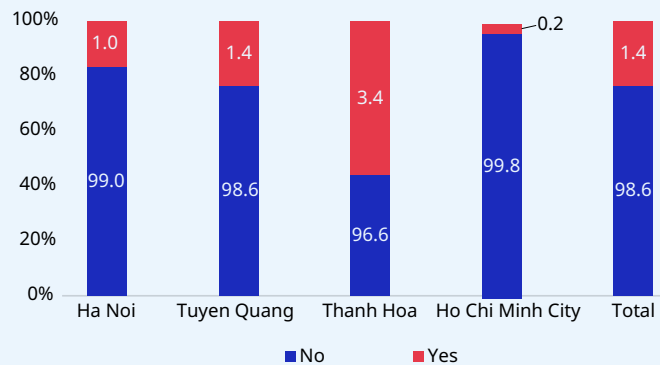
Caption: Worker welding metal incense holders in a bronze casting workshop; Viet Nam; March 2017.
© ILO / Nguyen Viet Thanh

► **Figure 10. Effective social insurance coverage by selected province**

Panel A: Contribution to social insurance by province – all employed individuals



Panel B: Contribution to social insurance by province – HHBs



Note: Total refers to the full employed labour force. The sample covers all employed individuals.

Source: Author calculations based on Viet Nam LFS micro-data 2023.

Provincial differences in effective coverage are observed across employment type. Ho Chi Minh City records the lowest effective coverage among household business owners (0.9 per cent) and contributing family workers (Table 6). Thanh Hoa shows relatively higher coverage among household business owners (7.8 per cent) and wage employees (2.9 per cent). Tuyen Quang, although posting lower-than-average coverage across the household business segment (Figure 10, Panel B), shows a relatively higher coverage for HHB owners (19.4 per cent). Indeed, in Tuyen Quang, authorities actively encouraged HHB owners to join the compulsory scheme even before the 2024 Law formally recognised their eligibility. However, due to the absence of a clear legal basis, many of these contributors have been unable to claim retirement benefits, exposing gaps between practice and entitlement⁶.

6 <https://laodong.vn/xa-hoi/bhxh-viet-nam-de-xuat-chu-ho-kinh-doanh-ca-the-huong-luong-huu-1197341.do>

► **Table 6. Provincial variation in effective CSI by household business employment type (%)**

Region	HHB owner	HHB contributing family workers	HHB wage employees	Private domestic wage employee
Hanoi	1.2	0.1	2.2	89.1
Tuyen Quang	19.4	0.0	1.5	82.1
Thanh Hoa	7.8	2.0	2.9	79.6
Ho Chi Minh City	0.9	0.0	0.4	86.4
Rest of country	4.6	0.9	2.2	80.1

Note: Household business owners, contributing family workers and wage employees are classified by their employment status in household businesses. Private domestic wage employees are wage employees in private enterprises and non-state non-business units.

Source: Author calculations based on Viet Nam LFS micro-data 2023.

Household businesses are a major source of livelihoods in Viet Nam, generating substantial employment and income, yet they remain predominantly informal, small in scale and lightly regulated. Despite their economic role, HHB owners and employees remain largely excluded from the social insurance system. The 2024 Social Insurance Law expands eligibility for compulsory social insurance to registered HHB owners, complementing the existing eligibility of HHB employees with contracts of at least one month under the 2014 Law. Building on this context, the next section provides an overview of Viet Nam's social insurance legal framework as it pertains to HHB owners and workers, as well as examines the extent to which the provisions under the 2014 and 2024 Social Insurance Laws align with international labour standards and good practices.

3. Legal framework and alignment with international labour standards

▶ 3.1. Legal context

Viet Nam has undertaken an ambitious reform agenda to expand social insurance coverage to groups previously excluded from the compulsory system. The strategic direction for these reforms is set out in Resolution No. 28-NQ/TW (2018) of the 7th Plenum of the 12th Party Central Committee, which outlines a roadmap toward universal social insurance coverage. Resolution No. 28 sets progressive targets: 35 per cent of the working-age population covered by 2021, 45 per cent by 2025, and 60 per cent by 2030. By 2024, effective coverage reached 43 per cent, suggesting that the 2025 target may be attainable. Despite great progress in coverage expansion, given the current pace of change, achieving the 2030 target will remain challenging.

The 2014 Law on Social Insurance already mandated the inclusion of employees employed by HHBs under compulsory social insurance. Article 2, Clause 1 stipulated that employers, including HHBs with labour contracts of at least one month, were obligated to register employees for compulsory social insurance. Yet compliance among HHBs remained extremely low. As of 2023, about 2 per cent of HHB wage employees contributed to social insurance, far below the national average of 29 per cent across all employed individuals and significantly lower than the 84 per cent effective coverage rate among employees in private enterprises (Figure 8, Panel A in chapter 2). Notably, the 2014 Law did not bring registered HHB owners themselves within the compulsory social insurance system. Instead, they were eligible only for voluntary social insurance, limited to old-age pensions and survivorship.

The 2024 Law on Social Insurance (Law No. 41/2024/QH15) addresses this gap by extending mandatory participation to registered HHB owners. Point m, Clause 1, Article 2 specifies that “owners of business households with business registration shall participate in compulsory social insurance”. Given the magnitude of Viet Nam’s individual business establishment sector, the expansion of the compulsory social insurance to registered HHB owners and employees is a critical lever for achieving the Resolution 28 target of 60 per cent coverage by 2030. However, the extension of obligations also raises a policy risk where HHB owners may opt to de-register or operate informally to avoid contribution requirements, potentially undermining the intended coverage gains.

Employees in HHBs remain covered under the same provisions as in the 2014 Law: all workers with contracts of one month or longer must be enrolled in CSI, regardless of whether the HHB is registered. The Law clarifies that this obligation applies even where agreements are made under another title, provided the arrangement reflects paid employment under the management and supervision of one party. This



Caption: Elderly vendor at a morning fish market; Viet Nam; March 2017. © ILO / Nguyen Viet Thanh

provision is consistent with international labour standards, which emphasise substance over form in determining employment relationships.

3.1.1. Branches and contribution rates

Under the 2024 Social Insurance Law, both registered HHB owners and their employees are recognised as eligible participants in the compulsory system. HHB owners are entitled to sickness, maternity, old-age pension and survivorship benefits, while employees of both registered and unregistered HHBs are entitled to the full range of benefits available under the compulsory scheme, including in addition to the above-mentioned four contingencies, work-related accidents and occupational diseases and unemployment insurance⁷. HHB owners are not yet eligible for these two contingencies, leaving social protection adequacy gaps in their short-term protection compared with employees in enterprises⁸.

Compared with the voluntary scheme, participation in the compulsory system offers HHB owners access to a broader package of benefits, particularly short-term protection such as sickness and maternity. In addition, for household business owners who are not subject to compulsory social insurance but participate in voluntary social insurance (for example owners of unregistered HHBs), the 2024 Law also introduces a one-time maternity benefit of VND 2 million per child, fully funded by the State budget, for voluntary social insurance participants. The voluntary scheme remains excluding sickness benefits. Table 7 summarises

⁷ Social insurance in Viet Nam does not provide disability benefits; such support is instead offered through the non-contributory social assistance system.

⁸ Whether unemployment insurance will be extended to HHB owners remains uncertain. As self-employed workers, HHB owners may not meet the eligibility conditions typically required to claim unemployment benefits, such as demonstrating loss of employment or dismissal. Similarly, the 2015 Law on Occupational Safety and Health, which governs obligations and benefits for work-related accidents and occupational diseases, has not yet been revised to reflect the inclusion of HHB owners in the compulsory social insurance system.

the contribution requirements per contingency under the compulsory and voluntary schemes. Under the compulsory scheme, entitlements are also distinguished between HHB owners and employees.

► **Table 7. Contribution rates for the different social security branches**

Branch	Compulsory scheme		Voluntary scheme
	Eligible employees (incl. employees in HHBs)	HHB owners	
Sickness	3% of insurable earnings paid by employer	3% of insurable earnings paid by self	Not covered
Maternity			Fully funded by the state budget
Old-age pension	22% of insurable earnings (of which, 14% paid by employer, 8% paid by employee)	22% of insurable earnings paid by self	22% of insurable income paid by self
Survivorship			
Work-related accidents and occupational diseases^{9,10}	For all employees: 1% of insurable earnings paid by employer Effective from 1 June 2017, the rate was temporarily reduced to 0.5%	Not covered	If pay per 6-month: 6% of minimum wage of region IV If pay per 12-month: 12% of minimum wage of region IV
Unemployment insurance¹¹	2% of insurable earnings (of which 1% paid by employer, 1% paid by employee)	Not covered	Not covered

Source: Law on Social Insurance No. 41/2024/QH15; Employment Law No. 74/2025/QH15; Law on Occupational Safety and Health No. 84/2015/QH13, Decree 143/2025/ND-CP.

Household business owners are responsible for covering both the employer and employee share of contributions for their own participation. According to Points a and b, Clause 4, Article 33 of the 2024 Social Insurance Law, HHB owners are required to contribute 3 per cent of their monthly insurable earnings to the sickness and maternity fund and 22 per cent to the retirement and survivorship fund, amounting to a total compulsory contribution rate of 25 per cent. For employees in HHBs, contributions are shared between employers and employees, as in other enterprises. In particular, employees contribute 8 per cent, while employers contribute 14 per cent to the retirement and survivorship and 3 per cent to sickness and maternity.

3.1.2. Contribution flexibility

Unlike employees, whose insurable earnings are based on contractual wages, HHB owners may self-declare their insurable earnings within a legally defined range. Point d, Clause 1, Article 31 of the 2024 Law stipulates that the declared income must not fall below the minimum reference level (currently the statutory base salary of VND 2,340,000 per month) or exceed 20 times this level. At the minimum reference

9 Article 44, Law on Occupational Safety and Health No. 84/2015/QH13

10 Effective from 1 June 2017, the rate was temporarily reduced to 0.5% under Decree No. 44/2017/ND-CP

11 Article 33, Employment Law No. 74/2025/QH15

level, the compulsory contribution at 25 per cent amounts to VND 585,000 per month. This reference level will be adjusted periodically to reflect inflation, economic growth, and the fiscal capacity of the State budget and the social insurance fund¹².

Payment schedules have also been designed with flexibility to accommodate irregular income patterns. HHB owners may contribute monthly, quarterly or semi-annually, either directly to social insurance agencies or through collective intermediaries such as cooperatives or cooperative unions engaged in management. The latest deadline for payment is the last day of the month following the contribution cycle. HHB employees paid by product or contract in seasonal sectors such as agriculture, forestry, fisheries and salt production may also contribute on a quarterly or semi-annual basis. This payment schedule only applies to employees in these sectors, while for the rest, contribution shall be made to the social insurance agency monthly. The reform recognises the irregular income flows of HHBs and seeks to reduce compliance barriers by allowing greater flexibility in how and when contributions are made.

At present, unemployment insurance and work-related accident and occupational disease benefits are not available for HHB owners. While these branches are critical for providing comprehensive short-term protection, the legal and administrative framework for extending them to HHB owners is not yet in place. The Employment Law 2013 and 2025, however, makes clear that employees of registered HHBs are covered by unemployment insurance.

► 3.2. Alignment with International Labour Standards

The extension of compulsory social insurance to household business owners under the 2024 Social Insurance Law, alongside the earlier inclusion of HHB employees under the 2014 Law, represents a significant step forward in aligning Viet Nam's social protection system with international labour and social security standards. These standards, developed through tripartite dialogue and adopted by ILO member States, provide a globally recognised framework for building inclusive and rights-based social protection.

Viet Nam has ratified 25 ILO Conventions, including nine of the ten Fundamental and three of the four Governance Conventions, with 22 currently in force. Recent ratifications include the Right to Organise and Collective Bargaining Convention, 1949 (No. 98) in 2019 and the Abolition of Forced Labour Convention, 1957 (No. 105) in 2020. Although Viet Nam has not ratified the Social Security (Minimum Standards) Convention, 1952 (No. 102), its reforms demonstrate progress toward meeting, and in some cases surpassing, these international benchmarks.

This section assesses how the 2024 and 2014 Social Insurance Laws, as applied to HHB owners and employees, align with three key International Labour Standards: the Social Security (Minimum Standards) Convention, 1952 (No. 102); the Social Protection Floors Recommendation, 2012 (No. 202); and the Transition from the Informal to the Formal Economy Recommendation, 2015 (No. 204).

¹² According to Article 7, Chapter I, the Government shall provide detailed regulations for this Article.

Social Security (Minimum Standards) Convention, 1952 (No. 102)

Convention No. 102 establishes minimum standards across nine core contingencies of social security: medical care, sickness benefit, unemployment benefit, old-age benefit, employment injury benefit, family benefit, maternity benefit, invalidity benefit, and survivors' benefits. Although Viet Nam has not ratified this Convention, ILO assessments suggest that many provisions of its social security system already meet or exceed the Convention's standards¹³.

Social Protection Floors Recommendation, 2012 (No. 202)

Recommendation No. 202 calls for nationally defined social protection floors guaranteeing, at a minimum, i) access to essential health care; ii) basic income security for children; iii) basic income security for persons in active age unable to earn sufficient income; iv) and basic income security for older persons. The recommendation builds on principles of universality, adequacy, predictability, and solidarity in financing.

Among the principles set out by Recommendation No. 202 are the principle of social inclusion, including of persons in the informal economy (para 3(e)) and solidarity in financing while seeking to achieve an optimal balance between the responsibilities and interests among those who finance and benefit from social security schemes (para 3 (h)). The Recommendation specifies that social security extension strategies should apply to persons both in the formal and informal economy and support the growth of formal employment and the reduction of informality, and should be consistent with, and conducive to, the implementation of the social, economic and environmental development plans of Members (para 15). As such, Recommendation No. 202 calls for the special characteristics of these types of work to be taken into consideration in social security provisions, which can be achieved, for example, by ensuring flexibility in the scheme's design, progressive financing, and state support, including subsidies, to ensure affordability and predictability.

The Recommendation also highlights the importance of ensuring that entitlement to benefits is prescribed by national law (para 3(b)) and that they are adequate and predictable (para. 3(c)). Concerning the adequacy, Recommendation No. 202 envisages that levels of provision are to be nationally defined; however, it provides clear guidance on what may be considered appropriate: the minimum level of income security should allow for a life in dignity and should be sufficient to provide effective access to a set of necessary goods and services, such as those established by national poverty lines and other comparable thresholds (United Nations and ILO 2024, R202, para 8(b)).

Transition from the Informal to the Formal Economy Recommendation, 2015 (No. 204)

Recommendation No. 204 provides guidance for facilitating the transition from the informal to the formal economy. It has three objectives: i) to enable the transition of workers and economic units into the formal economy, ii) to promote the creation of decent jobs and sustainable enterprises, and iii) to prevent the informalization of existing formal jobs. Priority actions include simplifying and linking registration, taxation

¹³ ILO assessments suggest that Viet Nam could adopt a gradual approach and initiate the ratification process by ratifying those parts of the law that fully comply with the Convention, as well as those that comply broadly. Pending a tripartite validation workshop in line with Convention No. 144 to which Viet Nam is party to, the report suggests that the Government of Vietnam could be in a position to ratify Part II (medical care) and Part VII (maternity benefits), and subject to clarifications or minor parametric adjustments, as specified in the report, sickness benefits (Part III), Unemployment Benefits (Part IV), Old-Age benefits (Part V), and Survivor's benefits (Part IX). The ratification of the other branches may be considered at a later date when national circumstances allow (ILO, unpublished).

and compliance systems; balancing incentives with enforcement; improving access to social protection, occupational safety and health and minimum standards; supporting productivity and access to finance and services for micro and small units; and strengthening coordination across institutions so that legal coverage translates into effective coverage.

Overall assessments

Viet Nam's legal reforms demonstrate a strong commitment to expanding social protection in line with the three key international labour standards. Resolution No. 28 sets out the roadmap for social insurance reform, while Resolution No. 42 (2023) provides a broader framework for social policy, with ambitious targets of 60 per cent of the working-age labour force covered by social insurance, 45 per cent covered by unemployment insurance, and over 95 per cent of the population covered by health insurance by 2030.

The extension of compulsory social insurance to HHB owners aligns with four out of the nine contingencies of the Minimum Standards Convention (No. 102), particularly old-age, survivors', sickness and maternity benefits. The 2013 Employment Law (and then EL 2025) further specifies unemployment insurance for HHBs employees. Yet, gaps remain. HHB owners are not covered for employment injury or unemployment insurance, and practical challenges limit access even where rights exist in the law.

The 2014 and 2024 Social Insurance Laws reflect the spirit of the Social Protection Floors Recommendation, 2012 (No. 202). The extension of CSI to HHB owners broadens access to contributory protection across the life course for a group of workers previously excluded from the compulsory social insurance system. However, contributory schemes alone cannot achieve universality, particularly given the large share of HHBs with low or irregular incomes, or those operate without business registration. Viet Nam already provides non-contributory mechanisms such as social pensions for older persons without contributory entitlements, health insurance subsidies for the poor and near-poor, and targeted social assistance for vulnerable groups¹⁴. However, these schemes remain modest in adequacy, and not yet effectively coordinated with contributory insurance. To align fully with R.202's principles of universality, adequacy, predictability and solidarity in financing, there is a need to strengthen the coordination and alignment of the contributory and non-contributory schemes, which would be in line with the recent efforts in the 2024 Social Insurance Law. It is also important to raise the adequacy of social assistance, and introduce subsidies or progressive contribution arrangements to make CSI affordable for low-income HHB owners and employees.

By registering their businesses, HHB owners become formal, but their employees are not necessarily covered by social insurance. The extension of coverage to the HHB segment reflects the Transition from the Informal to the Formal Economy Recommendation, 2015 (No. 204), by legally recognising a previously uncovered group within the compulsory system. Yet challenges remain in practice. Business registration, tax administration and social insurance enrolment continue to operate in silos, resulting in duplication, unclear obligations and low compliance. The absence of tangible incentives, whether fiscal, procedural, or access-based, limits the attractiveness of formalization for HHBs. Moreover, given the high contribution burden on HHB owners and the limited incentives to enrol their employees, there is a real risk that some HHBs may revert to informality to avoid compliance costs.

¹⁴ These groups include for example the elderly (above 75 years old) without retirement pensions, the elderly (70-75 years old) without retirement pensions and are poor or near-poor households, the disabled, orphans and abandoned children, poor and near-poor households with special difficulties, etc.

Overall, Viet Nam's reforms move the country closer to alignment with international standard and best practices, but full compliance requires that legal provisions translate into effective, predictable and adequate protection in practice. This will depend on strengthening institutional coordination, simplifying procedures, meaningfully engaging social partners, addressing financial barriers, and tailoring implementation measures to the realities of HHB owners and their employees. Only with these reforms can Viet Nam build a truly inclusive, adequate and sustainable social protection system that reach universal coverage in the long run.



Caption: Wood carving at a small workshop; Hung Yen, Viet Nam; March 2017. © ILO / Nguyen Viet Thanh

4. Expansion of effective compulsory social insurance coverage to household business sector

This section draws on structured surveys, in-depth interviews, and focus group discussions with HHB owners to assess the awareness of the 2024 Law on Social Insurance, perceptions of benefits, willingness to participate, and key barriers to compliance¹⁵. The findings provide policy-relevant insights into how HHB owners interpret and respond to their obligations, and what measures may be required to support effective implementation. Data were collected in Hanoi, Ho Chi Minh City, Thanh Hoa, and Tuyen Quang between August and October 2024. The fieldwork was conducted shortly after the law was adopted on 29 June 2024 and before its entry into force on 1 July 2025, offering an early snapshot of the preparedness on the ground.

The structured survey covered 827 respondents, including 234 registered HHB owners, 162 unregistered HHB owners, and 431 individual businesses¹⁶. In-depth interviews and focus group discussions complemented the structured survey. A total of 53 HHB owners participated in the qualitative component, including 18 in in-depth interviews and 35 across seven focus group discussions. These interviews explored HHB owners' understanding of the legal framework, perceptions of benefits, willingness to contribute and barriers to participation, with particular attention to views on contribution rates, payment schedules and administrative procedures. In addition, 38 key informants were engaged through semi-structured interviews and group consultations. These included representatives from provincial and district social insurance agencies, district People's Committees, line departments (labour, planning and finance), as well as national policy researchers and legal experts. Discussions focused on the feasibility of implementing both the 2014 and 2024 Social Insurance Laws across diverse contexts.

In addition to analysing HHB owners' own participation, this chapter also explores awareness, practices and behaviours in relation to HHB owners' responsibilities to enrol their employees, as already mandated under the 2014 Law on Social Insurance. It highlights the challenges for compliance drawing on both survey results and qualitative interviews.

While the study offers rich evidence, some caveats apply. Employees were not interviewed directly, so their perspectives are inferred through owners' responses and institutional informants. Moreover, findings on awareness, readiness and willingness to participate reflect the period between the 2024 Law's passage

¹⁵ Given the scope of the report, the analysis will focus on registered HHB owners. Some analysis also includes unregistered HHBs where relevant and will be noted.

¹⁶ See section 2.1 on the definition of HHBs used in the report, as well as the definition of individual businesses.

and the time it took effect and may evolve with implementation. Detailed information on the survey methodology and qualitative tools is provided in the appendices.

► 4.1. Awareness and perceptions

4.1.1. Participation of household business owners

Limited awareness

Survey and qualitative data reveal very low awareness of the 2024 Social Insurance Law among HHB owners, particularly in urban areas where information flows are assumed to be strongest. In Hanoi and Ho Chi Minh City, many registered HHB owners were unfamiliar with the Law. During focus group discussions and in-depth interviews with HHB owners, the research team found it necessary to explain the law's new provisions prior to initiating each session. Similarly, survey enumerators reported needing to spend considerable time explaining the new provisions of the law to registered HHB owners before beginning the interviews. In contrast, HHB owners in Thanh Hoa and Tuyen Quang showed a relatively higher level of awareness about compulsory social insurance participation. For example, in one district of Thanh Hoa, a business owner recalled:

"The district's Social Insurance officer came to explain that registered business household owners are now subject to compulsory social insurance and showed me how to calculate the monthly contribution."

(IDI, female, registered HHB owner, 49 years old, Thanh Hoa province).

In Tuyen Quang, a HHB owner who had previously participated in the compulsory scheme reported actively following the new law:

"I participated in compulsory social insurance in the previous period, but currently my pension has not been resolved. People like me regularly follow the new regulations of the Social Insurance Law. Family, relatives and friends also share links to articles about this content."

(FGD, female, registered HHB owner, 35 years old, Tuyen Quang province).

This suggests that even in provinces that were supposed to have better access to information, dissemination efforts have not effectively reached target groups. The timing of the survey, just two months after the Law's passage, partly explains this limited awareness, but it nevertheless underscores the importance of systematic outreach. Although the Law was passed in June 2024 and would take effect on 1 July 2025, there was little communication or awareness-raising activities by the VSS in the months following its adoption.

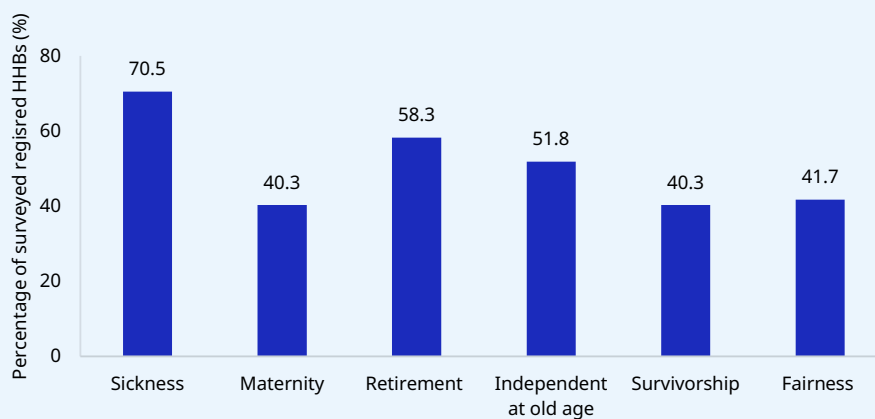
Perceived benefits

Once informed about the new provisions, HHB owners identified protection during illness (71 per cent), protection in old age (58 per cent), and reduced dependence from children or relatives (52 per cent) as key benefits (Figure 11). However, qualitative findings show that many owners equate social insurance

primarily with health insurance, rather than as income replacement for sickness, maternity, work-related accidents, or old age. A high proportion of respondents selected “being protected when sick” as the main benefit of participation, likely reflecting a strong association with medical care rather than income replacement. Confusion between health and social insurance was widespread, particularly in Ho Chi Minh City where perceptions of benefits were markedly weaker than in Hanoi, Thanh Hoa or Tuyen Quang.

In several FGDs, participants also raised concerns about the difficulty of accessing health insurance benefits when asked about potential barriers to participating in compulsory social insurance. This highlights the need for improved messaging to distinguish social insurance from health insurance and to address concerns about benefit accessibility. It is essential to design communication campaigns that clarify the specific roles and benefits of compulsory social insurance. Enhancing access to health insurance entitlements may also help improve perceptions and acceptance of the broader compulsory social insurance system.

► **Figure 11. Perceived benefits of participating in compulsory social insurance among registered HHB owners**

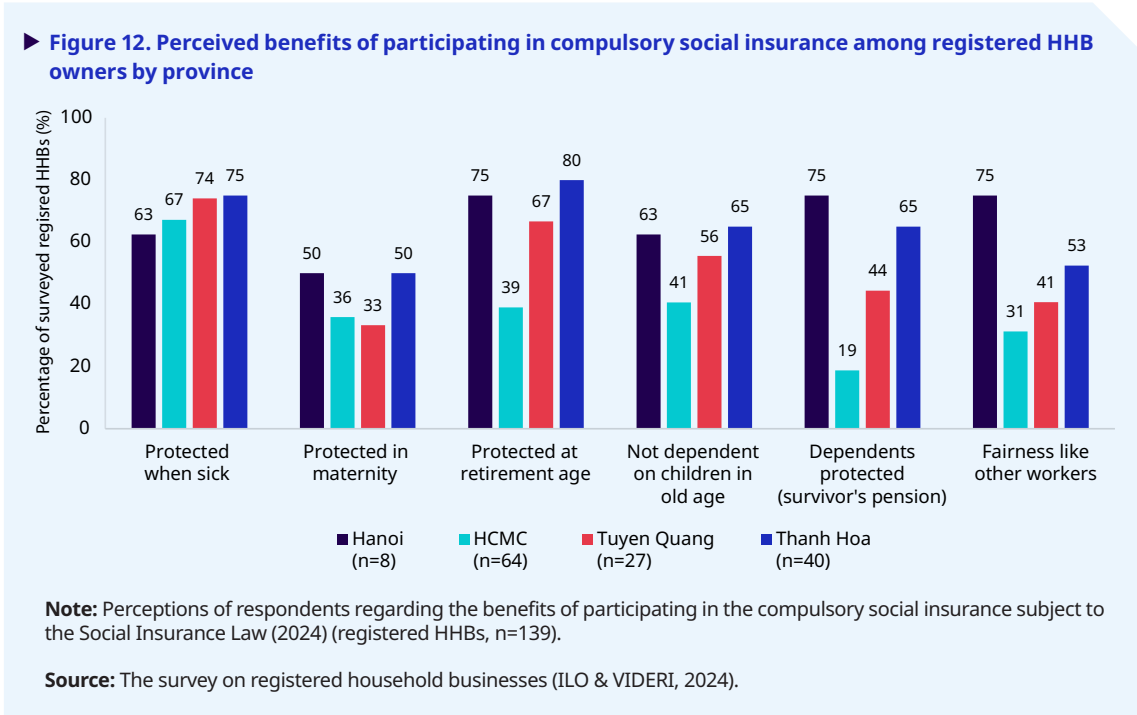


Note: Perceptions of respondents regarding the benefits of participating in the compulsory social insurance subject to the Social Insurance Law (2024) (registered HHBs, n=139).

Source: The survey on registered household businesses (ILO & VIDERI, 2024).

Regional disparities

Perceptions of benefits vary considerably across selected provinces. In Ho Chi Minh City, recognition of key benefits was markedly lower than in other locations. Only 39 per cent of surveyed registered HHB owners cited protection in retirement as a benefit, compared to 75 per cent in Hanoi, 67 per cent in Tuyen Quang, and 80 per cent in Thanh Hoa (Figure 12). Likewise, just 19 per cent of respondents in Ho Chi Minh City acknowledged survivorship benefits for dependents, while this figure stood at 75 per cent in Ha Noi and 65 per cent in Thanh Hoa. Furthermore, only 31 per cent of HHB owners in Ho Chi Minh City believed that participation in compulsory social insurance ensured equal treatment with other workers, compared with 75 per cent in Hanoi.



FGD participants in Ho Chi Minh City expressed doubts about the potential benefits of participation in compulsory social insurance, in particular whether they would be able to claim income replacement when ill or have a work-related accident. Some noted challenges from previous experience in accessing benefits due to the mismatches between the medical records of the health agency with that covered by the health insurance. These perceptions were compounded by the belief that alternative strategies such as saving in banks, purchasing private life insurance, or investing in land and gold offered better security for retirement.



Caption: Vocational training in motorcycle repair for a young worker; An Giang, Viet Nam; January 2020. © ILO

These findings are particularly concerning given that Ho Chi Minh City accounts for the largest number of registered HHBs nationwide, both in cumulative and new registrations¹⁷. Despite this administrative progress in formalization, survey data indicate relatively low awareness and engagement with compulsory social insurance among HHB owners. This disconnect suggests that business registration alone does not automatically lead to participation in the CSI. This implies the importance of understanding the link between business registration and owners' willingness to participate in CSI. While improved registration systems are essential for formalization, they must be accompanied by effective outreach, administrative coordination, and enforcement mechanisms to ensure that HHB owners not only register their businesses but also comply with their social insurance obligations.

The survey found no significant gender differences in the perception of benefits associated with compulsory participation. Nonetheless, benefits that tend to more directly impact women's participation in social insurance due to cultural norms, including maternity leave and earlier retirement eligibility for women in hazardous occupations remain under-communicated. These features should be emphasized more clearly in outreach and communication strategies. Regional cultural norms and risk preferences may also influence how HHB owners assess the relevance of social insurance, warranting further research.

Despite limited overall awareness of the 2024 Social Insurance Law and its new provisions among surveyed participants, a subset of HHB owners, particularly those with higher and more stable incomes, have demonstrated early interest in participating in compulsory social insurance. They managed to enrol even though they were not eligible before¹⁸. These individuals, typically over the age of 35 and earning net monthly profits above VND 7 million, have proactively sought to maintain or initiate coverage through informal or workaround arrangements. Some HHB owners without formal eligibility have signed employment contracts with acquaintances' businesses or former employers to remain enrolled in the system. In such cases, they have willingly paid the full contribution rate entirely out of pocket and without employer co-financing.

"After being informed I was ineligible for compulsory social insurance, I had to sign a sales contract with an acquaintance's stationery store to continue contributing to the compulsory social insurance".

(IDI, registered HHB owner, stationery retailer).

"When I opened my own business, I asked my old company to continue paying social insurance, health insurance and unemployment insurance for me. I now cover the full 32 per cent myself, instead of the company paying 21.5 per cent like when I was an employee there".

(IDI, female, registered HHB owner, 32 years old, Thanh Hoa province).

¹⁷ Ho Chi Minh City recorded 12,065 newly registered household businesses, representing 10.8 per cent of all new registrations in the country. These businesses registered a total of 21,794 employees, out of a national total of 244,817 newly registered employees (Data in the period from 01 July 2023 to 30 September 2023 from the Department of Business Registration Management, Ministry of Planning and Investment).

¹⁸ Since 2003, some local Social Insurance agencies have collected compulsory social insurance contribution from HHB owners, although according to the provisions of the law on social insurance that is still in effect, business household owners are not subject to compulsory social insurance. According to statistics from Vietnam Social Insurance, as of 31 May, 2023, 3,567 HHB owners have participated in compulsory social insurance; the amount paid to the Social Insurance Fund is about 113 billion VND. Moreover, 9,648 business household owners have been resolved and paid for sickness and maternity benefits, with an amount of 13.28 billion VND; 1 person has been resolved and paid for occupational accident and disease insurance, with an amount of 21.55 million VND; 275 people have been resolved for retirement and survivorship benefits, with an amount of 32.84 billion VND; 397 people were settled to receive social insurance benefits at one time, the amount was 9,328 billion VND.

Source: <https://vneconomy.vn/co-hoi-co-luong-huu-voi-chu-ho-kinh-doanh-bi-thu-sai-bao-hiem-xa-hoi.htm>

These examples reflect existing recognition of the benefits of social insurance and higher capacity to pay the contributions among higher-income HHB owners. Interest in social protection was present even prior to the mandate introduced by the 2024 Law. They also underscore the urgent need for clear, simplified legal pathways for HHB owners to enrol in the compulsory scheme, without relying on informal arrangements that may lead to legal ambiguity or misuse of employment classifications. Such situations are expected to be avoided after the 2024 Law took effect.

4.1.2. Participation of household business employees

Despite the legal obligation under the 2014 Law on Social Insurance, awareness and understanding of HHB owners and individual entrepreneurs on their duty to register employees for CSI remain limited.

Low awareness of obligations

Nearly a decade after the 2014 Law came into effect, awareness among HHB owners of their duty to register employees for CSI remains limited. About 20 per cent of surveyed owners had never heard of this requirement, and many long-standing business owners learned of it for the first time during the survey. Although most surveyed HHB owners (94 per cent) identify themselves as employers, many of them cannot fully distinguish when a written labour contract is required for their employees. Among the sample, 16 per cent of interviewed household and individual business owners reported regularly hiring wage workers without signing labour contracts (Figure 11, Panel A). Many stated in interviews and FGDs that they were unaware of this requirement. Some explained that they do not consider the labour arrangement of their employees as stable or long-term, since labour use is highly flexible. For example, some food vendors employ part-time staff who work only four to five hours a day. These arrangements were not considered to require formal contracts or social insurance contributions.

Importantly, most employers using hired labour reported no knowledge of the legal consequences of failing to comply with social insurance obligations. The 2014 Social Insurance Law includes clear prohibitions for employers, including evasion, delay, or misappropriation of contributions, as well as fraud and obstruction of employee rights. However, these provisions are not widely known among household business owners. Even those who have operated for many years expressed surprise that they were required to register employees for compulsory social insurance:

"I have never heard that as a business owner, I have to pay compulsory social insurance for my employees. I have been in business since 2015, which is almost 10 years now. I have not seen any laws being disseminated, nor have I seen any agency reminding me to participate.... I have not signed labour contracts with them, even though they have worked for me for many years. Even during the COVID pandemic, when there were almost no orders, I had to use my own capital to cover the costs for my employees."

"I find it very worrying. Now I know that I will have to participate in compulsory social insurance for household business owners, and I also know that I will have to participate for employees. If I employ my family members to work for me, and all of them require me to participate in compulsory social insurance, it will be difficult for me... Every morning when I open my eyes, I have to think about the expenses I need to cover, and now I have to worry about this social insurance fee as well."

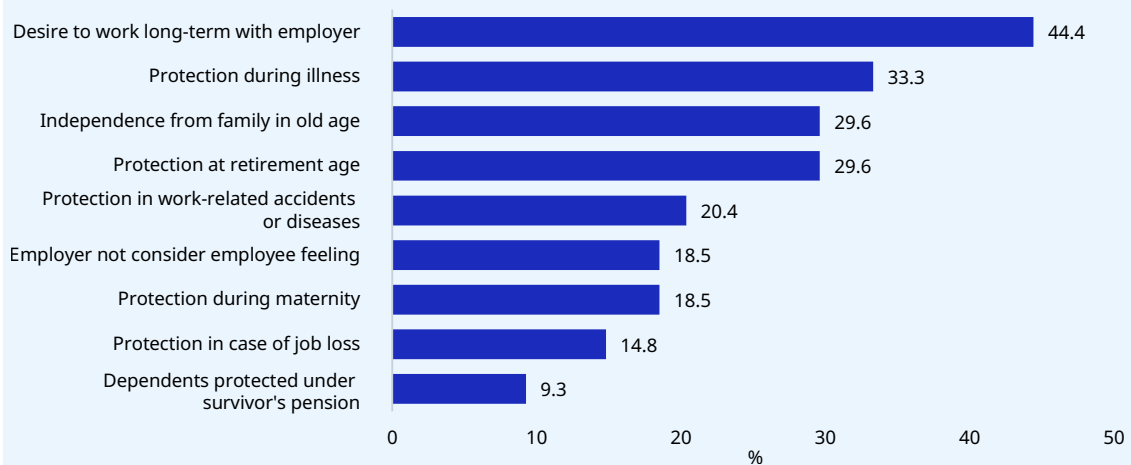
(FGD, male, registered HHB owner, Ho Chi Minh City).

Many business owners perceive themselves as part of the informal economy, operating at small scale with low and irregular profits. As such, compliance with labour and social insurance regulations is often deprioritized. This perception, combined with limited legal awareness, contributes to very low levels of participation in compulsory social insurance for employees in household businesses.

Perceived benefits

Among business owners who currently participate in compulsory social insurance for their employees (54 respondents), the most frequently cited benefit (44 per cent) was that insurance increases workers’ attachment to the business (Figure 13). Other perceived benefits included: protection during illness (33 per cent), retirement security (30 per cent), reduced dependence in old age (30 per cent), coverage in case of work-related accidents or occupational diseases (20 per cent), and maternity protection (19 per cent). These figures suggest that, even among those who participate, business owners do not strongly emphasize the full range of social protection benefits available to employees. This may partly explain why they do not view CSI as a tool to attract or retain workers.

► **Figure 13. Perception of household and individual business owners regarding employee’s benefits under CSI (%) (n=54)**



Source: The survey conducted with individual and household businesses (ILO & VIDERI, 2024).

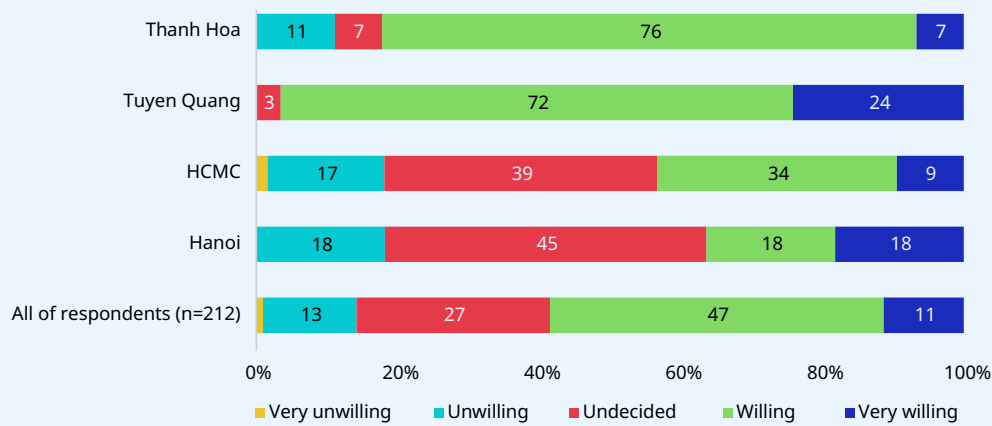
These findings underscore that, while the legal framework obliges HHBs to insure employees, in practice compliance remains very low due to weak dissemination, limited enforcement, affordability constraints and the perception that CSI offers little added value. Without stronger outreach, incentives, and simplified administrative procedures, the expansion of CSI to HHB employees risks remaining largely nominal.

► 4.2. Willingness to participate

4.2.1. By household business owners

Assessing the willingness of registered HHB owners to comply with the 2024 Law offers valuable insights into anticipated participation levels and potential implementation challenges. Overall, the findings reveal a moderate to high level of willingness. Among registered HHB owners who responded to the question on willingness to participate in CSI after the 2024 Social Insurance Law takes effect, 58 per cent indicated that they were either “willing” or “very willing” to participate (see Figure 14).

► **Figure 14. Willingness to participate in social insurance of registered business household owners by province**



Note: Respondents’ willingness to participate as a registered HHB owner after the Social Insurance Law (2024) comes into effect on 1 July 2025.

Source: The survey on registered household businesses (ILO & VIDERI, 2024).

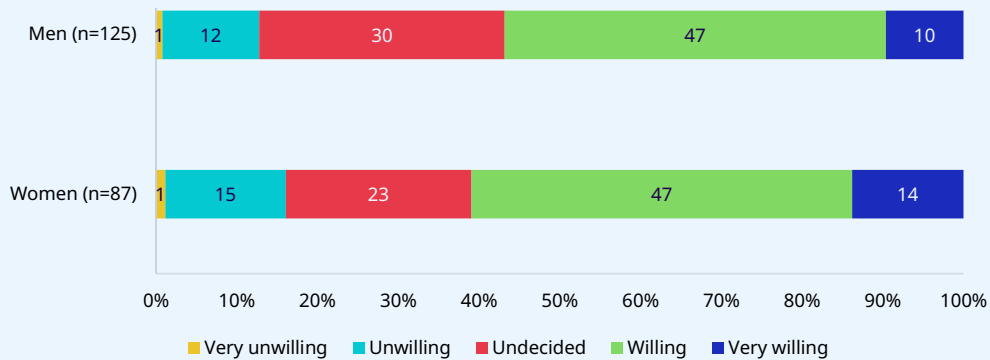
A comparison across province highlights significant provincial variation. In Thanh Hoa and Tuyen Quang, 96.6 per cent and 82.2 per cent of respondents, respectively, expressed willingness to participate, which was substantially higher than Hanoi and Ho Chi Minh City. FGDs with registered HHB owners suggest that many of those in urban areas compare participation in compulsory social insurance to alternative investment channels such as real estate, gold, or commercial insurance. In these settings, the compulsory scheme is often seen as inflexible and less financially advantageous in the short term due to limitation of lump-sum withdrawals.

“Now the State stipulates that ‘compulsory social insurance’ with the word ‘compulsory’, which means we have to participate. But if we say that the benefit of social insurance is to protect us, then we have many ways to protect ourselves. For example, instead of paying into the insurance fund, we can save money in a bank. When we retire, we can receive interest from the bank like a pension. Meanwhile, withdrawing money from the bank is always convenient. If we switch to investing in land, we can easily withdraw money from the bank, while paying into the State’s social insurance fund cannot be withdrawn.”

(FGD, group of registered HHB owners, Ho Chi Minh City).

Gender-wise, female HHB owners show a higher level of willingness to participate than their male counterparts, with 13.8 per cent reporting they were “very willing,” compared to 9.6 per cent among male respondents (Figure 15).

► **Figure 15. Willingness to participate in social insurance of registered business household owners by gender**



Note: Respondents’ willingness to participate as a registered HHB owner after the Social Insurance Law (2024) comes into effect on 1 July 2025.

Source: The survey on registered household businesses (ILO & VIDERI, 2024).

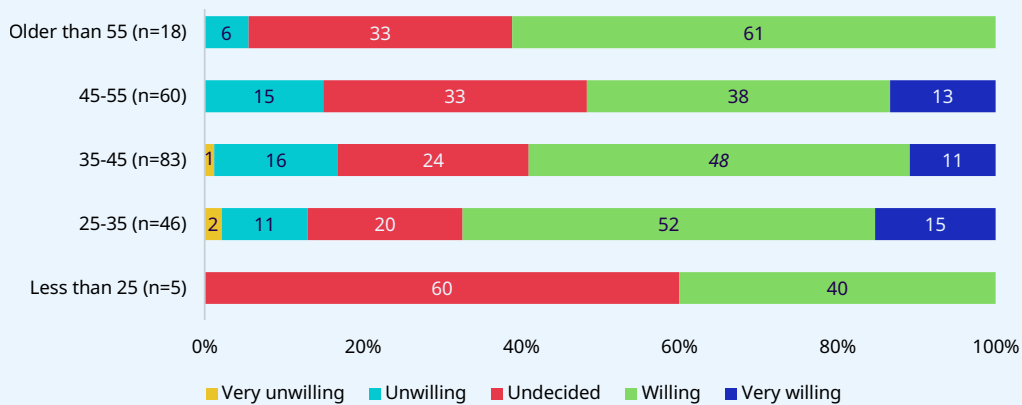
IDIs and FGDs with HHB owners suggest that this difference is driven in part by women’s stronger recognition of the benefits of compulsory social insurance, particularly maternity protection. However, the findings also reveal limited awareness of the fact that maternity benefits apply also to men when their spouses give birth. Female registered HHB owners also more frequently cited a desire to avoid becoming a financial burden on their children in old age.

“I participate in social insurance so that I can have a pension later and not have to depend on my children. I am still young and can make a lot of money, so I will try to pay.”

(FGD, group of registered HHB owners, Thanh Hoa province).

Differences in willingness to participate in compulsory social insurance by age group also emerge. Registered HHB owners under 25 are the least willing to participate, while the 25–35 age group shows the highest willingness (Figure 16). The 35–45 group aligns closely with the overall average, while willingness declines slightly in the 45–55 age group. Among those aged 55 and older, 61 per cent are willing to participate, although none reported being “very willing.” This suggests that despite the variation across age groups that might have difference awareness and preference for social insurance, particularly old-age pensions, for most groups, more than half are willing or very willing to participate. Old age pensions can still be a great motivating factor for workers and owners to register.

► **Figure 16. Willingness to participate in social insurance of registered business household owners by age**



Note: Respondents' willingness to participate as a registered HHB owner after the Social Insurance Law (2024) comes into effect on 1 July 2025.

Source: The survey on registered household businesses (ILO & VIDERI, 2024).

The differences in participation levels across age group shown in the survey are also consistent with data collected from the IDIs and FGDs with registered business household owners. The typical characteristics of the age groups partly explain the willingness to participate in compulsory social insurance of registered business household owners. These differences, synthesized from the IDIs and FGDs, are summarized as follows:

- **Under 25:** This group shows the lowest willingness to participate. Their businesses are newly established, with low turnover and profit. Many prioritize business stabilization or expansion and view social insurance as less relevant, especially if they are already covered through another job.
- **25–35:** The highest willingness is observed in this group. Businesses are more stable, and owners have higher disposable income. Many are married with young children and recognize the value of maternity and retirement benefits. The long remaining contribution period under the 2024 Social Insurance Law aligns well with their life stage.
- **35–45:** Willingness is moderate and approximate the survey sample average. Owners in this group tend to have steady income and a clear understanding of long-term risks. However, competing financial priorities such as business expansion or investment in commercial insurance temper full commitment.

- ▶ **45–55:** Willingness declines in this group. HHB owners express uncertainty about the future of their enterprises and tend to rely more on accumulated assets and family support. Nonetheless, growing health concerns increase their appreciation for occupational and health coverage under compulsory social insurance.
- ▶ **55 and above:** While 61 per cent express willingness, none report being “very willing.” Many value the principle of participating, especially for access to pensions and health coverage in old age. However, concerns about the short remaining contribution period and financial constraints may hinder actual participation. Some had previously contributed through formal employment.

These insights reinforce the importance of designing tailored outreach and contribution strategies that reflect the benefit interests, financial capacities and protection needs of HHB owners at different life stages.

4.2.2. By household business employers to enrol their employees

Limited perceived value of participation

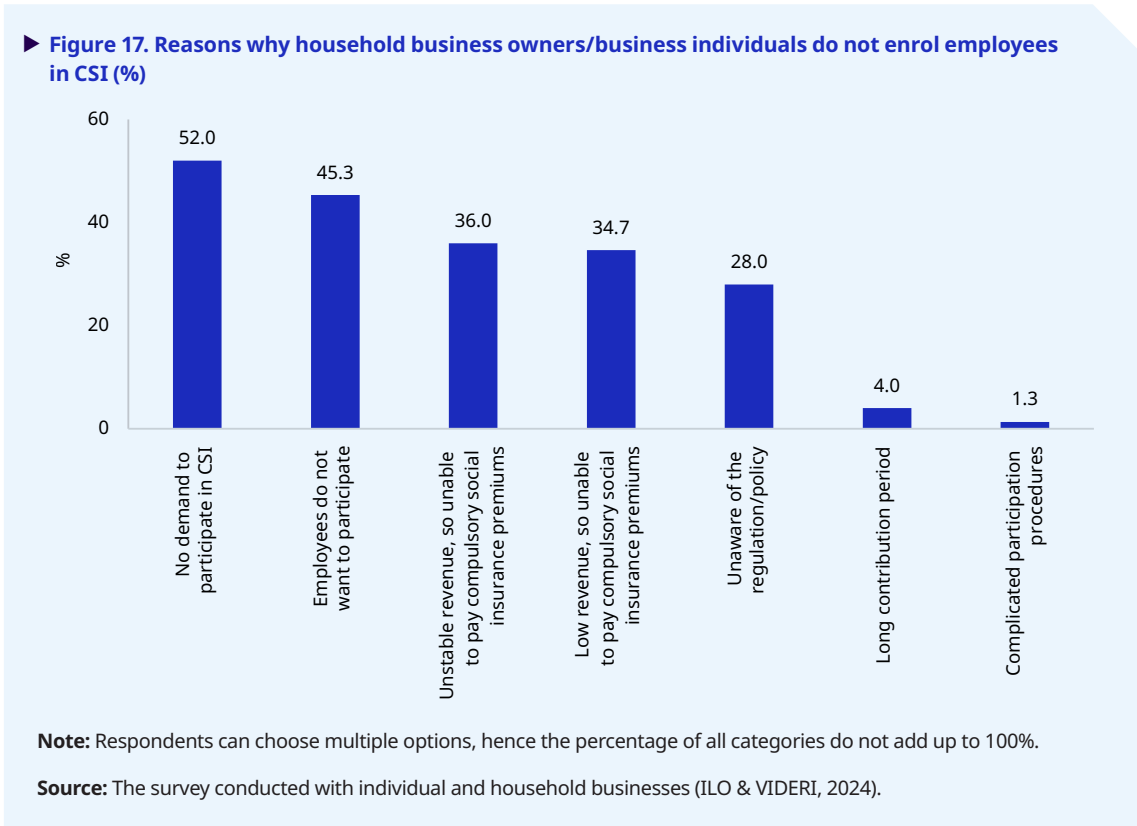
The most cited reason for non-participation, reported by 52 per cent of respondents, was that they saw no demand to register employees for compulsory social insurance (Figure 17). In follow-up IDIs and FGDs, many HHB owners explained that compliance brought them little added values. HHBs typically operate with a small workforce, often just one or two hired workers, and owners do not perceive social insurance as tool for attracting or retaining labour. In local labour markets where supply is tight, wages alone are used to secure workers.

“A household business like mine doesn’t need many hired workers. I’m still the main worker. When I hire more people, I only need one additional person to help, and I pay them according to the common wage in this area. I just pay them about 200,000-300,000 VND per day, and I can hire someone. I only hire them for about three or four hours a day.”

(FGD, male, unregistered HHB owner, Ho Chi Minh City).

“It’s not easy to hire people here. Their wages are quite high because hired workers can easily find jobs if they go to the city, so I can only attract them by paying as much as they would earn in the city centre. I have to pay VND 400,000-500,000 per day... I don’t use social insurance to attract them. We pay high wages quickly and practically to meet the needs of workers.”

(FGD, owner of a construction materials, Hanoi).



These perspectives highlight a critical policy challenge where small HHBs often view CSI as irrelevant to their business model, preferring to rely on flexible, short-term wage arrangements rather than investing in longer-term worker retention strategies.

Employee reluctance to participate

The second most common reason, cited by 45 per cent of respondents, was that employees themselves do not want to participate. Many workers are reluctant to forgo 10.5 per cent of their already modest income to contribute to social insurance, health insurance, and unemployment insurance. Business owners reported that this disincentive is particularly strong when wages are near the minimum subsistence threshold.

“I used to work for a company and understand the importance of participating in social insurance for employees. When I opened my own business, I also tried to apply the human resource management practices of the previous company. When I discussed participating in compulsory social insurance with my sales staff, they all refused to participate after knowing that they had to pay 10.5 per cent. I can only pay them a monthly salary of VND 5 to 6 million. This salary is higher than the regional minimum wage, but with the increasingly high cost of living, after saving VND 500,000-600,000 per month to participate in insurance, the remaining income is not worth much. I think workers will only be willing to pay insurance premiums when their “take-home” income is at least VND 7 million per month.”

(IDI, female, registered HHB owners, 32 years old, Thai Nguyen province).

In rare cases, employees renegotiated after knowing about the regulation. Employees negotiated by asking the business owner to either increase their salary to match 21.5 per cent of the total insurance premium without actual participation in the scheme or asked the business owner to complete the procedures for registration for them.

“Previously, I did not participate in compulsory social insurance for employees. However, my employees have recently learned about the regulations regarding their participation in compulsory social insurance, prompting them to renegotiate with me. One group requested a salary increase of exactly 21.5%, which, according to the law, includes my obligation to pay for social insurance, unemployment insurance, and health insurance. The other group asked me to handle the procedures for their participation in compulsory social insurance. This group has a slightly higher average salary than the total number of employees I regularly employ.”

(Government official with a side business, Ho Chi Minh City).

However, such instances were exceptions, not the norm. Among the household business owners interviewed or participating in group discussions, only one or two shared that their employees were aware of this legal regulation and had spoken up to negotiate changes in the labour agreement.

► 4.3. Financial constraints

4.3.1. Affordability

The Social Insurance Law 2024 allows registered HHB owners to choose their salary as the basis for contribution, with a minimum equal to the reference level of statutory base salary (VND 2,340,000 per month at the time of writing). Applying the statutory rate of 25 per cent, the minimum monthly contribution amounts to VND 585,000. Using the LFS micro-data, the average monthly income of HHB owners is estimated at VND 14 million. Hence the minimum contribution is broadly affordable for most HHB owners, since it accounts for only 4.6 per cent of their average monthly income (Table 8).

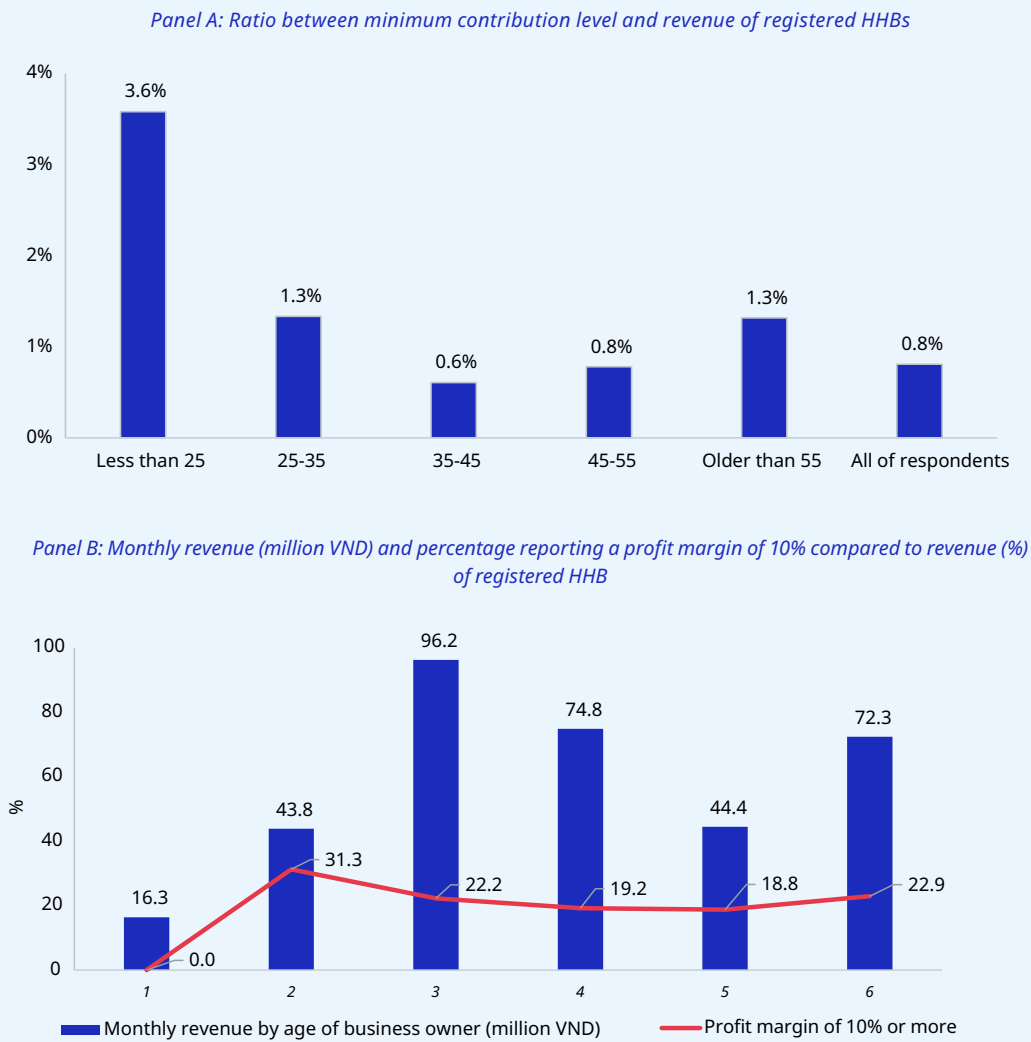
► **Table 8. Average monthly income of HHB owners**

Monthly income	Urban	Rural	Whole country
Mean (VND)	13,289,710	11,920,390	12,736,910
Median (VND)	11,500,000	9,000,000	12,000,000
Ratio between minimum compulsory social insurance contribution and average monthly income of business owner	4.4%	4.9%	4.6%

Source: LFS micro-data 2022.

Across age group, the minimum contribution level is considered affordable by most, with contributions accounting for less than 1 per cent to 4 per cent of average monthly revenue (Figure 18, Panel A). Households also report relatively healthy profit margins, with nearly a quarter achieving over 10 per cent after all costs, including the HHB owners’ own labour costs revenue (Figure 18, Panel B). However, younger household owners (under 25) earn lower revenues and profits and are less financially prepared, making them more hesitant to contribute. This observation is consistent with takeaways from IDIs and FDIs on the willingness to participate in compulsory social insurance, as discussed above. Similarly, owners under 45, while earning more, often prioritize family expenses, leaving little room for savings. Those in volatile sectors like food, tourism, and services also face seasonal income and must reinvest in facilities, making stable contributions more difficult.

► **Figure 18. Monthly revenue in the past 12 months and ratio of minimum contribution to average monthly revenue of registered HHB**



Source: The survey on registered household businesses (ILO & VIDERI, 2024).

While most respondents found the minimum contribution level manageable, more newly established and younger owners voiced concern about their situations, suggesting a need for flexible or supportive, tailored policies.

“I think the contribution level of about VND 500,000 to VND 600,000 per month is suitable for the majority of business households like me. It is impossible for a business not to set aside more than VND 500,000 per month. But there may also be some very small businesses, such as breakfast shops in small alleys. They may have difficulty if they spend nearly VND 600,000 per month. If the minimum contribution level is between VND 300,000 and VND 400,000 per month, everyone can participate.”

(IDI, owner of a business distributing liver-cooling tea products, age group over 45).

“The contribution level is more than 500,000 VND/month, if in the current business conditions, I can try to participate”

(IDI, owner of a pharmaceutical business, age group from 45-55).

“We have just started our businesses, we don't know if it will be stable or not, the profit is not high. We know that participating in social insurance is beneficial for us, but every month we have to worry about a lot of expenses, from importing goods, vehicles, electricity and water, rent, sometimes we can sell, sometimes we can't. If at the beginning of the month we have to add an item about paying insurance to the list of expenses for the month, it will be a real headache.”

(FGD, business owner of stationery products (wife) and fishing products (husband), just starting businesses).



Caption: A household beer shop owner in Nghe An, Viet Nam; 2019. © ILO

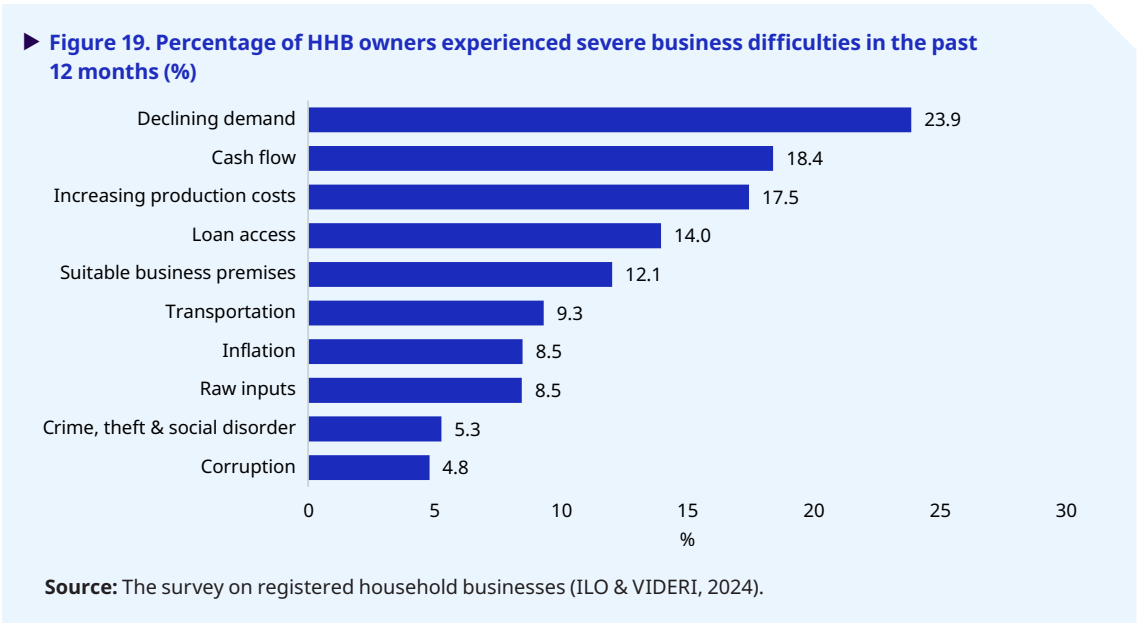
4.3.2. Income insecurity

Household businesses are often small in scale, lack formal structures, and face fluctuating income, particularly those operating in seasonal sectors such as tourism or agricultural services. While the overall willingness and capacity to contribute to compulsory social insurance is relatively high, a range of barriers continue to constrain intention to participate. The most significant constraint relates to the inherent vulnerability of household businesses, especially when compared to that of enterprises. Figure 19 shows the share of surveyed business households that experienced severe difficulties in the past 12 months. Approximately 24 per cent reported serious challenges in selling products or services, more than 18 per cent faced serious cash flow difficulties, 17.5 per cent experienced rising input and operational costs, and 14 per cent reported serious challenges in accessing credit. These constraints directly affect cash flow and the ability to contribute regularly to compulsory social insurance.

“Since the COVID pandemic, my business has been losing money. Before, I could make a profit of VND 20,000 per item (children’s clothing set), but now the profit is only VND 2,000–5,000. There have been no orders for months, and I have used all my business capital for living expenses. This has lasted for years, and I don’t know when it will change.”

(FGD, female, registered HHB owner, 29 years old, Ho Chi Minh City).

Further evidence from a recent study of household businesses in Thanh Hoa and Tuyen Quang provinces reinforces these findings in the context of the COVID-19 pandemic (Huong et al., 2021). Nearly half of surveyed business households experienced income reductions of 30 to 60 per cent, with food and beverage services among the most affected sectors. Disruptions in input supply chains, higher transportation costs, and sharp declines in customer demand were the main drivers of income loss.



This observation on challenges facing household businesses is also encountered by enterprises in the post-COVID context of Viet Nam. Using recent World Bank Enterprises Survey, Nguyen and Pham (2024) identify the top five obstacles faced by domestic firms, which encompass informal competition (20 per cent of surveyed domestic firms), access to finance (12 per cent), an inadequately educated workforce (10 per cent), access to land (8 per cent), and corruption (7 per cent). Access to finance is particularly severe among small firms and those with multiple establishments, indirectly exporting, investing in fixed assets, operating in high-tech industries, and located in the Red River Delta.

Financial constraints to enrol HHB employees in CSI

Unstable and low revenue were cited as barriers preventing business owners from participating by 36.0 and 34.7 per cent of respondents, respectively. These characteristics are typical of the informal sector and can pose real challenges for compliance, as confirmed in meetings with local management officials as well as in FGDs and IDIs with business owners.

“Even if I wanted to participate in compulsory social insurance for employees, I couldn't do it. Competition is increasing, especially from individuals doing online business, while my costs have not decreased and are much higher than those of individuals in online business. Therefore, in the past five years, especially after the COVID pandemic, my business has declined and has been almost continuously operating at a loss. With declining revenue and no indication of whether it will stabilize, I can only try not to reduce the salaries of my employees; however, adding the expense of paying compulsory insurance fees for employees is something I cannot do.”

(FGD, female, registered HHB owner, 29 years old, Ho Chi Minh City).

“Business households in these suburban areas have very unstable revenue, especially those that sell agricultural materials that supply inputs to farmers. During harvest, farmers will pay off their debts for agricultural inputs incurred during the production cycle, and their business revenue will increase significantly. During this time, their employees (such as salespeople, accountants, and porters) also have a lot of work to do. But in off seasons, business owners might have no income. Not to mention the cases of crop failure due to unfavourable weather... Therefore, if business owners in this industry are required to regularly participate in compulsory social insurance for their employees, as enterprises in the industrial sector do, I find it very difficult for them.”

(Provincial social insurance agency).

► 4.4. Other constraint factors

4.4.1. Equity concerns

Despite generally positive levels of willingness and ability to contribute among registered HHB owners, some raised concerns about the fairness of the compulsory social insurance contribution structure.

Perceptions of unfairness towards employees

Unlike salaried employees who contribute 8 per cent of their wage themselves to the pension and survivorship fund and rely on employers to contribute the other 14 per cent, HHB owners must cover the full 22 per cent. Including sickness and maternity benefits, HHB owners would have to contribute 25 per cent of their declared income in total, while for employees the 3 per cent of sickness and maternity benefits are fully covered by employers. This difference is widely seen by household business owners as inequitable.

“Even though the business owner is the boss, in reality he is just a worker, working for himself. If the worker works for a business, he only has to pay part of the contribution; the rest is covered by the employer. As for us, we are also workers, except we work at home, but we have to pay the full 25 per cent ourselves. Can the government support us so that it’s less difficult?”

(IDI, female, registered HHB owner, 38 years old, Hanoi).

Perceptions of unfairness towards enterprises

Concerns also stem from the unequal tax treatment between registered HHB owners and formal enterprises. While formal enterprises are permitted to deduct social insurance contributions for their employees from their taxable income, household business owners, particularly those who subject to lump-sum tax, do not benefit from such deduction. When household businesses contributing for employees, these costs are not deducted from taxable revenue. This disparity adds to perceptions of unfairness and discourages compliance. Even when household businesses choose to contribute for their employees, the inability to deduct these costs effectively increases their tax burden relative to formal enterprises.

Under the 2024 Social Insurance Law, registered household business owners are obligated to participate in the compulsory social insurance system in a dual capacity: as employers (to ensure coverage for their employees) and as employees (to contribute for their own protection). While this legal provision aligns with the goal of expanding social protection coverage, it places a burden on HHB owners, which typically lack the human and financial resources available to formal enterprises.

“In terms of scale and resources, we are very different from enterprises. We have limited capital, no employees, and unstable income. It does not seem reasonable to apply the same regulations to household businesses as to formal enterprises.”

(FGD, registered household business owner).

Perceptions of unfairness towards the voluntary social insurance scheme

Household business owners also questioned the fairness of the different monthly income bases between the compulsory and voluntary social insurance schemes. Under the compulsory scheme, minimum contributions are calculated from a reference salary equivalent to the statutory base salary (currently at VND 2.34 million), while the voluntary scheme uses the rural poverty line (currently VND 1.5 million) as the minimum reference. As a result, the minimum monthly contribution under the compulsory scheme

is VND 514,800, compared to VND 330,000 for the voluntary scheme. In addition, participants to the voluntary scheme is also eligible to government subsidies¹⁹.

Given the same contribution rate of 22 per cent into old-age pensions and survivorship fund, many HHB owners prefer voluntary social insurance due to the government co-financing. Despite being eligible to additional contingencies including sickness and maternity benefits, the higher cost of compulsory insurance is not seen as justified by some HHB owners. HHB owners who place less interest in short-term benefits might remain reluctant to shift from the voluntary scheme to the compulsory scheme. Concerns also emerged around the benefit from the sickness and maternity fund. Many older household business owners viewed the 3 per cent contribution as disproportionate, particularly for those beyond childbearing age.

“We prefer to remain in the voluntary social insurance scheme. If the goal is to ensure retirement protection, then voluntary participation already achieves that. The contribution rate is affordable, and we pay flexibly. I have already paid two years in advance. If the State wants to encourage us to participate in compulsory social insurance, there must be something better and more convenient.”

(IDI, female, registered HHB owner, 38 years old, Hanoi).

“I will only register my business if I am required to. Currently, I participate in voluntary social insurance, which has a reasonable rate and comes with State support for the first ten years. I want to benefit from that full support period. Later, I can register and shift to compulsory participation if needed. The law allows this transition anyway, right?”

(IDI, unregistered household business owner, hair and nail service, 20 years in operation).

These observations indicate significant risk of non-compliance among HHB owners. The system and in particular the voluntary social insurance registration should also flag HHB owners and workers who try to register in the voluntary scheme when in fact they are obliged by the law to participate in the CSI. Viet Nam’s experience, as well as international experiences, however, illustrate the limited effectiveness of voluntary schemes for the extension of coverage.

4.4.2. Payment schedules

A recurring concern among registered HHB owners relates to the timing of participation in compulsory social insurance and the extent to which this can be adapted to the characteristics of household business operations. Given the irregular and often seasonal nature of income, many HHB owners advocated for flexibility in choosing when to begin contributing to CSI, for example based on business performance and financial capacity. Several options were discussed in the IDIs and FGDs on the starting time of participation that would worth further investigation and consultations with key stakeholders:

¹⁹ The level of government subsidy for voluntary social insurance contribution is calculated as a percentage of the monthly contribution based on the rural poverty line (currently VND 1.5 million), applicable for a maximum of 10 years. From 1 July 2025, participants belonging to poor households, and those residing in island communes or special administrative-economic zones as defined by the Government or the Prime Minister, will receive a 50% subsidy; participants from near-poor households will receive a 40% subsidy; ethnic minority participants will receive a 30% subsidy; and other groups will receive a 20% subsidy (equivalent to approximately VND 165,000; VND 132,000; VND 99,000; and VND 66,000 per month, respectively).

1. After business registration: Many owners recommended deferring the obligation to participate in social insurance until the business has stabilized, typically after one year of operation. They concerned that newly registered HHBs often have no revenue in the initial phase. One suggestion is to stipulate that HHB owners have the right to decide when to start participation.
2. Based on net income (or profit): Some proposed that contributions should begin only when a minimum net income threshold is met, for example VND 7 million per month in rural areas and VND 10 million per month in urban areas. This approach would allow business owners to start contributions when they are more financially stable and pause contributions when income drops below the threshold.
3. Upon request: Others preferred being allowed to proactively choose the time of participation. For example, some owners were already covered through their other employment or had been contributing to voluntary social insurance before registration. A 24-month window from the date of business registration was commonly proposed as a flexible timeframe within which to opt into the scheme.
4. When hiring employees: Linking participation to the employment of workers who fall under compulsory social insurance was seen as administratively convenient. However, many opposed making participation conditional on employment, especially for HHBs in sectors with high seasonal labour turnover such as tourism and agricultural services, as it would undermine long-term social security coverage.
5. Based on tax obligation: Some suggested aligning participation with the point at which annual taxable revenue exceeds VND 100 million. Yet, concerns were raised about the timing mismatch between fiscal reporting and desired entry into social insurance, as well as the instability this method may cause when income fluctuates year to year.

In addition to concerns about when they are expected to begin contributing, household business owners also raised issues about the payment schedule due to the instability of their business operations and fluctuating income. While the 2024 Social Insurance Law offers some flexibility in terms of payment schedule to HHB owners and employees paid by product or contract in seasonal sectors, allowing contributions to be made on a monthly, three-month, or six-month basis, concerns are raised among HHB owners operate in sectors where income is highly seasonal or irregular, especially for service providers in tourism-dependent areas or those linked to agricultural production services. Periods of income disruption, such as those experienced during the COVID-19 pandemic, have further heightened this financial vulnerability.

"In an area bordering between urban and rural areas like my district, there are many small-scale businesses, and they only generate revenue at certain times of the year. Typically, households provide milling services, dry agricultural products, and process agricultural by-products. These households only have activities at certain times of the year, often associated with harvest time. Although they have business registration, their income from these business activities is not regular."

(IDI, officer in charge of business registration, Finance – Planning Department, suburban district).

"I have already paid for two years in advance for voluntary social insurance. Compulsory social insurance should also allow for many years of prepayment like voluntary social insurance."

(IDI, female, registered HHB owner, 38 years old, Hanoi).

These owners recommend expanding payment options beyond fixed monthly, quarterly, or biannual schedules. They propose allowing multi-year contributions, enabling those with good income in one

year, such as during a peak tourism season or a year with high agricultural prices, to pay in advance for future coverage.

These realities of irregular income underscore the importance of designing contribution policies with greater flexibility and responsiveness. For compulsory social insurance to be both inclusive and sustainable, regulations must accommodate the income patterns of household businesses, including through provisions for temporary contribution suspensions, income-adjusted payment schedules, or re-entry mechanisms for those who miss payments due to economic hardship. Such measures would help ensure that social protection obligations remain feasible even for the most economically vulnerable groups. The 2024 Social Insurance Law already takes strong steps in this direction by allowing household business owners to contribute on a monthly, quarterly, or semi-annual basis, and employees paid by product or contract in seasonal sectors such as agriculture, forestry, fisheries, and salt production to follow quarterly or semi-annual schedules.

4.4.3. Limited human resources

Another commonly cited concern among household business owners is the administrative burden associated with registering for and complying with compulsory social insurance requirements. Unlike formal enterprises, which typically have dedicated staff to manage payroll and regulatory obligations, household businesses are often small-scale operations run by a single individual or family members. Given the small size, the owner must personally handle all administrative tasks when contributing to social insurance, including registration, contribution calculation, payment tracking, and compliance with reporting requirements for both self-coverage and any employees. Many HHB owners described these procedures as excessive and time-consuming, especially when considered alongside the daily demands of running a small business.

"We are one-person businesses. Handling all the paperwork ourselves-like an enterprise with an HR department-leaves us little time to focus on our actual work. It reduces our business efficiency and competitiveness."

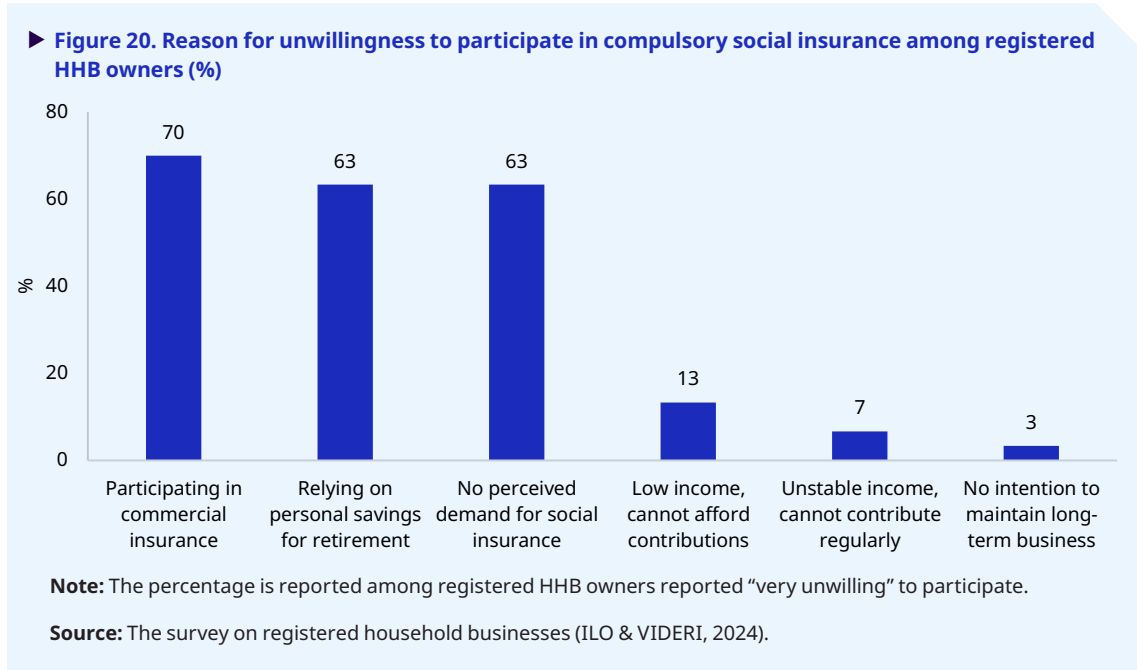
(FGD, registered household business owner).

The disproportionate burden placed on household business compared to enterprises underscores the need for simplified procedures and user-friendly administrative systems. Streamlining registration and contribution processes, for example through integrated platforms, mobile applications, or one-stop service centres could significantly reduce compliance costs for household businesses. Additionally, offering personalized support and reducing paperwork requirements would help address the structural disadvantages faced by these smaller economic units in engaging with the compulsory social insurance system.

4.4.4. Alternative saving mechanisms

Some registered HHB owners rely on alternative financial protection mechanisms and do not perceive the need to join compulsory social insurance as a risk-smoothing mechanism. Among those who reported being "very unwilling" to participate, 70 per cent indicated they already held commercial insurance (such as life or health insurance), while 63 per cent reported having personal savings as a form of retirement

security (Figure 20). A significant proportion also stated that they simply had no demand for participation, rather than citing low or unstable income as the primary barrier.

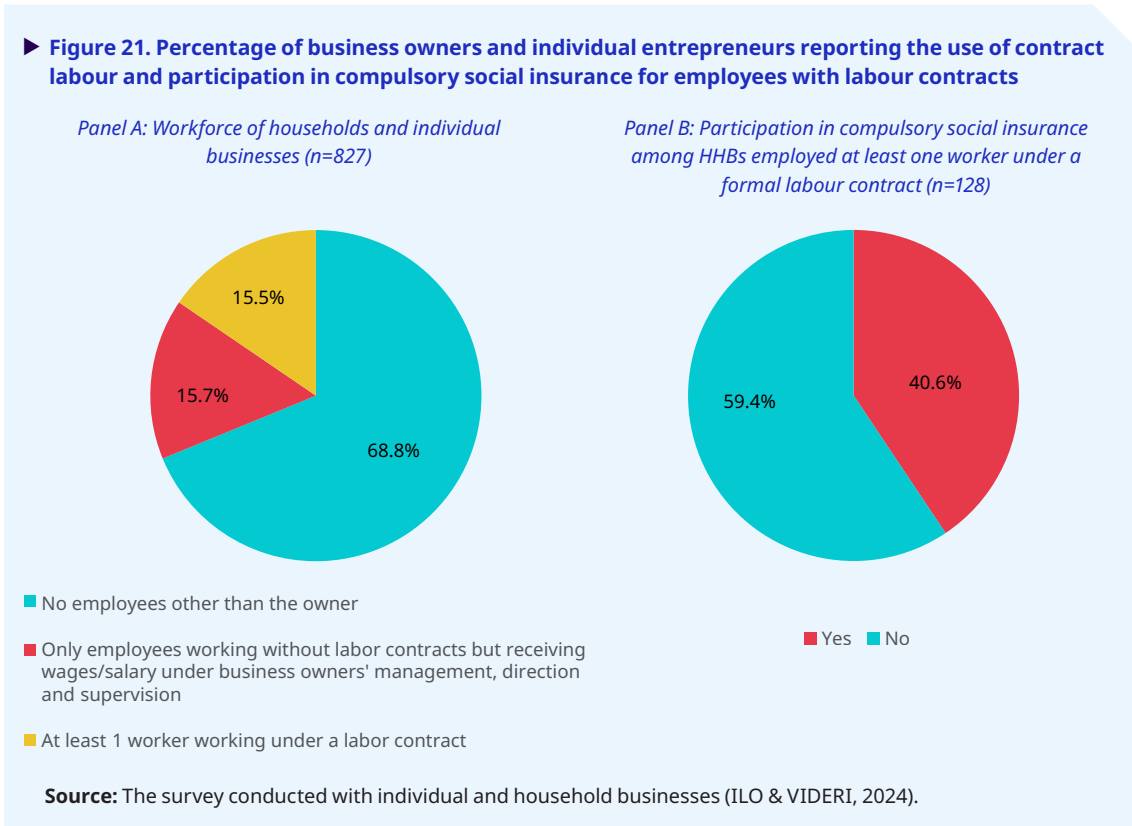


Insights from FGDs further support these findings. Participants frequently raised concerns about the additional financial burden of contributions, limited understanding of the benefits associated with retirement regimes, and fears that their revenue would not be sufficient to meet the required contribution levels. Some also expressed anxiety about future changes in compulsory social insurance regulations that could result in financial losses.

These findings suggest that, for a segment of household business owners, compulsory social insurance competes with existing commercial insurance and other self-protection strategies. A clear and targeted communication strategy that explains the benefits and long-term value of compulsory participation is therefore essential to build trust and encourage enrolment.

4.4.5. Coverage concentrated in family labour

Effective coverage of HHB employees is especially limited. Household and individual businesses typically operate at a small scale and rely heavily on family labour without labour contract. Survey findings show that only 15 per cent of HHBs employed at least one worker under a formal labour contract (Figure 21 Panel A). Of these, just 41 per cent had enrolled their employees in CSI, which is equivalent to 7 per cent of the total sample (Figure 21 Panel B).



Qualitative findings reveal that when enrolment occurs, it is usually for family members or close relatives. In such cases, contracts are sometimes signed primarily to gain access to short-term benefits such as health or maternity benefits rather than to comply with labour regulations. Findings from IDIs suggest that business owners who did participate in CSI for their employees often did so because the workers were family members or close relatives. In these cases, non-term labour contracts were signed to meet formal requirements and enable participation in the compulsory social insurance scheme. These business owners were generally well-informed about the benefits of compulsory social insurance and expressed a willingness to contribute on behalf of their family workers. However, in several instances, family members were not official employees of the business but participated through formal contracts primarily to comply with the law only to gain access to the scheme.

By contrast, participation for non-family employees was extremely rare. Business owners were reluctant to commit financial and administrative resources to register workers who were not relatives. This finding is consistent with the experiences shared by local social insurance officials, who confirmed that participation remains extremely limited outside of family-based employment arrangements. Field data collected from discussions with district-level social insurance agencies in the four provinces also show that only a very small number of registered HHBs participating in compulsory social insurance for employees:

“As of 2024, the district has 10 business households participating in compulsory social insurance for employees. Most of the employees in these business households are family members and relatives. Participation in compulsory social insurance is intended to support relatives in obtaining health insurance when going to the doctor or receiving maternity benefits for female relatives.”

(FGD, government officers, Thanh Hoa province).

“Statistical data from the Social Security Agency of Tuyen Quang Province shows that the whole province has about 900 to 1,000 employees from business households participating in the social security network. Most of these business households are small-scale, usually employing only 1 to 2 employees, with a maximum of only 2 to 3 employees.”

(FGD, government officers, Tuyen Quang province).

These findings confirm the very limited extent to which HHBs fulfil obligations to insure their employees, particularly non-family workers. Low effective coverage reflects a combination of the nature of the household business model as “family members work together and share the proceeds”.

► 4.5. Business registration decisions

Another important issue explored in the survey is the potential response of registered business household owners when the 2024 Law on Social Insurance comes into effect and mandates their participation in compulsory social insurance. Despite favourable preference by some HHB owners, for others, this shift is contrary to their expectations and may provoke adverse reactions. These include transferring business ownership to retired parents or relatives who are already covered under CSI or even discontinuing business registration altogether.

FGDs with registered HHB owners confirm that such responses are possible, particularly among household business owners who are facing economic difficulties or are in the early stages of business development. This group may perceive compulsory participation as an additional burden during an already vulnerable period, and without supportive implementation, their reactions could undermine the broader goal of expanding effective social insurance coverage.

“When business is difficult, we wake up in the morning worrying about so many expenses. If the State forces us to pay compulsory social insurance, that’s just another burden. Instead of helping us recover, the State adds another compulsory payment.”

(FGD, registered household business owner).

“If I’m forced to participate, I might ask my parents or relatives who already have compulsory insurance to be the registered owner instead.”

(FGD registered household business owner).

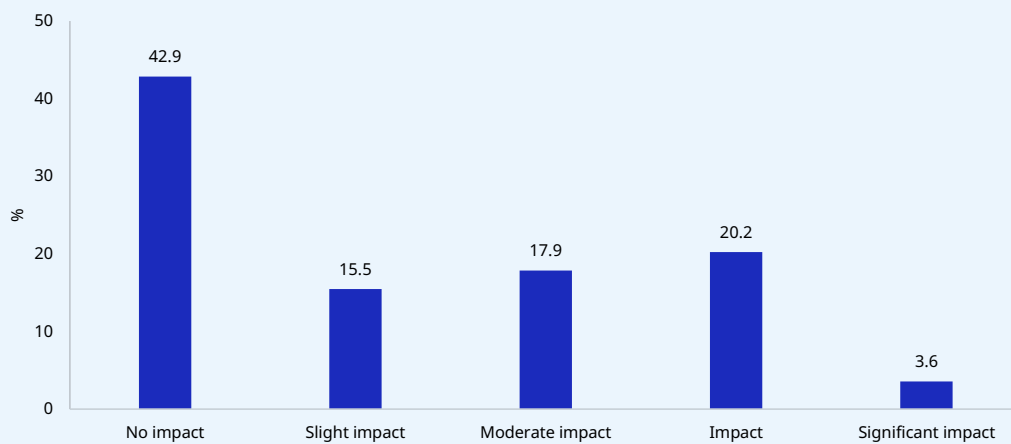
“I might stop registering my business, have workers do processing from home instead of staying at the production site. But that also affects them—they lose access to food and housing I currently provide.”

(FGD registered household business owner).

Such actions including transferring ownership, de-registering businesses, or shifting to informal operations pose risks to both business owners and the broader policy environment. Owners who continue to operate without registration will be in violation of the business registration law or lose access to the market, a phenomenon of informalization of registered HHBs. Transferring ownership to a “nominal” representative could also result in increased transaction costs, reduced transparency, and complications when dealing with customers, authorities, or financial institutions.

For unregistered household business owners, the introduction of a compulsory social insurance mandate may also influence future decisions about formalization. While the law aims to expand social protection coverage to registered household businesses and might incentivize HHB owners that value CSI to register their businesses, the associated costs of compliance could act as a deterrent for other HHBs considering registration. If unregistered household businesses perceive compulsory social insurance contributions as unaffordable or burdensome, they may opt to remain informal to avoid these obligations, thereby undermining efforts to formalize the economy. Figure 22 shows that a nonnegligible share (nearly 24 per cent) of unregistered household business owners reported that the new regulation would significantly or very significantly affect their decision to register in the future. An additional 18 per cent indicated that it would have a moderate impact. Taken together, these figures represent a substantial share of unregistered businesses and highlight a potentially unintended consequence of the new policy.

► **Figure 22. Impact of the Social Insurance Law 2024 on unregistered HHBs’ consideration of business registering (%)**



Source: The survey on registered household businesses (ILO & VIDERI, 2024).

These findings warrant careful consideration in the implementation of compulsory social insurance provisions under the 2024 Law. In one hand, the eligibility to a wider range of contingencies might incentivize business registration, there is a risk that formalization efforts may stall or even reverse, as some HHBs might weigh the costs of registration against perceived benefits. The policy changes will hence require implementation strategies and approaches that address accessibility and affordability of formalization to be effective in expanding effective social insurance coverage. The tendency to circumvent compulsory participation, observed among both registered and unregistered household business owners, is foreseeable and should be proactively addressed. Reducing incentives for avoidance and awareness

raising to strength both the short-term and long-term perceived benefits of participation will be critical. Ultimately, the successful implementation of compulsory coverage will require a careful balance between enforcement and tailored support to ensure that participation is not seen as an added burden, but rather as a beneficial investment by HHB owners.



Caption: Fishing activities by a coastal household in the early morning; Tam Quan district, Viet Nam; September 2023. © ILO

5. Administrative capacity

This section presents findings on the administrative capacity for the implementation of the compulsory social insurance at the local level, based on interviews and focused group discussions with social insurance experts and government officers at district and province level. District-level social insurance agencies are the main administrative units responsible for managing the collection of social insurance contributions for household business owners and employees. These offices are tasked with core operational functions, including receiving registration dossiers, processing contribution payments, monitoring compliance, and conducting outreach and inspection activities. These offices act as the direct interface between household businesses and the social insurance system, playing a central role in ensuring coverage expansion.

The assessment combines desk research with primary data collection through a structured survey of HHB owners and individual businesses, complemented by in-depth interviews and focus group discussions with HHB owners, social insurance officials, government authorities at district-level and line departments, and social insurance experts.

Limited administrative capacity and human resources of local social insurance agencies

The implementation of the 2014 Social Insurance Law with respect to employees of household businesses and individual businesses has faced significant challenges, largely due to limitations in administrative capacity and human resources at the local level. While the law mandates that HHB owners must contribute to compulsory social insurance for their employees when a labour relationship exists (i.e. labour contract of one month or more, or indefinite contract length), applying this provision in practice has proven difficult.

One of the key obstacles lies in determining the existence and nature of the labour relationship within household businesses. In many cases, individuals working in the business are family members or relatives providing informal support. These arrangements are often not formally documented, and the distinction between family support and formal employment remains ambiguous. As a result, local social insurance agencies face practical constraints in verifying employment status and enforcing contribution requirements.

Local social insurance agencies report that inspection and monitoring of household business compliance remain major challenges, primarily due to insufficient staffing and limited institutional capacity. As the 2024 Social Insurance Law expands coverage to include all registered household business owners, these constraints are expected to intensify.

Although inspection, examination, and administrative sanctioning of violations are mandated as routine functions, the actual number of inspections conducted remains very limited relative to the total number of insured entities. In large urban centres, local officials note that inspections of household businesses are rare. Available resources are typically prioritised for enterprises with larger workforces or where there are clear signs of non-compliance. As a result, household businesses, despite their growing presence in the formal sector, receive minimal oversight.

“With 180,000 enterprises in the city, it is already difficult for us to control, let alone household businesses. With current resources, we can only conduct about 30 inspections each year (over 180,000 enterprises) and have not yet implemented compliance inspection with compulsory social insurance participation for employees of business households according to the provisions of the Social Insurance Law 2014. After July 1, 2025, once thousands more registered business household owners are brought under compulsory social insurance, it will be impossible to organize inspections.”

(IDI, Social Insurance agency, Ho Chi Minh City).

Capacity of social insurance agencies varies across province

The ability of human resources of social insurance agencies varies across province. For example, the social insurance agencies of Thanh Hoa and Tuyen Quang provinces said that the implementation of the 2024 Social Insurance Law will not put too much pressure on the current staff and administrative system, and both expressed their readiness to implement the new Social Insurance Law. This is because these localities have a relatively low number of enterprises under the management of the social insurance agency compared to the two big cities and have the goal of ensuring that the subjects expanded under the 2024 Social Insurance Law can participate as soon as possible. In contrast, large cities such as Ho Chi Minh City anticipate severe overload:

“In the past 10 years, the number of staff of the Social Insurance agency dropped from 1,400 to just more than 1,100 people, while the amount of work has doubled. This shows that our work efficiency has increased, partly thanks to the application of technology. But with the new Social Insurance Law, Ho Chi Minh City alone has about 250,000 registered household businesses, the whole country has about 2,300,000 household businesses put under management. But in these 2,300,000 household businesses, many have already participated in compulsory social insurance. Therefore, screening and selection will create a huge amount of work for implementation.”

(IDI, Social Insurance agency, Ho Chi Minh City).

Officials also expressed concern over increased workload of debt monitoring and management, hence increase the workload of local social insurance agencies. Currently, there is no clear baseline for the social insurance agency to determine the HHBs required to participate in compulsory social insurance. In the case of unprofitable business households, the question is how to force the business owner to pay when their business activities encounter loss, and where are the resources to pay for their compulsory social insurance. The consequence of this is a vicious cycle: these subjects are included in the social insurance system, but not managed effectively from the beginning, leading to an increase in social insurance debt.

“We’re already dealing with over VND 530 billion in debt from dissolved businesses. We risk repeating this cycle with household business owners when they are included in the compulsory social insurance system.”

(IDI, Social insurance agency, Ho Chi Minh City).

Digital transformation and its role in facilitating social insurance expansion

Improvements in digital infrastructure and technology have enhanced the feasibility of implementing compulsory social insurance and helped reduce the reluctance of household business owners to engage with administrative procedures. In Viet Nam, administrative processes have become significantly more accessible, with the majority of public services including business registration and the management of health insurance and social insurance now available through online platforms²⁰.

An important component of Viet Nam's digital transformation in social protection delivery is the VssID – Digital Social Insurance application, developed and launched by Viet Nam Social Security (VSS). VssID allows users to view and track their participation in social, health, and unemployment insurance schemes directly using their smartphones. The revised Law on Social Insurance sets out that by 2027, all social insurance-related processes will be conducted entirely electronically, removing the requirement for paper documentation. For further details on the functionalities of the VssID application, see Box 2.

► Box 2. Advancing digital access to social insurance services

Implemented in 2021 as part of the Government's National Digital Transformation Programme, VssID is the official mobile application developed by VSS to facilitate the digital transformation of social insurance services and enhance accessibility for both workers and employers. The app provides a range of features, including personal insurance history tracking, digital health insurance cards, contribution status, and access to policy information. It also facilitates communication with local Social Insurance offices and allows users to submit inquiries or complaints. As of early 2024, VssID had been downloaded by over 30 million users.

For household business owners, VssID offers a user-friendly channel to view their contribution obligations, monitor employee registrations, and receive notifications about policy changes. By reducing the need for in-person visits and paperwork, the app enhances administrative efficiency and supports compliance, particularly for small-scale businesses with limited capacity.

Source: <https://english.mic.gov.vn/digital-transformation-meets-the-requirements-of-social-welfare-197250225093500661.htm>; <https://vss.gov.vn/english/news/Pages/vietnam-social-security.aspx?CateID=0&ItemID=11436>.

However, awareness and usage of the VssID application remain limited among registered household business owners, as reflected in findings from in-depth interviews and focus group discussions. Most participants reported not having installed or used the application, and many were unaware of how to access information regarding their social insurance entitlements.

²⁰ For example, when employees undergo medical treatment, information on days of medical leave is already integrated into the social insurance appraisal system. However, paper records are still required to confirm these days. In the future, with full digitalization, employees will only need to notify the social insurance system electronically, and benefit claims for sickness and maternity leave will be processed automatically based on available digital records.

"I have participated in voluntary social insurance for several years. I also have commercial life insurance. I have paid in advance for voluntary insurance for the next two years. With commercial insurance, I can see very clearly the benefits I will receive after years of participation. They provide a very clear spreadsheet that if I participate for n years, how much will I receive when I participate, and how much will I receive after n+1 years. But if you ask me now how much pension I will receive from participating in voluntary social insurance when I retire, I will die, I don't know who to ask or how to look it up. The State encourages participation in voluntary social insurance, so I participate, but I also know what specific benefits I will receive, how much pension I will receive."

(IDI, female, registered HHB owner, 38 years old, Hanoi).

This lack of familiarity with digital tools presents a challenge for the initial implementation of the 2024 Social Insurance Law, particularly as household business owners become subject to compulsory participation. In this context, the effectiveness of digital platforms such as VssID may be constrained in the early stages unless accompanied by targeted outreach and user support to build digital literacy and awareness.

Weak coordination between government agencies

Substantial coordination gaps persist between the key agencies responsible for implementing compulsory social insurance for household businesses, namely the business registration offices, tax authorities, and the social insurance system. These institutional disconnects pose significant challenges to effective policy implementation.

Currently, there is no integrated database linking the business registration agency with the social insurance agency. As a result, the social insurance agency does not receive timely information on newly registered household businesses, including those with declared labour relationships, even though such information is readily available at the time of registration. Business household registration procedures already require the declaration of the household head and the expected number of employees, suggesting that information sharing is both feasible and underutilized.

While some coordination exists between the social insurance and tax authorities, it remains limited in both timeliness and data quality. Information is often delayed by several months. For instance, tax data for 2023 was only made available to the social insurance agency in July 2024. Furthermore, discrepancies in data formats and levels of detail require the social insurance agency to invest substantial human resources in cross-verification and manual data reconciliation.

At the local level, district- and commune-level government offices are well-positioned to monitor household business activities, particularly given the dispersed and small-scale nature of these businesses, which are often embedded within residential areas. These local offices are therefore well positioned to play a critical role in supporting the expansion of social insurance coverage to household business owners and their workers.

However, district-level business registration officials reported that they had not received information regarding the new provisions under the 2024 Social Insurance Law that establish compulsory participation for household business owners. As a result, they do not perceive themselves as having any responsibility to disseminate, promote, or provide guidance on these new obligations. Moreover, there are currently no regulations defining the authorities at local levels related to inspection of the implementation of social insurance obligations.

“The Business Registration Department has not yet disseminated the new regulations of the 2024 Social Insurance Law since the department have not been assigned the task by the District People’s Committee and has not been equipped with enough information to explain to participants. Household owners will ask for a lot of information if we provide inaccurate information, which will cause negative consequences. Furthermore, if we disseminate the regulations of the 2024 Social Insurance Law to business household owners when they carry out new business registration procedures, they may mistakenly perceive that the Business Registration Department is “selling insurance” to people.”

(District business registration officer).

Compounding this issue, the business registration process for household businesses has shifted largely to online platforms, reducing opportunities for direct engagement and in-person advisement at the time of registration.

The findings in this section highlight the need to strengthen the administrative capacity required for extending compulsory social insurance coverage to household business owners and employees. Considerable variation in human resources across provinces points to the importance of investing in staffing and operational budgets, particularly in large urban centres where workloads are expected to rise substantially. Continued investment in digital infrastructure, together with targeted outreach to build digital literacy, will also be essential to support the use of platforms such as VssID. Integrated data sharing between business registration offices, tax authorities and the social insurance system would further improve the identification of eligible household businesses, reduce duplication in verification processes and strengthen inspection and debt management. The next chapter reviews international experiences in extending social insurance coverage to self-employed workers and household business sector, while Chapter 7 discusses detailed policy options for Viet Nam.



Caption: Household poultry keeping by an ethnic minority woman; Ha Giang, Viet Nam; July 2024. © ILO

6. Lessons learned from international experiences

Extending effective social insurance coverage to household business owners and employees remains a key challenge in Viet Nam's path toward universal social protection. These individuals often face irregular or low income, limited access to administrative services, and in many cases operate outside formal frameworks. Yet international experience shows that expanding coverage is possible through well-designed, context-specific policy reforms that are customized to the characteristics of small economic units. This section draws on global practices to highlight strategies that can inform Viet Nam's efforts to extend compulsory social insurance to the household business sector.

▶ 6.1. Simplify administrative procedures

Simplified administrative procedures reduce barriers such as administrative complexity and fragmented procedures, particularly given HHB small operational scale and limited administrative capacity. Findings from focus group discussions indicate that lengthy and uncoordinated CSI registration processes discourage participation and place a disproportionate burden on social insurance agencies tasked with compliance and service delivery.

International experience underscores the importance of simplifying and integrating administrative procedures to facilitate enrolment. In several Latin American countries, the integration of tax and social insurance registration into unified digital platforms has shown effective. These systems not only streamline administrative processes but also improve data consistency and reduce opportunities for evasion or misreporting. Such approaches have proven instrumental in encouraging formalization and increasing social insurance participation among small and household-based enterprises.

Uruguay's Monotax system (see Box 3) offers a compelling example of how administrative integration can support the expansion of social insurance coverage. Through a single registration process with the national tax authority, eligible own-account workers and small-scale entrepreneurs can enrol in both tax and social insurance systems. Contributions are consolidated into a single, low-cost monthly payment, granting access to social protection benefits, including pensions, health insurance, and family benefits.

► **Box 3. Uruguay's Monotax: expanding social protection through simplified contribution mechanism**

Uruguay has developed an innovative framework to promote formalization and extend social protection coverage to small-scale entrepreneurs through its General Monotax and Social Monotax regimes. The General Monotax, introduced in 2001 and expanded in 2006, combines social security contributions and income tax into a single, simplified monthly payment collected by the Social Security Bank (Banco de Previsión Social – BPS). The scheme applies to personal enterprises with no more than one employee (including spouses or partners), partnerships of up to two partners without employees, or family businesses with up to three partners and no employees.

To be eligible, registrants must operate from a single location, sell goods or services directly to end consumers, and maintain annual income below USD 20,000. Contributions are calculated based on a presumptive monthly income, reflecting limited tax capacity and simplifying compliance. While participants are excluded from unemployment benefits, they gain access to core entitlements such as health insurance, pensions, and family allowances.

As of 2021, approximately 40 per cent of all one-person businesses in Uruguay were enrolled in the General Monotax scheme, with the largest share operating in retail and vehicle repair (45 per cent), followed by services (19.6 per cent), manufacturing (10.1 per cent), and administrative support (6.4 per cent) (Aguiar et al., 2024). One-third of registrants were based in Montevideo.

Recognizing the need to support more vulnerable groups, Uruguay introduced the Social Monotax in 2011. This scheme includes a phased contribution schedule, starting at 25 per cent of the full rate in the first year and gradually increasing to 100 per cent by the fourth year. This gradual approach offers an accessible entry point into formal systems for low-income and informal workers.

Uruguay's Monotax framework has significantly expanded coverage among self-employed workers and microenterprises. It has also been adapted to cover digital platform workers, such as ride-hailing drivers using apps like Uber, Cabify, or EasyGo, by enabling automatic calculation and payment of contributions through mobile applications. Together, the Monotax and Social Monotax schemes demonstrate how streamlined administrative procedures and flexible contribution models can facilitate transitions to the formal economy, particularly for household businesses and vulnerable worker groups.

Source: Aguilar et al., 2024; ILO, 2014.

Similar one-stop models exist in other Latin American countries where simplified tax and social protection regimes have been designed to accommodate the needs of microenterprises and informal workers, improving incentives to formalize and strengthening links between economic activity and social protection entitlements²¹.

²¹ In Argentina, the Monotributo regime is a simplified tax and social security scheme designed for self-employed individuals and microentrepreneurs earning below a specified annual threshold. It merges income tax and social security contributions into a single monthly payment, providing access to health care and pension benefits. Registration and payment are administered by the Federal Administration of Public Revenues through an online platform, significantly easing compliance for small-scale economic units.



Caption: A farmer working in the potato crop at Huong Ngai commune, Hanoi, Viet Nam. July 2024. © ILO

In Brazil, the *Individual Microempendedor (IME)* regime provides a unified online registration system that integrates business registry, taxation procedures and social insurance enrolment, targeting ultra-micro enterprises with annual turnover up to R\$81,000 (round USD 15,200) and a maximum of one employee, while requiring that owners do not hold partnership or management roles in other firms.²² Participants pay a flat social insurance micro-contribution equivalent to 5 per cent of the minimum wage, which grants access to old-age pension and short-term benefits including sickness and maternity, while health care is provided universally through the national health system. Administrative procedures are streamlined through *Simples Nacional*, a simplified national tax system that consolidates federal, state and municipal taxes and contributions into a single monthly payment. Coverage expanded significantly, from around 3 million registered enterprises in 2008 to roughly 12 million in 2016, with evidence showing strong outreach to lower-income groups and an estimated 8 million new formal jobs created between 2006 and 2016 (ILO, 2022a). In 2016, MEI participants included a high proportion of women (48 per cent), self-identified mixed-race workers (42 per cent) and black workers (11 per cent), underscoring its contribution to expanding economic participation and access to social protection among vulnerable groups.

These examples show the effectiveness of systems that can reduce administrative barriers, lower compliance costs, and align formal economic participation with access to social entitlements. By making enrolment easier and more affordable, they enhance the incentives for informal operators to formalize and strengthen the link between income-generating activities and contributory social protection. These experiences offer valuable insights for Viet Nam in designing mechanisms that encourage registration and streamline CSI participation for household businesses.

²² Exchange rate at the time of writing: 1 USD=5.32 Brazilian Real.

► 6.2. Financial incentives

Compulsory coverage works best when affordability is calibrated to low or volatile earnings, often via state co-financing. Financial incentives and co-contribution mechanisms from the government can support affordability and improve uptake. Several countries have introduced co-financing schemes that reduce the cost burden for low-income informal workers and microenterprises. Costa Rican system provides subsidies to lower-income workers and links contribution levels to presumed income categories.

► Box 4. Government cofinancing to expand social insurance coverage: the case of Costa Rica

Costa Rica provides a good example of how mandatory contributory schemes can be effectively adapted to reach self-employed workers, including those in household or micro-enterprise settings. Since 2005, self-employed workers have been required to contribute to the Costa Rican Social Insurance Fund for both health and pension insurance. Recognizing the heterogeneity of this group, the government has implemented a differentiated financing model with strong state support to ensure affordability and inclusion.

Under this model, contributions to health insurance are lower than for wage workers, but contributions to pension insurance are equal. The State co-finances contributions by covering a proportion of the required payment based on five income categories. Workers with lower incomes receive a larger public subsidy, while higher earners contribute the full rate. For example, in 2018, workers were assigned to the lowest income category (category 1) if their income was below US\$475 (see Table 9). By way of reference, the national average income for independent workers was US\$502 in 2018. This co-financing model allows the contributory burden to be shared in proportion to income levels, aligning with ILO Recommendation No. 202's principles of solidarity and equity in financing.

► Table 9. Self-employed-work contribution rates for health & pension insurances according to income level, Costa Rica 2021

Category	Income level (USD) Member		Health insurance contribution %		Pension insurance contribution %		Health and pension contributions %		
			Member	State	Member	State	Member	State	Total
1	Up to 460		2.89	9.36	3.83	6.83	6.86	16.19	22.91
2	460	1000	4.33	7.92	5.32	5.34	9.49	13.26	22.91
3	1000	2000	6.24	6.01	7.2	3.46	13.28	9.47	22.91
4	2000	2980	8.02	4.23	7.65	3.01	15.51	7.24	22.91
5	Over	2980	10.69	1.56	8.09	2.57	18.62	4.13	22.91

Source: ILO, 2022b.

To promote compliance and coverage, Costa Rica's approach combines mandatory registration with enforcement mechanisms and administrative innovations. These include a centralized inspection system, penalties for non-compliance, collective insurance agreements with cooperatives and

associations (especially effective in the agricultural sector), and the integration of social security compliance as a condition for accessing public tenders, tax exemptions, and licenses.

Between 2005 and 2018, these measures more than doubled contributory coverage among self-employed workers, from 30.5 per cent to 58.9 per cent for health insurance and from 15.9 per cent to 53.1 per cent for pension insurance. Costa Rica's experience underscores how institutional adaptation, income-based contribution tiers, and strong administrative coordination can substantially increase coverage among informal and self-employed workers.

Currently government subsidy is only available under the voluntary scheme. Many examples show that voluntary coverage rarely leads to a significant extension of effective coverage. The case of Costa Rica shows that there is more potential and effectiveness in compulsory approaches with subsidization rather than relying on the voluntary scheme. For HHB owners facing a contribution rate of 25 per cent of insurable earning, income-sensitive contributions or temporary subsidies can shift the calculus from avoidance to compliance with registration and CSI participation.

▶ 6.3. Flexible contributions

Flexible contribution modalities increase scheme relevance for workers with irregular income. Household business owners often earn income irregularly or seasonally, making standard monthly contribution requirements burdensome or unfeasible. To address this challenge, the Philippines has introduced highly flexible payment options in the AlkanSSSy Programme, enabling contributions to be made on a daily, weekly, or monthly basis depending on workers' cash flow. Implemented in collaboration with associations of informal workers, the programme uses secure contribution collection boxes ("AlkanSSSy units") installed near workers' places of employment, such as tricycle terminals or market areas. Each worker is assigned a personal slot in the box where they can deposit small amounts regularly, depending on their income flow. The accumulated savings are then collected and recorded monthly using computer-generated transaction reports. This approach allows workers with limited and fluctuating income to build up their contributions over time without the pressure of fixed monthly payments. As of April 2015, the programme had enrolled over 100,000 informal workers. This flexibility helps reduce dropouts and ensures more continuous coverage, even during periods of reduced earnings.

▶ 6.4. Digitalization

The adoption of digital tools has emerged as a key innovation in extending social insurance coverage to household businesses and own-account workers. Digital platforms reduce transaction costs and streamline contribution collection. By simplifying administrative procedures and enabling online transactions, digital platforms reduce the burden on both contributors and social insurance institutions. They help address a key barrier to formalization: the complexity and time requirements associated with enrolment and collection of contribution payments.

Digitalization can enhance transparency and compliance while reducing administrative burdens on both contributors and institutions. Chile's PREVIRED platform is a notable example of this approach. It offers an interactive online portal through which small-scale economic units can register and pay contributions to multiple social insurance schemes, including pensions, health, unemployment, occupational injury, and family benefits (see Box 5). These features have substantially reduced procedural complexity and encouraged higher compliance among micro and small businesses.

► **Box 5. Chile's PREVIRED digital platform for unified social insurance transactions**

Launched in 2001, PREVIRED provides a single interactive portal through which users can complete all procedures related to social security registration and contribution payments. The platform covers multiple schemes, including pensions, health, employment injury, family allowances, and unemployment insurance. The platform exemplifies the use of digital innovation to facilitate social insurance enrolment and contribution among small enterprises, employers operating from home, and own-account workers. The platform provides a single, interactive online portal through which users can register and pay contributions for a range of schemes, including pensions, health, employment injury, family allowances, and unemployment insurance.

PREVIRED is fully integrated with the Chilean social protection system, bringing together both public and private institutions. The system offers over 70 contribution options tailored to enterprise and individual worker preferences and is linked to all major banking institutions and several non-banking channels, including credit card companies.

A key feature of the platform is its automation: it calculates contributions for each worker based on payroll data, supports both combined declaration-and-payment or declaration-only options, and enables online transactions 24 hours a day. By eliminating paper-based processes and the need for in-person visits, PREVIRED has significantly reduced administrative complexity and transaction costs—particularly benefiting micro and small enterprises with limited administrative capacity.

PREVIRED has developed many services, currently numbering around 50, related to (i) collecting contributions, (ii) issuing certificates, (iii) notifications and (iv) support for bank payments.

The platform also offers extensive value-added services, including:

- Free payroll software for small enterprises, with automatic entitlement calculations
- Certified accounting software for larger firms
- Standardized model contracts for different employment types
- Online certification of up-to-date social insurance contributions
- Real-time contribution status checks for contractors and subcontractors
- Online regularization tools for debt repayment and penalty calculations
- Contribution history tracking for workers
- Aggregated data services to support institutional decision-making.

Operating 24 hours a day, PREVIRED is integrated with all major banking institutions and several non-banking payment channels, including credit card companies, to ensure broad access to online payment services. The platform is free of charge, thereby significantly reducing transaction costs and administrative complexity for users.

In addition to facilitating core procedures, PREVIRED offers value-added services such as sample employment contracts and certified accounting software, which are provided at no cost to enterprises below a certain size. These features have improved transparency, eased compliance, and contributed to higher registration and contribution rates among micro and small economic units.

The use of PREVIRED has expanded rapidly: between 2010 and 2017, the number of workers registered through the platform increased by 71 per cent, from 4.8 million to 8.3 million, while the number of contributing employers rose by 66 per cent, from 400,000 to 662,000. Albeit a small base, the number of own-account workers using the platform also grew by 46 per cent over the same period, from 102,000 to 149,000.

Source: ILO, 2019a.

Similar innovations are evident in the Philippines, where the Philippine Business Hub consolidates business registration and social insurance enrolment (Bhattarai, 2018). Entrepreneurs can simultaneously register with the Bureau of Internal Revenue, Social Security System, Philippine Health Insurance Corporation, and the Home Development Mutual Fund. This one-stop system enables immediate compliance with both tax and social insurance obligations, facilitating access to pensions, health care, and housing benefits for business owners and their workers.

Cambodia's CAM-IE digital platform, launched by the Ministry of Industry, Science, Technology and Innovation in December 2024, is designed to register informal economy workers and businesses, providing them with legal recognition through certificates of registration²³. The platform aims to create a comprehensive database to facilitate targeted government support during crises and to improve access to financial services, skills development, and social protection benefits. Registration is free, and operators with annual turnover under USD 60,000 are exempt from taxation. Since its launch, the program has registered more than 130,000 micro-businesses and self-employed workers. By linking registration to access to capital, training, and future integration into social insurance schemes, CAM-IE represents a significant step toward formalizing the informal economy.

In Viet Nam, the *VssID* mobile application already provides social insurance participants with access to contribution histories, entitlements, and digital cards, but its functions remain limited. With strategic expansion, *VssID* could evolve into a full-service portal for enrolment, contribution, and benefit access, provided digital literacy and capacity challenges among household businesses are addressed. Scaling up digitalization, supported by outreach and frontline assistance, is critical to making compulsory social insurance accessible and attractive for HHB owners and employees.

23 <https://cambodianews.com/new-digital-platform-introduced-to-assist-informal-businesses-and-improve-livelihoods/>

E-contracts are a powerful way to formalize HHB employment swiftly and at low cost while auto-linking workers to social insurance. China pioneered large-scale use in the 2010s when electronic labour contracts signed with certified e-signatures become fully valid, widely used by SMEs and platforms, and often integrated with social insurance and housing fund systems so that onboarding a worker can automatically trigger contribution registration, especially useful for high-turnover sectors like delivery, retail and hospitality. In Latin America, similar models are taking hold. Brazil's eSocial requires all labour events such as hiring, payroll, and termination to be filed electronically in a single system that feeds tax and social insurance databases in real time.

► **Table 10. Summary of international experiences for the extension of effective social insurance coverage**

Strategy	Country example	Key success factors
Simplify procedures	Uruguay: Monotax	One-stop systems that link business, tax, and social insurance. Single monthly payment. Easy online registration and reporting. Free guidance for new entrepreneurs. Lower costs and less paperwork encourage HHBs to join.
Financial incentives	Costa Rica: State co-contribution for the self-employed	Subsidies based on income levels. Poorer workers pay less, richer workers pay more. Strong enforcement and use of cooperatives. Makes contributions affordable and increases coverage.
Flexible contributions	The Philippines: AlkanSSSy	Introduce highly flexible payment options (daily, weekly, monthly) and collaborate with associations of informal workers to implement the program. This approach allows workers with limited and fluctuating income build saving overtime without the pressure of fixed monthly payments.
Digitalization	Chile: PREVIREDD China: E-contracts	Online platforms for easy registration and payment. Automatic calculation of contributions. 24/7 digital services linked to banks. E-contracts with e-signatures make it fast to hire and register workers. Increases compliance and trust.

International experience demonstrates that expanding social insurance to household businesses requires an integrated approach that combines enabling legal frameworks, communication, administrative innovation, and the strategic use of digital technologies to enhance outreach and service delivery. Tailored solutions are essential to address the specific constraints faced by household business owners and employees, particularly their income volatility and limited access to formal infrastructure and administrative support.

Effective expansion of social insurance often requires coordinated policies that go beyond the social insurance system itself. These include reforms in business registration, labour regulations, and tax policy to facilitate the formalization of household businesses and strengthen the overall enabling environment (ILO, 2019b). Ensuring consistency across legal, fiscal, and administrative domains helps create a coherent system that encourages voluntary compliance and long-term participation in social protection schemes.

7. Policy options

The 2024 Social Insurance Law introduces an important reform by mandating participation of registered household business owners in the compulsory social insurance system. This is a new provision aimed at expanding the coverage of compulsory social insurance, shifting household business owners from voluntary social insurance to compulsory social insurance. In addition, the 2024 Social Insurance Law continues to stipulate that household business owners, as employers, must participate in compulsory social insurance for their employees. This builds on the 2014 Social Insurance Law, which required HHBs to register their employees holding labour contracts. Yet, compliance has remained low, and effective coverage among HHB employees is very limited. With the 2024 Law extending CSI obligations to HHB owners themselves, a comprehensive policy response is needed to address both longstanding gaps in coverage and new implementation challenges. This section presents policy options that Viet Nam could consider to support a feasible and sustainable expansion of CSI to HHB owners and their employees.

Strengthening outreach, communication, and trust

Low participation reflects persistent gaps in awareness and distrust. Strengthening outreach is essential. Outreach efforts should not be limited to one-off mass media campaigns but should involve continuous, local engagement through trusted intermediaries such as the Fatherland Front and its member organizations, as well as local business associations. Peer learning models where HHB owners already enrolled in CSI share their experience, can help address misconceptions.

Communication should emphasize the solidarity principle, highlight short- and long-term benefits, clarify administrative procedures, and explain legal obligations and sanctions for non-compliance. Combining grassroots events (such as “registration days”) with digital campaigns on social media can help reach diverse audiences.

Simplifying administrative procedures and digital integration

Administrative burdens and fragmentation between tax, business registration, and social insurance systems have long discouraged compliance. Viet Nam should consider exploring ways to better facilitate data exchange and/or linking between different sources of information and institutions. Lessons from Chile’s PREVIRED, the Philippines’ Business Hub, and Cambodia’s Cam-IE show that such systems lower compliance and administration costs. The development of VssID and the possibility to link it with the national identification system VNeID are among the initial steps, but more mobile-friendly interfaces and assistance from local-level authorities or collection agents can facilitate outreach and accessibility. To ensure uptake and inclusion, digitalization must be accompanied by training, support services, and user-friendly mobile interfaces, especially for HHBs with low digital literacy.

Promoting inclusive social dialogue

Engaging HHB owners, employees, and their representative organisations in policy design and implementation will strengthen ownership and compliance. Many HHB owners feel that CSI obligations put them at a disadvantage relative to formal and larger enterprises, despite their lower financial and administrative capacity. Those who consider themselves as employees also feel that they have been treated unfairly compared to wage employees. Dialogue forums should be established at provincial and national level, bringing together VSS, tax authorities, business registration agencies, local governments, cooperatives, and grassroots associations. Social partners and intermediaries can play a critical role in bridging communication, supporting contribution collection, and ensuring fair treatment of HHB owners and employees relative to larger enterprises.

Adapting contribution modalities and enhancing affordability

Household businesses often face irregular and fluctuating income, making it difficult to meet fixed monthly contribution requirements under compulsory social insurance. The 2024 Social Insurance Law introduces quarterly and semi-annual payment options, but further flexibility and affordability are needed. One possible option is to allow prepayment of contributions for multiple years at a discounted rate. Such a measure would enable contributors to smooth the financial burden over time, especially during periods of higher income.

Many countries have achieved significant progress in extending coverage through subsidization of contributions. To promote uptake and ease the transition, policy options include introducing time-bound transitional subsidies or graduated contribution rates for HHB owners, especially those in the early stages of formalization or those with limited ability to pay. Another option is to expand state co-financing to cover part of the employer contribution, for example as in the case of Costa Rica. These options would ease financial pressure during the early stages of formalization and prevent dropouts due to income volatility.

Phased and reasonable participation conditions

Rigid participation requirements may undermine compliance, particularly among household business owners in the early stages of operation or those with unstable revenue streams. To encourage sustainable enrolment, a phased approach could be considered, such as requiring CSI enrolment within 24 months of registration or earlier for HHBs above a revenue threshold. Clear suspend mechanisms should also be available for HHBs facing losses or falling below a minimum income threshold, allowing them to temporarily pause contributions without exiting the system.

Supportive collection mechanisms

Given their small scale and lack of administrative capacity, HHBs often operate without dedicated administrative personnel, making it more difficult to navigate CSI procedures. VSS should establish a decentralized network of trained collection agents. This includes deploying a network of trained collection agents to assist HHB owners with registration, payment, and claims-related processes. Social partners and other institutions at grassroots levels can be involved, from the Viet Nam Cooperative Alliance to youth union, farmers' union, etc. These agents play a critical role in bridging the gap between HHBs and the social insurance system, particularly in rural and lower-capacity areas.

Creating a level playing field for household businesses as a special type of enterprise

There is not yet a level playing field for household businesses compared to enterprises. Current regulations under Decree 01/2021/ND-CP define HHBs but do not provide them with a distinct legal personality, leaving owners with unlimited liability by their own assets. The provisions under Circular No. 40/2021/TT-BTC and its guiding documents do not allow household businesses to deduct expenses prior to fulfilling tax obligations, which makes the use of formal labour a burden. Meanwhile, Decree No. 70/2025/NĐ-CP sets requirements on the obligation to provide tools for fulfilling responsibilities related to invoices and documents. Future legal reform must start by clearly defining the legal identity of household businesses, recognize HHBs as formal entities, and align them with broader frameworks on enterprise, tax, and labour law. This reform would reduce ambiguity, support compliance, and facilitate HHBs' integration into the formal economy.

Investing in institutional capacity

A lot of the policies will require greater resources given to the institutions in charge of implementation, and this needs to be spelled out. Local social insurance offices must be equipped to handle increased registration and service demands. There will be potential increasing staffing needs, both to implement new provisions for HHB owners, and to make provisions for HHB employees more effective. Moreover, staff training should focus on the specific needs of HHBs, and digital systems must be upgraded to support integrated workflows, real-time data sharing, and user-centred service delivery. Coordination with tax and business registration systems will be critical to ensure streamlined enrolment and reduce administrative duplication.

For the management of business households, there needs to be a binding legal basis related to the general management level. The local state management agencies in the area must be responsible for handling when business households register, not just the Social Insurance to inspect and mobilize. With a large number of business households, this management needs to be carried out by the local state management agency in the area. The insurance collection organization only plays the role of a tax consulting unit, without binding power. Therefore, local state management needs to play a major role in this.

Enforcement must remain proportionate and education oriented. Initial compliance checks could be linked to tax declarations or business license renewals, with soft measures such as reminders and grace periods. Coordinated monitoring between VSS, tax, and business registration authorities will be essential. Enabling agencies to perform stronger, and more systematic compliance inspection is also an important part.

In sum, expanding effective CSI coverage to HHBs requires a multi-pronged strategy: enhance outreach and trust; simplify and digitize procedures; ensure inclusive dialogue; make contributions affordable and flexible; phase in participation; provide supportive collection mechanisms; clarify HHBs' legal status; and build institutional capacity. Together, these measures can transform legal reforms into real improvements in coverage, helping Viet Nam advance toward universal social protection while promoting fairness, formality, and sustainable livelihoods.

8. Conclusion

Expanding effective social insurance coverage to household business owners and their employees marks a decisive step in Viet Nam's journey toward universal social protection and the formalization of its economy. The 2024 Social Insurance Law, which extends compulsory social insurance to household business owners, builds on the earlier inclusion of HHB employees under the 2014 Law. Together, these reforms represent a significant policy milestone with the potential to close persistent coverage gaps and strengthen the inclusiveness of the national social protection system.

Findings from this report highlight both opportunities and challenges. HHBs remain a cornerstone of Viet Nam's economy, providing livelihoods for millions of workers but operating largely outside formal frameworks. Survey and qualitative evidence confirm that awareness of CSI remains low, enrolment of employees is minimal, and barriers such as affordability, income insecurity, administrative complexity, and limited trust in institutions continue to constrain participation of both HHB owners and employees. The experience of the 2014 Law also underscores the risks of legal provisions not being matched by enforcement, administrative capacity, and service delivery.

To realize the full potential of the 2024 reform, a comprehensive and sequenced policy response is required. Key options emerging from the assessment include:

- ▶ Strengthening outreach, communication, and trust through sustained campaigns, peer learning, and engagement with trusted social partners and local organisations.
- ▶ Simplifying procedures and investing in digital integration, creating one-stop platforms that link business registration, taxation, and social insurance enrolment, while supporting HHBs with user-friendly tools and frontline assistance.
- ▶ Promoting inclusive social dialogue at both provincial and national levels to ensure that HHB owners, employees, and their representatives are actively engaged in shaping policy design and implementation.
- ▶ Making contributions more affordable and flexible through time-bound subsidies, graduated contribution rates, and varied payment cycles that reflect irregular incomes.
- ▶ Clarifying the legal status of HHBs to ensure certainty of rights and obligations, while embedding them more firmly within national frameworks on enterprises, taxation, and social protection.
- ▶ Strengthening institutional capacity at the local level, including human resources, digital infrastructure, and inter-agency coordination, to ensure effective implementation and enforcement.

The expansion of the compulsory social insurance to household businesses is more than a legal amendment, it represents a transformation in Viet Nam's social protection architecture.

It offers an opportunity to strengthen solidarity, promote fairness, and advance inclusive growth by bringing a large and diverse segment of the workforce under the umbrella of social protection. With strong political will, adaptive policy design, sustained investment in institutions, and meaningful engagement of social partners, this reform can accelerate progress toward the Government's target of 60 per cent coverage by 2030. More broadly, it can lay the foundation for a social protection system that is comprehensive, equitable, and sustainable, and one that truly leaves no one behind.

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Appendix: Survey methodology

► A.1. Structured survey with business household owners

The structured survey was designed to collect data on the perceptions and experiences of HHB owners, both registered and unregistered, on a range of issues related to CSI. These include (i) HHB owners' understanding of CSI regulations applicable to registered HHB owners and their employees, (ii) their willingness to participate in CSI for themselves and their employees, and (iii) their assessment of the benefits, costs and barriers associated with participation. The survey also captured HHB owners' views on contribution levels and specific provisions under the 2014 and 2024 Social Insurance Laws.

Sample size:

The sample size was determined to balance statistical representativeness with available budget. A sample of approximately 384 respondents is generally sufficient to ensure representativeness at a 95 per cent confidence level²⁴. To enable analysis across different business types and registration statuses, the survey ultimately reached 827 household business owners (both registered and unregistered), and individual businesses across four provinces of Hanoi, Ho Chi Minh City, Tuyen Quang and Thanh Hoa. In particular, the sample includes 234 registered HHB owners, 162 unregistered HHB owners, and 431 individual businesses²⁵.

Site selection and sampling frame:

Sample selection was carried out using a two-stage sampling method. The research team purposively selected four provinces to ensure coverage of diverse economic contexts and implementation experiences. Hanoi and Ho Chi Minh City were selected due to large concentrations of business households—estimated at 6.8 per cent and 16.5 per cent of the national total, respectively—and their representativeness of the North and South regions. Tuyen Quang was selected as one of the few provinces that has HHBs contributed to the CSI.²⁶ Thanh Hoa, the most populous province in the central region, was chosen based on logistical feasibility and demographic coverage.

24 <https://www.abs.gov.au/websitedbs/D3310114.nsf/home/Sample+Size+Calculator+Help?OpenDocument>

25 See section 2.1 on the definition of HHBs used in the report, as well as the definition of individual businesses.

26 In several provinces such as Tuyen Quang, Ha Tinh, Thai Nguyen, Yen Bai, local authorities proactively encouraged registered HHB owners to participate in CSI, even though the 2014 Law on Social Insurance did not formally recognize HHB owners as eligible for compulsory participation. In Tuyen Quang, for instance, HHB owners were allowed to contribute to the CSI system and did so with the expectation of receiving full pension benefits. However, due to the absence of a clear legal basis, the VSS has not been able to process retirement claims for these contributors, leaving them without access to the benefits they anticipated. <https://laodong.vn/xa-hoi/bhxh-viet-nam-de-xuat-chu-ho-kinh-doanh-ca-the-huong-luong-huu-1197341.lido>

The 2022 Labour Force Survey was used as the primary data source for selecting survey sites, as it is the only official dataset that allows for the identification of both registered and unregistered household businesses. This made it possible to construct a more comprehensive and representative sampling frame. For the purposes of this study, household business owners are defined as individuals engaged in non-agricultural self-employment who either operate a registered household business or employ family labour or other workers.

Sampling was conducted in two stages. In the first stage, districts within each province were selected using probability proportional to size, based on the estimated number of individual entrepreneurs and HHB owners from the 2022 LFS. In total, the survey was implemented in four quarters and three districts in Hanoi, five quarters and one district in Ho Chi Minh City, Thanh Hoa City and four of its districts, and Tuyen Quang City and three of its districts.

In the second stage, business households and individual businesses within the selected districts were randomly sampled. The inclusion of unregistered HHB owners allowed the study to explore whether CSI participation might incentivize business registration. However, analysis of awareness and perceptions of the 2024 Social Insurance Law focused on the subsample of registered HHB owners.

► **Table A1. Survey sample size**

		Registered household business owners	Unregistered household business owners	Individual businesses	Total
Total		234	162	431	827
Location	City (Hanoi and Ho Chi Minh City)	147	89	291	527
	Province (Tuyen Quang and Thanh Hoa)	87	73	140	300
Gender of business owner	Male	141	77	186	404
	Female	93	85	245	423
Industry	Manufacturing and construction	69	49	79	197
	Wholesale and retail	68	33	102	203
	Accommodation and food service activities and tourist	33	38	93	164
	Transportation and other services	64	42	157	263

Source: Survey of registered/unregistered HBOs and INBs (ILO & VIDERI, 2024).

Given that the CSI mandate applies nationwide, the study focused on ensuring variation in secondary characteristics such as gender, age, occupation, income, and rural or urban residence rather than regional representation alone. The sample includes a range of sectors, such as trade (including online businesses), production and construction, accommodation and food services, tourism, transportation, and other services. Diversity by gender, sector, and rural–urban location was ensured, although the survey is not nationally representative.

► A.2. In-depth interviews and focus group discussions

Qualitative data collection complemented the survey by capturing nuanced perspectives on the implementation of expanding CSI coverage among HHB. Qualitative data collection was conducted using a combination of in-depth interviews, focus group discussions, and working sessions with three main groups of information providers: household business owners, management agencies at province and district level, and social insurance policy experts.

A total of 53 HHB owners participated in the qualitative component, including 18 in in-depth interviews and 35 across seven focus group discussions. These explored understanding of the legal framework, perceptions of benefits, willingness to contribute and barriers to participation, with particular attention to views on contribution rates, payment schedules and administrative procedures.

In addition, 38 key informants were engaged through semi-structured interviews and group consultations. These included representatives from provincial and district social insurance agencies, district People's Committees, line departments (labour, planning and finance), as well as national policy researchers and legal experts. Discussions focused on the feasibility of implementing both the provisions introduced by the 2014 and 2024 Social Insurance Laws.

A purposive sampling approach was applied to select information-rich cases from the survey pool, targeting participants who could provide in-depth insights. Specifically, IDIs and FGDs were conducted with three main information providers with relevant topics of research interest.

- **Registered and unregistered HHB owners:** awareness and understanding of the 2024 and 2014 Social Insurance Laws, perceptions of benefits and willingness to participate in CSI for themselves and their employees
- **Individual businesses (self-employed owners who do not register their business and operate without family workers or employees):** readiness and barriers to business registration, and whether CSI could incentivize or discourage formalization
- **Management agencies at province and district level, social insurance experts:** assessment on the feasibility of expanding effective coverage to HHBs, relationship between social insurance and business registration, and coordination mechanism between these two areas.

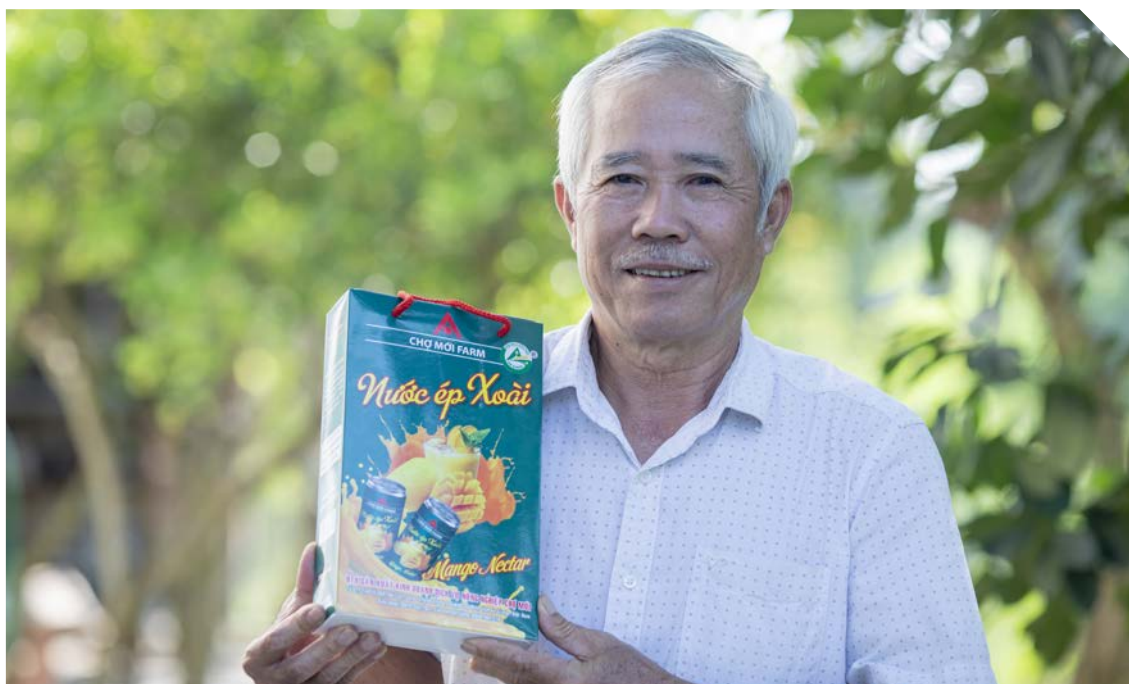
IDIs and FGDs were conducted with both registered and unregistered household business owners. The interviews explored participants' awareness and understanding of the Social Insurance Law, their perceptions of the benefits of participating in CSI, their capacity and willingness to contribute, and the barriers they face. Discussions also examined the perceived appropriateness of existing regulations, including contribution levels and rates. Participants were purposively selected from among those who had taken part in the quantitative survey and were identified as having the ability to provide rich and relevant insights for the study. The selection criteria focused on ensuring representation across key business sectors, i.e., trade (including online businesses), production and construction, accommodation and catering, tourism, and other services. In Tuyen Quang province, HHB owners who had already participated in CSI were specifically invited for IDIs to gather detailed reflections on their experiences with the enrolment and contribution process.

In addition, working sessions-either in the form of general group discussions or IDIs were held with representatives from management agencies at both the provincial/city and district levels, as well as with

policy experts. These sessions aimed to assess the feasibility of implementing the existing 2014 Social Insurance Law and the upcoming provisions of the 2024 Law across different local contexts. Discussions explored local implementation practices, the relationship between social insurance enrolment and business registration, and the coordination mechanisms between the relevant administrative functions. The sessions also gathered feedback on location-specific challenges and potential policy solutions to improve the feasibility and effectiveness of the revised legal framework.

► **Table A2. Qualitative sample**

Key Informants	Number
Social Insurance officials (provincial and district levels)	19
Leaders of the District People's Committee and representatives of line departments (<i>including Department of Finance – Planning, Department of Economy – Infrastructure, Department of Labour, Invalids and Social Affairs</i>)	16
Social Insurance experts	3
Total	38
Business household owners participate in FGD (7 FGD sessions, 4-8 participants/group)	35
Business household owners participate in IDI	18
Total	53



Caption: An experienced farmer supported to develop the mango juice processing facility in Choi Moi District, An Giang, Viet Nam; July 2020. © ILO

A.2.1. Key informant interviews with central-level government agencies

Question 1: From the perspective of central authority in charge of business registration, what are the similarities and differences between HHBs and business individuals?

Question 2: Regarding the orientations of the Party and the Government on formalization of the informal sector, what are the current action plan of the agency to realize these orientations? What are the obstacles/challenges?

Question 3: Could you share your assessment with regards to state management needs for business individuals from the following angles:

- ▶ Needs for (state) management information
- ▶ Needs for design of state management tools in order to implement the relevant orientations and policies
- ▶ Needs for handling arising problems related to formalization of the informal sector

Question 4: Assessment on the effectiveness of the implementation measures to expand compulsory social insurance participants for household business owners and workers as required by the Resolution No. 28-NQ/TW²⁷ (2018) that your agency and related stakeholders have collaboratively carried out? Any lesson-learnt?

Question 5: Your assessment on the following topics:

- ▶ To what extent do the workers/owners of household business owners about laws related to compulsory social insurance?
- ▶ (Predictable) of benefits that household business' owners and workers will gain from participating in compulsory social insurance? And challenges that prevent them from participating in compulsory social insurance? [the predictable cost/responsibilities that may arise from participating in compulsory social insurance]
- ▶ What can be preferences of household business owners and workers with different prescribed situations with respect to social insurance contributions such as payment schemes, levels.

Question 6: What could be the impacts if the CSI for household business owners is enforced in various aspects: economic, social, gender, administrative procedures, and legal system?

Question 7: Do you have any suggestions for

- ▶ Possible amendments and supplements to current regulations related to business registration applied for businesses individuals (who might include unregistered household business)?
- ▶ Policies/Measurement to expand compulsory social insurance effective coverage for household business owners and workers.
- ▶ The State support in level of contribution of CSI applied for business households/"to register" individual businesses to encourage them in participation in CSI or to register their business officially.

²⁷ Solutions financial support, solutions for registration forms and methods of collecting social insurance for individuals to easily access and participate.

A.2.2. Key informant interviews with province-level Social Security Office

Question 1: From perspective of the Social Security Office at the locality, what can be the identification about the similarities and differences between household businesses and business individuals? Is there any orientation of encouraging the business individuals to register as household businesses to expand the coverage of CSI in your province/city? What are the measures to be implemented in the near future? (or have been done recently)?

Question 2: From the perspective of Social Security Office at the locality, what are your assessments on the following contents:

- ▶ The effectiveness of the current legal provisions on participation in social insurance of household business owners and workers and business individuals (order, procedures, benefits, and obligations);
- ▶ Benefits/costs from legal perspective for household business owners [such as accounting regimes, bidding for service provision, disputes, and dispute resolution] and workers when participating in compulsory social insurance
- ▶ Benefits/costs from legal perspective [such as accounting regimes, bidding for service provision, disputes, and dispute resolution] for when participating in compulsory social insurance business individuals when registering and participating in compulsory social insurance
- ▶ The legal risks to household business's owners and workers and business individuals of not registering as well as not participating in compulsory social insurance

Question 3: From the perspective of Social Security Office at the locality, what are the lesson learnt under your province/city specific contexts in expanding the coverage of compulsory social insurance?

Question 4: From the perspective of Social Security Office of Provinces/Cities, could you give your assessment on the feasibility of the social insurance contributions such as payment schemes, levels as provided in The Law 41/2024/QH15?

Question 5: What could be the impacts if the CSI for household business owners is enforced in various aspects: economic, social, gender, administrative procedures, and legal system?

Question 6: Do you have any suggestions for

- ▶ Possible amendments and supplements to current regulations related to business registration applied for businesses individuals (who might include unregistered household business)?
- ▶ Policies/Measurement to expand compulsory social insurance effective coverage for household business owners and workers.
- ▶ The Province/City support in level of contribution of CSI applied for business households/"to register" individual businesses to encourage them in participation in CSI or to register their business officially.

A.2.3: Key informant interviews with district-level Grassroots Business Registration Officers

Question 1: Your overall assessment of the current implementation of business registration in the locality? [and the trend of business registration over the past few years, increase or decrease, transformation of their business forms (to enterprises, or stop registration, any reason for these trends)]. Are there any specific provincial policies on promotion and development of the household/individual business? What are the good or challenged practices of the implementation of these policies that you can reflect of?

Question 2: Your viewpoints on the identification about the similarities and differences between:

- ▶ Registered household businesses
- ▶ Business individuals including (1) self-employed and (2) household business are not yet registered with only one member [or so-called household business with business individuals]

Should it be a new regulatory form of Registration for above-mentioned “Business individuals”? Why? Is it feasible to request Business individuals to formalize their business by registering? Should this legal requirement apply for all types of Business individuals?

Question 3: For the households businesses that have already registered, what are their motives, financial (and non-financial) reasons for their registration? In your locality when household businesses registered what are the supports that your locality provided to them? How do they perceive these supports?

Question 4: From perspective of the local business registration office, can you share your thoughts/ assessment on the following:

- ▶ Motives, financial reasons [for business individuals/ household businesses] related to registration/ non-registration.
- ▶ Motives, non-financial reasons as time, procedures, accounting regimes, reporting, tax payment [for business individuals/ household businesses] related to registration/non-registration.
- ▶ The readiness in the business registration (offering different forms of registration and considering household options)
- ▶ Production and business results before and after registration (for registered households)

Question 5: Your assessment of difficulties and advantages in the implementation of policies and regulations:

- ▶ On business registration
- ▶ Management of activities of unregistered household business and business individuals

Question 6: Should it be advisable for your locality to encourage the unregistered household businesses and business individuals to register? If so, what can be the measures (feasible in your localities) to encourage them to registered?

Question 7: What could be the impacts if business individuals are regulated to register their business officially in various aspects: economic, social, gender, administrative procedures, and legal system?

Question 8: Do you have any suggestions for

- ▶ Possible amendments and supplements to current regulations related to business registration applied for businesses individuals (who might include unregistered household business)?

- ▶ Policies/Measurement to expand compulsory social insurance effective coverage for household business owners and workers.
- ▶ The Province/City support in level of contribution of CSI applied for business households/"to register" individual businesses to encourage them in participation in CSI or to register their business officially.

A.2.4. Interview guide with experts

Question 1: From your current studies/research, what are the highlights on

- ▶ The actualization of the guidelines and orientations of the Party and the Government on formalization of the informal sector in Vietnam so far
- ▶ The effectiveness/enforcement of the orientations of the Party (Resolution 28) on participation in social insurance of household business's owners and workers and business individuals
- ▶ The identification about the similarities and differences between household businesses and business individuals in the current legal documents

Question 2: What should be the needs of the state management of business registration for households, business individuals as well as the state management benefits of application of social insurance policies to HHB owners and workers?

Question 3: From your current studies/research what are the highlights on international perspectives in management with household business and business individuals with lessons learnt for Viet Nam? What are the challenges and solutions in implementing business registration policies for business individuals in some countries that may be relevant to Vietnam?

Question 4: Costs and Benefits of the business registration and compulsory social insurance/Your assessment of their readiness/challenges and barriers:

(4a) What are the predictable costs and benefits of the business registration of business individuals? What can be the incentives?

(4b) What are the predictable costs and benefits of application of compulsory social insurance policies to HHB owners and workers? What can be their incentives?

Question 5: What could be the impacts if the CSI for household business owners is enforced in various aspects: economic, social, gender, administrative procedures, and legal system?

Question 6: Do you have any suggestions for

- ▶ Possible amendments and supplements to current regulations related to business registration applied for businesses individuals (who might include unregistered household business)?
- ▶ Policies/Measurement to expand compulsory social insurance effective coverage for household business owners and workers.
- ▶ The State support in level of contribution of CSI applied for business households/"to register" individual businesses to encourage them in participation in CSI or to register their business officially?

A.2.5: FGD with business households/individual businesses

Exercise 1: Benefits and costs analysis on (1) business registration and (2) participation in compulsory social insurance.

- ▶ **Step 1:** The participants are asked to think about benefits of business registration, then list the participants' ideas in the first column (A0 paper to be used) then the cost of business registration, list them in the second column.
- ▶ **Step 2:** Are there any risks if you do not register your business or not participate in CSI (at least for your workers if you are the HHB that are employing workers)? List the participants' ideas in the third column.
- ▶ **Step 3:** Ask one, two participants who have already registered their business to share their real story (actual experience) on the benefits they gained and the costs they spent

Exercise 2: The barriers/motivators for business individuals in the Business Registration:

- ▶ **Step 1:** The group will be asked to give their thought on barriers/Motivators for business individuals in the Business Registration and Not Registration.
- ▶ **Step 2:** Ask the unregistered business individuals/household business why they have not registered? What are their "fear", "concerns", what make them motivated to registered?

Exercise 3: The barriers/motivators for Household Businesses to participate into compulsory for their workers and themselves?

- ▶ **Step 1:** The group will be asked to give their thought on barriers/Motivators for Household Businesses to participate into compulsory for their workers and themselves
- ▶ **Step 2:** Ask the one (that have already participated) to share their real story (actual experience) on the benefits they gained and the costs they spent?
- ▶ **Step 3:** Ask the one who seems not ready to participate to share their "concerns", their fears?

**International Labour Organization
Country Office for Viet Nam**

Social Protection Programme
Green One UN House
304 Kim Ma, Hanoi,
Viet Nam



Australian Government
Department of Foreign Affairs and Trade



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