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FULL REPORT

Round 2 - November 2020

**Assessment of the COVID-19 Socio-Economic
Impact on Vulnerable Households and
Household Businesses in Viet Nam**

February 2021

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Disclaimer: This report, funded and commissioned by UNDP in Viet Nam with the support from the Japan's Supplementary Budget (JSB), is conducted by the Center for Analysis and Forecasting, Vietnam Academy of Social Sciences. The opinions, analyses and recommendations contained in this document do not necessarily reflect the official opinions of the partner organizations. The report is an independent publication.

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FOREWORD

With the aim of helping to inform the Government of Viet Nam’s response and recovery to COVID-19, a rapid impact monitoring (RIM) of the pandemic commissioned by UNDP and UN-WOMEN was first conducted in April and May 2020. The first assessment (RIM1) report “COVID-19 Impact on Vulnerable Households and Enterprises in Viet Nam: A Gender-sensitive Assessment” provided useful information, especially on the COVID-19 impact on the income of vulnerable households and enterprises causing a surge in transient income poverty.

As a follow-up to RIM 1, the second round of rapid impact assessment (RIM 2) was conducted in November 2020. The objective of RIM 2 is to provide an updated picture on multiple economic and non-economic dimensions of the well-being of vulnerable households and enterprises in the pandemic times, focusing on their recovery, as the context in Viet Nam is evolving rapidly.

Telephone interviews were conducted in November 2020 with 996 households (drawn from the sample of Viet Nam Household Living Standard Survey conducted by GSO in 2018), of which 209 are from ethnic minorities, 205 female-headed households, 196 urban households. 468 households with household business. In terms of sectoral distribution, the sample includes 234 households in agriculture, 115 in manufacturing, 127 in construction, 50 in tourism, hotel and catering, and 470 in trade. In addition to phone interviews, the research team also conducted a number of face-to-face unstructured interviews with different types of households to gather in-depth information on the ground.

The report findings highlight that: (i) Since April 2020, as a result of the pandemic, the employment of 63% surveyed households were affected (family members were laid off, had a temporary break from work, suffered from reduced working hours and work sharing. Households with businesses reported a higher percentage of employment impact compared to the average. (ii) While there was a significant recovery from May income levels, household per capita income in October 2020 was still lower than in December 2019 by 14.5 and 18.5 percentage points for all households and households with businesses respectively. (iii) As a result, the transient income poverty rate (using MOLISA’s income poverty line for the period from 2016 to 2020) of the affected population that experienced employment impact was recorded at 12.7% in October 2020 as compared to 4.9% in December 2019. Critically, 8.5% of the non-poor population in December 2019 fell into poverty in October 2020 because of the impacts of the pandemic. Finally, the implementation of preventive measures by households became less vigilant as pandemic-related health risks fell, at the same time overall rates of households using e-commerce and e-payment mechanisms as well as having family members move to new jobs increased.

We offer the report’s findings and recommendations as inputs to the Government’s continued efforts to refine policy actions and their implementation to protect livelihoods of vulnerable households, support micro/household businesses in recovering their operations and ensuring continued employment for workers. Ultimately, expanded protection is needed for achieving the Sustainable Development Goals (SDGs) so that no one is left behind in the ‘new normal’ of living safely with COVID-19.



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ACKNOWLEDGEMENTS

This report was prepared by a team led by Nguyen Thi Thu Phuong (Centre for Analysis and Forecasting, Viet Nam Academy of Social Sciences - CAF/VASS) and comprised of Nguyen Thi Quyen, Nguyen Thi Phuong Nga, Tran Thi Lan Anh and Hoang Duc Hung. Substantive inputs were received from Vu Hoang Dat and Pham Minh Thai (CAF/VASS). Administrative support was provided by Hoang Thanh Tu (CAF/VASS).

Throughout the research process, the team received technical guidance from Mr. Nguyen Tien Phong (UNDP in Viet Nam) and Mr. Nguyen Thang (CAF/VASS). Special thanks go to Mr. Doan Huu Minh, Mr. Truong Duc Thang (UNDP in Viet Nam), for their effective support during the implementation of the study. Financial support by UNDP Viet Nam is duly acknowledged.

The fieldwork was facilitated by local officers in the provinces of Hanoi, Hoa Binh, Quang Binh, Ho Chi Minh, Dong Nai, and Hau Giang. The study could not be completed without the participation of associations, cooperatives, small and medium enterprises, workers and households. The team is grateful to all of them.



ABBREVIATIONS

CAF:	Centre for Analysis and Forecasting
GDP:	Gross Domestic Product
GSO:	General Statistical Office
LFS:	Labor Force Survey
MA:	Moving averages
MPI:	Multi-dimensional index
PPE:	Personal protective equipment
PPP:	Purchasing Power Parity
RIM:	Rapid Impact Monitoring
UNDP:	United Nations Development Program
UN-WOMEN:	United Nations Entity for Gender Equality and the Empowerment of Women
USD:	US dollar
VASS:	Viet Nam Academy of Social Sciences
VHLSS:	Viet Nam Household Living Standard Survey
VND:	Viet Nam dong



EXECUTIVE SUMMARY

Rapid Impact Monitoring (RIM) in Brief

Since the coronavirus (COVID-19) pandemic was first recorded in Viet Nam on January 23, 2020, by November 2020, two waves of outbreaks took place in the country. In response, the Vietnamese authorities took swift action through testing, contact tracing, quarantine and social distancing measures to curtail the spread and limit community transmission. Nevertheless, the COVID-19 pandemic has substantially affected the economy and most vulnerable people and household businesses.

With a view to gathering information that is complementary to mainstream data collected by the General Statistical Office (GSO), rapid monitoring impact (RIM) - a snapshot - of the pandemic commissioned by UNDP and UN-WOMEN was first conducted in April and May 2020. This first round of assessment (RIM1) provided useful information, especially on (i) the COVID-19 impact on the income of vulnerable households and enterprises, causing the surge in transient income poverty, (ii) the household and enterprise coping strategy during April 2020 and (iii) signals of early recovery in May 2020.

The second round of RIM (RIM 2) was conducted in November 2020 as a follow up to RIM 1. The objective of RIM 2 is to provide a follow-up snapshot on multiple economic and non-economic dimensions of the well-being of vulnerable households and enterprises in the pandemic times, focusing on their recovery, as the context in Vietnam is evolving rapidly. In addition to phone interviews, the research team also conducted a number of face-to-face unstructured interviews with different types of households to gather stories on the ground. Based on findings of an analysis of the survey data, recommendations are made towards promoting robust, sustainable and inclusive recovery.

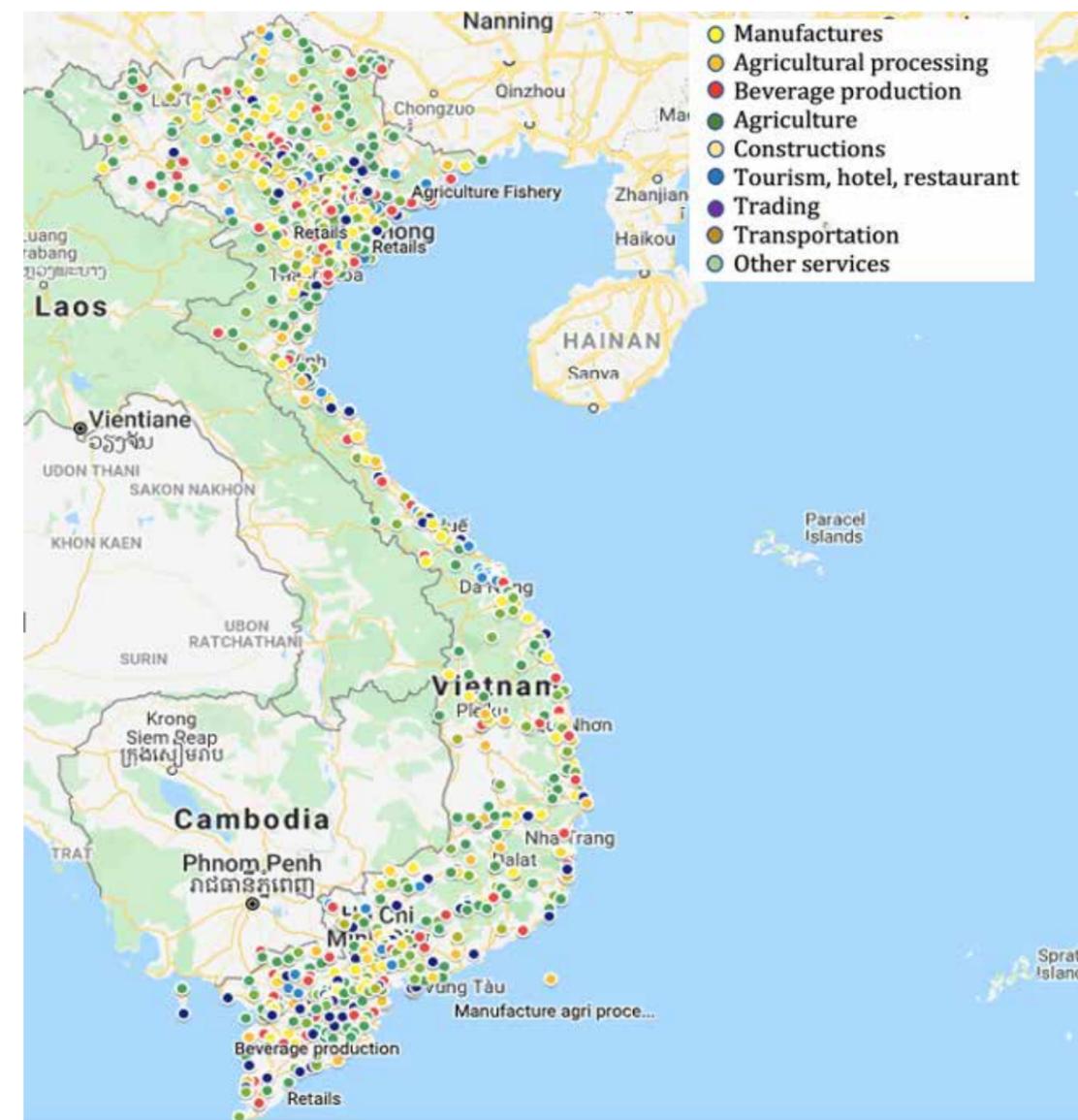
Sampling

The designed sample size of the RIM 2 phone survey was 1,000 households. Respondents were selected from a sampling frame, which consists of 45,838 households of Vietnam Household Living Standard Survey conducted by GSO in 2018 (VHLSS 2018). For the selection of the sample, a stratified random sampling was employed. The sample was stratified by two criteria. Using the first criterion on sectors of employment of household members, the economy is classified into two groups of two-digits industries - heavily affected sectors, which are defined as experiencing drops of labor income in real terms of at least twice the median year-on-year income drop for the whole economy in quarter 2 of 2020, and the rest. Such information was derived from Labor Force Survey data for the second quarter of 2019 and 2020. Using the second criterion, households were classified by ethnicity into two groups - the Kinh-Hoa majority and ethnic minorities. Furthermore, households with a higher number of members working in heavily affected sectors were oversampled, so were households from ethnic minorities. Sampling weights were then calculated accordingly for use in different aggregations.

The final sample consists of 996 households, of whom 209 are from ethnic minorities, 205 female-headed households, 196 urban households. In terms of sectoral distribution, there are 234 households of workers in agriculture, 115 in manufacturing, 127 in construction, 50 in tourism, hotel and catering, and 470 in trade. As such, there is a sufficient number of observations on single-dimensional analysis, except tourism. The geographical coverage is the whole Viet Nam.

There were 468 households with businesses (HB)¹. While such a number of observations is sufficient for analysis of the whole group of households with HB, care should be taken when there is a need to disaggregate the results, particularly when the number of observations per subgroup is under 100 as per our experience.

Figure 1. Spatial distribution of the surveyed households



Source: Based on RIM 2 Data

¹ Household business is defined as per Clause 1, Article 66 of the Government's Decree 78/2016 /ND-CP as follows: "A business household is owned by an individual or a group of individuals who are Vietnamese of 18 years of age or older, have the full civil capacity, or a household is only registered in one location, employs less than ten employees and is responsible with all of its assets for the business". As such, household businesses can employ non-family members, although employees often have family ties with the owner.



Key findings

Employment impact of the pandemic prevailed and varied across different types of households

Cummulatively, approximately 12.4% of households report to have members being laid off since April 2020 (till October 2020) because of the pandemic. The most common impact of having a temporary break from work experienced by 51.3% of households. 29.3% of households had members suffering from reduced working hours and work sharing. 63% of all households experienced least one of these employment impacts of the pandemic and they are hereafter termed as affected households as opposed to the remaining group of households that did not report any employment impact. For households with businesses, figures on the percentage of laid off wage workers and reduction of working hours were similar, but those on temporary break from work and any employment impact were higher than for all households.

Whichever poverty measurement is used. Across sectors, construction and tourism, catering and accommodation had a significantly higher percentage of households experienced employment impact than the rest. Slightly over half of households engage in agriculture experienced any employment impact. With regards to households with businesses, although the concrete percentages were different from those for all households, the pattern of the within-group differences was generally similar.

Income recovery from the peak of the pandemic in April 2020 was significant while the pandemic disproportionately affected households with household businesses

On average, household per capita income in October 2020 was equal to 85.5% and 81.5% of that in December 2019² for all households and those with household business respectively. These represent a drop of 14.5 and 18.5 percentage points from the pre-pandemic time respectively. These, however, represent a significant recovery from the April income level, when RIM 1 was conducted. Then the average income drop was as high as by approximately 50%.

For households with businesses, per capita income in October 2020 relative to that in December 2019 was 82.5% and 78.7% on average for all households and affected households in this group respectively. This indicates that on average, households with businesses experienced larger declines in relative terms than those without household business, although, in absolute terms, per capita income of the former was consistently higher than that of the latter in both December 2019 and October 2020 (VND 3.2 and 2.4 million vs 2.7 and 2.3 million respectively).

Income declines varied across different types of affected households. Non-poor households were affected more in relative terms (and therefore also in absolute terms) than poor households, however income poverty is defined³. Similarly, households in the lowest quintiles also experienced income decline to a lesser extent than those in higher segments of the income distribution. A gender difference was negligible, with female-headed households slightly less affected than their male counterparts. The pattern for households with businesses was also broadly similar.

A discernible rise in transient income poverty in October 2020 as compared to December 2019

The poverty rate of the affected population increased substantially between December 2019 and October 2020 across poverty lines used and across different segments of the population. If the MOLISA's income poverty line for the period from 2106 to 2020 is used, the poverty rate for the affected population rose from 4.9% in December 2019 to 12.7% in October 2020. If a World Bank's poverty line of USD 3.2, 2011 PPP, which is applicable to lower developing countries is used, these figures are slightly higher, at 6.4% and 15.1% for these two points in time respectively. It is also found that 8.5% and 8.9% of the non-poor households in December 2019 falls into poverty in October 2020 if MOLISA and World Bank's poverty lines are used respectively.

Non-economic impacts: Difficulties in major household activities were not widespread, but gender disparities were evident in some activities

COVID-19 caused difficulties in family activities for a small group of households in Oct 2020. Specifically, the percentages of households reported to have had difficulties were respectively were 5.4% in daily shopping, 3.9% in taking care of the education of children, 4.3% in health care, 2.3% reported conflict in the family and 0.6% reported domestic violence. A considerably higher percentage of female-headed households reported more difficulties associated with doing daily shopping and taking care of health care for family members than male-headed-households, 9.0% vs.4.4% and 6.8% vs. 3.5% respectively.

Live safely with COVID-19: The implementation of preventive measures by households has become less stringent as the pandemic-caused health risk falls, while digital transformation has accelerated

The percentage of households using masks, soap, hand sanitizers for hand wash, temperature check has reduced from April to October 2020. 95% of households wore masks, and 82% washed hands with soap and hand sanitizers in the previous survey round in April 2020. In October 2020, these percentages reduced to approximately 79% and 73% respectively. Such a reduction was explained by respondents seeing the significant drop of pandemic-related health risk between these two points in time.

The percentage of households using electronic payment increased to 10.1% of households in October 2020, from 6.9% in April 2020. 13% of households did online shopping in

² This comparison does not take into account seasonal factors which often result in higher incomes of workers in December (high season) than in October (low or normal season) and therefore these estimates tend to overstate the income reduction caused by the pandemic.

³ The income poverty status of households (poor, near poor and non-poor) is in December 2019, i.e. the pre-pandemic time. This classification is used throughout analyses, unless stated otherwise.



October 2020 as compared to 7.6% of households did so in April 2020. Such changes are encouraging, indicating Viet Nam is turning challenges into opportunities for accelerating digital transformation.

There are differences in employing preventive measures across different types of households. If differences in wearing face masks between different groups were not so large, they were significant with regards washing hand with soap and hand sanitizers, electronic shopping and electronic payment. There is a common pattern for these measures: fewer households from more disadvantaged groups (poor and near-poor, bottom income quintile) take preventive measures as compared to the rest, indicating that economic inequality may result in inequality in effective response to the pandemic, particularly with regards to more expensive preventive measures.

Occupational and geographic mobility in response to the pandemic-caused economic shock: Slightly over 10% of affected households reported a move by household members

11.3% of affected households in RIM 2 reported to have members who changed jobs due to COVID-19 since the pandemic broke out in Vietnam. This figure was 4.7% in RIM 1 survey conducted in April and May 2020. This increase can be explained by the time needed for affected workers and households to react to the pandemic's continued impact on their employment.

Furthermore, nationwide lockdown took place in April 2020, labor occupational and geographic mobility was limited, if at all. Of those household members who moved, 92.6% did it within the same province, and 64.9% within the same occupation.

Waiting for the pandemic to end was the most common reason for the "no move" reaction, followed by skills mismatch and skills shortage

Waiting for the pandemic to end shortly was the most common reason, being cited by 36.2% of households without moving members. This reason was further elaborated: 24.7% of affected households thought that they did not expect that temporary jobs had been available during the pandemic and therefore they had to wait. This may be partly linked to the lack of information on job availability. Under 15% of affected households had resources to rely on while waiting, of whom 12% could rely on their savings while 1.8% thought that they could receive unemployment benefits or policy support.

The mismatch of supply of and demand for skills, and/or skill shortage was the second common reason for the "no move choice" cited by approximately a third of affected households without members changing employment: 20.6% - no skills for other jobs, 8.5% - have looked for, but found no relevant recruitment and 3.6% - applied for new jobs but did not meet requirements.

The "no move" response to Covid-19 employment impact varied across different types of households, but a general pattern is that it was higher for more disadvantaged groups of households (bottom income quintiles, poor households, rural, ethnic minority households, etc.). The percentage of affected households reported not moving was higher for male-headed households vis-a-vis female-headed ones.

Cutting expenditures was the most common passive response employed by affected households

45.4% of affected households cut expenditures, of whom 27.4% reduced spending by as much as more than 30%. On a positive note, only a minuscule percentage of households, which is estimated at 1.1%, sold valuable assets to cope. A third of affected households relied on borrowing to minimize the spending cut. 8.4% used their savings. Almost half of the households did not have any savings at all, while slightly more than a quarter of households had savings to be drawn for between 1 and 3 months.

The above figures indicate substantial recovery as compared to late April and early May 2020: RIM 1 found that 70% of households reported to have cut household expenses, of whom approximately 44.3% of households reported cutting more than 30% of household expenses. 74 % of households had to use their savings to partially make up for the income shortfall.

Support to households: Modest coverage, but generally progressive

17.5% of households received some form of support. The support coverage was modest as compared to the percentage of households affected by the pandemic (63.3%)⁴. However, it is generally progressive, as higher percentages of disadvantaged households received the support than their peers in various types of household classifications. The only exception is a smaller percentage of female-headed households receiving support than male-headed ones.

Among those receiving support, 75.4% of them receive policy support from the Government. Another 18.8% of them have support from local social organizations. A tiny percentage of affected households received support from relatives while support from other sources was limited in terms of coverage.

Recipients generally had a positive view on the Government support, but assessment varied across different types of households

86.7% of recipients had a positive view of the Government support, of whom 22.5% of households appreciating it as very effective. The assessment varied across different groups of support recipients. Higher proportion of non-poor households had a positive view on the Government support than poor households. So did households in the top income quintile as compared to those in the bottom quintile. With regard to non-income classifications of households, higher percentage of rural recipients was of positive view than urban ones. So was ethnic minority than Kinh majority, female-headed than male headed recipient households and those with head in formal employment vs. in informal employment.

In answering to the question "Does your household really need support if the COVID19 pandemic breaks out again?", 54.8% said "Yes". Put it differently, 45.2% of households did not need the public support, or in other words, they could weather the shock themselves, which is encouraging. Across different types of households, a common pattern was that a larger proportion of more disadvantaged groups needed the support as compared to their peers.

⁴ It is smaller than the percentage of affected households that had to cut expenditures (63.3%*45.4%=28.7%), but is slightly greater than the percentage of affected households that had to cut expenditures by over 30% (63.3%*27.4%=17.3%)



Promoting robust, sustainable and inclusive recovery - recommendations:

1. Crushing the curve. Viet Nam has up until now emerged among one of the very few countries which were able to maintain a very positive scorecard: a few waves of community transmissions, improvements in the Government and public responses from wave to wave, resulting in smaller and shorter disruptions to economic activities. Since the pandemic broke out in February 2020, Viet Nam has considerably strengthened testing capacity, contact tracing, stockpiled PPEs and added extra health facilities. To crush the curve, the Government has consistently employed a strategy of rapid response, which consists of 5 steps: prevention, detection, isolation, zoning for epidemic suppression and effective treatment. The Government has recently modified its strategy to include new elements such as random testing at high-risk places and people such as hospitals, restaurants, airports, truck drivers; regular monitoring of coughs/pneumonia cases, maintain strict control/application of quarantine rules in both establishments and at home. The Government has also embarked on a plan to vaccinate the population as much and as fast as possible. The public has a lot of trust in the Government, thus showing vigilance by following the guidelines by the Ministry of Health, which can be summarized as “Masks - Disinfection - Distance - Crowd avoidance - Medical declaration”⁵.

These are key factors behind Viet Nam’s great success in containing the spread, thereby avoiding disruption of economic activities on a large scale. Such a comprehensive strategy to combat the pandemic should be consistently implemented, updated and improved based on lessons learnt from wave to wave.

2. Providing targeted support to hard-hit sectors. The risk of resurgence of the pandemic still remains high until a large proportion of the population is vaccinated and/or effective treatments are available. Local lockdowns or location-specific restrictions cannot be ruled out. Therefore, while the overall economic recovery is well under-way, it is uneven across sectors. Risks are still high in contact-intensive activities. Economic sectors such as air transportation, tourism and hospitality industry still face considerable challenges, as documented in both rounds of RIM, and GSO’s labor force surveys. In addition to helping otherwise healthy firms in these sectors to stay afloat, as it was already done, the Government can do some targeted interventions to stimulate employment demand in these hard-hit sectors including phasing in the reopening process with vaccine passport, participating in travel bubbles with relevant countries and designing and implementing preventive procedures to receive inbound tourists etc.

3. Enhancing labor mobility. Geographic and occupational mobility needs to be improved to accelerate the recovery process while ensuring it is inclusive. As documented in both rounds of RIM, the lack of information on job availability and skills mismatch are among the main impediments for affected workers to move across sectors and/or locations to get better employment opportunities. This structural constraint can be relaxed through reskilling, labor market information and job matching services, simplification of procedures, including to ensure the continuity of the workers’ participation in the social and unemployment insurances as well as the portability of the benefits across space. The education and training curricula should put a stronger emphasis on transferable skills (e.g., critical thinking and problem solving, soft and digital skills, etc.) that are of great value regardless of sectors or locations of the workers.

⁵ In Vietnamese, it is the 5Ks rule “5K: Khẩu trang - Rửa tay - Giữ khoảng cách - Không tập trung - Khai báo y tế”. These are broader than the 3Ws rule “Wearing masks, washing hands and watching distance” being applied in the pandemic time in many parts of the world.

The Government of Viet Nam is determined to accelerate digital transformation, as evident by its prominent place in the 2021-2030 socio-economic development strategy. As part of this process, digital technologies should be leveraged to support the upskilling and reskilling program. In particular, digital platforms, including YouTube or others should be used and/or developed to deliver training in skills required in growing sectors to a large number of workers, including those from the informal sector. As these Internet-based training programs can be considered as “public goods” with large spillovers and social benefits, the Government can provide monetary incentives to owners of the training content, based on the number of hits. Such ex-post financial rewards resemble the incentives provided by digital marketing firms to owners of digital platforms which are very common in the digital age. Information on the availability and usefulness of these and other digital platforms-based programs should reach out to as many workers as possible, e.g. through TV, Facebook, Zalo, etc. Digital technology also helps to speed up payments under the unemployment insurance program, which is critical in challenging times.

4. Promoting saving. People, including the poor and the low income, can benefit from saving to smooth consumption when income is uneven and unpredictable, and to insure against emergencies, thus increasing the resilience of the savers. However, as found in RIM 2 survey, almost half of households did not have any savings at all, thus having no financial buffer to cushion income shocks.

At the country level, Vietnam’s gross savings rate as a percentage of GNI dropped from 39.5% in 2004 to only 24.5% in 2019, which is lower than the savings rate in lower-middle-income countries at 26% in the same year⁶. Other measures such as the gross savings as a percentage of GDP or net savings rate as a percentage of GNI also had similar dynamics over this period. This is a very disturbing trend, as the declining propensity to save contributes to the rising gap between investment and savings, which in turn reduces the country’s resilience and increases its dependence on foreign savings (in the form of foreign borrowings and foreign direct and portfolio investment). It is therefore important to find ways to encourage the saving culture among the population at large, including the low-income people⁷.

Some findings and suggestions drawn from controlled experiments implemented in developing countries are worth considering: (i) Access to low-cost savings accounts increases savings and improves measures of individual wellbeing; (ii) Marketing campaigns and account features that try to overcome psychological obstacles to saving show promise in increasing take-up and use of savings accounts; (iii) Technological innovations, including mobile money⁸ and direct deposit options (e.g. through traditional top-up of phone card with small cash), have the potential to expand access to and use of savings accounts⁹. Most recently, the Prime Minister agreed to

⁶ Source: <https://data.worldbank.org/indicator/NY.GNS.ICTR.GN.ZS?locations=VN>

⁷ In the early 2000s, as reported by the media then, low-income workers in manufacturing firms frequently used part of their wages to purchase a few taels of gold (chỉ vàng, which is slightly heavier than a tenth of ounce) and set aside as a form of savings. Such a savings habit may explain why the savings rate was high in the early 2000s. This savings culture is very healthy for the economy and individuals alike, and therefore should be nurtured and encouraged. However, gold is a very inefficient, sub-optimal form of savings, to which people resorted to in the past in the absence of extensive banking services, and in the context of high inflation.

⁸ The number of registered mobile money accounts surpassed one billion in 2019. With 290 live services in 95 countries and 372 million active accounts, mobile money is becoming the path to financial inclusion in most low-income countries (Source: GSMA. 2019. “2019 State of the Industry Report on Mobile Money”. (Source: <https://vnexpress.net/thu-tuong-dong-y-thi-diem-mobile-money-4246011.html>).

⁹ Source: Jessica Goldberg, “Products and policies to promote saving in developing countries: Combine behavioral insights with good products to increase formal savings in developing countries” (<http://wol.iza.org/articles/products-and-policies-to-promote-saving-in-developingcountries>)



pilot mobile money for two years, starting from 9 March 2021. This is a big step forward for promoting financial inclusion in general and raising savings in particular.

- **Triggering public work programs when they are badly needed.** Public work programs provide immediate employment and income to the most vulnerable because they are self-targeting. UNDP-introduced cash for work in Bac Lieu and Ca Mau are some of the examples¹⁰.

RIM 2 survey found that 57.4% of respondents had a reservation wage (i.e., the minimum level of wage they require to accept the work) of under VND 120,000 (if they live in urban areas) or VND 95,000 (if they live in rural areas). The former falls into a lower range of regional minimum wages for 2021 while the latter is well below the range. This implies that demand for public work in times of economic downturn is relatively high, while it is cost-effective. Programs can be organized by local government agencies that have a backlog of maintenance or small infrastructure work as well as environment restoration that could be started and completed quickly. Such programs need to be designed and implemented in a fast and gender-sensitive manner to meet the differentiated needs of female and male workers.

- **Making social assistance program respond faster and better** to large-scale shocks such as natural disasters, economic crisis and health emergencies like the COVID-19 pandemic. Both rounds of RIM found that the Government's support reached only a limited segment of the population, largely the traditional beneficiaries of the targeting program. The targeting program has so far done well with regards to the "fixed" targets, as evident by the positive assessment of the support by the recipients as documented in RIM 2 survey. However, it generally failed to hit the "moving targets", i.e., unable to deliver the support to people in the so-called "missing middle" who are not on the program's list, but are hit hard by economic shocks. Although the Government's Resolution 42 intended to support numerous groups of informal workers, the lack of information and the resultant high transaction costs of verification of eligibility of the spatially and occupationally mobile workers often prevented them from accessing the support package. Although the outbreaks of the pandemic became shorter and more localized from wave to wave thanks to the Government's improved measures to crush the curve, and therefore the need for informal workers to access the support declines as the economy is recovering, lessons need to be learnt to improve the coverage, speed and thereby the effectiveness of the social assistance program in the future.

To this end, a number of suggestions can be made as follows. First, it is important to move from a residence-based system of social protection, which excludes Vietnamese migrant workers, to one based on national citizenship. Second, like in other areas, digital technologies would help to substantially cut down transaction costs associated with eligibility verification and delivery of cash handout to recipients. The latter is a big challenge during times of lockdown, and when there is a need to reach out to people in remote areas in a rapid manner. Accelerating inclusive digital transformation in tandem with the Government's plan to abolish the resident registration (Ho Khau) in 2021 and with the recently started pilot of mobile money would mark a turning point in the reform of the social assistance program in the digital age. It is also worth considering central government matching grants to provinces with limited financial resources to increase coverage and accelerate implementation.

1. INTRODUCTION

Since the coronavirus (COVID-19) pandemic was first recorded in Viet Nam on January 23, 2020, by November 2020, two waves of outbreaks took place in the country. In response, the Vietnamese authorities took swift action through testing, contact tracing, quarantine and social distancing measures to curtail the spread and limit community transmission. Nevertheless, the COVID-19 pandemic has substantially affected the economy and most vulnerable people and household businesses.

With a view to gathering information that is complementary to mainstream data collected by the General Statistical Office (GSO), rapid monitoring impact (RIM) of the pandemic commissioned by UNDP and UN-WOMEN was first conducted in April and May 2020. This first round of assessment (RIM1) provided useful information, especially on (i) the COVID-19 impact on the income of vulnerable households and enterprises, causing the surge in transient income poverty, (ii) the household and enterprise coping strategy during April 2020 and (iii) signals of early recovery in May 2020.

The second round of RIM (RIM 2) was conducted in November 2020 as a follow up to RIM 1. The objective of RIM 2 is to provide an updated picture on multiple dimensions of the well-being of vulnerable households including those with household business, focusing on their recovery, as the context is evolving rapidly. On this basis, policy recommendations are made to promote robust, sustainable and inclusive recovery in Viet Nam.

2. RESEARCH QUESTIONS

RIM 2 seeks to answer the following research questions:

- What are the prevalence and magnitude of employment, income and poverty impacts of the pandemic?
- What are the non-economic impacts of the pandemic on vulnerable households?
- How well did they implement preventive measures to live safely with the pandemic?
- How do they cope with the pandemic-caused shocks? What are the main impediments to their effective response?
- How is the coverage of the Government's support package? How do recipients assess the usefulness of the support?
- What should be done to promote robust, sustainable and inclusive recovery?

¹⁰ Source: <https://reliefweb.int/report/viet-nam/undp-womens-union-bac-lieu-and-ca-mau-provinces-support-workers-affected-covid-19>



3. METHODOLOGY

3.1. Survey instruments

Similar to RIM 1, RIM 2 employed a combined approach of quantitative and qualitative research. The core part of this study is a survey of households by phone, whose data were used for quantitative analysis. The phone survey, which was conducted in November 2020 collected information on multiple issues that were quantitatively analyzed in order to answer the above research questions. The structured questionnaire used in the phone survey is given in **Annex 1**. The phone survey was complemented by qualitative research conducted through a number of field trips where a number of face-to-face unstructured interviews with different types of households to gather stories on the ground were carried out. The guiding questions for the face-to face interviews are given in **Annex 1**. Based on findings of an analysis of the survey quantitative and qualitative data, recommendations were made towards promoting robust, sustainable and inclusive recovery.

3.2. Sample selection

In the phone survey, stratified random sampling is employed. The sample is stratified by two criteria. Using the first criterion on sectors of employment of household members, the economy is classified into two groups of two-digits industries - heavily affected sectors, which are defined in this study as experiencing labor income drops of at least twice the median income drop for the whole economy in quarter 2 of 2020, and the rest. Details on how incomes of workers are affected at the early stages of the pandemic as revealed from an analysis of Labor Force Survey data are provided in **Annex 2**. Then the number of household's members working in heavily affected sectors can provide information on how a household is affected by the pandemic. Using the second criterion, households are classified by ethnicity into two groups - the Kinh-Hoa majority and ethnic minorities¹¹.

Therefore, the study team has decided to over-sample these strata as follows:

- *Over-sampling households with a higher number of members working in heavily affected sectors:* To this end, in the sampling frame, a variable on the number of household members working in heavily affected sectors is created. Then each household in the sampling frame is assigned a value equal to $(N_{i,affected} + 1)$, where $N_{i,affected}$ is the number of members of household i working in heavily affected sectors. 1 is added in order to avoid a breakdown of the selection procedure for households that do not have any members working in these sectors (i.e. $N_{i,affected} = 0$).

Then $(N_{i,affected} + 1) / (\sum_i N_{i,affected} + 1000)$ (1) is the probability of a household to be selected into the sample for household i using this criterion. In (1), one can drop the denominator, because it is common for all households. To adjust for this sampling property, each of the selected households will be assigned a sampling weight, which is the inverse of this number, i.e. $(\sum_i N_{i,affected} + 1000) / (N_{i,affected} + 1)$ (2).

¹¹ Preliminary analysis of LFS finds that if a purely random sampling strategy were employed, some strata such as households with livelihoods in heavily affected sectors may not have a sufficient number of observations in the sample. So, will by ethnic minority households. Furthermore, the number of ethnic minority households working in heavily affected sectors may be negligible, thus not suitable for any meaningful quantitative analysis. Meanwhile, these strata are very important for this study, which focuses on the most vulnerable groups of the society

- *Over-sampling ethnic minority households:* The probability of an ethnic minority household to be selected into the sample is assigned as $\frac{0.3}{meanfethnic}$ (3), where $meanfethnic$ is the share of ethnic minority households in the total number of households in the sampling frame (i.e. 45,838). Sampling weight for an ethnic minority household is the inverse of this number, i.e. $\frac{0.3}{meanfethnic}$ as opposed to 1 for a Kinh-Hoa household.

To minimize the possibility of selecting households without a telephone number, those with one in the sampling frame with being assigned probability to be selected into the sample 10 times that of those who do not have a telephone number. Then sampling weight will be the inverse of this number, i.e. 1/10 for households with a telephone number, as opposed to 1 for those who do not.

Then the overall sampling weight of household i is

$$X_i * \frac{(\sum_{j=1}^{1000} N_{j,affected} + 1000)}{(N_{i,affected} + 1)} * \frac{meanfethnic}{0.3} \quad (4)$$

where $x_i=1/10$ if household i has a telephone number and $x_i=1$ if otherwise

Replacement

- *Procedure of replacement:* The "like by like" principle of replacement will be followed as closely as possible. This means that an ethnic minority household should be replaced by an ethnic minority household. Then, household with x members working in heavily affected sectors should be replaced by a household which has y members working in these sectors, for which $|y - x|$ is smallest.
- *Order of replacement:* To ensure that the replacement process is as random as possible, randomly generated integer numbers between 1 and 9,900,000 are assigned to all households in the sampling frame¹². This can be called priority number. If there are several candidates that all meet the replacement criteria as specified above, the one with the smallest priority number will be selected.
- *Sampling weight of the replacing households:* Households that replace households in the official list will receive a sampling weight of the original household. This requires that enumerators should keep a record of what household is replaced by what household.

In the case of calculating income and employment aggregates, the final weight is equal to the sampling weight multiplied by household size. This allows accounting for the larger influence of bigger households on aggregate measures on income and employment.

3.3. Sample description

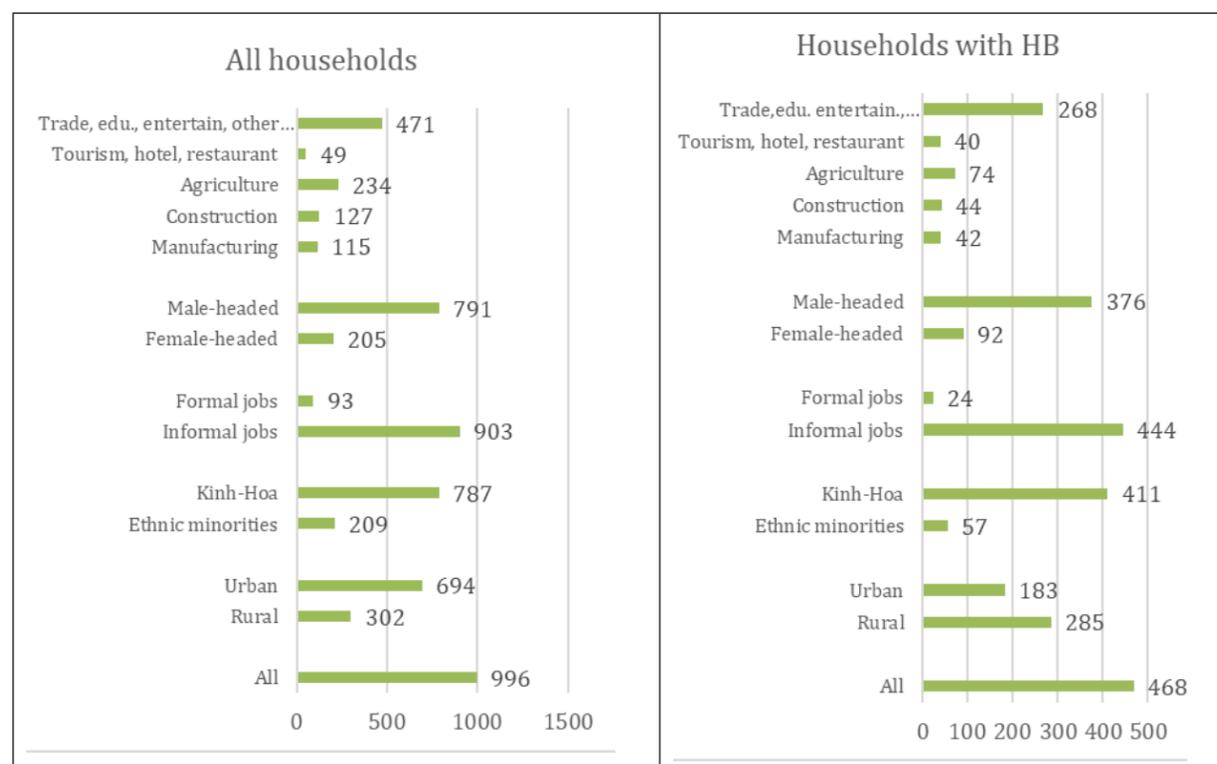
This impact monitoring exercise aims to look beyond the averages and places a strong emphasis on the vulnerable households - how they were impacted and recovered in the pandemic time. The vulnerable population can be identified by income and non-income indicators. The latter are those characteristics of households that are commonly agreed as strong predictors (or correlates) of vulnerability. These include ethnic minority, migrant, female-headed households and sectors where the household head worked in 2020. The

¹² We cannot find a way to randomly assign unique and continuous numbers to all households in the sample. Therefore, we assign a random integer number between 1 and 9,900,000 as a way to minimize duplications in assigned numbers to households.



last household characteristic is identified directly from this phone survey while the others are derived from VHLSS 2018 dataset.

Figure 1. Distribution of the number of the surveyed households by non-income characteristics



Source: Our calculation based on RIM 2 data

Figure 1 is self-explanatory. It presents distribution by the number of the surveyed households across different non-income characteristics. In particular, ethnic minorities were over-sampled, resulting in 209 observations, which is more than sufficient to make a meaningful analysis. For some groups such as households that have formal jobs or with high dependency ratios, the number of observations is in excess of 80, which is reasonable. Tourism, hotel and catering have the smallest number of observations and therefore analysis can be done at the level of the whole combined group and cannot be disaggregated further (e.g., female vs. male workers within this combined group)¹³.

There were 468 households with businesses¹⁴. However, care should be taken when there is a need to disaggregate the results, particularly when the number of observations per subgroup is under 100 as per our experience. For example, the number of households with a household business and also member(s) in formal employment is only 24¹⁵, or the number

¹³ The formula of standard error is $SE = \frac{\sigma}{\sqrt{n}}$, where σ is standard deviation and n is the sample size (e.g., the number of observations). The estimates may be reliable if σ or n is large or both. In the case of the combined sector of tourism, hotel and catering, the number of observations is relatively small, but in some indicator, for example income and employment impacts of the pandemic, there is not much variation, e.g., all sub-sectors were hit hard. Therefore, for these combined sectors, estimates on these indicators may be still reliable.

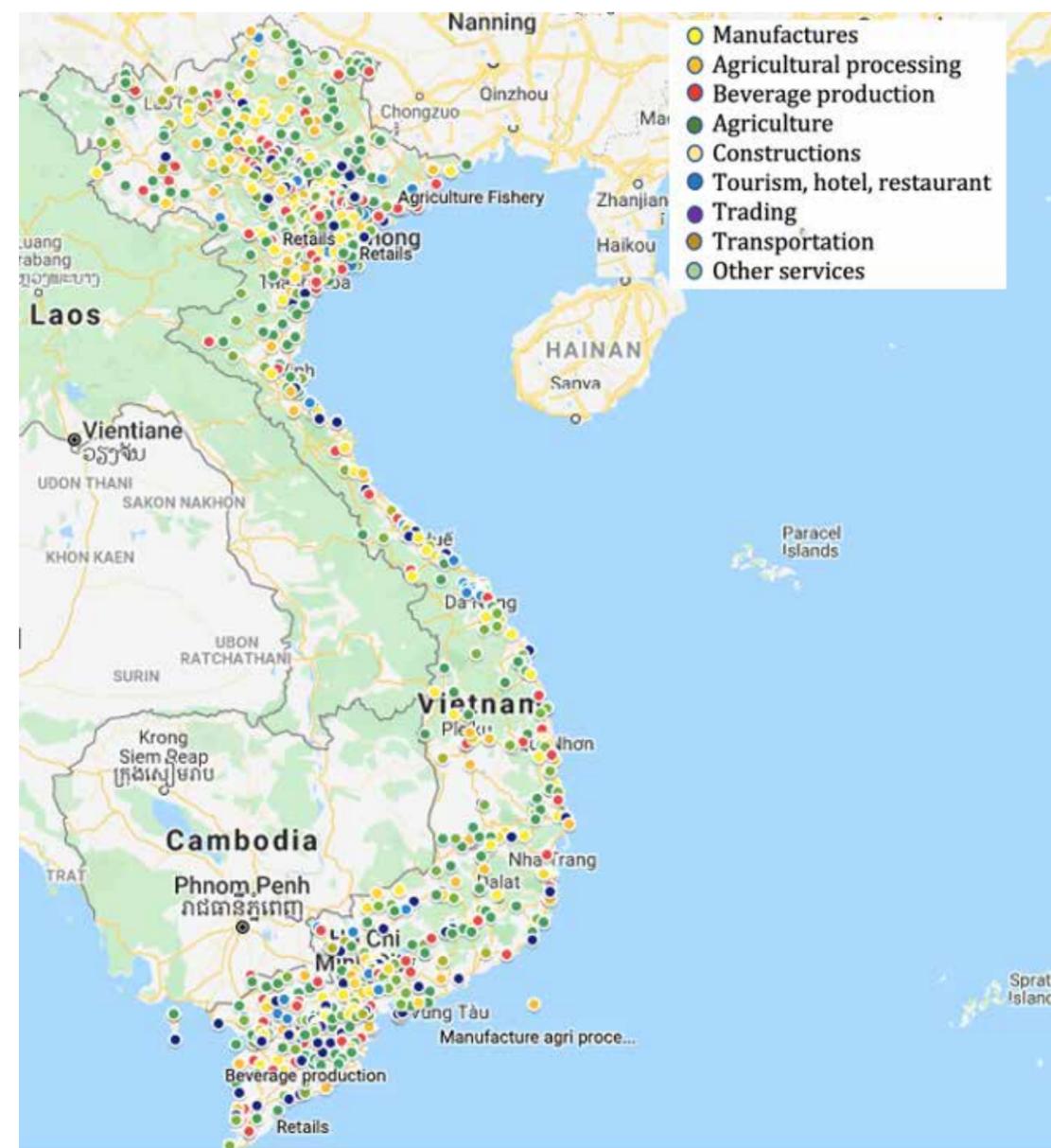
¹⁴ Household business is defined as per Clause 1, Article 66 of the Government's Decree 78/2016 /ND-CP as follows: "A business household is owned by an individual or a group of individuals who are Vietnamese of 18 years of age or older, have the full civil capacity, or a household is only registered in one location, employs less than ten employees and is responsible with all of its assets for the business". As such, household businesses can employ non-family members, although employees often have family ties with the owner.

¹⁵ It is quite common that the household head works in a formal firm, but also runs a household business in parallel to earn extra incomes.

of households with businesses in sectors other than trade, education, entertainment and other services is smaller than 50. For these sub-groups, we normally do not report results of our calculation or estimation.

The sample has the national coverage and therefore is representative at the national level. The spatial distribution of the survey households is given in **Figure 2**.

Figure 2. Spatial distribution of the surveyed households



Source: Based on RIM 2 Data

Sample description of face-to-face interviews is given in **Annex 3**.

3.4. Classification of households by income and poverty status

The income-based classification commonly splits the whole population into three groups: poor, near poor and the rest, or by income quintiles or deciles. There are a number of thresholds that can be used to group households by the poverty status. Since 2016, Viet Nam has used measures of the multi-dimensional poverty index (MPI) in the official policy documents. However, information on non-monetary dimensions of the MPI is not available from LFS and phone surveys. Therefore, this study uses a classification of poor households identified by income as a partial measure of MPI only.

A couple of thresholds will be used to check the robustness of the study findings. The first threshold is the official poverty line that was applied during the period 2016-2020 was specified in Decision 59/2015/QĐ-TTg issued by the Prime Minister of Vietnam on 19 November 2011. According to this document, the income poverty line is 700,000 VND/person/month in rural areas, 900,000 VND/person/month in urban areas; and the income near-poor line of 1,000,000 VND/person/month in rural areas and 1,300,000 VND/person/month in urban areas. The main drawback of this threshold is that it was set in 2016 and fixed for 5 years from 2016 to 2020. As such, this poverty line declined in real terms, resulting in an under-estimation of the poverty rate towards the end of 2020.

The second threshold is the World Bank's poverty line of USD 3.2 per person-day in PPP 2011 prices, applicable to lower middle-income countries. With the World Bank's published conversion factor, this poverty line can be expressed in VND¹⁶. The World Bank's poverty line of USD 5.5 per person-day, applicable to upper middle-income countries is also used as the near poor (or vulnerable) lines¹⁷. Spatial price deflators (SCOLI) of GSO were used to take into account spatial disparities of costs of living. The poverty status of the household is identified based on the income of surveyed households in December 2019, which is considered in this study as the pre-pandemic time. Using RIM 2 survey data, the poverty rates in December 2019, using MOLISA 2016-20 and World Bank's USD 3.2, 2011 PPP poverty lines were estimated at 6.1% and 7.8% respectively.

This study also employs a commonly used classification of the population into income quintiles. This classification allows us to analyze not only poverty, but also the distributional impacts of the pandemic. This is important, as the poor population is relatively small, regardless of what income poverty lines are used. The "leaving no one behind" agenda also takes into account the missing middle, which is considerably larger than the poor segment of the population.

¹⁶ The conversion factor is VND 7,454 per USD 1, applicable in 2019 (Source: <https://data.worldbank.org/indicator/PA.NUS.PPP>) Then CPI for 2020 of 3.23% (Source: GSO) is used to calculate this conversion factor into 2020 prices, which is VND 7,694 per USD 1. According, the World Bank USD 3.2 poverty line is VND 738,624, which is in between MOLISA 2016-2020 urban and rural poverty lines. The World Bank's is 1,269,510, which is also in between the MOLISA 2016-2020 near poor urban and rural lines.

¹⁷ This line is also referred to as the economic security line, and those people with income above this line are termed as economically secure people.

3.5. Traditional face-to-face vs. phone survey: A comparison

This study used two main datasets of GSO - Vietnam Household Living Standard Survey (VHLSS) and Labor Force Survey (LFS) for the sample selection. The former was used to construct the sampling frame while the latter was used to identified hard-hit sectors that were over-sampled.

The key strengths of these datasets can be summarized as follows:

- Both are representative as the national and regional levels, LFS is representative even at the provincial level.
- VHLSS and LFS provide useful detailed information on households and workers respectively. The quality of data is generally seen as high.

However, these datasets also have some limitations as follows:

- VHLSS and LFS data are collected every two years and every three months respectively. The data reported are averaged for the whole year in the case of VHLSS and three months in the case of LFS. Consequently, provide no information in the period between two rounds of the surveys. Furthermore, while LFS is of considerably higher frequency than VHLSS, it does not provide information on households
- The questionnaires used in both surveys are relatively rigid, and consequently do not provide information on emerging issues of current policy concerns. These limitations become more pronounced in turbulent times. In particular, in time of the pandemic, neither VHLSS nor LFS contains information on responses of households to pandemic-related shocks.

In this context, complementary surveys need to be implemented. This is the rationale for conducting phone surveys under RIM. Phone surveys have a number of advantages vis-à-vis traditional face-to-face surveys as follows:

- can be conducted even in time of lockdowns or limited face-to-face interactions
- more cost-effective thanks to zero travel cost and travel time (except field trips for group discussions with targeted respondents)
- better capture of transient poverty, which becomes increasingly important during challenging times
- more rapid
- more flexible to accommodate most recent burning issues thanks to shorter lead time
- in the case of RIM, the income of households was asked for a specific month (April and May of 2020 in RIM 1, and October of 2020 in RIM 2). It is therefore not comparable to income information from LFS and VHLSS, in which incomes are smoothed by calculating and reporting 3-month and 12-month averages respectively¹⁸

¹⁸ Averaging (or more commonly used moving averages - MA) is a data smoothing technique that statisticians often employ to produce more stable (smoother) estimates, as data collected at various consecutive points in time often have a "ups and downs" pattern, and fluctuations of the point estimates are often considerable.



At the same time, phone surveys have a number of limitations, including:

- they can rarely last more than 30 minutes
- response rate is considerably lower than in face-to-face surveys, resulting in a higher degree of sampling errors caused by replacements, however good sampling frame and sampling strategy are
- larger non-sampling errors than in face-to-face surveys because shorter interview time and lower level of trust caused by the lack of face-to-face contact.

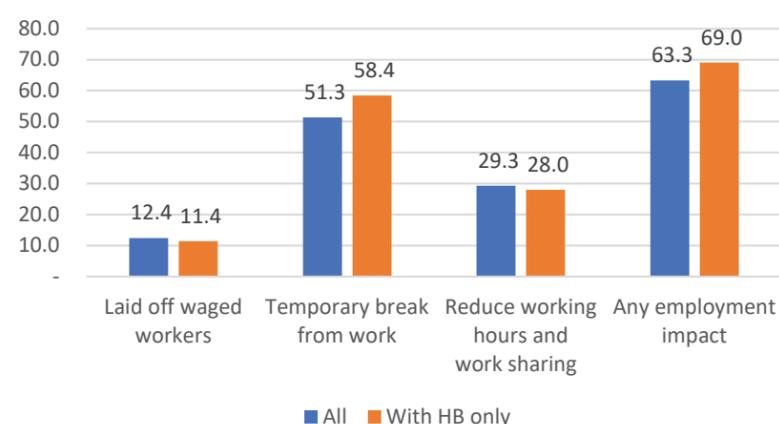
In summary, traditional face-to-face and phone surveys are not fully comparable. However, each of them has its own value. Therefore, they should be used in a complementary manner, bearing in mind strengths and weaknesses of each type of surveys.

4. KEY FINDINGS

4.1. Employment impact of the pandemic is prevalent

Accumulatively, approximately 12.4% of households report to have members being laid off since April 2020 because of the pandemic. The most common impact of having a temporary break from work experienced by 51.3% of households. 29.3% of households had members suffering from reduced working hours and work sharing. 63.3% of all households suffered at least one of these employment impacts of the pandemic and they are hereafter termed as affected households as opposed to the remaining group of households that did not report any employment impact. For households with businesses, figures on the percentage of laid-off wage workers and reduction of working hours were similar, but those on temporary breaks from work and any employment impact were higher than for all households. Overall, 69% of households with businesses suffered at least one of the listed employment impacts, as opposed to 62% for households without household business (**Figure 3**)¹⁹.

Figure 3. Employment impact (% of households)

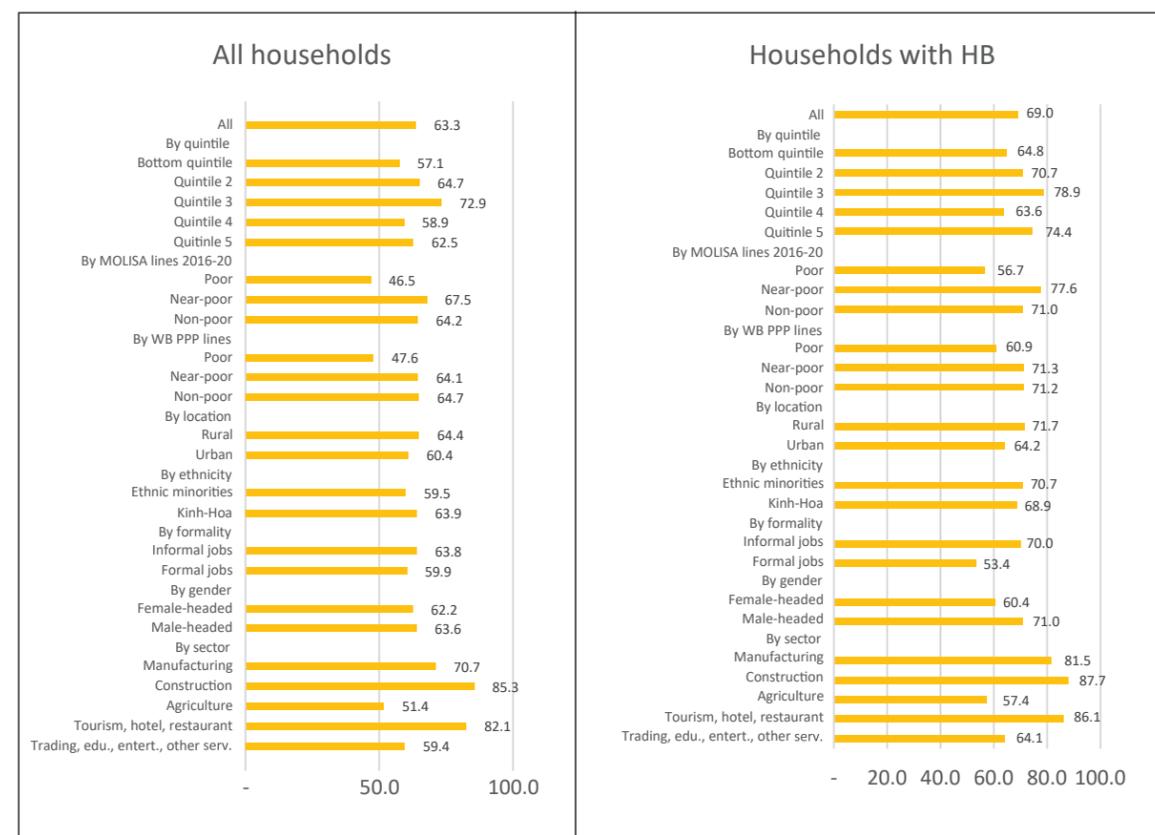


Source: Our calculation based on RIM 2 data

¹⁹ The household head is asked "Due to the COVID-19 pandemic peak in Apr 2020, has you or any household member been laid off, have temporary leave of work, have reduced working hours or work sharing so far?". This question is important as it helps to partially address the well-known problem of attribution of economic impact to the pandemic vs. other things.

These numbers are at the household level complement GSO's report on the impact of the pandemic on workers. According to GSO, as of September 2020, there are 31.8 million people²⁰ aged 15 and over that were negatively affected by the Covid-19 pandemic, including those who lost their jobs, had to take time off work, and reduce working hours, income reduction etc.²¹.

Figure 4. Employment impact (any) of the pandemic across various types of households (% of households)



Source: Our calculation based on RIM 2 data

Looking beyond the averages (**Figure 4**), the percentage of poor households²² experiencing any employment impact appears to be smaller than non-poor households, however poverty is defined. Across income quintiles, the pattern is slightly different, with more households in the middle experiencing the specified employment impacts of the pandemic. Such patterns of impacts appear to be linked to sectors of employment that household members are engaged in.

Across sectors, construction and tourism, catering and accommodation had significantly higher percentage of households experienced employment impact than the rest. Did slightly over half of the households engage in agriculture experienced any employment impact. This is broadly consistent with an analysis of Labor Force Survey data (details are provided in **Annex 3**). However, a percentage of rural households experienced any employment

²⁰ Out of 54.6 million workers, i.e., 58.2% workers were affected by the pandemic.

²¹ Source: GSO. "Report the impact of COVID-19 epidemic on labor and employment in the third quarter of 2020", accessed at <http://consosukien.vn/bao-cau-tac-dong-cua-dich-covid-19-den-tinh-hinh-lao-dong-viec-lam-quy-iii-nam-2020.htm>

²² The poverty status of households (poor, near poor and non-poor) is in December 2019, i.e., the pre-pandemic time. This classification is used throughout analyses, unless stated otherwise.

impact was higher than urban ones (presumably rural workers are increasingly engaged in non-agricultural activities), so was the Kinh vs. ethnic minority households and informal vs. formal households.

With regard to households with businesses (HB), although the concrete percentages were different from those for all households, the pattern of within-group differences was generally similar, except across ethnicity. Specifically, the percentage of households with businesses from ethnic minorities suffering from any employment impact was higher than their Kinh counterparts.

4.2. Income impacts of the pandemic: Higher income households were disproportionately affected

On average, household per capita income²³ in real terms, which already took into account inflation in October 2020 was equal to 85.5% of that in December 2019, representing a drop by 14.5 percentage points from the pre-pandemic time. This, however, represents a significant recovery from the May income level, when RIM 1 was conducted. Then the average income drop was as high as by approximately 50%.

Box 1. Significant recovery

After the peak of Covid (in Apr 2020), I suffered from slow sales for 2 months. In the first month, the orders were few. In the second month, the orders gradually increased. Towards the end of the year, my business recovers well, thanks to rising orders for Tet, with a lot of orders from supermarkets, and many orders from individuals preparing gifts. My sales increased considerably in December.

Female, selling agricultural products, Quang Binh

The manufacturing workshop has only 15-16 workers. Because of lockdown, the workshop was closed for 1 month in April 2020. The owners still provided salary support for 2 weeks then. After that, the workshop was back to work normally. There are still a lot of orders, as usual. Generally, in the workshop, the workers were not too worried about the pandemic. The temporary suspension of activities mainly resulted from our compliance with social distancing requirements. Workers doing different tasks in distance from one another, with little contact. Thanks to a good reputation, orders keep coming to the workshop.

Male, 32 years old, manufacturing factory, Dong Nai

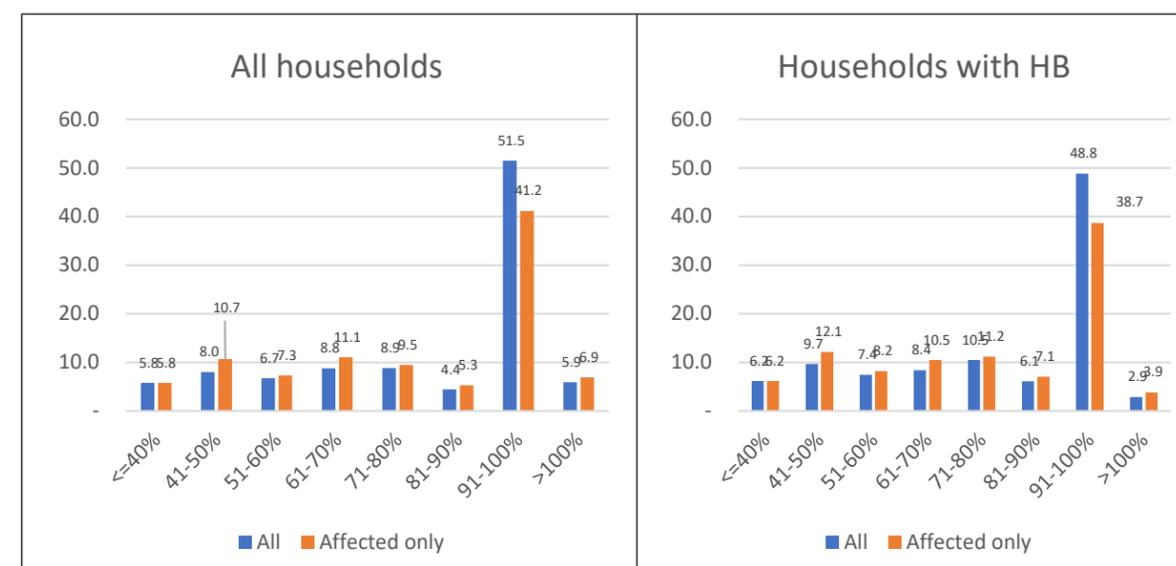
For affected households, defined as experiencing at least one type of employment impact, this number was 81.5%, representing 18.5 percentage points drop in income in October 2020 relative to that in December 2019. The latter figure may better reflect the impact of the pandemic than the former, because the former also includes households that do not report any employment impact and therefore may be well attributed to non-pandemic factors. This is the reason why in the subsequent parts of the report, we will focus on the group of affected households, unless stated otherwise.

²³ In the calculation of a household's per capita income at different levels of aggregation, the household's weight used is equal to the sampling weight multiplied by household size.

It is noteworthy that if seasonal factors are taken into account, the income drop should be considerably smaller. The reason is that December of 2019, which was one month from the Lunar New Year Festival (late January 2020) is the middle of high season with increased income earning opportunities for household working members while October 2020, which 3 months from the coming Lunar New Year, is still in low season.

Furthermore, the distribution of household per capita incomes in October 2020 relative to December 2019 is heavily skewed to the right (**Figure 5**)²⁴. This figure shows that the mode of this distribution falls into the range of 91-100% of the December 2019, with 51.5% and 41.2% of all households and affected households (i.e. households experiencing at least one of the employment impact) respectively. 31.6% and 37.1% of all households and affected households experienced an income drop by 30% or larger (i.e. their incomes in October 2020 were equal to 70% of the December 2019 level or lower). The distribution of households with businesses has a similar shape, but lower density at the right tail. This means that households with businesses experienced larger drops in relative terms than those without.

Figure 5. Distribution of household per capita incomes in October 2020 relative to December 2019 (%)



Source: Our calculation based on RIM 2 data

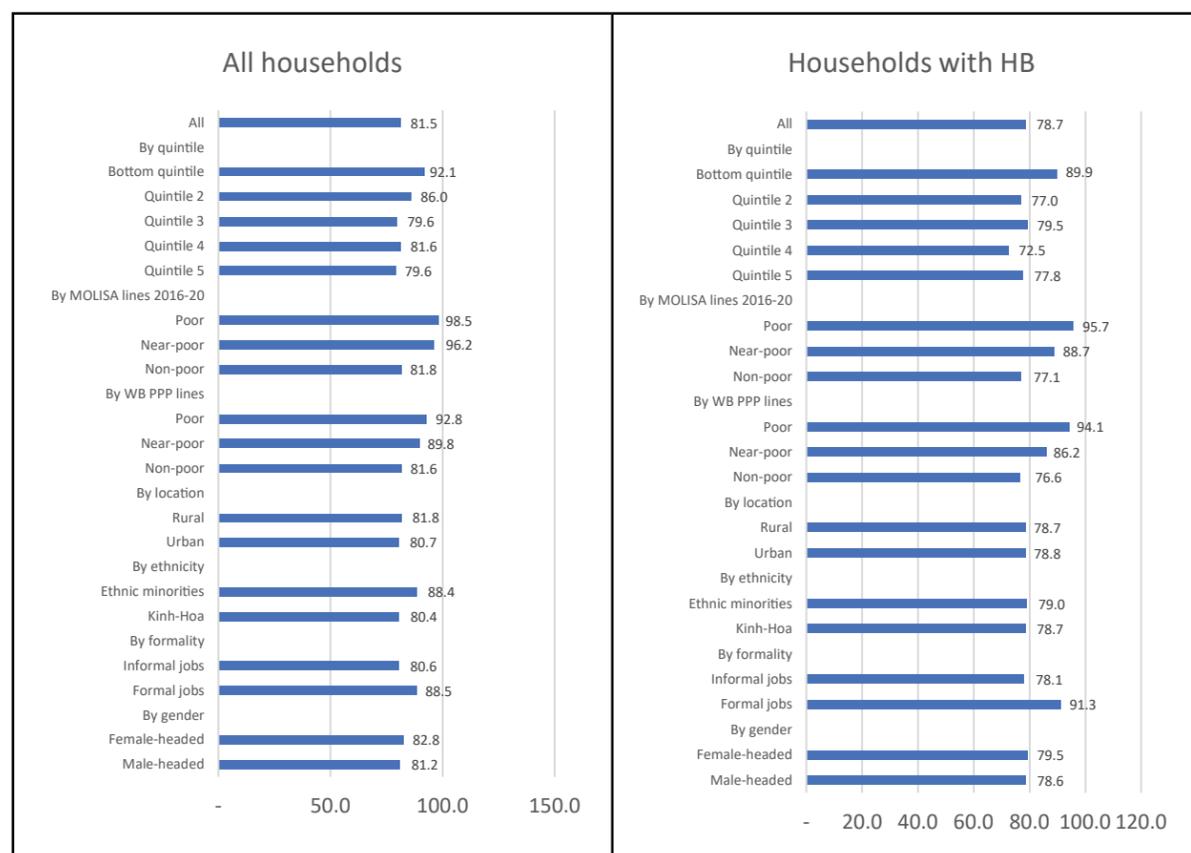
For households with businesses, per capita income in October 2020 relative to that in December 2019 was 82.5% and 78.7% on average for all households and affected households in this group respectively. This indicates that on average, households with businesses experienced larger declines in relative terms than those without household business, although in absolute terms, per capita income of the former was consistently higher than that of the latter in both December 2019 and October 2020 (VND 3.2 and 2.4 million vs 2.7 and 2.3 million respectively). Variation of income drops across different types of affected households can be seen in **Figure 6**. For the whole population (i.e., with and without household business), non-poor households were affected more in relative terms (and therefore also in absolute terms) than poor households, however income poverty is defined. Similarly, households in the lowest quintiles also experienced income decline to a lesser extent than those in higher segments of the income distribution. Gender difference is negligible, slightly in favor of female-headed households. The pattern for households with businesses was also broadly similar.

²⁴ This figure aims to depict the distribution of relative income of October 2020 over December 2019 by deciles. However, the number of observations for the bottom four deciles were too small and therefore they were merged together.



This indicates that what took place in Viet Nam is far from the worst case in terms of degree and distribution of the impact of the pandemic. Specifically, the drops in household per capita income were not too large (especially if seasonality can be taken into account) while the poor and low-income people were hit less than the others.

Figure 6. Per capita income of affected households in October 2020 relative to December 2019 by key household characteristics (%)



Source: Our calculation based on RIM 2 data

Note: Figures for poor and formal households with businesses (the right-hand side figures) are less reliable because the number of observations on them is too small for these sub-groups, resulting in high standard errors

Across other household non-monetary characteristics which are commonly considered as good predictors (or correlates) of household welfare status, the pattern is quite similar in the sense that disadvantaged households suffered from relative income loss to a lesser degree than the rest: rural households were affected less severely than urban peers. So were ethnic minorities vs. Kinh majority households, female-headed households vs. male-headed ones. The only exception is that households whose head is informal employment were hit considerably harder than those whose heads are in formal employment.

Econometric analysis which allows identifying the correlates of income reduction keeping other factors unchanged (**Annex 4**) finds that age of the household head matters: household with head between 30 and 40 years of age experienced a larger drop in per capita real income as compared to households with the head older than 70: by 9.9 and 10.8 percentage points for all households and households that reported any employment impact. These figures were 8.7 and 12.9 percentage points respectively if the age of the household head is between 40 and 50.

Another robust correlate of the reduction in per capita real income is having a household

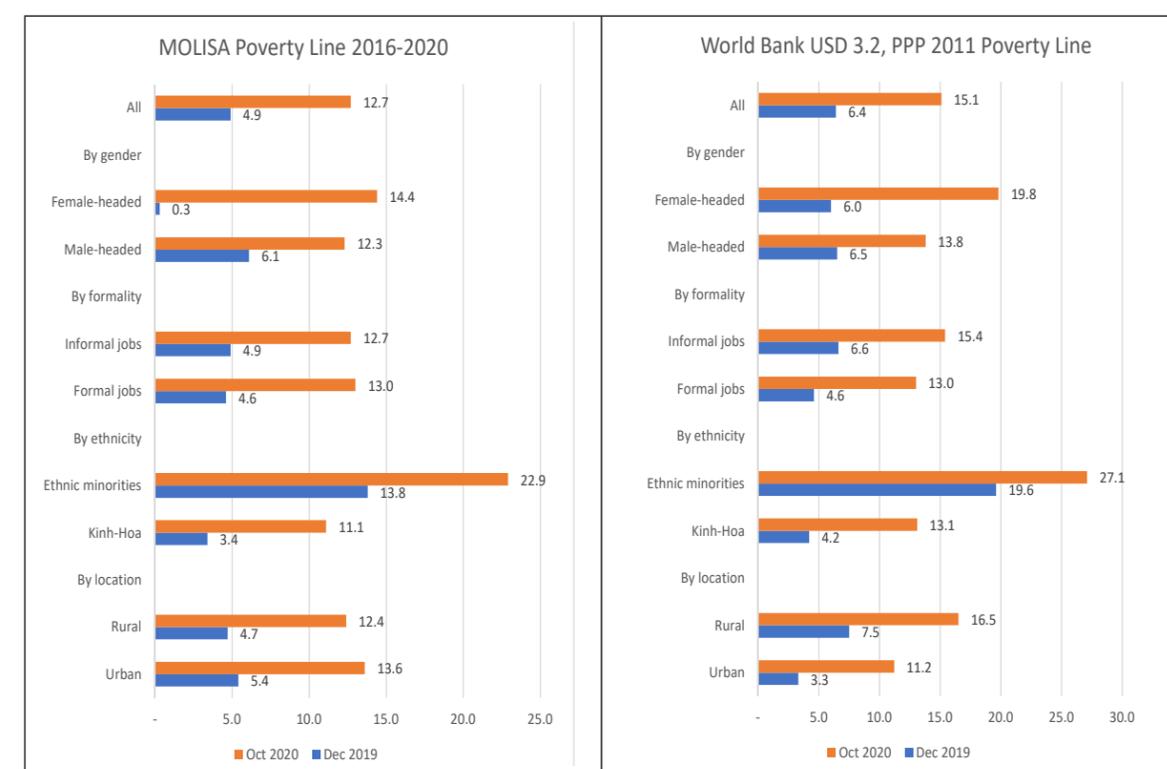
business: with other things being equal, households with HB experienced larger reduction in per capita real income as compared to those that do not have it, by 4.7 and 5.3 percentage points for all households and households reporting any employment impact respectively. This correlation is statistically significant at 10% level.

Sectoral correlates of the reduction in per capita real incomes are not robust: with other things being equal, households with the head working in tourism, accommodation and catering, and in trade, education, entertainment and other services experienced larger drops in per capita real incomes by 10.7% and 13.2% respectively, as compared to households with the head outside employment. All these findings are consistent with the results of the above unconditional comparison between categories of households.

4.3. Poverty impacts: A discernible rise in transient poverty between December 2019 and October 2020

Because a nationally representative dataset of VHLSS was used the sampling frame for the RIM 2 survey, with appropriate sampling weight as described in detail in the methodology section, one can directly estimate poverty rates at two points in time, December 2019 and October 2020.

Figure 7. Poverty rates of the affected population by key household characteristics (%)



Source: Our estimation from RIM 2 survey data

Figure 7 shows that the poverty rate of the affected population increased substantially between December 2019 and October 2020 across poverty lines used and across different segments of the population. If the MOLISA's income poverty line for the period from 2106 to



2020 is used, the poverty rate for the affected population²⁵ is estimated at 4.9% and 12.7% for December 2019 and October 2020 respectively. If a World Bank's poverty line of USD 3.2, 2011 PPP is used, these figures are slightly higher, at 6.4% and 15.1% for these two points in time respectively. The increases in poverty rates are observed across the board.

However, the estimates of poverty rates for formal, urban and female-headed households are less reliable because the number of observations is too small, resulting in high standard errors. As a consequence, it is not legitimate to make comparison across different categories within the classifications of households. For the same reason, we do not report poverty rates for households with businesses.

Analysis of RIM 2 survey data finds that 8.5% and 8.9% of non-poor households in December 2019 falls into poverty in October 2020 if MOLISA and World Bank's poverty lines are used respectively. Again, it is not possible to do disaggregated analysis because of a limited number of observations on the movement into poverty.

4.4. Non-economic impacts²⁶: Difficulties in major household activities were not widespread, but gender disparities were evident in some activities

Figure 8 shows that COVID-19 caused difficulties in family activities for a small group of households in Oct 2020. Specifically, the percentages of households reported to have had difficulties were respectively 5.4% in daily shopping, 3.9% in taking care of the education of children, 4.3% in health care²⁷, and 2.3% reported conflict in the family while domestic violence was almost negligible, at only 0.6%. Gender disparities were evident in terms of difficulties associated with doing daily shopping and taking care of health care for family members²⁸.

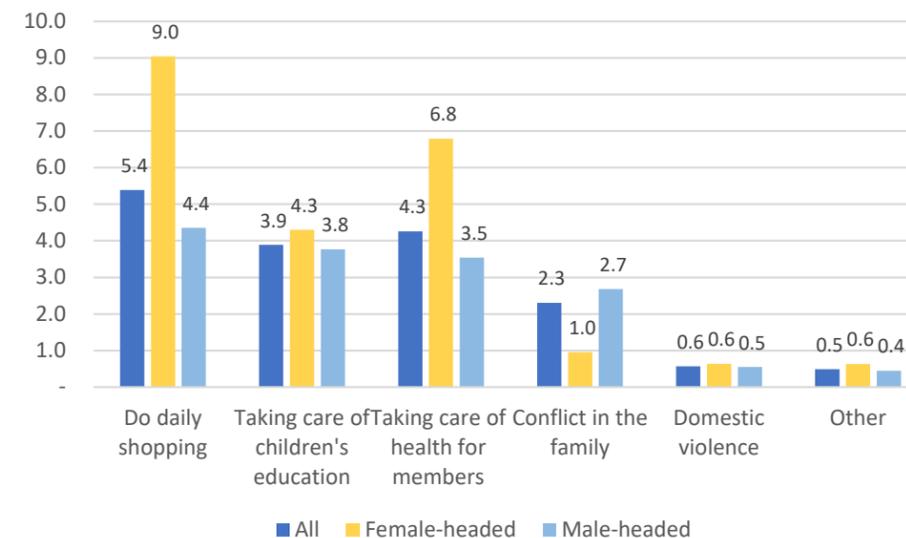
²⁵ The poverty rate estimated takes into account household size. Household's overall weight used for aggregation is equal to sampling weight multiplied by household size.

²⁶ For numerous non-economic impacts, we do analysis for all households, regardless of whether they suffered from any employment impact or not, and household size is not taken into account.

²⁷ These percentages for a sub-group of households which reported to have experienced at least one type of employment impact were slightly higher, 6.4% in daily shopping, 4.1% in taking care of the education of children, 5.5% in health care.

²⁸ Because these percentages are small, we do not disaggregate them by other dimensions (e.g., poverty status, location, ethnicity etc.) as the number of observations is too small for specific groups to produce reliable estimates.

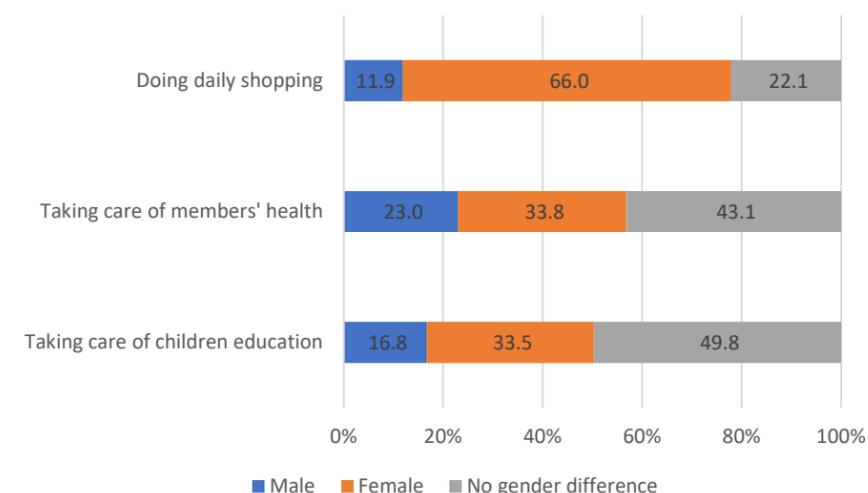
Figure 8. Difficulties in the household activities due to COVID-19 (% of all households)



Source: Our estimation from RIM 2 survey data

Furthermore, female members tend to bear more burden than male ones in taking care of the main family activities (**Figure 9**). The difference was the largest in doing daily shopping which is in charge by female members in 66% of households as opposed to just 11.9% for male members. For the other two-family activities, education of children and health care of household members, the gender difference was not too large, with approximately 49.8% and 43.1% of households respectively reported that there was no difference in the role between male and female members.

Figure 9. Gender division of family responsibilities (%)



Source: Our estimation from RIM 2 survey data



Gender disparities also vary across different population groups. Across ethnicity, the shares of females from the Kinh majority taking the main roles in all the three family activities were higher than those from ethnic minorities (35.9% vs. 18.2%, 36.0% vs. 20.9%, and 69.5% vs. 42.4% for education, health and shopping respectively). Across locations, the share of females taking the main role in daily shopping was higher in urban areas than in rural areas (73.1% vs. 63.3%), while responsibility for the other two activities was approximately equally shared).

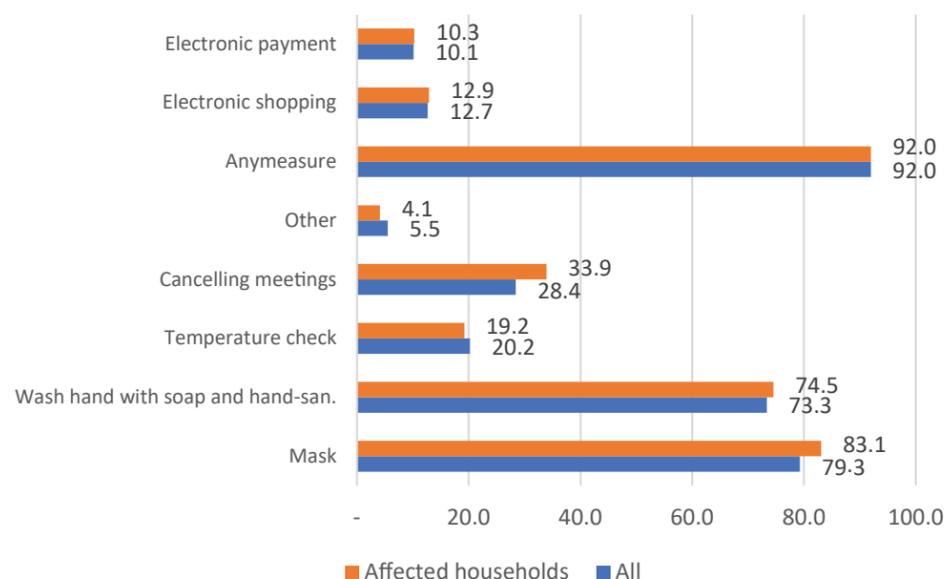
4.5. Coping measures

4.5.1. Live safely with COVID-19: The implementation of preventive measures by households has become less stringent as pandemic-caused health risk falls

The percentage of households using masks, soap, hand sanitizers for hand wash, temperature check have been reduced from April to October 2020. 95% of household wore masks, and 82% washed hands with soap and hand sanitizers in the previous survey round in April 2020. In October 2020, these percentages reduced to approximately 79% and 73% respectively (Figure 10). Such a reduction can be easily understood, as health risk dropped significantly between these two points in time. Furthermore, for some measures these percentages are higher among affected households: 83% and 75% with regards to wearing masks and washing hands. 34% of affected households had to cancel meetings as opposed to 28% overall. Analysis of data found that of those who did not take any preventative measures, only 1.3% could not afford them, and 3.2% did not know.

The percentage of households using electronic payment increased to 10.1% of households in October 2020, from 6.9% in April 2020. Such a change is encouraging, indicating Viet Nam is turning challenges into opportunities for accelerating digital transformation. 13% of households did online shopping. There is a small difference between the affected households and the rest.

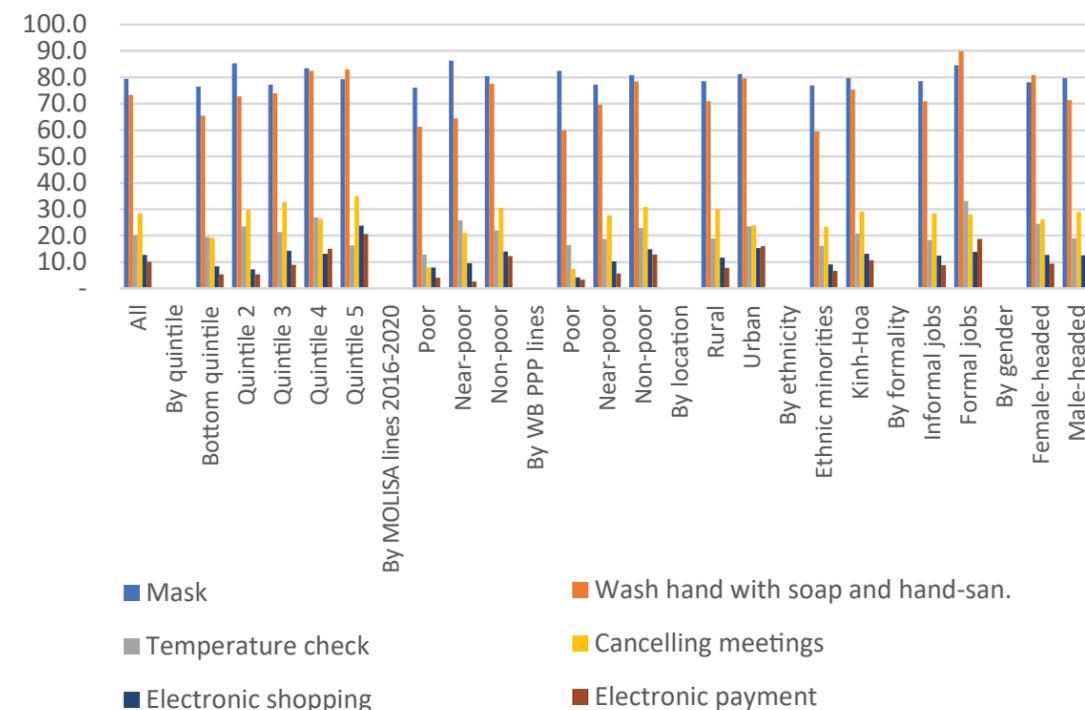
Figure 10. Preventive measures (% of households)



Source: Our calculation based from RIM 2 survey data

There are differences in employing preventive measures across different types of households. If differences in wearing face masks between different groups were not so large, they were significant with regards washing hands with soap and hand sanitizers, electronic shopping and electronic payment. There is a common pattern for these measures: fewer households from more disadvantaged groups take preventive measures as compared to the rest, indicating that economic inequality may result in inequality in effective response to the pandemic, particularly with regards to more expensive preventive measures.

Figure 11. Preventive measures by different population groups (%)



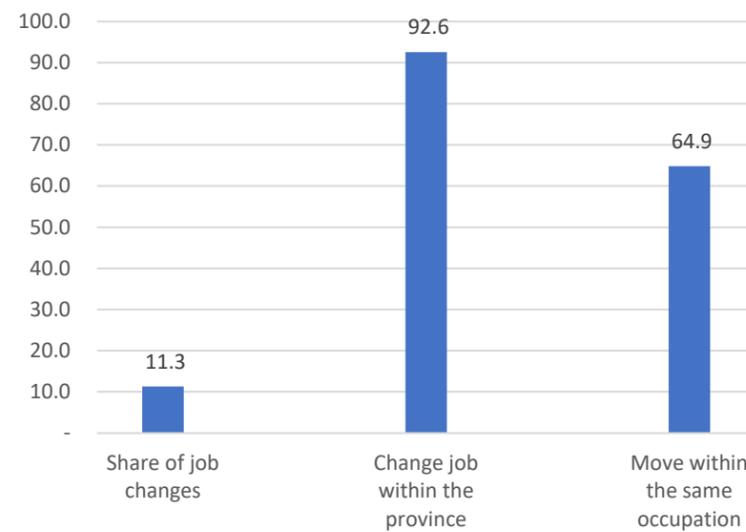
Source: Our estimation from RIM 2 survey data
 Note: Estimates on measures other than wearing masks and washing hands with soap and hand sanitizer for poor households are less reliable because of small number of observations

4.5.2. Occupational and geographic mobility in response to the pandemic-caused economic shock: Less than 10% of affected households reported a move by household members

The pandemic affects different sectors and regions differently. So does the recovery process take place. Therefore, the flexibility of the labor market matters. In particular, labor mobility - the ease of movement of workers across occupations (i.e., sectors) and locations in response to the pandemic helps to reduce its negative impacts.

This is an issue of interest to this study. In the RIM 2 survey, respondents were asked if the employment of any member in their household has been affected by the pandemic since early 2020, and if yes, did the affected members change their jobs. Analysis of RIM 2 data finds that 11.3% of affected households reported to have members who changed job due to COVID-19 since the pandemic broke out in Vietnam. This figure was 4.7% in RIM 1 survey conducted in April and May 2020. It is easily understood, as the time horizon covered by this question is longer in RIM 2, while it took time for affected workers and households to respond. Furthermore, nationwide lockdown took place in April 2020, then labor occupational and geographic mobility was limited, if at all.

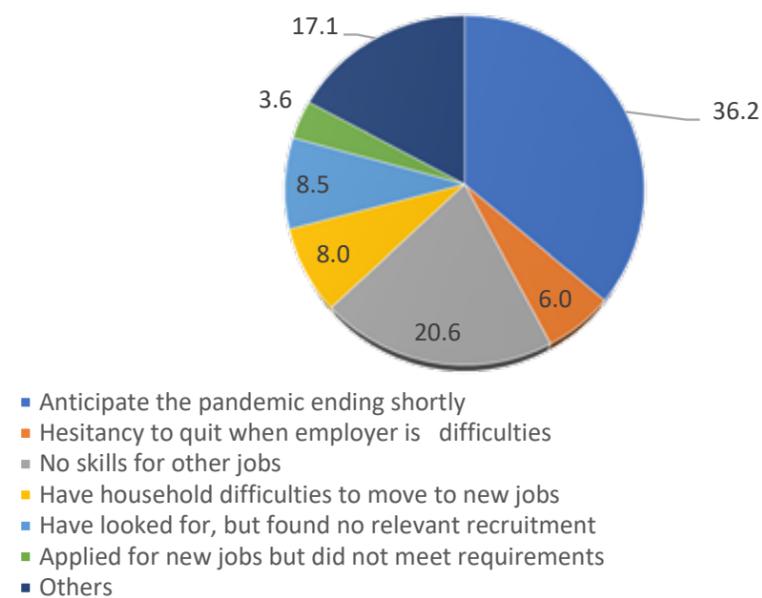
Figure 12. Job changes due to COVID-19 from Dec 2019 to Oct 2020 (% of affected households)



Source: Our estimation from RIM 2 survey data

Across different population groups, analysis of RIM 2 data found little difference between urban and rural households, with 12.3% and 10.9% of respondents reporting changes in respectively. For other classifications, we do not report differences, because the number of observations for respective categories is too low. Of those who moved, 92.6% did it within the same province, and 64.9% within the same occupation. The former fact - the dominance of within-province mobility may be explained by a stylized fact that economic growth in recent years has become more balanced geographically thanks to substantially improved connective infrastructures in many parts of the country.

Figure 13. Reasons for not Changing Employment (% of affected households)

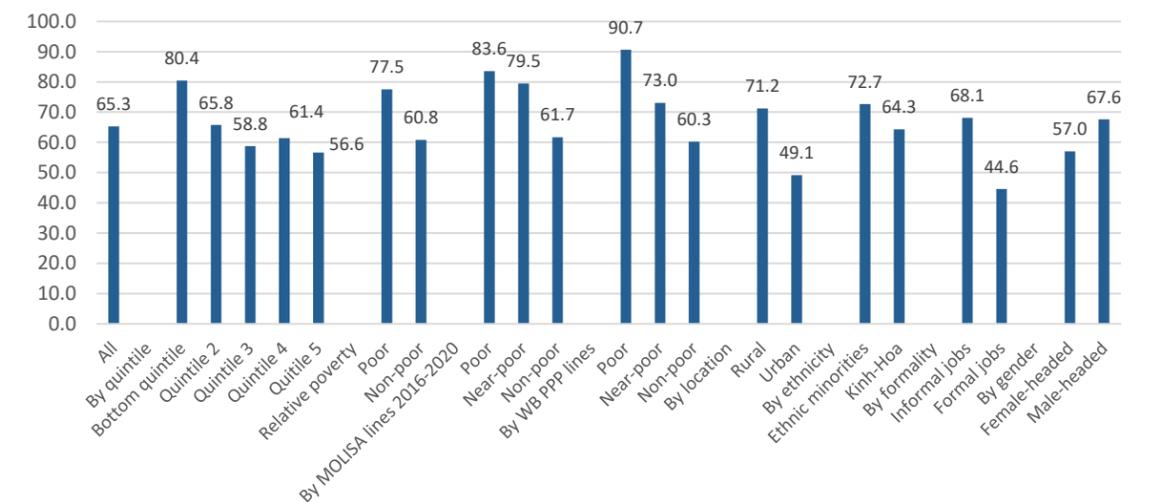


Source: Our estimation from RIM 2 survey data

It would be useful to know why there were affected households who did not do occupational and geographic mobility to lessen the negative economic impacts of the pandemic. **Figure 13** shows that waiting for the pandemic to end shortly is the most common reason, being cited by 36.2% of households. This reason was further elaborated: 24.7% of affected households thought that they did not expect that temporary jobs had been available during the pandemic and therefore they had to wait. In other words, approximately a quarter of affected households had no choice but to wait. Under 15% of affected households had resources to rely on while waiting, of whom 12% could rely on their savings while 1.8% thought that they could receive unemployment benefits or policy support.

The mismatch of supply of and demand for skills was the second common reason cited by approximately a third of affected households without members changing employment: 20.6% - no skills for other jobs, 8.5% - have looked for, but found no relevant recruitment and 3.6% - applied for new jobs but did not meet requirements. This is a more structural problem that needs to be addressed to improve labor mobility and adaptation of workers to the frequently changing conditions in the labor market²⁹.

Figure 14. Involuntary stay with current work (% of affected households)



Source: Our estimation from RIM 2 survey data

If the three reasons (i) can rely on savings; (ii) can expect to get unemployment benefits and (iii) feel immoral to quit when the employer was in difficulties are excluded, approximately two-thirds of affected households reported "no move choice", but to stay with their current employment (**Figure 14**). The status of "no move choice" varies across different types of households, but a general pattern is that it was higher for more disadvantaged groups of households (bottom income quintiles, poor households, rural, ethnic minority households etc.). The exception was that the percentage of affected households who could not move was higher for male-headed households vis-a-vis female-headed ones.

²⁹ In general, occupational mobility is more challenging for workers with highly specialized skills, as occupation-specific skills can be acquired mostly through "learning by doing". Therefore, workers should constantly strengthen the so-called "transferable skills" that are suitable for many types of employment to help them quickly adapt and acquire technical skills through formal and on-the-job training. This can increasingly be done with digital platforms as the country is accelerating digital transformation.

If the family reason is further excluded, 57.4% of affected households (equivalently 36.6% of all households) could not take other jobs to lessen the negative impact of the pandemic for a number of reasons, such as no relevant or temporary jobs were available, or lack of suitable skills for other jobs.

Box 2. Obstacles to occupational and geographic mobility: Lack of job information, information about what skills enterprises are demanding

We are not able to know what new jobs to move to. People are just used to what jobs they are doing. We don't know what else to do here locally. I also do not dare to borrow money to start a new business, while thinking that if the business went down, I would die due to nothing to pay back.

Female, 38 years old, restaurant, Quang Binh

I also want to think about what else to do, but I don't have the capacity to use a computer or a (smart) phone (to use the Internet). People know to utilize the Internet (for an apprenticeship, job information), they can earn more. But not all people are good at the Internet. Earlier I said that my family did not know much. We knew a little bit of weaving and cooking, thanks to learning from each other locally. But it is easy to learn these local jobs, but other jobs are very hard (to learn). I found it very hard to change jobs and couldn't move to another job.

Female, ethnic minority, 42 years old, weaving, cooking, Hoa Binh

I have not thought about moving to another job. I do not know what job to find, and do not see anyone say what job to do easily.

Male, 35 years old, driving, Hoa Binh

Now that it's difficult to change jobs. Sometimes I say to look for a part-time job, but I just stop at thinking because the head is also slow. I do not know how. I learned the repair job. Learning that job was thanks to my brothers. I also did not dare to borrow to build a small workshop. Do not dare to invest into a business.

Male, 36 years old, repairing small electrical appliances, Hanoi

It's the same difficulty in finding jobs, regardless of males or females. But boys are still easier to find a job because of their good health. As for me, being a female, I am weak in health, I do not know what job to look for. Maybe growing vegetables, opening a small shop in the village. Do not know what job to find now. Jobs are difficult, their companies do not expand. I also know a bit of embroidery but my income from such products is low. I do it as a part-time job, due to my low income.

Female, ethnic minority, 21 years old, restaurant assistant, Hoa Binh

Being over 30-40 years old, I found it difficult to find a job. Possibly, I would just work as a security. But I do not know where to find such job, and what skills are required. Without any professional qualifications, we do not know what job to find.

Male, 40 years old, carrier, Quang Binh

I worked as a manufacturing worker at the age of 17. But after I got married, I left it because I couldn't work overtime, and I needed time to look after my children. I do not know what other apprenticeship, so choose to sell lottery tickets. It's comfortable to have time to look after the baby. Now I don't know what to do if I change my job.

Female, 32 years old, selling lottery tickets, Ho Chi Minh

Here, people only do farming. In the face of difficulties, young people also struggle to change to trading or become workers. It is also difficult for people here to change jobs. Trading is difficult, not easy. Local people only harvested rice every year for 2 to 3 hundred "dq" (a local measure of weight) and then sell it. It is very difficult to switch to a trading business. Whoever being able to migrate to Saigon has already left for being manufacturing workers. Who cannot go, because they still attached closely to the local soil, to the field, and their houses, they do not know what else to do.

Male, ethnic minority, 42 years old, agriculture, Hau Giang

As for lessons learnt for future responses as the pandemic still lingers on, it is important to (i) crush the curve by all means possible; (ii) improve information on job availability, making it widely accessible to workers and households; and (iii) strengthen transferable skills for a wide range of workers. To this end, the traditional approach should be complemented by digital technologies and platforms as Vietnam is entering the digital age.

4.5.3. Other coping measures

Cutting expenditures was the most common measure employed by affected households

Figure 15 shows how affected households coped with reduced income in October 2020. 45.4% of affected households cut expenditures, of whom 27.4% reduced spending by as much as more than 30%. On a positive note, only a minuscule percentage of households, which is estimated at 1.1%, sold valuable assets to cope, which may suggest that they either did not have much to sell or were not forced into such a situation.

Box 3. Drastically cut spending

During the COVID, we do less and spend less, that's simple. I tried to cope by paying less. The spending money must be less, more frugal. No more buying, for clothes, or remodeling something in the house. Previously, I used to a little decoration change before. But now I will stop such irregular payments.

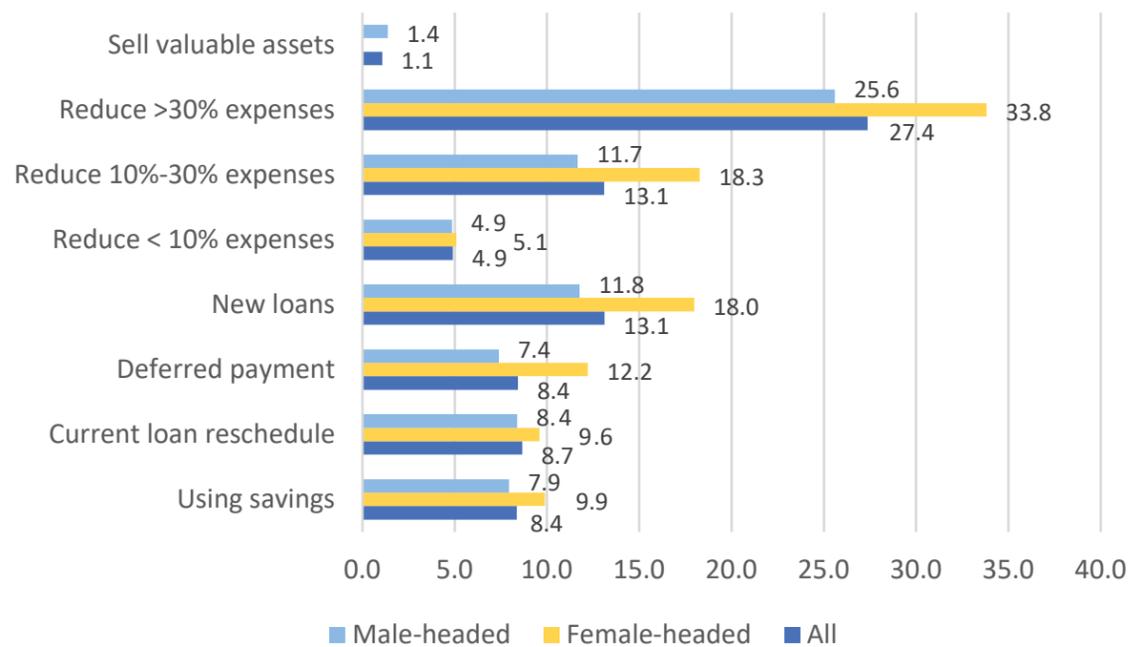
Female, 34 years old, accommodation service, Hoa Binh

Reduce the shopping at the local market even once a half a week. Going to the market for the whole week twice a week. Then a little more stockpile for reduced prices, and less food consumption. Reducing food expenses such as on fruits for parents. I only buy fruits for my small kid. Both the milk and the food for my kid cost 50 thousand VND every day. Previously, food for the parents cost about a hundred thousand. Now, the parents eat much less, just a few dozen, in order to reduce as much as possible what the parents eat.

Female, 28 years old, garment worker, Dong Nai



Figure 15. Coping measures - October 2020 (% of affected households)



Source: Our estimation from RIM 2 survey data

A third of affected households relied on borrowing to minimize the spending cut, of whom 13.1% took new loans, 8.7% rescheduled their existing loans and 8.4% used the deferred payment mode - a form of loans provided by sellers of goods and services. 8.4% used their savings. It should be noted that higher proportions of female-headed households took these measures than male-headed households, which is consistent across all responses.

Although the reduction in living standards of households in October 2020 was considerable, the above numbers gave a considerably better picture than what happened to Vietnamese households at the peak of the pandemic. RIM 1 survey, which was conducted in late April and early May 2020 found that 70% of surveyed households reported to have cut household expenses, of whom approximately 44.3% of all households and 47.7% of female-headed households reported cutting more than 30% of household expenses. 74 % of households had to use their savings to partly make up for the income shortfall.

However, almost half of households did not have any savings (**Figure 16**) so they had to cut expenditures and/or borrow. Slightly more than quarter of households have savings to be drawn for between 1 and 3 months.

Box 4. Using savings, around 1 to 3 months

Those street vendors, like me, and the housemaids, are two groups that travel much in many markets. Many people are afraid of us due to a higher COVID infection risk. Therefore, they do not want to hire us during the pandemic peak. The previous pandemic peak gave us a lesson that we had to wait until the pandemic peak pass because we could not find other jobs. So, I try to save. How much money I earn, I try to spend less and try to save. I earn not much, then I can save for consumption in about a half of month, up to a month.

Female, 45 years old, selling lottery tickets, Ho Chi Minh

I am working for a manufacturing enterprise. Due to the pandemic, I had a temporary leave from work for about more than 1 month, i.e., 1 month 20 days. After the pandemic peak, the enterprise called me back. Now I work normally as in the past. For the temporary leave, I did not have any money for the month. Then I came back to my hometown and my mom took care of me. I don't have much money to save. Most of my earnings are for my food and basic consumption. I earn about 10 million VND per month, and I can save up to 4-5 million VND to have money to send home. So that my mom can have some investment or savings. So when I don't have a job, I can come back to my hometown and my mom will take care of me, without any problem.

Male, 24 years old, mechanic worker, Dong Nai

Must save. No savings, you cannot live. In the past, I used to go to the market to spend a little bit more. Since the pandemic, I was afraid that the COVID infection will last for a long time. Then I have to save money. For each 100 thousand VND, I spend about 30 or 40 thousand VND only. In general, I try to go to the market to buy more vegetables than other expensive food and basic things. What I spend, I think twice to save the money. I keep saving money because I don't know how long the pandemic will last. Now my savings is enough for 2 months of basic consumption.

Female, 45 years old, retailer, Hau Giang

My mother in the countryside does not spend much. For vegetables, we go around picking. We can catch fish on our pond, chickens and ducks in our garden. For the rice, my mother usually saves 1 ton and 2 tons from the previous crop. So, we can have enough food until the next crop. So even during the pandemic, everything is normal for my mother. Facing the job leave, I just go back to the hometown with my mom, and it's fine for a few months.

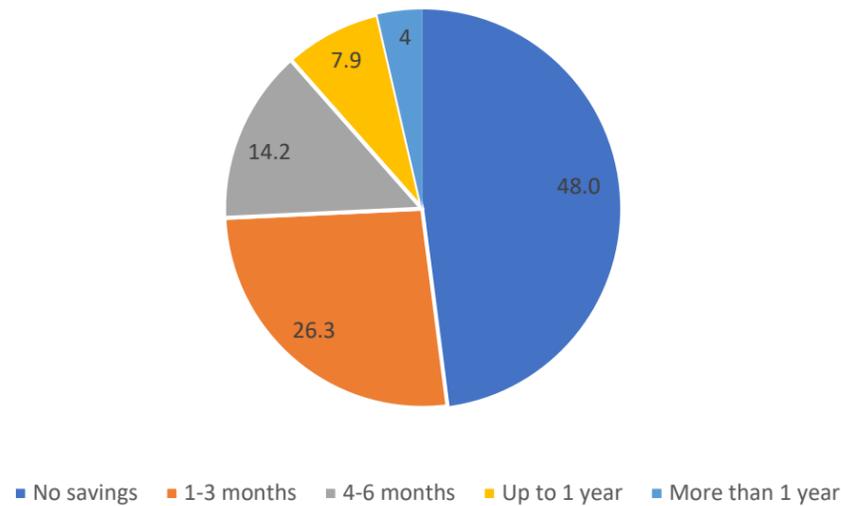
Female, 26 years old, garment worker, Ho Chi Minh

My husband and I have been working as workers here (in Ho Chi Minh City) for 5 years. I work in a garment company. My husband works in a shoe company. Each of us earns about 11 to 14 million VND every month. Renting a house, and food in an expensive city, make us hard to save. Every month, we spend about 7 million VND, and send 5 million VND to the hometown for grandparents with 2 children in primary school. However, a little is leftover due to getting sick, travelling back to the hometown, social events like the death ceremony. We cannot save much. We encouraged each other to work hard, and we have saved enough for 1-2 months of no work due to COVID and wait for it over. Now the scariest situation is another pandemic peak, like that in Apr-May 2020, causing no job, but without savings, I have not figured out how to manage our lives.

Male, 35 years old shoe worker, Ho Chi Minh



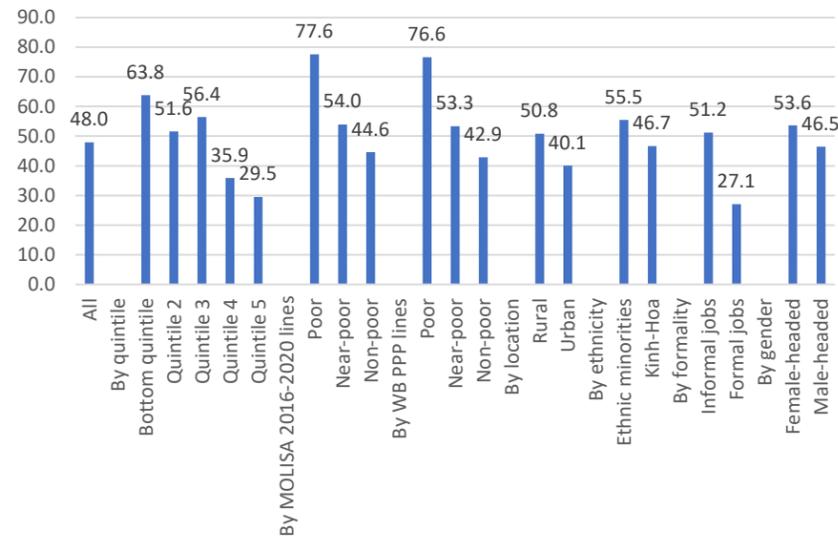
Figure 16. Savings availability (% households)



Source: Our estimation from RIM 2 survey data

Figure 17 shows that the savings availability of more disadvantaged households is lower as compared to more advantaged ones, regardless of what classification is used. The difference is largest between income poor and non-poor, whatever poverty line is used.

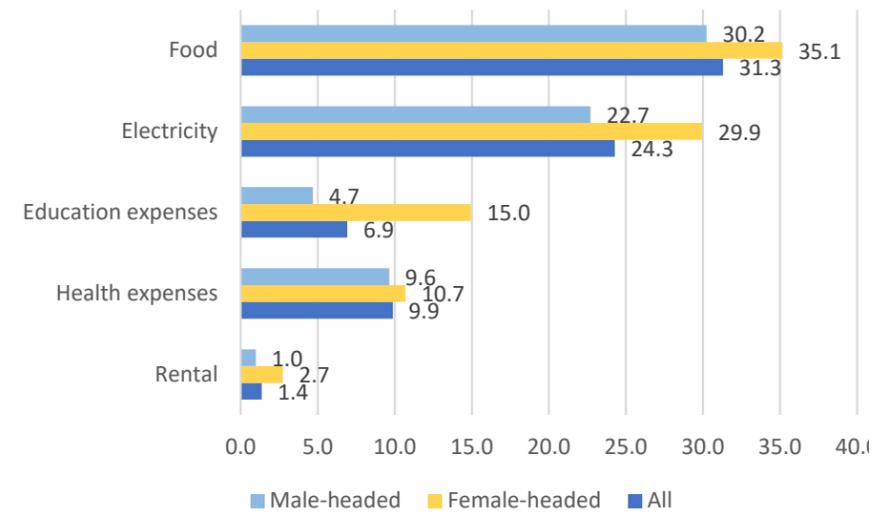
Figure 17. No savings status by types of households (%)



Source: Our estimation from RIM 2 survey data

Figure 18 showed that cutting food expenditure was done by 31.3% of affected households followed by electricity 24.3%, health 9.9%, education 6.9% and rental 1.4%. These numbers are comparable to those derived from the May part of RIM 1 survey, but considerably better than those derived from the April part. This implies that spending on essential items quickly recovered in part and then stabilized, without further improvements. In terms of gender disparities, higher proportions of female-headed households did these spending cuts, than male-headed households.

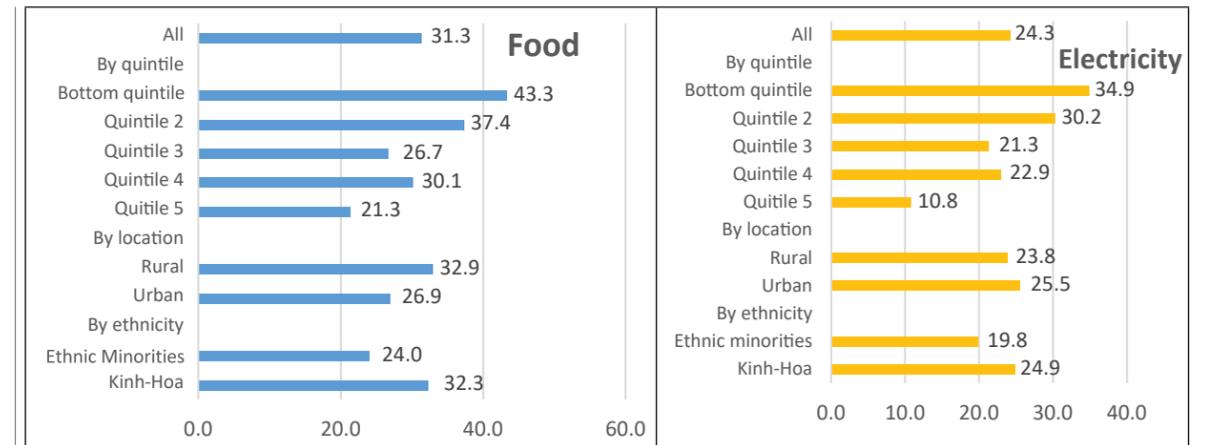
Figure 18. Spending cut on essential items (% of affected households)



Source: Our estimation from RIM 2 survey data

For food and electricity with a sufficient number of observations on spending cut, it is possible to disaggregate the results by other key household characteristics (**Figure 19**). Specifically, in percentage terms, more rural households affected by the pandemic cut food expenditures than their urban counterparts, so did the bottom two income quintiles than the top two quintiles. However, also in percentage terms, more Kinh households cut food expenditure than ethnic minority households, which is not straightforward to be understood. With regard to electricity, the pattern is similar across ethnicity and income quintiles, but is opposite across urban vs. rural areas.

Figure 19. Spending cut on food and electricity (% of households)



Source: Our estimation from RIM 2 survey data

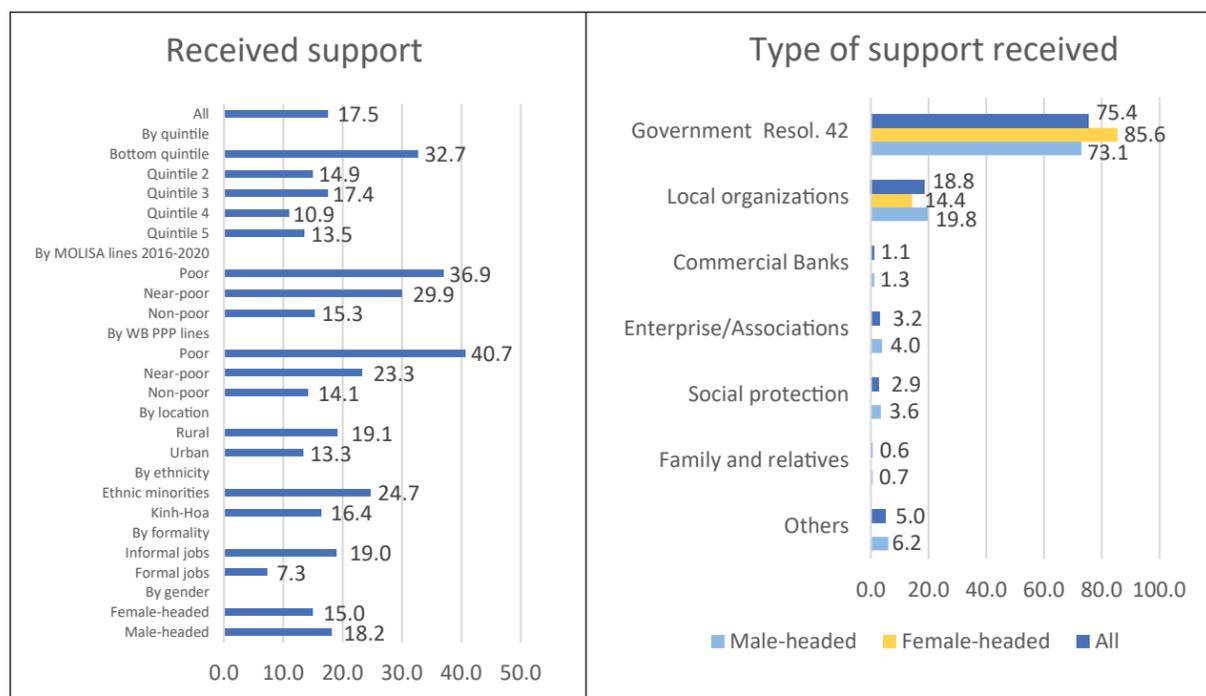


4.6. Support to households: Modest coverage, but generally progressive

Figure 20 shows that 17.5% of households received some form of support. The support coverage is modest as compared to the percentage of households affected by the pandemic (63.3%)³⁰. However, it is generally progressive, as higher percentages of disadvantaged households received the support than their peers in various types of household classification. The only exception is a smaller percentage of female-headed households receiving support than male-headed ones.

Among those receiving support, 75.4% of them receive the policy support from the Government. Another 18.8% of them have supports from local social organizations. A tiny percentage of affected households received support from relatives while support from other sources was limited in terms of coverage.

Figure 20. Support delivery (% of households)

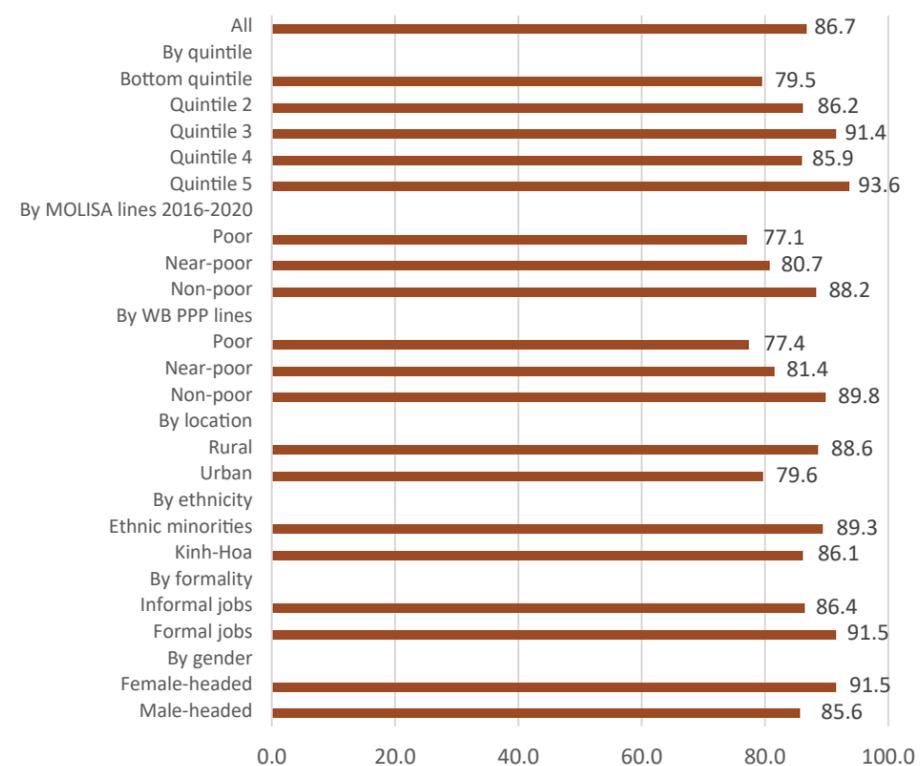


Source: Our estimation from RIM 2 survey data

Those receiving the support highly appreciated the support. Approximately 64.2% of recipients considered the support as effective, and 22.5% as very effective. Thus 86.7% of recipients had a positive view of the Government support (**Figure 21**). The assessment varied across different groups of support recipient. A higher proportion of non-poor households had a positive view on the Government support than poor households. So did households in the top income quintile as compared to those in the bottom quintile. With regard to non-income classifications of households, a higher percentage of rural recipients was of a positive view than the urban one. So was ethnic minority than Kinh majority, female-headed than male-headed recipient households and those with head in formal employment vs. in informal employment.

³⁰ It is smaller than the percentage of affected households that had to cut expenditures (63.3%*45.4%=28.7%), but is slightly greater than the percentage of affected households that had to cut expenditures by over 30% (63.3%*27.4%=17.3%)

Figure 21. Assessing Government's support as effective or very effective³¹ (% of recipients)



Source: Our estimation from RIM 2 survey data

Box 5. Support is quite effective

I sell some drinks under the bridge, including coffee, some snacks, and sugarcane juice. I sell from early morning to 4 - 5 pm every day and can get profit from 50 to 60 thousand VND. I lived alone, so that's enough for me. I had an accident, so my leg was disabled. Therefore, each month, I receive the support of 405,000 VND from the government. Due to the pandemic, I could not work for a short period. My brothers and sisters in the family also lovingly brought in some food from time to time. And then the local government also paid attention to support 20 kg of rice, with 1.5 million VND in cash. I was very happy to receive the money, spent 500,000 VND on food while staying at home to wait for the pandemic to pass. With such support, I did not have to go out to the streets for earnings. After the pandemic peak, with the rest 1 million VND, I bought more things to put it on a trolley to peddle in pubs.

Female, 55 years old, street vendor, Ho Chi Minh

³¹ The number of households considering the support as very positive is only sufficient for analysis at the aggregate level and therefore we do not present the results at disaggregate level.

93.4% of households reported their trust in the COVID-19 prevention system. This number varied little across different types of households and therefore we do not present it at more a disaggregated level.

In answering to question “Does your household really need support if the COVID19 pandemic breaks out again?”, 54.8% said “Yes”. Put it differently, 45.2% of households do not need the public support, or in other words, they can weather the shock themselves, which is encouraging. Across different types of households, a common pattern was that a larger proportion of more disadvantaged groups need the support as compared to their peers (**Figure 22**, left panel), which is intuitive. However, in percentage terms, fewer female-headed households needed the support than their male counterparts.

Box 6. No government support is needed: Some opinions

No, I have not thought about that support from the Government. I just think the State can only help people for a while, not forever. So regardless of support or not, now people should try to learn and to have a job in hand, then it would be fine in any difficulty.

Female, 37 years old, salesman, Hanoi

It is not that the State does not care about people. But the State is still poor. Complaints of no support are not right with the support policy. Support is needed for only spiritual motivation, but not for material reliance. Even with or without COVID peak, I pay attention to work, not to support.

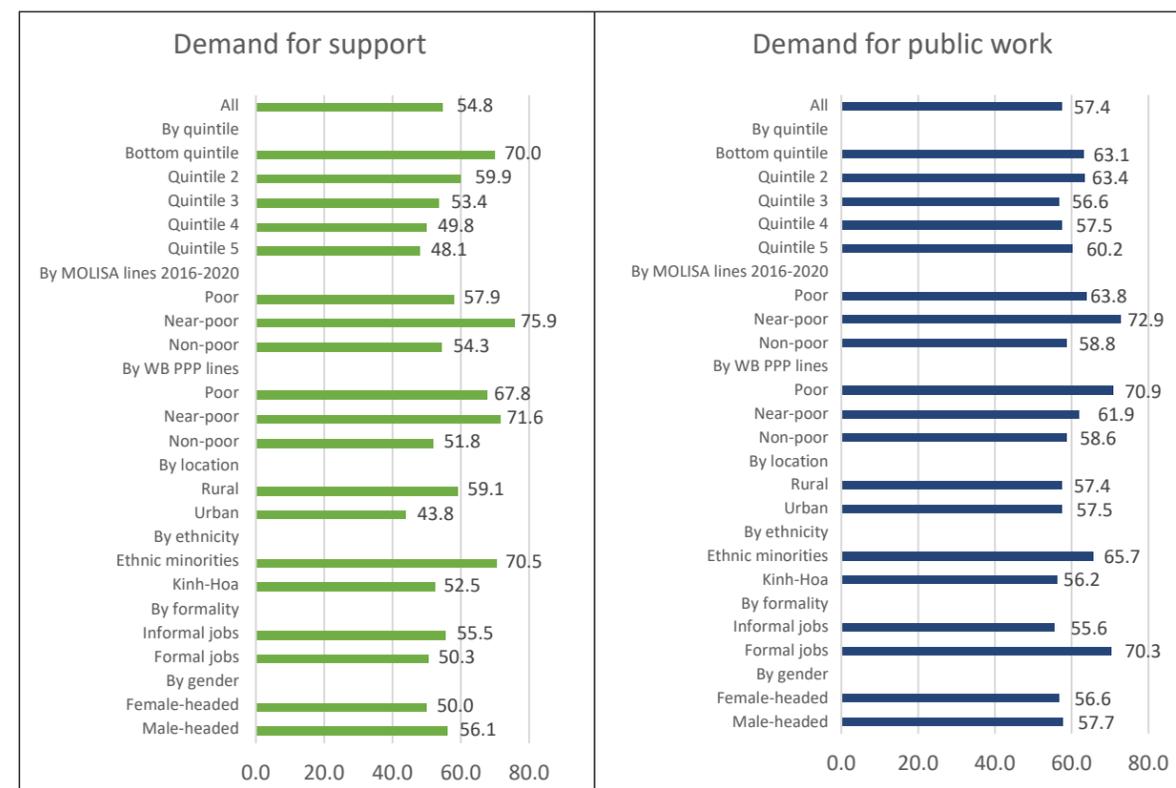
Female, 48 years old, brocade weaving, Hoa Binh

The Government has already cared for people. The Government provides insurance for poor households and near-poor households. The Government has also supported social insurance, health insurance for their free medical examination. Then, when the pandemic came, and they could not come to the hospital, the government gave the doctor’s phone number to visit those patients. Such support is enough. The Government cannot pay attention to all of the population. Not enough money to support all of the population. Like other people, I need to try my best a bit more and wait for the pandemic to pass.

Male, 45 years old, processing agricultural products, Hau Giang

Answering the question “If the pandemic goes on for more than 3 months, are you willing to accept jobs from public work with a specified level of wage (VND 120,000 and 95,000 per person-day in urban and rural areas?”, 57.4% of respondents said “Yes” and consequently, 42.6% of households had a reservation wage in excess of the mentioned levels of wage (**Figure 22**, right panel). Variation of the answer across different household characteristics is smaller than that to the question on demand for support, except for the formal vs. informal employment breakdown.

Figure 22. Demand for support and public work (% of all households)



Source: Our estimation from RIM 2 survey data

5. Promoting robust, sustainable and inclusive recovery - recommendations

- **Crushing the curve.** Viet Nam has up until now emerged among one of the very few countries which were able to maintain a very positive scorecard: a few waves of community transmissions, improvements in the Government and public responses from wave to wave, resulting in smaller and shorter disruptions to economic activities. Since the pandemic broke out in February 2020, Viet Nam has considerably strengthened testing capacity, contact tracing, stockpiled PPEs and added extra health facilities. To crush the curve, the Government has consistently employed a strategy of rapid response, which consists of 5 steps: prevention, detection, isolation, zoning for epidemic suppression and effective treatment. The Government has recently modified its strategy to include new elements such as random testing at high-risk places and people such as hospitals, restaurants, airports, truck drivers; regular monitoring of coughs/pneumonia cases, maintain strict control/application of quarantine rules in both establishments and at home. The Government has also embarked on a plan to vaccinate the population as much and as fast as possible. The public has a lot of trust in the Government, thus showing vigilance by following the guidelines by the Ministry of Health, which can be summarized as “Masks - Disinfection - Distance - Crowd avoidance - Medical declaration”³².

³² In Vietnamese, it is the 5Ks rule “5K: Khẩu trang - Rửa tay - Khoảng cách - Không tập trung - Khai báo y tế”. These are broader than the 3Ws rule “Wearing masks, washing hands and watching distance” being applied in the pandemic time in many parts of the world.

These are key factors behind Viet Nam's great success in containing the spread, thereby avoiding disruption of economic activities on a large scale. Such a comprehensive strategy to combat the pandemic should be consistently implemented, updated and improved based on lessons learnt from wave to wave.

- **Providing targeted support to hard-hit sectors.** The risk of resurgence of the pandemic still remains high until a large proportion of the population is vaccinated and/or effective treatments are available. Local lockdowns or location-specific restrictions cannot be ruled out. Therefore, while the overall economic recovery is well under-way, it is uneven across sectors. Risks are still high in contact-intensive activities. Economic sectors such as air transportation, tourism and hospitality industry still face considerable challenges, as documented in both rounds of RIM, and GSO's labor force surveys. In addition to helping otherwise healthy firms in these sectors to stay afloat, as it was already done, the Government can do some targeted interventions to stimulate employment demand in these hard-hit sectors including phasing in the reopening process with vaccine passport, participating in travel bubbles with relevant countries and designing and implementing preventive procedures to receive inbound tourists etc.
- **Enhancing labor mobility.** Geographic and occupational mobility needs to be improved to accelerate the recovery process while ensuring it is inclusive. As documented in both rounds of RIM, the lack of information on job availability and skills mismatch are among the main impediments for affected workers to move across sectors and/or locations to get better employment opportunities.

This structural constraint can be relaxed through reskilling, labor market information and job matching services, simplification of procedures, including to ensuring the continuity of the workers' participation in the social and unemployment insurances as well as the portability of the benefits across space. The education and training curricula should put a stronger emphasis on transferable skills (e.g. critical thinking and problem solving, soft and digital skills etc.) that are of great value regardless of sectors or locations of the workers.

The Government of Viet Nam is determined to accelerate digital transformation, as evident by its prominent place in the 2021-2030 socio-economic development strategy. As part of this process, digital technologies should be leveraged to support the upskilling and reskilling program. In particular, digital platforms, including YouTube or others should be used and/or developed to deliver training in skills required in growing sectors to a large number of workers, including those from the informal sector. As these Internet-based training programs can be considered as "public goods" with large spillovers and social benefits, the Government can provide monetary incentives to owners of the training content, based on the number of hits. Such ex-post financial rewards resemble the incentives provided by digital marketing firms to owners of digital platforms which are very common in the digital age. Information on the availability and usefulness of these and other digital platforms-based programs should reach out to as many workers as possible, e.g., through TV, Facebook, Zalo, etc. Digital technology also helps to speed up payments under the unemployment insurance program, which is critical in challenging times.

- **Promoting saving.** People, including the poor and the low income, can benefit from saving to smooth consumption when income is uneven and unpredictable, and to insure against emergencies, thus increasing the resilience of the savers. However, as found in RIM 2 survey, almost half of households did not have any savings at all, thus having no financial buffer to cushion income shocks. At the country level, Vietnam's gross savings rate as a percentage of GNI dropped from 39.5% in 2004 to only 24.5% in 2019, which is lower than the savings rate in

lower middle-income countries at 26% in the same year³³. Other measures such as the gross savings as a percentage of GDP or net savings rate as a percentage of GNI also had similar dynamics over this period. This is a very disturbing trend, as the declining propensity to save contributes to the rising gap between investment and savings, which in turn reduces the country's resilience and increases its dependence on foreign savings (in the form of foreign borrowings and foreign direct and portfolio investment). It is therefore important to find ways to encourage the saving culture among the population at large, including the low-income people³⁴.

Some findings and suggestions drawn from controlled experiments implemented in developing countries are worth considering: (i) Access to low-cost savings accounts increases savings and improves measures of individual wellbeing; (ii) Marketing campaigns and account features that try to overcome psychological obstacles to saving show promise in increasing take-up and use of savings accounts; (iii) Technological innovations, including mobile money³⁵ and direct deposit options (e.g. through traditional top-up of phone card with small cash), have the potential to expand access to and use of savings accounts³⁶. Most recently, the Prime Minister agreed to pilot mobile money for two years, starting from 9 March 2021. This is a big step forward for promoting financial inclusion in general and raising savings in particular.

- **Triggering public work programs when they are badly needed.** Public work programs provide immediate employment and income to the most vulnerable because they are self-targeting. UNDP-introduced cash for work in Bac Lieu and Ca Mau are some of the examples³⁷.

RIM 2 survey found that 57.4% of respondents had a reservation wage (i.e. the minimum level of wage they require in order to accept the work) of under VND 120,000 (if they live in urban areas) or VND 95,000 (if they live in rural areas). The former falls into a lower range of regional minimum wages for 2021 while the latter is well below the range. This implies that demand for public work in times of economic downturn is relatively high, while it is cost-effective. Programs can be organized by local government agencies that have a backlog of maintenance or small infrastructure work as well as environmental restoration that could be started and completed quickly. Such programs need to be designed and implemented in a fast and gender-sensitive manner to meet the differentiated needs of female and male workers.

³³ Source: <https://data.worldbank.org/indicator/NY.GNS.ICTR.GN.ZS?locations=VN>

³⁴ In the early 2000s, as reported by the media then, low income workers in manufacturing firms frequently used part of their wages to purchase a few taels of gold (*chí vàng*, which is slightly heavier than a tenth of ounce) and set aside as a form of savings. Such a savings habit may explain why the savings rate was high in the early 2000s. This savings culture is very healthy for the economy and individuals alike, and therefore should be nurtured and encouraged. However, gold is a very inefficient, sub-optimal form of savings, to which people resorted to in the past in the absence of extensive banking services, and in the context of high inflation.

³⁵ The number of registered mobile money accounts surpassed one billion in 2019. With 290 live services in 95 countries and 372 million active accounts, mobile money is becoming the path to financial inclusion in most low-income countries (Source: GSMA. 2019. "2019 State of the Industry Report on Mobile Money". (Source: <https://vnextpress.net/thu-tuong-dong-y-thi-diem-mobile-money-4246011.html>).

³⁶ Source: Jessica Goldberg, "Products and policies to promote saving in developing countries: Combine behavioral insights with good products to increase formal savings in developing countries" (<http://wol.iza.org/articles/products-and-policies-to-promote-saving-in-developing-countries>)

³⁷ Source: <https://reliefweb.int/report/viet-nam/undp-womens-union-bac-lieu-and-ca-mau-provinces-support-workers-affected-covid-19>



- **Making social assistance program respond faster and better** to large-scale shocks such as natural disasters, economic crisis and health emergencies like the COVID-19 pandemic. Both rounds of RIM found that the Government's support reached only a limited segment of the population, largely the traditional beneficiaries of the targeting program. The targeting program has so far done well with regards to the "fixed" targets, as evident by the positive assessment of the support by the recipients as documented in RIM 2 survey. However, it generally failed to hit the "moving targets", i.e., unable to deliver the support to people in the so-called "missing middle" who are not on the program's list but are hit hard by economic shocks. Although the Government's Resolution 42 intended to support numerous groups of informal workers, the lack of information and the resultant high transaction costs of verification of eligibility of the spatially and occupationally mobile workers often prevented them from accessing the support package. Although the outbreaks of the pandemic became shorter and more localized from wave to wave thanks to the Government's improved measures to crush the curve, and therefore the need for informal workers to access the support declines as the economy is recovering, lessons need to be learnt to improve the coverage, speed and thereby the effectiveness of the social assistance program in the future.

To this end, a number of suggestions can be made as follows. First, it is important to move from a residence-based system of social protection, which excludes Vietnamese migrant workers, to one based on national citizenship. Second, like in other areas, digital technologies would help to substantially cut down transaction costs associated with eligibility verification and delivery of cash handout to recipients. The latter is a big challenge during times of lockdown, and when there is a need to reach out to people in remote areas in a rapid manner. Accelerating inclusive digital transformation in tandem with the Government's plan to abolish the resident registration (Ho Khau) in 2021 and with the recently started pilot of mobile money would mark a turning point in the reform of the social assistance program in the digital age. It is also worth considering central government matching grants to provinces with limited financial resources to increase coverage and accelerate implementation.

6. CONCLUSION

The RIM 2 survey confirmed that Vietnamese households are on the road to recovery. However, until a large proportion of the population is vaccinated, they may still face considerable challenges ahead. The findings summarizing the voices of vulnerable people, household businesses and policy recommendations drawing on these findings serve as inputs to the Government's efforts in refining policy actions and their implementation to protect the livelihoods of vulnerable households and support HBs. The report, recognizing the fast-changing situation, suggests the need for regular assessments of the changing impacts of COVID-19 and the Government's response policies to inform the design and delivery of an effective, sustainable and inclusive recovery plan.

To this end, Anticipatory, Adaptive and Agile governance approaches and innovations of the Government and the Vietnamese people have been key to Viet Nam's success in crushing the COVID-19 pandemic and limiting its negative socio-economic impacts - a success that is widely acknowledged by the public in Viet Nam and the international community. Policy and institutional actions to reduce numerous structural constraints become more urgent in challenging times, while they remain important in good times. Such approaches that combine improving short-term responses with strengthening long-term fundamentals are vital in helping Vietnamese enterprises and people to firmly get back on the fast, sustainable and inclusive growth trajectory. This, in turn, is foundational to achieving the Sustainable Development Goals (SDG) and Leaving No One Behind agenda in the context of living with the COVID-19 new normal.



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ANNEX 1. QUESTIONNAIRES

A.1. QUANTITATIVE QUESTIONNAIRE OF THE PHONE SURVEY

A. Questions to identify interviewees

- (Self-fill in information) Interviewer:
- (Self-fill in information) Interviewee code:
 - a. Household ID from VHLSS (Province- District- Commune - Household number)
 - b. Phone number of interviewee:
 - c. Full name of interviewee:

An introduction to the research (to convince the interviewee to participate in the survey)

Hello, Mr/Ms. My name is I'm an interviewer from Center for Analysis and Forecasting under the Vietnam Academy of Social Sciences. I got your phone number, in a randomly selected list of over 40 thousands of households nationwide. In 2018, you were interviewed by the General Statistics Office in the Household Living Standard Survey. The survey takes place every 2 years by the State to obtain information for research and formulation of socio-economic policies. Today, I am calling you to ask you some questions about COVID19, how it affect to your family, just in 10 minutes. All information will be kept confidentially for the policy research purpose only. I hope you will cooperate so that we can complete this survey.

A1. I would like to have a quick disusion in 10-minute to know about how COVID 19 impact on your family?

- a. Do not agree to participate (Thanks to leave the call)
- b. Agree to participate
- c. Call back later

A2. (If A1=c) What time can I call you back?

Time:

B. Impact

B1. Any member in the family has been impacted by the COVID-19 since the beginning of the year? (1. Yes. 2. No)

Type of impact	You	Any other member
a. Laid off waged workers		(if B1a=2)
b. Temporal break from work		(if B1b=2)
c. Reduce working hours and work sharing		(if B1c=2)



B2. What was your occupation by the end of 2019?

- B2a. Sector
- a. FDI
 - b. Domestic firms
 - c. SOE
 - d. Corporative
 - e. Household business
 - f. Self-employed
 - g. Inactive

B2b. Occupation:
In details:

B3. Currently, do you work in the same job as by the end of 2019?

- a. The same job (skip to B5)
- b. New job/inactive

B4. What is your occupation currently?

- B4a. Sector
- a. FDI
 - b. Domestic firms
 - c. SOE
 - d. Corporative
 - e. Household business
 - f. Self-employed
 - g. Inactive

B4b. Occupation:
In details:

B5. Have you moved to a new job because of COVID-19 or other reasons since end 2019?

- a. Due to COVID-19, did move to a new job (skip to B7)
- b. Move to a new job due to other reasons (poison effect, for promotion, due to family arrangement, due to the distance from work...) (skip to B9)
- c. No move/ no new job

B6 (if no move to a new job while facing the employment difficulty due to COVID-19 B5=c and B1=1) Why has you not change your job? (multiple choices)

	Reason	1. Yes 2. No
a	Wait for the pandemic ending and rely on the savings	
b	Wait for the pandemic ending, rely on unemployment benefits and policy supports	
c	Wait for the pandemic ending, due to thinking of no available temporary job	
d	Psychological hesitancy to quit when managers have temporary difficulties	
e	No skill of other jobs	
f	Have household difficulties then cannot move to new jobs	
g	Have looked for the job but found no relevant recruitment	
h	Applied for new jobs but could not meet new job requirements	
i	Other	

B7. (Only if B5=a) Has your job moved to another province or within the same province as in Dec 2019?

- a. Yes, moved to another province
- b. No, in the same province

B8. (Only if B5=a) Has you moved to other occupation or work in the same occupation as in Dec 2019?

- a. Same occupation
- b. Other occupation

B9. (only if the interviewee did not change the job due to COVID B5=b or B5=c) Since end 2019, apart from you, in your household, has anyone else moved to a new job because of COVID-19 or other reasons?

- a. Due to COVID-19, did move to a new job (skip to B11)
- b. Move to a new job due to other reasons (poison effect, for promotion, due to family arrangement, due to the distance from work...) (skip to B14)
- c. No move/ no new job

B10. (if no move to a new job while facing the employment difficulty due to COVID-19 B9=c and B1=1) Why has he/she not change the job? (multiple choices)

	Reason	1. Yes 2. No
a	Wait for the pandemic ending and rely on the savings	
b	Wait for the pandemic ending, rely on unemployment benefits and policy supports	
c	Wait for the pandemic ending, due to thinking of no available temporary job	
d	Psychological hesitancy to quit when managers have temporary difficulties	
e	No skill of other jobs	
f	Have household difficulties then cannot move to new jobs	
g	Have looked for the job but found no relevant recruitment	
h	Applied for new jobs but could not meet new job requirements	
i	Other	

B11. (Only if B9=a) Has his/her job moved to another province or within the same province as in Dec 2019?

- a. Yes, moved to another province
- b. No, in the same province

B12. (only if B9=a) What was his/her occupation by the end of 2019?

- B12a. Sector
- a. FDI
 - b. Domestic firms
 - c. SOE
 - d. Corporative
 - e. Household business
 - f. Self-employed
 - g. Inactive

B12b. Occupation:
In details:



B13. (Only if B9=a) Has he/she moved to other occupation or work in the same occupation as in Dec 2019?

- a. Same occupation
- b. Other occupation

B14. Estimate total household income (-9999 if no information)

Month	Million VND
Dec 2019	
Oct 2020	

B15. (only if B14=-9999) Was your household income in Oct 2020 as percentage share of that in Dec 2019?

B16. COVID-19 has caused any difficulty to your household currently (in Oct 2020)?

	1. Yes - 2. No
Daily shopping	
Taking care of children's education	
Taking care of health care for household member	
Conflict in the family	
Domestic violence	
Others	

B17. Gender role in the family activity currently (in Oct 2020)?

	1. Male - 2. Female - 3. No gender difference
Daily shopping	
Taking care of children's education	
Taking care of health care for household member	

C. Coping measures

C1. Are you currently taking any measures against COVID-19 (in Oct 2020)?

- 1. Yes
- 2. No (skip to C3)

C2. (only if C1=1) which measure (Multiple choices)

	At work	At home
Mask		
Wash hand with soap, alcohol-based hand rub		
Temperature check		
Cancelling meetings		
Other		

C3. (Only if C1=2) What is the reason for not implementing the anti-epidemic measures? (Multiple choice)

- a. Unnecessary
- b. Necessary but did not know how to do
- c. Necessary but too expensive, unable to apply (network infrastructure, equipment, etc)
- d. Others

C4. Does your family currently shop online more than in December 2019?

C5. Does your family currently use more electronic payments than in December 2019?

C6. Other measures to cope with COVID-19 currently (in Oct 2020)?

Coping measure	1. Yes - 2. No
Use saving	
Reduce > 30% expenses (compared to Dec 2019)	
Reduce 10-30% expense (compared to Dec 2019)	
Reduce < 10% expense (compared to Dec 2019)	
Reduce food expense (compared to Dec 2019)	
Reduce education expense (compared to Dec 2019)	
Reduce electricity and water expense (compared to Dec 2019)	
Reduce health expense (compared to Dec 2019)	
Reduce rental house fee	
Tak new loans (friends, relatives, ..)	
Delay to pay cost of living	
Reschedule current loans	
Sell valuable assets	
Others	

C7. With the current savings, how many months would your household rely on that for your household expenses?

D. Support

D1. Has your household ever received any support due to the COVID19 pandemic since the beginning of 2020?

- a. The household has received the support
- b. The household has not received any support, just the information (skip to D4)
- c. Do not care, do not know (skip to D4)

D2. (only if D1=a) Who or what organization has your household received support from? (Multiple choices)

- a. From Government's Resolution No. 42
- b. From local social associations (Youth Union, Women's Union ...)
- c. From Commercial Banks in loan payment reschedule, rollover loans and interest rate reduction
- d. Support in business by other enterprises/professional associations/business partners
- e. From the Employment Fund / Social Insurance Fund, Unemployment Insurance, State Health Insurance
- f. Financial support from family and relatives
- g. Others



D3. (only if D1=a) In general, has the policy support been implemented effectively? (Rank from 1 to 5)

1	2	3	4	5
Very ineffective	Ineffective	No comment	Effective	Very effective

D4. Is the current government's disease control system against COVID-19 trustful? (Rank from 1 to 5)

1	2	3	4	5
Very untruthful	Untruthful	No comment	Trustful	Very trustful

D5. Does your household really need support if the pandemic breaks out? (1. Yes; 2. No)

D6. If the pandemic lasted more than 3 months, would you accept public work for... (wage)...

	Wage
Urban	120,000 VND/day/person
Rural	95,000 VND/ day/person

E. Other information

E1. In 2018, you already participate in the survey to give the information about all member in your household. Are you still live with the household in(District) (Province)?

- Interviewee lives at the previous address
- Interviewee and his/her household moved to other province
- Interviewee leaved out of his/her household to other province (for more than 6 months)

E2. How many members in your household by end 2019?

E3. How many members in your household currently (in Oct 2020)?

E4. Your household status in the official list?

	Dec 2019	Currently (Oct 2020)
a. Poor		
b. Near poor		

Thank you so much for your cooperation. All information will be kept confidential for policy recommendation purpose only. Take care and goodbye!

A2. GUIDELINES FOR FACE-TO-FACE INTERVIEWS

- Information about the impact of COVID by gender since April 2020
- How has the concept of the role of caring for a family changed? the family burden, especially the position of the family and society?
- How has the current normal state been changed? What is the NEW normal state? What is the obvious change in mode of operation / technology? Success or failure to overcome challenges during the period from the beginning of the year until now? How is readiness to respond to the pandemic?
- What factors affect different levels of impact, different capacity to handle difficulties? Different negotiating possibilities? WHY factors, circumstances, how they fail - they cannot change - they survive COVID - they persevere - they have the ability to build up savings to cope
- How is support from personal networks, acquaintances, unions, and interactions with associations? What is the role of the cooperatives, professional associations? How useful are the new business models?



ANNEX 2. KEY FINDINGS OF ANALYSIS OF LABOR FORCE SURVEY

Real labor incomes dropped substantially in quarter 2, but started to recover in quarter 3 of 2020

Analysis of datasets of Labor Force Survey (LFS) reveals that real labor incomes (see Box 7) for calculation) in quarters 2 and 3 of 2020 were respectively by 7.2% and 4.9% lower than in the same periods of 2019. In nominal terms, these figures were 4.6% and 1.8% respectively.

Box 7. Quarterly Price Deflators

To adjust for inflation, reported nominal incomes are deflated to the price level of January 2018. In doing this, a price deflator is calculated for each month for the period from January 2018 to September 2020, using Consumer Prices Index (CPI) accumulated from January 2018 to that month. Then the price deflator for a quarter is calculated as the average of price deflators of the three months in the quarter. This calculation results in the following quarter price deflators as follows:

Table 1. Quarterly Price Deflators

2020		2019		2018	
Q2	Q3	Q2	Q3	Q2	Q3
6.24	7.24	3.31	3.90	0.94	1.85

Source: Our calculations based on GSO's monthly Consumer Price Index

Income changes at the two-digit sector level are given in **Figure 23**. This figure shows that the overwhelming number of sectors suffered from declines in real labor income per worker. However, most of them bounced back significantly, as evident by smaller income declines in quarter 3 than in quarter 2. Correlation between changes in real income per workers in the two quarters is relatively high at 0.45, indicating that the impact of the pandemic on sectoral labor income had some degree of persistence.

Labor income effects of the pandemic varied considerably across two-digit sectors

There was a considerable variation of quarter-on-quarter³⁸ growth rates of real labor incomes across 56 sectors of the economy in both quarters, as is visualized in **Figure 23**. It is also quantified by relatively high coefficient of variation, which is equal to standard deviation divided by the mean. Furthermore, the rates for quarter 3 of 2020 varied within a considerably narrower range than for quarter 2 of 2020, with a lower coefficient of variation.

³⁸ This is the measure of performance in one quarter compared to the same quarter of a different year. This is done so that growth or decline might be measured without having to account for seasonal variance.

Table 2. Sectoral real labor income per worker in quarters 2 and 3: Summary statistics

	Q2/2020 vs. Q2/2019	Q3/2020 vs. Q3/2019
Mean (%)	-6.6	-4.4
Median (%)	-6.5	-5.6
Maximum (%)	22.6	13.6
Minimum (%)	-25.1	-13.5
Coefficient of variation	-1.43	-1.37

Source: Our calculation based on data of Labor Force Survey

Note: Coefficient of variation is equal to standard deviation divided by the mean

Service sectors dominated the list of top income losers in both quarters 2 and 3 of 2020

In quarter 2, the top ten income losers are all service sectors, most of which are contact-intensive, presumably because of the impact of nationwide lockdown implemented in April 2020. Among these losers, the largest are catering and transport, employing approximately 2.4 million and 1.7 million workers on average in the two quarters respectively³⁹. Other services employing almost 1 million workers rebounded strongly, from -20% in quarter 2 to 5.1% in quarter 3, presumably thanks to the relaxation of social distancing measure in the latter quarter.

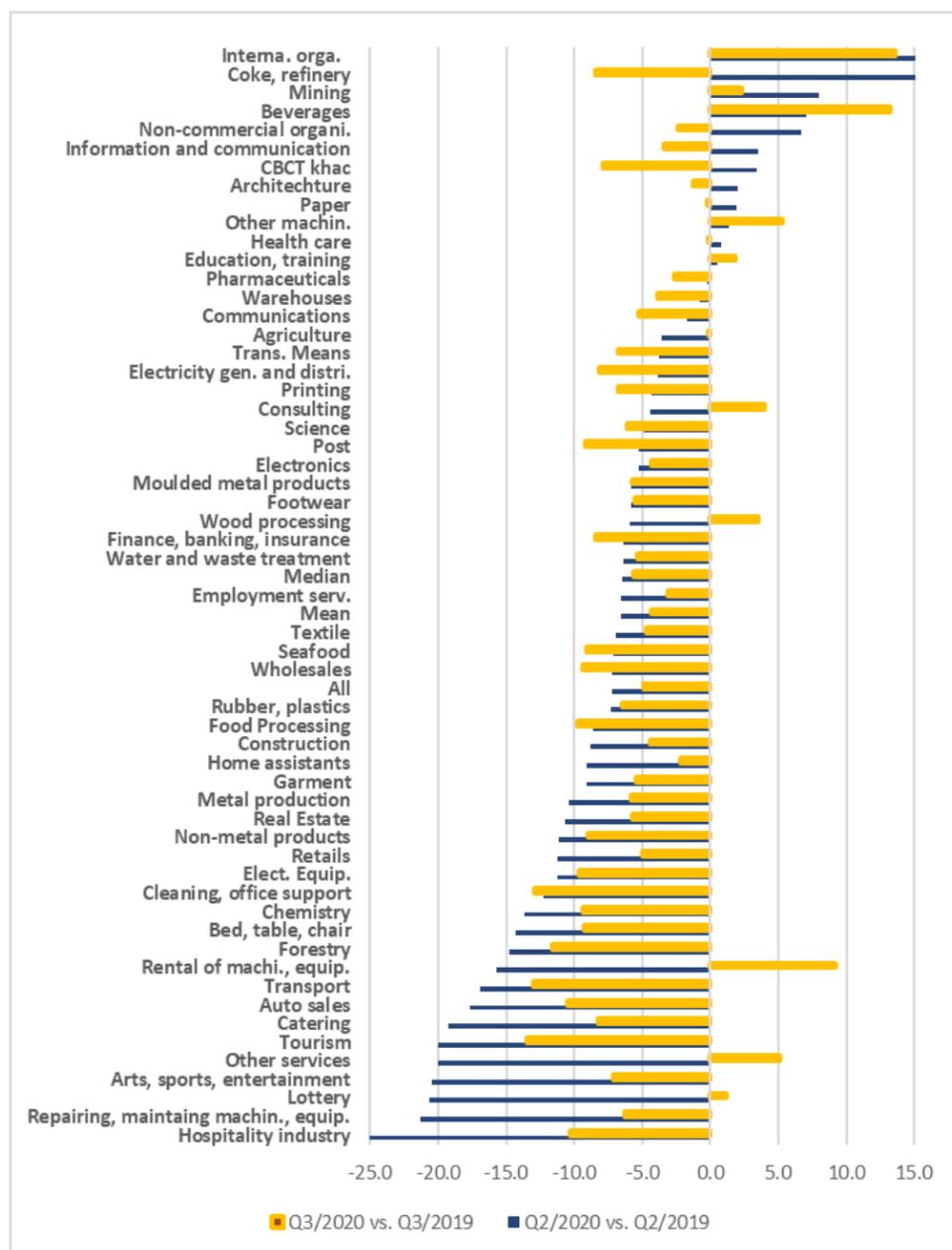
In quarter 3, this list changed quite substantially, with the inclusion of forestry, food processing and two manufacturing industries - electric equipment and chemistry. Notably, forestry, which employs approximately 560,000 workers experienced persistent decline in real labor income per worker, down by 14.7% and 11.6% in quarter 2 and quarter 3 respectively. Yet, forestry is also a low income sector. The average real income per worker in this sector in quarters 2 and 3 of 2019 was equal to approximately 45% of the median value for the whole economy.

Tourism, hospitality industry and transport persistently appeared in this list of top losers in both quarters, presumably due to the suspension of inbound commercial flights from April 2020 until now, resulting in a 98% drop of inbound tourists in quarter 3 from last year, as reported by GSO. Local lockdowns of Da Nang and Quang Nam, the country's major destinations for tourists in late July and throughout August also retarded the recovery of these inter-linked sectors. Catering, which employs approximately 2.4 million workers with under-the-median real income per worker in 2019 was hit hard in quarter 2, but rebounded relatively well, from -19.2% in quarter 2 to -10.2% in quarter 3, but both drops were considerably higher in respective median values of -6.5% and -5.6% for these two quarters.

³⁹ Total number of workers in the economy in quarter 2 and quarter 3 of 2020 was approximately 50.5 million and 52.5 million respectively.



Figure 23. Changes in sectoral real labor income per worker, Q2/2019-Q2/2020 and Q3/2019-Q3/2020 (%)

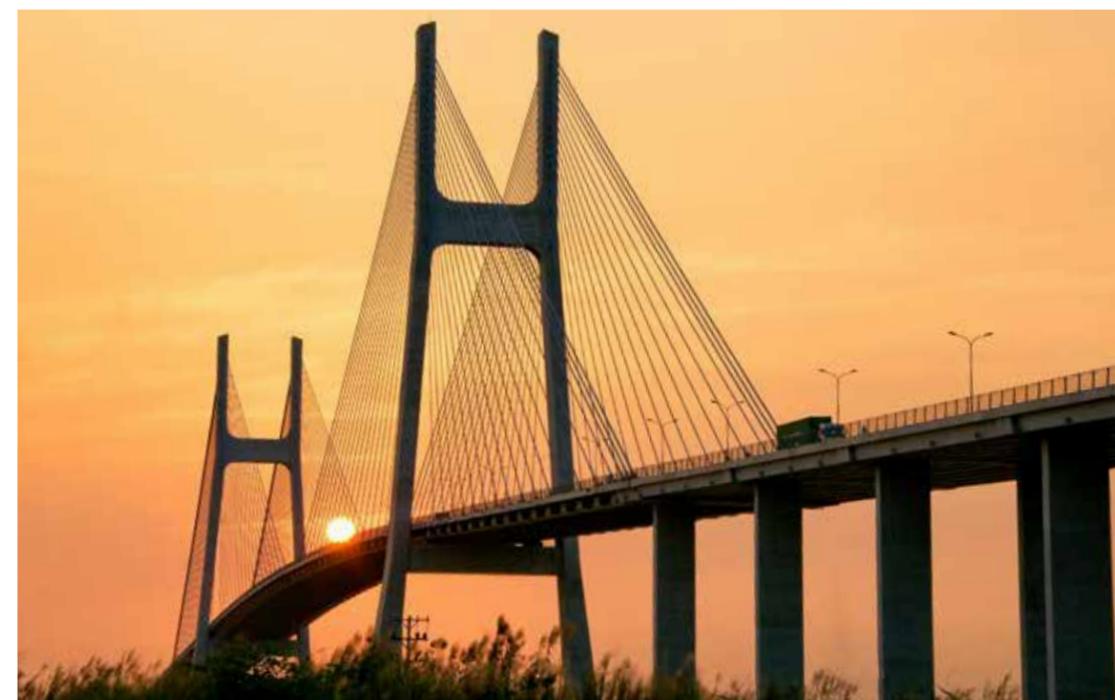


Source: Our calculations based on data of Labor Force Survey (LFS)

Labor income impact of the pandemic was negligible on agriculture and modest on export-oriented manufacturing

Figure 23 also shows that incomes of 13.9 million workers (in quarter 2 of 2020) in agriculture were slightly affected. Their real incomes of workers declined modestly by 3.6% in quarter 2, then rebounded to have resulted in a negligible drop by 0.2% in quarter 3. The seafood sector employing 1.3 million workers in quarter 2 was more heavily affected, with labor real income per worker declining by 7.2% and 9.1% in quarter 2 and quarter 3 respectively. Meanwhile, despite weakened external demand, workers in export-oriented manufacturing sectors with high degree of GVC integration, such as textile (employed 330,000 workers in quarter 2), garment (2.6 million workers), footwear (1.6 workers), electronics (880,000 workers) experienced modest declines in real labor incomes in quarter 3, by 4.7%, 5.5%, 5.5% and 4.3% respectively, all were below the median value for the whole economy of -5.6%. Earlier, in quarter 2, real labor incomes per worker in textile and garment sectors dropped by 7% and 9.1% respectively, higher than the median value of -6.5% for that quarter. These figures for footwear and electronics were 5.8% and 5.3%.

Labor incomes in wood processing industry (employed 450,000 workers) bounced back significantly, from -5.9% in quarter 2 to 3.5% in quarter 3. Meanwhile, real labor income in food processing industry, which employed 1.1 million workers in quarter 2, dropped by 8.7% and 9.7% in quarter 2 and quarter 3 respectively



ANNEX 3. SAMPLE OF FACE-TO-FACE INTERVIEWS

In-depth qualitative component focuses on in-depth interviews with local people.

6 provinces are selected for the in-depth qualitative component:

Table 3. Locations of face-to-face interviews

Region	Province	Sector focus
The North	Ha Noi	1. FDI workers, migrants 2. Informal labors, migrants in the street 3. Small household businesses, local trading and services 4. Tourism
	Hoa Binh	1. Tourism 2. Agriculture 3. Local trading and services 4. Ethnic minorities
The Central	Quang Binh	1. Tourism 2. Agriculture 3. Local trading and services 4. Ethnic minorities
The South	Ho Chi Minh	1. FDI workers, migrants 2. Informal labors, migrants in the street 3. Small household businesses, local trading and services 4. Tourism
	Dong Nai	1. FDI workers, migrants 2. Small household businesses, local trading and services
	Hau Giang	1. Agriculture/aquaculture 2. Tourism 3. Services 4. Ethnic minorities

The total size is 79 interviews, in which 17 households are ethnic minorities.

Table 4. Qualitative survey size (number of interviewees)

	Male	Female	Total
Agriculture/aquaculture	15	3	18
FDI workers, migrants	2	7	9
Local retails	5	7	12
Local services: drivers, carriers	7	2	9
Workers in hotels, household businesses on accommodations	3	6	9
Household businesses: restaurants, drink shops	4	16	20
Other small household businesses	0	2	2
Total	36	43	79

Source: Qualitative survey in November 2020

ANNEX 4. CORRELATES OF HOUSEHOLD'S INCOME REDUCTION BETWEEN OCTOBER 2020 AND DECEMBER 2019: RESULTS OF REGRESSIONS

VARIABLES	(1) The whole sample	(2) Those being hit hard by COVID-19
Married	-5.334* (3.010)	-5.283 (4.014)
Single		
Household size	0.817 (0.558)	0.817 (0.785)
Having a female head	-1.306 (2.683)	-2.203 (3.579)
Having a male head		
Ethnic minority	-3.098 (3.018)	-7.414* (4.174)
Kinh-Hoa		
Dependent ratio (Age 15 and below, or 65 and above)	-0.005 (0.400)	0.389 (0.576)
Age <30	5.419 (7.949)	9.388 (10.485)
Age 30-40	9.917** (4.368)	10.786* (6.468)
Age 40-50	8.661** (4.163)	12.937** (6.289)
Age 50-60	7.294* (4.074)	10.659* (6.306)
Age 60-70	4.500 (3.890)	6.692 (6.097)
Age above 70		
Household head: Primary and lower education	0.254 (4.135)	2.662 (7.016)
Household head: Lower secondary education	-1.650 (4.101)	-1.209 (7.034)
Household head: Upper Secondary education	0.323 (4.517)	1.057 (7.644)

VARIABLES	(1) The whole sample	(2) Those being hit hard by COVID-19
Household head: College education	1.854 (7.251)	0.523 (9.881)
Household head: No vocational training	20.208 (13.742)	24.116 (18.825)
Household head: 1-2-year vocational training	20.779 (13.880)	27.613 (19.003)
Household head: Professional secondary	16.780 (14.238)	30.031 (19.710)
Sector: Manufacture garment, footwear...	7.293* (4.215)	4.385 (5.848)
Sector: Manufacture agri processing	1.214 (4.820)	-6.452 (6.890)
Sector: Construction	5.820 (3.631)	2.533 (5.028)
Sector: Agriculture Fishery	0.983 (3.279)	-1.337 (4.974)
Sector: Tourism, hotel & restaurant	13.219** (5.498)	10.818 (7.058)
Sector: Trading	10.712*** (3.919)	7.380 (5.390)
Sector: Transportation	6.762 (5.633)	0.887 (7.429)
Sector: Education Other services	2.793 (3.389)	-0.954 (4.897)
Sector: Unactive		
Head job with social insurance	-6.383* (3.394)	-5.892 (5.173)
Head job without social insurance		
Having household businesses	4.690** (1.927)	5.312** (2.602)
Having no household businesses		
Urban	1.226 (2.142)	-0.362 (2.878)
Rural		
Region: North East	1.895 (3.789)	3.016 (5.217)
Region: North West	0.096 (3.766)	1.544 (5.269)
Region: Red River Delta	1.797 (2.956)	1.949 (3.994)

VARIABLES	(1) The whole sample	(2) Those being hit hard by COVID-19
Region: North Central	3.223 (3.312)	1.110 (4.452)
Region: South Central	4.654 (3.117)	2.085 (4.319)
Region: South East	-1.184 (3.170)	-0.069 (4.337)
Region: Mekong River Delta		
Constant	-17.526 (15.674)	-20.809 (22.521)
Observations	935	613
R-squared	0.071	0.073

Standard errors in parentheses; *** p<0.01, ** p<0.05, * p<0.1





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