



Terms of Reference

Research on Minimum Wage Impact Assessment in Viet Nam

(1.1)

I. Background

The setting of adequate wages is an essential mechanism to enable decent living standards for workers and their families, while at the same time ensuring the sustainability of enterprises which create jobs for these workers. However, designing and implementing adequate wage policies is a delicate matter which requires solid information and evidence-based social dialogue on both the needs of workers and their families – taking into account the general level of wages in the country, the cost of living, social security benefits, and the relative living standards of other social groups, as well as economic factors, including the level of economic development, levels of productivity and the goal of attaining and maintaining high levels of employment.

Moving towards a more inclusive economy requires adequate and balanced wages, especially for the low-paid workers in the country, and, therefore, stronger efforts are necessary to establish adequate minimum wages and collectively bargained wages. This requires assessing these labour market institutions, to support a process of social dialogue and to strengthen their capacity to use evidence-based information and data that can contribute to more effective outcomes and reduce social unrest.

In this context, the present project on “Setting Adequate Wages” (SAW project) seeks to support wage-setting mechanisms, including minimum wages and collective bargaining, in making stronger use of data and evidence on the needs of workers and their families and economic factors. This project contributes to the ILO's efforts in Viet Nam to support the Ministry of Labour, Invalids and Social Affairs (MOLISA), Viet Nam General Confederation of Labour (VGCL), and Viet Nam Chamber of Commerce and Industry (VCCI) in improving their capacity to advocate for wage improvement in line with international standards, including through implementing the Minimum Wage Fixing Convention, 1975 (No. 131), which is identified for ratification between 2021-2026.

In order to ensure that wages in Viet Nam are set adequately, it is essential that the current minimum wage setting system in the country, and in particular the National Wage Council (NWC), takes into account data and evidence on prevailing wages and on the needs of workers and their families, as well as economic factors, in setting the minimum wage.

The national partners in Viet Nam seeks support from the ILO to take this impact assessment exercise to further understand the effect of the minimum wages on different employment and social outcomes of the target beneficiaries and improve it based on an evidence-based approach. The activities are implemented in partnership with MOLISA in the framework of the Setting Adequate Wages Project¹ with funding from the Government of the Netherlands.

II. Objectives and scope of work

The objective of the Impact Assessment is to assess the impact of minimum wage on the employment and social outcomes of target beneficiaries, focusing on minimum wages in the last ten years. In addition, the research also assesses the effectiveness and gender aspects of minimum wages, challenges and lessons learned, and policy recommendations for tripartite partners in Viet Nam.

The assessment of the impact of Minimum Wages should have a special emphasis on:

- Relevance/Correlation – to what extent that the Minimum wage levels suitable and fit the economic and social progress? What is the correlation if any between MW and the key macroeconomic factors (economic development, unemployment rate, overall income, CPI, and other relevant aspects of the labour market)?
- Impact – what are the impacts of the MW on the employment and social outcomes of target beneficiaries? what are the changes to the earnings of workers, formal and informal as a result of MW adjustments?
- Spill-over effects and regional considerations – the impact of MW set to the business sector to the basic wages for the public sector; case observation/industry-based assessment: a descriptive chapter on the relationship between minimum wages, wages and employment for up to three key sectors, which are parts of global supply chains to address the questions on the effectiveness of the regional minimum wage system.
- Implementation/Compliance – what are the key implementation methods from the government and social partners? to what extent the Minimum wage is respected at the workplace in both formal and informal sectors?
- Gender Equality – to what extent that minimum wages contribute to gender equality and reduce gender pay gaps?

III. General approach and methodology

Qualitative and quantitative methods will provide in-depth information on the impacts of minimum wage on employment, informality, gender equality and productivity of the economy. The analysis from both primary and secondary sources will identify other root

¹ [Technical Cooperation Project: Setting adequate wages \(ilo.org\)](https://www.ilo.org/public/eng/condem/2016/05/setting-adequate-wages)

causes of gaps and challenges to promote minimum wages and opportunities to improve the minimum wage fixing mechanism in the future.

Mixed methods are envisaged with at least the following details:

- Desk research: a literature review of various published documents and available administration data and statistics at the national and sectoral levels.
- Quantitative data analysis: Reliable quantitative data from existing resources, including the General Statistics Office of Vietnam and administrative data from MOLISA, will be used to test the hypothesis and demonstrate the research findings. This analysis will help answer key research questions and assess the impact of the MW system on macroeconomic variables such as income levels and unemployment rate, and employment and social outcomes of beneficiaries.
- Qualitative data analysis: Focus group discussions (FGD) and key informant interviews will be conducted with key stakeholders at the central levels and selected provinces in Viet Nam.
- Triangulation of information: Various triangulation techniques will be used to ensure consistency, quality and credibility of the findings. This will involve comparing information and views from multiple informants, including various informants of the same group, and triangulating quantitative calculations with qualitative information from the focus group discussions and desk research.

IV. Key Deliverables

- (i) Impact Assessment Inception Report – to be submitted within three calendar weeks of the date of contract signing. This report will include a fully elaborated Impact Assessment proposal including at least the following.
 - the general approach
 - key literature review
 - sources of secondary data and analysis methodology namely
 - primary data collection sources, number of FGDs and the number of participants and locations, draft questionnaires and other survey tools, data processing and analysis methodology
 - tentative outline of the final report, and
 - schedule of research steps.
- (ii) Impact Assessment Report: The draft and final Impact Assessment Reports are based on the approved outline with a length of 30-40 pages not including annexes. This report is subject to reviews and inputs from the ILO, MOLISA and other relevant national partners.

All the key deliverables are to be submitted to the ILO in English and Vietnamese languages.

All other supporting documents and data collected are to be provided to the ILO in English or Vietnamese, together with copies of all questionnaires, recordings (if any), transcripts and all other relevant material and information collected or generated during the research.

V. Expected tasks and tentative timelines

#	Expected tasks	Key deliverables	Tentative timelines
1	Conduct Desk review, prepare inception report and organise inception meeting	Inception report Summary notes of inception meeting	March & April 2024
2	Conduct Literature review and secondary data collection	Literature review chapter Quantitative data and analysis	April & May 2024
3	Conduct relevant field trips and collect primary data	Research tools/questionnaires Field trip agenda Lists of key informants and participants of FGD	May & June 2024
4	Analyse Data (Secondary and primary) and develop research report	Draft Research report	May to July 2024
5	Organize tripartite Validation workshop	Workshop documents List of participants Summary notes	September 2024
6	Report finalisation	Final research report	October 2024

VI. Required qualifications for selection

The following key areas will be considered in selecting the suitable service provider for the required tasks:

- (i) Personnel qualifications of the team leader of the service provider required to successfully conduct the assignment (35%)
 - Post Graduate Degree or equivalent in economics, or related areas.
 - Significant knowledge, expertise and network in the areas of labour policy and wages. Understanding of the international labour standards on wages is a plus.

- Outstanding research capability, both qualitative and quantitative research with at least ten years' experience. Significant research outputs in both English and Vietnamese.
 - Demonstrated experiences in similar research, including impact evaluation studies (at least 3 similar research). Previous assignment with the ILO/UN agencies and/or with MOLISA, is an asset.
- (ii) The capacity of the service provider to conduct the research especially necessary field work and consultation meetings (20%).
- (iii) The coherence, relevance and overall quality of the technical proposal (25%).
- (iv) The relevance and competitiveness of the financial proposal (20%).

VII. Application

Interested firms/institutions are encouraged to send their application for the consultancy. Application packages in the English language should be submitted by email to kimhue@ilo.org with a copy to hanoi@ilo.org no later than **Thursday 22 February 2024 COB** and must include:

- Profile of the firm/institution and CVs of the lead researcher/economist and other team members if any.
- Technical proposal describing how to conduct the research, including the design, data gathering and analysis of findings; and a work plan with clear steps and logical sequence of activities (from the inception until the finalisation of the report).
- A financial proposal with relevant consultant fees and reimbursable costs (please refer to the UN EU cost norms² version 2022) includes all necessary expenses to complete required scope of work (consultancy fee, daily support allowance, travel costs, meeting and workshop costs and national taxes).
- Relevant sample research reports by the applicant where suitable.

² [Signed 2022 UN-EU Cost Norms 9 MAR 2022 English.pdf \(europa.eu\)](#)