

# Challenges to Youth Employment in Viet Nam



Ha Noi  
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## **The Mission of the United Nations in Viet Nam**

The United Nations, in partnership with the government and people of Viet Nam, works to ensure that all Vietnamese people enjoy an increasingly healthy and prosperous life with greater human dignity and expanded choices. Collectively and through its individual agencies, the United Nations cares and creates opportunities for the poor and most vulnerable, and for youth, to whom the future belongs.

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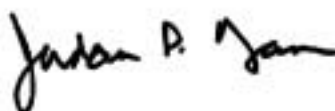
## FOREWORD BY THE UNITED NATIONS RESIDENT COORDINATOR

This paper is part of a continuing series of discussion papers produced by the United Nations Country Team in Viet Nam. Informed by the wide-ranging substantive and technical expertise of the United Nations agencies in the country, these papers examine a range of priority development concerns in Viet Nam, while providing an overview of some of the major challenges and opportunities in responding to these key issues. The papers are meant to generate discussion and debate in an ongoing effort to develop the necessary policy response to address these problems.

This current discussion paper on *Challenges to Youth Employment in Viet Nam* is the third in the present series. The first paper considered Viet Nam's International Economic Integration, Competitiveness and Rural Livelihoods (April 2002), and the second paper examined the pressing issues of Healthcare and its Financing (June 2003). To view the full series of discussion papers, please visit the UN Viet Nam website at [www.un.org.vn](http://www.un.org.vn).

The Youth Development Strategy to 2010, recently approved by the Government of Viet Nam, identifies unemployment as the single biggest difficulty currently facing Vietnamese youth. The Youth Strategy also recognizes the need to take political action to minimize the situation of youth unemployment and underemployment while promoting income generation among youth in an effort to eliminate poverty and improve the lives of youth in rural as well as urban areas. Against this background the United Nations in Viet Nam is placing special programmatic emphasis on youth in Viet Nam. As the first product of the joint collaboration of the United Nations here in Viet Nam, this discussion paper focuses on youth employment challenges. We trust this paper will contribute to developing new efforts to overcome some of the present constraints and barriers in the domestic economy and the Vietnamese labour market.

As Viet Nam strives to achieve the Millennium Development Goals over the course of the next decade, youth employment presents a major challenge that calls for a concerted, united response by both the national and the international community in the spirit of global partnership. All of us serving in the United Nations Country Team believe that the future belongs to the young, and that increasingly the youth of Viet Nam must become active participants in and shapers of their nation's development.



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## EXECUTIVE SUMMARY

The United Nations estimates that one person in five is between the ages of 15 and 24 years. The world's youth is its future and investing in young people must be an integral part of the global developmental agenda. Target 16 of Millennium Development Goal 8 calls for a global partnership to overcome youth employment barriers and to implement decent and productive work for youth.

Despite its rapid economic growth, Viet Nam faces several challenges related to employment, and especially youth employment. While young people, aged 15 to 24 years accounted for 25.2 per cent of the total work force in 1999, it is now estimated that around 1.4 million young job seekers enter the labor market each year. Political action will be necessary to create meaningful jobs for them.

This discussion paper examines the situation of youth employment and the challenges of their unemployment and underemployment in Viet Nam. The discussion paper advances a number of policy recommendations regarding action in support of youth employment. The framework for action is based on issues of employability, equal opportunity, entrepreneurship, employment creation and participation.

## LIST OF ACRONYMS

CPRGS	Comprehensive Poverty Reduction and Growth Strategy
HCYU	Ho Chi Minh Communist Youth Union
ILO	International Labour Organization
ICT	Information and Communication Technology
MDGs	Millennium Development Goals
PRSP	Poverty Reduction Strategy Paper
SIYB	Start and Improve Your Business
SMEs	Small and Medium Enterprises
VAS	Viet Nam Association of Students
VYF	Viet Nam Youth Federation

## GLOSSARY OF TERMS

**Youth:** The UN definition of youth is persons aged 15-24.

**Labour Force:** The economically active population comprises all persons of either sex who furnish, during a specified time-reference period, the supply of labour for production of good and services, as defined by the United Nations system of national accounts and balances (SNA). The economically active population is defined according to either current activity (last week or short reference period) or usual activity (last year or long reference period). The currently economically active population or labour force comprises persons who were employed (E) or unemployed (U) during a short reference period. Thus, the Labour force (LF) = Employed (E) + Unemployed (U). According to the ILO, the labour force comprises economically active persons above 15 years. (The Vietnamese General Statistical Office defines the working age as 15-60 years for men and 15-55 years for women.)

**Employed:** Persons who during the reference period performed some work for wage, salary, profit or family gain in cash or in kind and unpaid persons who engaged in economic activity as defined by the SNA for at least one hour during the reference period. It includes persons in economic activity as well as persons on leave or absent in the reference period but were with a job attachment and an assurance of return to work.

**Unemployed:** People who during a specified period were (i) without work, meaning without paid employment or self-employment, (ii) currently available for paid employment or self-employment, and (iii) seeking work through active steps taken. A “relaxed” definition of unemployment includes just (i) and (ii) above. Some of these are discouraged from actively seeking work because of current employment conditions.

**Underemployed** for *current activity* is fewer than 40 hours during the reference week and available for additional hours of work. The data here are for *usual activity* referring to a reference period of twelve months. In this case the underemployed are classified as *economically active* because they worked more than 183 days during the reference period of one year. However, they are *underemployed* because they worked fewer than 250 days and were available for additional days of work. One cause of high underemployment in rural areas is the seasonal nature of agricultural employment.

**Labour Force Participation Rate:** The LFPR measures the extent that the working-age population is economically active or the relative size of the supply of labour. It is the ratio of the number of people in the labour force to the number in the working-age population, expressed as a percentage using the same age groups.

**Unemployment rate:** The unemployment rate is the ratio of unemployed persons to the economically active population or labour force in the same age group, expressed as a percentage.

Unemployment rate =  $U/LF$  or  $U/(E+U)$

**Youth Unemployment rate:** Youth unemployment rates relate unemployed women and men of the age group of 15-24 (YU) to the economically active population or labour force of the same age group (YLF).

Youth unemployment rate =  $YU/YLF$

*Source: For key concepts, international standards and ICLS guidelines for labour statistics see the ILO Bureau of Statistics website at: <http://www.ilo.org/public/english/bureau/stat/res/index.htm>.*

## 1. Introduction

The United Nations estimates that there are over 1 billion youth in the world today. This means that approximately one person out of five is between the ages of 15-24 years<sup>1</sup>. About 85 per cent of them live in developing countries and by the year 2020, the number is expected to reach 89 per cent. Around 60 per cent of youth live in Asia alone.

The world's youth is its future. Thus, problems faced by young people must be given considerable attention as part of the development agenda. It is important to realise that there is not "one" youth. Young people are from different backgrounds, experiences, gender, age, social class, and ethnicity. The disparity of specific experiences and needs help to define the vulnerability of different groups, and therefore to be effective, policies and programmes need to be closely targeted.

Investing in youth employment not only provides hope and dignity for young people but also prevents the immense costs associated with unemployment, such as increased alienation and frustration, which are costs borne both by the individual as well as by the society as a whole.

High unemployment rates among young people reflect an important bottleneck for the development of low-income countries. However, what often does not show in statistics is the magnitude of underemployment among young women and young men.

Some work fewer hours than they would like and others work very long hours with little return. In developing countries, where public support is often minuscule or non-existent, young people are forced into subsistence oriented and low productivity work in the informal economy in order to survive, with little chances of breaking out of the poverty circle. Generally, this leads to low living standards and reduced choices due to insufficient incomes, lack of job security and social protection. It is also often accompanied by poor working conditions, lack of 'voice' and proper representation. Focusing on employment creation efforts for youth can help reverse these trends and mark the start of active and productive workforce participation together with the promotion of social integration.

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<sup>1</sup> The UN definition of "youth" comprises persons aged 15-24, with those aged 25 and over classified as "adults."

## 2. Millennium Development Goals (MDGs)

In September 2000, 147 heads of State and Government, and 189 nations gathered to participate in the Millennium Summit to review the role and challenges facing the United Nations in the 21<sup>st</sup> century.<sup>2</sup> The resultant Millennium Declaration<sup>3</sup> outlined a framework of 8 goals, with 18 targets and 48 indicators to measure progress. “The development goals set out in the Millennium Declaration express the resolve of the world’s political leaders to free their ‘fellow men, women and children from the abject and dehumanizing conditions of extreme poverty’, to make the right to development ‘a reality for everyone’ and to free ‘the entire human race from want’.<sup>4</sup>

The MDGs provide a framework for the entire UN system to work in a coordinated way towards the common end of improving the living standards and expanding the choices of people from developing countries through sustainable and pro-poor economic growth. Youth employment is an integral part of this framework.

According to the UN Secretary-General’s Millennium Report, the world faces a major challenge of youth unemployment — and it is likely to be even greater with the important increase in young newcomers to the job market.<sup>5</sup> The problem is in part one of inadequate aggregate demand and of inadequate aggregate supply. On the demand side, the problem is that low-growth economies cannot generate sufficient employment opportunities to hire their own young people. However, in some sectors there may in fact be plenty of aggregate demand in the global economy and in potential export markets, but this demand is cut off from developing countries by protectionist trade policies in developed countries. This is especially the case of agriculture but also in a number of other labour intensive sectors.

On the supply side, the problem facing the developing world is that the building of domestic economies, with meaningful employment and incomes through both export and domestic markets, is often constrained by the lack of human resource capacities needed to compete in high value added markets (especially processing, manufacturing and services) where both jobs and incomes are often more rewarding.

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<sup>2</sup> <http://www.un.org/millennium/>

<sup>3</sup> A/RES/55/2 <http://www.un.org/millennium/declaration/ares552e.htm>

<sup>4</sup> Implementation of the United Nations Millennium Declaration. Report of the Secretary General. July 31<sup>st</sup> 2002

<sup>5</sup> UN Secretary-General’s *Millennium Report* <http://www.un.org/millennium/sg/report/full.htm>

Millennium Development Goal 8, “Develop a global partnership for development,” includes Target 16, which calls for a global partnership to overcome some of these youth employment creation barriers and to, “*in cooperation with developing countries, develop and implement strategies for decent and productive work for youth.*”<sup>6</sup> Strategies are to be developed and implemented that give young people everywhere a real chance to find decent and productive work.<sup>7</sup> The indicator for this target consists of the unemployment rate of 15-24 year olds, disaggregated by sex.<sup>8</sup>

In translating the commitments of the Millennium Summit into action world leaders are encouraged to involve closely young people and to integrate their actions for youth employment into a comprehensive employment policy. Young people should be seen as partners for development rather than target groups.

A resolution on promoting youth employment was adopted by the Third Committee of the UN General Assembly on 17 October 2002.<sup>9</sup> This resolution encourages Member States to prepare national reviews and action plans for youth employment. It also invites the ILO, the UN, and the World Bank to undertake a global analysis and evaluation of progress made in preparing the national reviews and action plans and provides the Secretary-General Youth Employment Network<sup>10</sup> with a mandate to develop new partnerships and seek solutions to the youth employment challenge.

Viet Nam finalised its PRSP or Comprehensive Poverty Reduction And Growth Strategy (CPRGS) in May 2002. The strategy underlines the need for expanding vocational training for rural youth and for a mechanism to support the expenses of vocational training facilities at the local level. Social associations such as voluntary youth, pupil, and student associations are encouraged to educate and inform people in rural areas. And as part of establishing an education system for the people that is more egalitarian and of higher quality, policies to encourage and create conditions for rural young people to study and find appropriate jobs after graduation are advocated for adoption.

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<sup>6</sup> <http://www.un.org/millenniumgoals/>

<sup>7</sup> Paragraph 20 of the Millennium Declaration A/55/L.2.

<sup>8</sup> For data see [http://unstats.un.org/unsd/mi/mi\\_indicator\\_xrxx.asp?ind\\_code=45](http://unstats.un.org/unsd/mi/mi_indicator_xrxx.asp?ind_code=45)

<sup>9</sup> A/RES/57/165 UN General Assembly Resolution on Promoting Youth Employment

<sup>10</sup> In July 2001, the UN Secretary General convened a high-level policy network on youth employment drawing on the most creative leaders in private industry, civil society and economic policy to explore imaginative approach to this difficult challenge of youth employment.

### 3. Employment situation in Viet Nam

Viet Nam is in the process of economic renewal, moving from a centralised planning management system towards a market economy under state management. Despite the regional financial-economic crisis, Viet Nam managed to maintain average GDP growth rates of around 7 per cent during the period 1996-2000.<sup>11</sup> Economic growth has allowed fast reduction of poverty rates, and the ratio of households below poverty line has dropped from over 60 per cent in the early 1990s to around 32 per cent in 2002.

Rapid economic growth has led to a change in the structure of the economy. The GDP share represented by agricultural production is steadily decreasing, while the importance of industrial and service sector is ever greater, with changes in employment patterns following accordingly. However, despite fast economic growth, Viet Nam faces several challenges related to employment, especially youth employment. It will be difficult to match the constant increase in number of new entrants into the labour force each year by a sufficient increase in the supply of jobs.

Young people aged 15-24, engaged in economic activities accounted for 25.2 per cent of the total work force in Viet Nam in 1999.<sup>12</sup> This is a decrease since 1990 when the same group accounted for 31.1 per cent. One explanation for this trend is the increase in school enrolment rates at all levels.

However, despite the decline in the share of youth in the labour force, the number of youth entering the labour force each year is still increasing. Political action will be needed to create meaningful jobs for the 1.4 million estimated new young job seekers that are entering the labor market every year.

About 30 percent of employed youth work for the state and collectives.<sup>13</sup> Most of the rest (67 per cent) work mainly on small family farms, often underemployed and increasingly in the small but growing domestic private business sector

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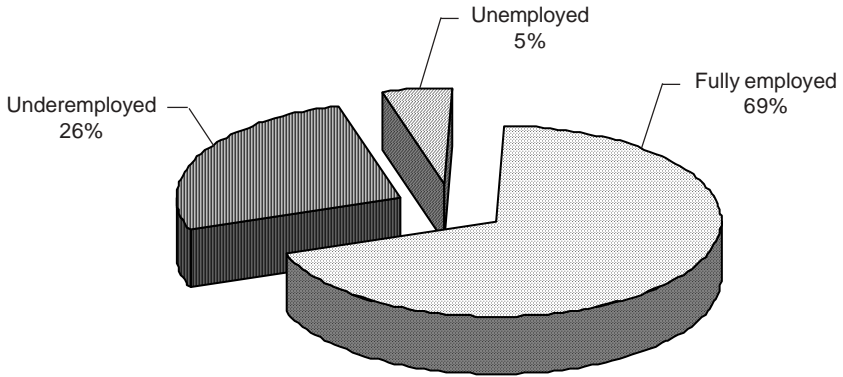
<sup>11</sup> Paper prepared for the ILO/Japan Tripartite Regional Meeting on Youth Employment in Asia and the Pacific, Bangkok, 27 February – 1 March 2002. Employment for Vietnamese youth: Situation and Solution.

<sup>12</sup> Youth in Viet Nam. A review of the youth situation and national policies and programmes. United Nations Economic and Social Commission for Asia and the Pacific, United Nations, New York, 2000, p. 66. Labour force is based on the GSO definition.

<sup>13</sup> General population and housing census 1999 cited in paper prepared for the ILO/Japan Tripartite Regional Meeting on Youth Employment in Asia and the Pacific, Bangkok, 27 February – 1 March 2002, Employment for Vietnamese youth: Situation and Solution.



### Youth Labor Force in Viet Nam, 2000



Source: Survey on labour and employment in Viet Nam 2000.<sup>14</sup>

where job creation appears to have the most potential. The non-state sector,<sup>15</sup> and particularly domestic business, accounts for an increasing share of the employment growth in Viet Nam, especially since the implementation of the new Enterprise Law.

The growth of newly registered enterprises that followed implementation of the Enterprise Law is an important indication of the considerable untapped potential for private enterprise in the country. During the last three years, it is estimated that there have been 1.3 to 1.5 million of new jobs provided by household enterprises, newly established enterprises and those with business area expansion in accordance with the Enterprise Law, making the number of employment in private sectors nearly the same as those who work in the State owned enterprises<sup>16</sup>; the employees working directly in private enterprises and household enterprises are 6 millions, accounting for more than 16% of total labor workforce.

<sup>14</sup> Cited in paper prepared for the ILO/Japan Tripartite Regional Meeting on Youth Employment in Asia and the Pacific, Bangkok, 27 February – 1 March 2002, Employment for Vietnamese youth: Situation and Solution.

<sup>15</sup> Non-state sector includes those equitised or privatised enterprises/companies and the private companies as well as the foreign owned enterprises.

<sup>16</sup> The employees working in the State owned enterprises to 1<sup>st</sup> July 2002 are 1,845,200 persons according to the draft Assessment Report on the 3-years of the implementation of the Enterprise Law.

Despite the fact that nearly 60 per cent of the newly registered enterprises are in the main urban centres, new investments in the private sector throughout Viet Nam are expected to have a major impact on poverty reduction. In particular, support to the full implementation of the enterprise law in rural provinces has been defined as a government priority. In this regard, capacity building assistance to sub-national level agencies responsible for domestic business sector development is a critical strategy to ensure a more balanced distribution of job creation in Viet Nam.

#### 4. Unemployment and underemployment

According to data from the 2001 survey on labour and employment the unemployment rate for youth in Viet Nam is 5.9 per cent. The rate for urban areas (13.7 per cent) is three times that for rural areas (4.4 per cent) and rates for teenagers are higher (6.7 per cent) than for young adults (5.3 per cent). Young women are more likely to be unemployed than young men. The unemployment rate for females aged 15-24 is 7.1 per cent. The unemployment figures for young women in urban areas are even higher – 18.5 per cent for those aged 15-19 years and 13.1 per cent for those aged 20-24 years.

##### **Youth Unemployment Rates in Viet Nam by Urban and Rural and Age, 2001**

Age Group	Total	Urban	Rural
15-19	6.7	16.5	5.5
20-24	5.3	12.4	3.5
15-24	5.9	13.7	4.4

*Source:* Ministry of Labour, Invalids and Social Affairs, Statistical Data of Labour –Employment in Viet Nam 2001.

Despite economic growth, the pace of job creation has not been adequate to provide employment opportunities for the labour force. On the contrary, the unemployment rate in Viet Nam rose between 1996 and 1999 with the group of youth aged 15-24 experiencing higher unemployment rates than older age cohorts.<sup>17</sup>

<sup>17</sup> Youth in Viet Nam. A review of the youth situation and national policies and programmes. United Nations Economic and Social Commission for Asia and the Pacific, United Nations, New York, 2000, p. 72.

Education and training are seen to be ways out of unemployment, underemployment and poverty. However, education systems are themselves being challenged by rapid changes in labour market needs. Viet Nam, like many countries in the region, must review its educational and vocational training systems in order to foster multi-skilling and long-term learning.

There are widespread skill mismatches on the labour market. Many skills become obsolete due to changes in production structure, advanced technologies, and new forms of work organisation. Workers with obsolete skills need to be retrained. A new trend has emerged in Viet Nam. Education and training are so extensively provided for professions formerly in short supply, such as managers, lawyers, economists and secretaries, that the labour market is flooded with such specialists, while previously, oversupplied technical and craft occupations are missing.

Many universities, colleges, and vocational training schools are now under pressure to reorganise their training curricula putting more emphasis on skills-based training to meet the emerging labour market demands. The Vietnamese Communist Party has set targets for raising the trained labour ratio, from 20 per cent in 2000 to 40 per cent in 2010, and raising the ratio of university level science and technology personnel, from 25 per thousand inhabitants in 2000 to 50 per thousand inhabitants in 2010.<sup>18</sup> With the aim of doubling these critical ratios over the next decade, the government is committed to developing effective and efficient human resources policies for the on-going process of institutional reform and international integration of the country. Employability in the Vietnamese context of an economy in transition, generating a supply of new skills and greater competence, is the vital focus for encouraging business sector development and for improving systems of education and training.

While unemployment is higher in urban areas, underemployment is greater in rural areas of Viet Nam. According to the 2001 survey on labour and employment there are more than 2 million youth classified as underemployed based on the number of days working in a year.<sup>19</sup> The divisions between male and female and

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<sup>18</sup> Targets on human resources development set by the 9<sup>th</sup> Congress of the Communist Party of Viet Nam.

<sup>19</sup> The definition of underemployment for *current activity* is fewer than 40 hours during the reference week and available for additional hours of work. The data here are for *usual activity* referring to a reference period of twelve months. In this case the underemployed are classified as *economically active* because they worked more than 183 days during the reference period of one year. However, they are *underemployed* because they worked fewer than 250 days and were available for additional days of work. One cause of high underemployment in rural areas is the seasonal nature of agricultural employment.

between teenagers (15-19 years) and young adults (20-24 years) are roughly equal. The distribution between cities and countryside is uneven with almost all (95 per cent) in rural areas.

According to data from the survey on labour and employment for 2000 the percentage of youth labour force aged 15-24 that is underemployed (26.1 per cent) is much greater than the percentage that is unemployed (4.5 per cent). The proportion of economically active youth classified as underemployed is much greater in rural areas (27.1 per cent) than in urban areas (2.2 per cent). The proportion of rural youth in the labour force recorded as underemployed peaked in 1998 during the Asian economic crisis. Since then the figures have fallen.

In Viet Nam agriculture absorbs most of the young workers, although the number is declining. The trend seems to be that young women and young men living in urban areas register as unemployed, while rural youth are engaged in farming and outnumber the urban youth among the underemployed.

Underemployment in the agricultural sector has led to a surplus of labour in rural areas. Unless local off-farm jobs in the rural areas are developed to create employment opportunities, the rural-urban migration for job seekers will continue to put pressure on the cities. The jobs held by young migrants are often unstable and economically unsustainable. Due to the recent developments of many new industrial processing zones for foreign companies in big cities, a large number of young migrants have been employed to work there. However, the sustainability of these jobs is questionable and several disputes between workers and employers have already been reported.

## **5. Youth participation**

Youth participation has historically played an integral role in Viet Nam's development. Since the 1930s, the interests of youth have been represented by the youth mass organisations such as Ho Chi Minh Communist Youth Union (HCYU), Viet Nam Youth Federation (VYF), Viet Nam Association of Students (VAS), and National Council of Young Entrepreneurs in Viet Nam, as well as representatives of youth organisations are invited to attend government sessions to discuss relevant problems.

The inclusion of youth in local economic development processes fosters a sense of community and citizenship that can encourage positive urban and rural

development. Young people themselves should participate in policy making for youth employment promotion and general local economic development strategies. Policy makers should not only invite young people to consultations but also actively listen and act upon their advice. Active participation and real influence have positive effects not only on a person's sense of belonging, but also on the legitimacy of policies and programmes, and hence also their success.

## 6. Policy Recommendations on Youth Employment Development

### Four top priorities for national action plans

- **Employability** – invest in education and vocational training for young people, and improve the impact of those investments;
- **Equal opportunities** – give young women the same opportunities as young men;
- **Entrepreneurship** – make it easier to start and run enterprises to provide more and better jobs for young women and men and encourage self-employment;
- **Employment creation** – place employment creation at the centre of macroeconomic policy.

Source: United Nations General Assembly, Fifty-sixth session, Agenda item 29, Follow-up to the outcome of the Millennium Summit, Recommendations of the High-level Panel of the Youth Employment Network, 28 September 2001.

### 6.1. Enhancing Employability

The educational level of the labour force in Viet Nam has improved when viewed nation wide but there is a wide gap between the educational levels of urban workers and rural labour.<sup>20</sup> The positive changes in educational attainment have had positive effects on job training and job placements but challenges remain.

<sup>20</sup> Cited in paper prepared for the ILO/Japan Tripartite Regional Meeting on Youth Employment in Asia and the Pacific, Bangkok, 27 February – 1 March 2002, Employment for Vietnamese youth: Situation and Solution.

First of all, it is important for the government to continue strengthening its commitment to universal education from primary to secondary. Further attention is required to address disparities in the quality of the education, which might be reinforcing existing disparities in access to the services.

Second, highly specialised curricula in vocational education and training can be replaced with a more balanced approach, which favours employability. A broadly based schooling of modular type and interdisciplinary studies can make it easier for young people to change occupations and upgrade skills during their working life.

Greater attention can be placed on the concept of life-long learning in the education system. Substantial improvement can be made in regard to teaching methods, which are often based on rote learning of large quantities of information. Active learning and problem solving can help the students put their newly acquired knowledge into practice.

Third, the national education system could benefit from greater flexibility in adjusting to the changing demand for skills on the labour market. In this regard it is helpful for schools and universities to be in close contact with employers in order to respond to their needs. This process may be facilitated through institutions providing employment services. On the other side, enterprises could also be more closely involved in the work of vocational schools and universities with regard to funding research and studies that lead to improvements in curricula.

Current challenges include those arising from the increasing pace of globalisation and competitiveness combined with the impact of information and communication technology. Education and training by themselves cannot be the sole vehicle for employment creation but must go hand-in-hand with macro-economic policies and poverty reduction strategies.

## **6.2. Ensuring Gender Equality**

On the global level, significant policy developments have been taken over the past decades in moving towards gender equality. As part of this process women have made progress in terms of greater economic autonomy and labour force participation. Yet challenges remain in terms of promoting decent work and realising human potential for all workers regardless of gender. Among issues that must be addressed are the feminisation of poverty, differential impacts of HIV/AIDS, earnings differentials, occupational segregation, and equal participation in decision-making. Efforts can also be made to eliminate barriers that prevent unmarried women from obtaining micro credit.

Young women must be given a full range of employment opportunities and not be limited to poorly paid or traditional occupations. In Viet Nam, the percentage of young women working in services is higher than for young males, while men are more likely to find jobs in agriculture, forestry, and aquaculture.<sup>21</sup> Opportunities offered by the ICT sector are often put forward as providing job opportunities for young women. However, specific measures need to be taken to avoid the transfer of existing patterns of gender segregation from traditional jobs to the digital economy. Providing equal access to all types of education and training as well as workplace practices are factors that need to be addressed.

The United Nations has worked with the government in Viet Nam to promote gender equality in different ways. Most of the work has been related to follow-up on policies and decisions related to the Beijing Conference Commitments and the National Plan of Action, which is now in its second phase.

### **6.3. Entrepreneurship**

Promoting the development of the domestic business sector is an integral part of a strategy for economic growth and youth employment. Encouraging self-employment through private entrepreneurship should be seen as a means to create jobs and enhance incomes and thereby raise the living standards of communities. Young people are likely to create and drive innovative businesses and to employ other youth in the process. State financial assistance, technology transfer and business know-how, are necessary to support such efforts. Business development requires an enabling legal and regulatory environment. Access to loans for young people can also be improved. Today, almost 70 per cent of SMEs rely on families and friends for start-up capital.

Young entrepreneurs also lack the education and skills necessary to respond to rapid growth of the private sector. ILO's programmes like the Start and Improve Your Business (SIYB), which is offered in remote areas through radio and television, can be expanded. Support to business development services and public-private partnerships can also be strengthened, both by the state and by established international and domestic businesses.

UN agencies can work together with business associations and trade unions to facilitate the start-up and expansion of businesses, while supporting and strengthening labour standards.

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<sup>21</sup> Cited in paper prepared for the ILO/Japan Tripartite Regional Meeting on Youth Employment in Asia and the Pacific, Bangkok, 27 February – 1 March 2002, Employment for Vietnamese Youth: Situation and Solution.

#### **6.4. Employment creation**

An integrated approach to policies that combines a stable macroeconomic framework with well targeted social and development policies that disproportionately benefit the most isolated and vulnerable groups is needed to create decent work at decent pay for young people. Policies for youth employment creation must be part of an overall macroeconomic strategy designed to stimulate growth, employment, and equity. This will require a strong political commitment by national leaders. Enhancing employability becomes redundant when there are no jobs. On the other hand growth cannot be achieved if workers are not trained for the needs of the labour market.

*In conclusion, the United Nations urges the Government of Viet Nam to adopt a national youth employment policy with clearly defined short, medium and long-term goals with the necessary laws and programmes to support them. The short-term objectives are to prevent unemployment and underemployment and help job seekers find new employment while providing them with temporary income support. In the medium-term, the main goal should be to stimulate demand for young workers by correcting the imbalances in the economy; to create a stimulating business environment; to upgrade human capital; and to guarantee reasonable wages and incomes and reduce poverty. The long-term goal is the promotion of equal access to employment for all women and men who wish to work, and at equal pay for equal jobs, regardless of age, gender, ethnic and social origin.*

Through the implementation of such a forward-looking national youth employment policy, the Government of Viet Nam will do much to ensure that Vietnamese youth play an active role in achieving the Millennium Development Goals.



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