A woman is very happy with her job of drying the net as she helps her husband and children in fishing.

Photo: Hồ Anh Tiến

UN ASSESSMENT OF
THE SOCIAL AND ECONOMIC
IMPACT OF COVID-19 IN VIET NAM

September 2020

Prepared by the United Nations in Viet Nam
Foreword

Viet Nam’s response to the health system aspects of the COVID-19 pandemic has been one of the most effective in the world and this is now increasingly recognized at the global policy level. The country has now controlled the virus and pandemic multiple times including the recent outbreaks which started in Da Nang on July 25, 2020 after the country had achieved 99 clear days of freedom from local transmission of the COVID-19 virus.

While this success has also partially flowed on to the socio-economic area, ensuring no economic recession in 2020, alongside an overall relatively flat economic impact curve as the UN in Viet Nam’s preliminary April 2020 Economic Impact of COVID-19 Policy Brief indicated, the negative social and economic impacts of COVID-19 in Viet Nam have nevertheless been and will continue to remain for a considerable period of time. This is not least because Viet Nam is a highly trade, foreign direct investment, tourism and remittances dependent economy and the global and regional economies have been severely and negatively impacted with the global economy likely to witness a contraction in 2020 of a magnitude not witnessed for decades—some say since the Great Depression almost a century ago. The significant negative social and economic impact is also already being tangibly felt because Vietnam, while having been successful in reducing poverty significantly over the last few decades, still had a very large proportion of its vulnerable population—the so-called “missing middle”—barely above the poverty line even in the pre-COVID period. It also has a very large informal economy, as well as one predominantly dependent on small and micro enterprises. These are the sectors of the economy which have been most negatively impacted by COVID-19 and they have disproportionately borne the inevitable social and economic costs of strict physical distancing, local shutdowns and other measures instituted to successfully contain the virus on multiple occasions. As a result, the social and economic impacts of COVID-19 are noticeably exacerbating the pre-COVID existing vulnerabilities of already vulnerable social groups and many micro and small economic organizations in addition to continuing to create new vulnerable groups. They also pose threats to Viet Nam’s ambitious future socio-economic development strategy and plans and upper middle-income country status aspiration.

This report is the joint product of a series of UN empirical, evidence-based assessments of the social and economic impacts of COVID-19 over the last few months, with a view to understanding both the actual current impacts and future uncertain impacts of COVID-19 on the overall socio-economic development of the country, focusing on the most vulnerable population groups and especially those at risk of being left behind. This assessment is also the basis for the UN in Viet Nam’s strategic policy recommendations to the Government of Viet Nam as it seeks to formulate and finalize its Socio-Economic Development Strategy (2021-2030) and Socio-Economic Development Plan (2021-2025). The policy recommendations seek to provide both effective measures to limit the social and economic impact of the pandemic in the current and near-term as well as to ensure a sustainable socio-economic recovery in the middle to longer-term which enables Viet Nam to build forward better in the lead up to the world’s Agenda 2030 deadline and beyond.

This report is a synthesis of two different empirical assessments involving most UN agencies working in Viet Nam: one is the product of the UN in Viet Nam’s COVID-19 Social Impact Working
Group chaired by UNICEF, while the other is the product of the UN in Viet Nam’s COVID-19 Economic Impact Working Group chaired by UNDP. Both groups have been provided guidance and support by a number of colleagues in my Resident Coordinator’s Office. Both assessments are attached as Annexes to this synthesis social and economic impact assessment to provide interested readers with the full results of our empirical assessments and analyses thus far. My special appreciation goes to all the UN entities and staff who participated, especially the two lead agencies, and particularly to UNDP for taking the technical lead in the production of this synthesis report.

The report draws on key evidence and preliminary data from various rapid impact assessments undertaken by a range of UN agencies whose results were reviewed further through a series of consultations. This report’s findings should be viewed in conjunction with the findings of its companion United Nations COVID-19 Socio-Economic Response Support Plan for Viet Nam, finalized in late August 2020, which, following global UN guidance from the UN Secretary General, focuses on the five pillars adopted by the UN globally; 1) ensuring essential health services are available and protecting health systems, 2) helping people cope with adversity through social protection and basic services, 3) protecting jobs, supporting small and medium-sized enterprises and informal sector workers through economic response and recovery programmes, 4) guiding the surge in fiscal and financial stimulus to make macroeconomic policies work for the most vulnerable and strengthening multilateral and regional responses, and 5) promoting social cohesion and investing in community-led resilience and response systems.

Our assessments will be ongoing with new ones being undertaken both for the remainder of 2020 and in 2021 to remain relevant and up-to-date in the context of a fast evolving and changing situation on the ground, particularly for the most vulnerable population groups and most fragile micro and small economic organizations. While the results of some of our further empirical assessments should be available later this year, we felt it important to share our results and analysis to-date together with some strategic recommendations.

The UN in Viet Nam’s current and mid-term future priority in this UN Decade for Action remains providing effective support for the achievement of Viet Nam’s 2030 Agenda for Sustainable Development. A holistic social, economic, environmental, human rights based and long-term sustainable development approach both for Viet Nam itself and for Viet Nam as part of a regional and global community is something that the UN has been advocating for decades. This has taken on new urgency in the context of the COVID-19 pandemic and crisis and is now more relevant than ever before because it should be clear that the current challenges cannot be dealt with without both multilateral and holistic development approaches. These challenges also present new opportunities and the current conjuncture should, therefore, also be viewed by the Government and people of Viet Nam as an opportunity to build forward better. We at the UN in Viet Nam hope that this report will play an important role in contributing to a better future for all of Viet Nam’s citizens in a post COVID-19 world.

Kamal Malhotra  
UN Resident Coordinator  
Hanoi, 30 September 2020
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Executive summary

The Government of Viet Nam’s proactive response to the COVID-19 pandemic saved thousands of lives and reduced the scale of the negative economic impact on the economy and livelihoods. Gross domestic product (GDP) is expected to record positive growth this year even if this has been revised further downwards after the last COVID-19 outbreaks in July and August. This is, nevertheless, still a considerable achievement given the severity of the global recession and the devastating impact of the pandemic on domestic industries like transportation and tourism. Despite this, the pandemic represents a major development challenge globally and for Viet Nam. It has also exposed the high social and economic costs of inequality and of gaps in healthcare service provision and access to social protection around the world. Most notably, the pandemic has had and will continue to have a disproportionate impact on specific groups including the poor and people vulnerable to poverty, migrants and informal sector workers, ethnic minority groups, other people and children, women, especially victims of gender-based violence and pregnant women, people with disabilities, people living with HIV and others.

In numerous statements since the onset of the pandemic, UN Secretary-General António Guterres has called attention to the asymmetric impact of the crisis on poor and vulnerable people and communities. The report presents an analysis carried out by the UN in Viet Nam of the social and economic impact of the pandemic, specifically on people, households, communities and enterprises at greatest risk, and the ways that the pandemic has deepened existing disparities. It provides strategic policy recommendations for the Government of Viet Nam and its efforts to mitigate the effects of the crisis and also provides inputs to the Socio-Economic Development Strategy (2021-2030) and Socio-Economic Development Plan (2021-2025) and policies elaborated in these documents to ensure a robust and sustainable recovery from the crisis and progress towards the achievement of the SDGs.

Methodology and sources of information and analysis

The report is the product of a comprehensive program of the UN in Viet Nam to collect and analyze information relating to the social and economic impact of the Coronavirus Disease 2019 (COVID-19). It is based on two reports: (i) UN Analysis on Social Impacts of COVID-19 and Strategic Policy Recommendations for Viet Nam prepared by the UN COVID-19 Social Impact Assessment Working Group (chaired by UNICEF and benefiting from inputs from FAO, ILO, IOM, UNAIDS, UNDP, UNESCO, UNFPA, UNODC, UN Women and WHO), and (ii) UN Assessment on Economic Impacts of COVID-19 and strategic policy recommendations for Viet Nam prepared by the UN COVID-19 Economic Impact Assessment Working Group (chaired by UNDP and benefiting from inputs from WHO, UNICEF, UNIDO, ILO, IFAD, FAO and UN Women). It draws on evidence and preliminary data from thematic studies, targeted surveys and assessments undertaken by UN agencies as well as analysis of secondary data and policy reviews conducted globally, regionally and in Viet Nam, and reviewed in a series of consultations with stakeholders. The report also benefited from consultations with the National Centre for Socio-Economic Information and Forecast (NCIF, Ministry of Planning and Investment), the Asian Development Bank, World Bank and the International Monetary Fund.

Assessments undertaken by UN agencies in Viet Nam include both nationally representative assessments as well as assessments applying sampling from a focused number of localities and
population groups that best represented the situation at the time of data collection. Many assessments utilized phone-based interviews and online surveys to enable data collection in the context of physical distancing measures and limitations on travel due to the COVID-19 pandemic.\(^1\) Most assessments were conducted between March and May, necessarily producing highly time-sensitive results in a rapidly changing context of disease transmission, control measures, market disruptions and policy responses. Further time-sensitive assessments were also conducted in June, July and after the latest wave of the pandemic. These results are being analyzed and will be presented later this year. Future assessments will also continue throughout the remainder of this year and 2021.

**Key findings of the social and economic impacts of the COVID-19 pandemic**

**Viet Nam’s response to the COVID-19 pandemic** commenced in the first week of January with its first risk assessment exercise right after “a cluster of severe pneumonia with unknown etiology” was identified in Wuhan, China at the end of December 2019. Right after Thailand reported the first confirmed case outside China on 13 January 2020, Viet Nam convened the first meeting of the National Steering Committee for COVID-19 (then nCoV-2019) prevention and control (NSC) at a multi-ministerial level chaired by Deputy Prime Minister Vu Duc Dam on 15 January 2020. The first version of the National COVID-19 Response Plan was issued on 20 January 2020 with subsequent revisions and updates. The aim of the response plan was to detect cases of infection early and control COVID-19 cases to minimize the incidence of illness and death from the disease. Central and local government budgets and social health insurance were mobilized to cover the costs of the response plan and to ensure that out of pocket payments would not be an obstacle to personal safety, testing, tracing, quarantine and treatment for the disease. The response plan was largely successful, resulting in Viet Nam recording 99 days with no confirmed cases of community transmission. The reappearance of new community transmission cases on July 25, 2020 in Da Nang, though the spread of the disease was quickly controlled, has, nevertheless, served as a reminder of the continuing threat that the disease poses to health and well-being, and of the need for vigilance and strict adherence to Ministry of Health guidelines to contain the spread of the virus.

**Globally, the pandemic has had a devastating economic and social impact.** Countries at all levels of income-imposed travel restrictions, physical distancing, school closures and stay-at-home orders in March and April. The resulting slowdown in economic activity has affected every region and country. The United Nations Department for Economic and Social Affairs (May 2020) forecasts negative world GDP growth of 3.2 percent this year, recovering to a positive four percent in 2021. The IMF’s June 2020 World Economic Outlook projections estimated that global growth would contract by –4.9 percent in 2020, 1.9 percentage points below its April 2020 forecast, and it also projected a growth rate of 5.4 percent in 2021 (IMF, June 2020). However, the impact will vary considerably among countries and regions. Economies that rely more heavily on services—particularly international tourism—commodity exports and labour remittances will be hit hardest, as will those with weak public health and social protection systems.

**The pandemic represents a serious setback to global efforts to achieve the Sustainable Development Goals by 2030.** While the short-term impact on growth is likely to be severe in

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\(^1\) Further details on the assessments undertaken by UN agencies in Viet Nam are provided in Annex 2.
many high-income countries, developing countries and Least Developed Countries (LDCs) lack the fiscal capacity to finance social assistance and other programs to replace earnings for people who have lost their jobs temporarily or permanently. The global incidence of extreme poverty has also risen for the first time since the East Asian Financial Crisis of the 1990s. In April, the ILO estimated that up to half of all working people were at risk of losing their jobs as a result of the pandemic (ILO, 2020a), and the World Food Program has warned that 265 million people will face crisis levels of hunger in the absence of direct action. School closures will have a disproportionate impact on students who do not have access to digital technology, including students from less well-off households and those living in remote areas lacking digital infrastructure.

**Hope for a robust recovery in 2021 are clouded by the persistence of economic vulnerabilities,** the origins of which can be traced back to the Global Financial Crisis that began in 2008. High levels of public and private indebtedness, low rates of investment, slow productivity growth and widening economic inequality have held back the growth of global demand. Furthermore, Viet Nam’s economy is heavily buoyed by external sectors such as FDI, remittances and export-oriented manufacturing. Given this reliance, economic performance in 2020 as well as economic recovery in 2021 will depend largely on how quickly major trade and investment partner countries manage to halt the growing spread of the coronavirus, suppress the recession curve, and achieve a sustainable rebound in their domestic demand growth. Recent challenges to the multilateral trading system, including a sequence of trade disputes between the United States and China, are another source of uncertainty. A reinvigorated multilateralism is needed to avoid a weak recovery and more lost ground in the struggle to achieve the SDGs. At the national level, governments will need to adopt a proactive response, using the public sector balance sheet to the greatest extent possible to stimulate growth and sustain viable businesses during the crisis. Public investment will play an important role, but the selection of projects should be forward looking, emphasizing sustainability, renewable energy, digital technologies and other productivity-enhancing infrastructure.

**The pandemic has affected the Vietnamese economy through various channels.** Manufacturing was hit by disruption to supply chains and a slowdown in global demand. Tourism and hospitality suffered the biggest blow following international travel restrictions, and other contact-intensive services had to temporarily cease activities. The impact on employment and incomes varied by sector, but according to the Government during the first half of 2020 more than two million people had lost their jobs as a result of the pandemic in Viet Nam. Female workers were most severely affected, as were migrants and workers in the informal sector. Exports were down marginally in the first half of the year, although the trade surplus increased as imports of raw materials and intermediate goods fell. Exports of services also declined by nearly USD 5 billion compared to the first six months of 2019, due to the impact on transportation and tourism.

During an unfolding crisis, traditional economic indicators are often published too late to help guide policymaking. Recourse to non-traditional surveys and data sources is needed to assemble real-time information about risks faced in specific locations and by particular groups of people. In April, May and June 2020, various thematic studies, targeted surveys and assessments were undertaken by UN agencies. The **UNDP and UN Women commissioned a Rapid Impact Assessment and Monitoring exercise (RIM 2020)** to collect information as quickly as possible on the employment and income effects of the crisis on vulnerable households and businesses during
the first peak period in Viet Nam. The survey found that the pandemic had resulted in a substantial fall in incomes among vulnerable households leading to both an increase in transient poverty and a temporary increase in the depth of poverty. The largest declines were recorded in April, when the strictest nationwide physical distancing measures were applied, and extended through May, although evidence of recovery was also recorded in the latter month. Simulations carried out using RIM 2020 data indicate that poverty at the $3.20 per day international poverty line increased nationally from 4.6 percent to 26.7 percent in April, falling back to 15.8 percent in May 2020. The pre-pandemic poverty rate of 22.1 percent among ethnic minority households rose steeply to 76.3 percent in April 2020 and remained exceptionally high at 70.3 percent in May 2020. These figures need to be treated with caution given the sample size, but nonetheless it serves to illustrate well the potential severity of the impact amongst the most vulnerable communities.  

Although all groups benefited from the recovery in May 2020, the rate of recovery was slower among urban households, informal sector workers, migrants and ethnic minorities. Among households with informal sectors workers, female-headed households recovered more slowly. The results of the study are corroborated by other studies and surveys conducted by United Nations agencies in Viet Nam, including UNICEF’s rapid assessment of the impact of COVID-19 on children and their families, the IFAD-ADB-IPSARD rural survey and UNIDO’s cross-country enterprise survey. The UNICEF survey in Hanoi, Vinh Phuc and Ho Chi Minh City reported that many informal sector workers were left with no income and had to rely on borrowing and reduced savings (UNICEF, 2020a).

Transient poverty was a challenge for Government social protection programs, which were based on lists of the poor and near poor compiled before the crisis in December 2019. Groups of people underserved by the Government’s assistance package include families of young workers and single mothers living in rented accommodations; families with children; families with pre-existing medical conditions, including people with disabilities and the elderly; informal workers in urban areas; ethnic minority households in rural areas; and cross-border migrant workers. Even some targeted groups experienced problems in accessing support because of complicated rules and procedures, including formal sector workers who were not eligible for unemployment insurance benefits; informal sector workers; and enterprises lacking resources to pay workers’ salaries. Migrants applying for support required certification at both sending and receiving locations, significantly increasing the cost of requesting assistance.

The report recommends closing gaps in the social protection system, including special programs to address the crisis; public works in rural areas to provide immediate incomes to people in poverty or vulnerable to poverty; digital cash transfers to distribute aid quickly to children, pregnant women, the elderly and people with disabilities; adoption of a universal and digital social protection system based on citizenship rather than locality of residence registration, to eliminate the additional bureaucratic hurdles that migrants must clear to access social assistance.

The Government responded to the economic crisis with fiscal and monetary policies to support affected industries and people. Interest rates were reduced, taxes and social security payments deferred, and direct assistance was provided to specific vulnerable groups. These policies helped

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2 The technical notes on simulation methodologies and full results are provided in Annex 2.
to cushion the blow of the pandemic, but the Government also realizes that more will have to be done as the global crisis deepens.

Even though the Government has effectively managed the spread of coronavirus within the country’s borders, the economy has been significantly and negatively impacted and there is a need in the medium to long term for rebalancing between the domestic and external economic sectors in favour of the former so as to allow domestic demand, domestic private investment, domestic value-added and the domestic market to expand rapidly and play a larger role in the overall economy.

**Public investment will also need to play a central role in the recovery as private investment, domestic consumption and exports will take time to recover.** The report urges the Government to focus on forward-looking projects and programs to achieve more rapid and sustainable productivity growth, the development of renewable energy and support for emerging industries. Investing in ICT infrastructure to improve quality and access would help MSMEs and facilitate rapid digitization of government services. Some industries, like transportation and tourism, will require direct support to ensure that businesses are able to rebound quickly when conditions improve. Other recommendations include strengthening domestic supply chains, and linkages of MSMEs to foreign and domestic exporters also increasing domestic value-added and assistance for Vietnamese firms to attain international standards to improve access to global markets.


**Reduced health-seeking behaviour and access to essential health care at hospitals and community health centre levels emerged as a major concern especially for pregnant women and children and could result in an increase in the maternal mortality rate** and other life-threatening consequences. UNFPA modelling and analysis based on it indicates an increase in maternal mortality in 2020 as a negative consequence of COVID-19. 298 is projected in the best-case scenario while 443 is projected in the worst-case scenario (UNFPA Technical Brief 2020). These projections, if they become reality, can result in a reversal of some of the important developmental gains that Viet Nam has achieved in the past decade in reducing maternal mortality. COVID-19 also resulted in limited access to (i) preventive, care and health and social services among sex workers and transgender people, and (ii) harm reduction and drug treatment became even more challenging among people who use drugs and their vulnerabilities were intensified by a loss of or reduction in incomes.

Health care workers, the majority of whom are women, have been affected by the closure of schools and the lack of alternative care services at a time when many were overstretched with duties at health facilities. **Significantly increased pressure to care** for children, pregnant women, the elderly and persons with disabilities and other vulnerable people **fell disproportionately on women**, at home and in residential care settings.

Whilst handwashing is a key defence against COVID-19, **access to water is a serious challenge in many parts of the country.** It is especially acute in the Mekong Delta region which was exposed to the concurrent challenges of COVID-19, severe drought and saltwater intrusion. Children did
not practice regular handwashing with soap or use hand sanitizers during the outbreak pre- and post-social distancing period, potentially leading to outbreaks of other diseases.

While social distancing is an effective measure to prevent transmission of COVID-19, it also had a serious impact on livelihoods and well-being. **A major concern is reduced access to food among vulnerable people, especially children kept at home.** School closures from February to May affected an estimated 21.2 million children and resulted in loss of access to health and protective services and subsidized school meals. Moreover, COVID-19 may have triggered school dropouts. Most notably, the COVID-19 crisis exacerbated the country’s stark digital divide: many learners live in remote regions with limited internet coverage, cannot afford devices for online learning or do not have teachers confident to facilitate such learning (MOLISA & UNICEF, forthcoming). The provision of online and distance learning programmes did not achieve nationwide coverage (UNICEF, 2020b). Household registration remains a potential administrative barrier to access to the public education system, especially for migrant children (ILSSA, UNESCO, IOM, ILO and HSF, forthcoming).

COVID-19 posed a potential rise of exposure to violence against women and children due to limited care, inadequate social and financial support, isolation at home with perpetrators and stress as a result of uncertainties and reduced household income. Domestic violence reportedly increased while families were confined at home. In UNFPA-supported helpdesks, shelters and one-stop service center, there has been an increase of 50 percent in calls for help since the initial wave of COVID-19 began in 2020. The 2019 National Study on violence against women, already showed that 2 in 3 women go through one or more forms of violence by their husband in their lifetime. Given the increased pressure at home associated with COVID-19, it is expected that the extent of violence against women is now more serious. Children were exposed to cyberbullying and undesired online content due to more frequent use of digital devices. The number of child accidents and injuries while playing without adult supervision rose.

COVID-19 triggered fear, mental distress and isolation among parents, caregivers and children. Children living in locked-down areas, with cases of COVID-19 patients, and children whose family members stayed in government-run quarantine centres tended to have more serious anxiety and phobia symptoms. Psychosocial support for women and girls, LGBTI people and GBV survivors was interrupted. **Accessibility and continuity of health care and psychosocial support services among people in prisons is a concern.** Prison authorities applied strict physical distancing measures to prevent COVID-19, resulting in considerable changes to inmates’ access to essential health care and psychosocial support.

COVID-19 has increased the vulnerability of older people: Older people are more vulnerable in times of emergency, both that are caused by human beings and natural disasters, due to their health status and fragility. The on-going COVID-19 pandemic has disproportionately affected older people. As 95 percent of older people in Viet Nam have existing health pre-conditions, mostly chronic, they are much more vulnerable to the health-related impacts of the disease.

While patterns of internal migration could become more complex and unpredictable in the coming period, the **COVID-19 pandemic’s dramatic collateral impact on the global economy has affected many Vietnamese cross-border migrants**, who have returned to Viet Nam from other countries due to employer-terminated contracts and limited alternative employment
opportunities. These workers may also face non-payment of outstanding wages and benefits. Women migrant workers are particularly vulnerable to sexual and gender-based violence as well as exploitation when overseas labour migration is interrupted. As Viet Nam is globally among the top ten countries receiving international remittances, the loss of overseas employment and remittances will likely impact migrants and their families who depend on these sources of funds to cover education, health care and basic needs.

Gender emerges as a cross-cutting issue affecting all aspects of COVID-19 impact and policy response. While women-led MSMEs suffered a slightly larger reduction of revenue compared to men-led units, women-led and men-led Household Businesses suffered the same level of revenue reduction. Women, who are over-represented in some labour-intensive industries like footwear, apparel and electronics, were disproportionately affected by job losses and additional child and elderly care duties. Women’s time on unpaid care and domestic work also rose sharply, with 73 per cent spending three or more hours per day on this work. Mothers, as opposed to fathers, were more likely to incur job losses or reduced hours and to spend increased time on childcare or the family. They also comprise the majority of health workers.

The report also recommends the promotion of universal health coverage and outreach (including telehealth) services through flexible, friendly and innovative facility-based and community-led services to address routine immunization, maternal, newborn, young child and adolescent care, sexual and reproductive health, harm reduction and drug dependence treatment, prevention and treatment for HIV and other chronic health issues. This should also cover nutrition and pharmacy services and responses to other life-threatening diseases as well as addressing emerging and diverse issues and needs.

The report recommends a distance learning strategy supported by high-tech and low-tech, as well as scalable solutions to meet every child’s unique learning needs. Such a strategy would require investment in technology, building the capacity of teachers and school managers and development of sector-wide crisis-sensitive contingency planning. Scaling up and sustaining nutrition interventions for children, pregnant and lactating women; providing WASH services and supplies to all households, health facilities and schools; and provision of protection and support to women and children and other victims of Sexual and Gender-Based Violence as essential services are also among the report’s key recommendations. Other recommendations include: investment in and deployment of professional education, health and social work personnel; strengthening awareness through dissemination of information available in multiple languages and forms to ensure accessibility and engagement of vulnerable people; and promoting gender equality in all COVID-19 responses and recovery actions.

Overall recommendations

The COVID-19 pandemic is a health crisis with serious and far-reaching social and economic consequences. As the risk of another outbreak will remain high until a substantive portion of the population have immunity either through vaccination or by recovering from infection, the Government should prioritize public health and safety, including strict adherence to Ministry of Health guidelines on infection prevention measures (e.g. hand hygiene, mask wearing and avoiding crowded and closed settings), rapid case investigation, contact tracing and isolation of infectious cases and suspects. The Government will also do well to have contingency plans in
place in case of large-scale community outbreaks in the future, including measures to ensure the continued functioning of markets for essential goods and provision of social services, medicine and protective equipment.

The country’s response and recovery plan as well as its long-term socio-economic development strategy and plan need to maintain focus and accelerate and sustain progress towards SDG achievement. A key thrust to build forward better and tackle new and intensified forms of poverty and vulnerabilities requires rejecting tolerance for inequality, instituting redistributive and adaptive policies and leveraging multi-sectoral collaboration to maximize resources and address complex development challenges.

Policies and implementation of actions for socio-economic response and recovery should take into account the disproportionate impacts of the COVID-19 pandemic on specific groups including the poor and people vulnerable to poverty, migrants and informal sector workers, ethnic minorities, the elderly and children, women, especially victims of gender-based violence and pregnant women, people with disabilities, people living with HIV or other chronic health issues, people already or newly disadvantaged and other vulnerable groups.
I. Introduction

Since “a cluster of severe pneumonia with unknown etiology” was identified in Wuhan, China at the end of December 2019, the Government of Viet Nam accelerated efforts to prevent the importation and spread of the virus and provide treatment for those infected. To contain the outbreak in February and March, the government put in place regulations restricting the mobility of people, closing schools and non-essential service facilities as well as implementing nationwide physical distancing in April 2020. While Viet Nam gradually relaxed physical distancing measures from 23 April 2020 and enjoyed no new community infected cases for 99 days, new cases were identified in July which were brought under control after 5 weeks of effort.

The National COVID-19 Response Plan—representing the Government of Viet Nam’s multi-sectoral response to the crisis—was first issued on 20 January, updated on 31 January and updated regularly thereafter. This national plan was complemented by the United Nations COVID-19 Response Support Plan (now titled the UN COVID-19 Socio-Economic Response Plan for Viet Nam) first issued on 27 March and revised on 31 August focusing on five pillars: 1) ensuring essential health services are still available and protecting the capacity of health systems to respond, 2) helping people cope with adversity through social protection and basic services, 3) job retention, sustainable incomes and support to small and medium-sized enterprises, informal sector workers and smallholder farmers and producers through urban and rural economic response and recovery programmes, 4) guiding the necessary surge in fiscal and financial stimulus to make macroeconomic policies work for the most vulnerable and strengthening multilateral and regional responses and 5) promoting social cohesion and investing in community-led resilience and response systems.

How the pandemic will evolve within Viet Nam and globally remains uncertain. Yet, experts predict the crisis will be protracted, with a long path to recovery. With a view to addressing the uncertain outlook and impacts on the most vulnerable people, the UN Secretary-General, in a statement on 16 April 2020, underlined the need to carefully consider the social and economic impacts of COVID-19 especially on poor and vulnerable people and communities.

This paper provides strategic policy recommendations to inform dialogue with the Government and other partners. It also aims to provide inputs to the Government’s efforts in refining the Socio-Economic Development Strategy (2021-2030) and Socio-Economic Development Plan (2021-2025), which will include policies to limit the social and economic impact of the pandemic, ensuring a bold and sustainable socio-economic recovery to sustain progress towards the achievement of the SDGs.

In light of both the global momentum and the national context of Viet Nam, the present report has been prepared based on (i) the report “UN Analysis on Social Impacts of COVID-19 and Strategic Policy Recommendations for Viet Nam” prepared by the UN COVID-19 Social Impact Assessment Working Group (chaired by UNICEF and benefiting from inputs from FAO, ILO, IOM, UNAIDS, UNDP, UNESCO, UNFPA, UNODC, UN Women and WHO) and the report “COVID-19 Economic Impact on Viet Nam’s Vulnerable groups, households and enterprises” prepared by the UN COVID-19 Economic Impact Assessment Working Group (chaired by UNDP and benefiting from inputs from WHO, UNICEF, UNIDO, ILO, IFAD, FAO and UN Women). It draws on key evidence and preliminary data from various assessments undertaken by the UN agencies (see
Annex 1 for the full list) and reviewed through a series of consultations. It also benefited from consultation with the National Centre for Socio-Economic Information and Forecast (NCIF, Ministry of Planning and Investment), the Asian Development Bank and the World Bank.

It should be noted that while some of the UN assessments were nationally representative, others applied sampling which was based on a focused number of localities and population groups that best represented the situation at the time of data collection. Many assessments utilized phone-based interviews and online surveys to enable data collection in the context of physical distancing measures and limitations on travel due to the COVID-19 pandemic. Most assessments were conducted between March and May, necessarily producing highly time-sensitive results in a rapidly changing context of disease transmission, control measures, market disruptions and policy responses. Further time-sensitive results are expected from assessments conducted during the period of relative optimism in June and early July, those conducted after the resurgence of community transmission in late July, and those that may be conducted in the future.3

While everyone in Viet Nam has been affected by COVID-19, the costs of the pandemic have not been equally distributed. Marginalized, poor and socio-economically disadvantaged people and communities, those with the smallest margin of safety, were among the hardest hit. The report also places an emphasis on the gender impact of the crisis and response, and the effects on vulnerable people and groups, including the elderly, people with disabilities, children, ethnic minorities, informal and migrant workers, and people living with HIV.

II. The Epidemiological Trajectory of the Pandemic

As of the end of September 2020, the World Health Organization estimated that globally more than 33.5 million people had been diagnosed with COVID-19 and more than one million had died (WHO, 2020a&b). Nine months into the pandemic the number of new daily cases was still increasing, registering more than 326,000 cases in a single day (September 20, 2020). Two-fifths of new cases and over half of the deaths in September occurred in the Americas region, while one third of new cases and one quarter of the deaths occurred in Asia and the Pacific. The six countries reporting the most confirmed cases as of the end of September 2020 were the United States, India, Brazil, Russia, Columbia and Peru. From January until the end of September 2020, Viet Nam recorded 1,094 confirmed cases and 35 deaths, with nearly 60 percent of cases transmitted locally. Viet Nam achieved an extended period of 99 days without local transmission, but this interval came to an end on July 25, 2020 with the detection of a new case in Da Nang and a string of related cases that spread to a number of other provinces of the country.

Many countries in the Western Pacific Region, especially Viet Nam, took effective early action, including strict physical distancing, contact tracing and quarantine measures, to contain the spread of COVID-19. The recent cluster of cases in Da Nang, linked to cases in 15 cities and provinces across the country, demonstrates the need for continued vigilance, including

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3 A careful comparison between the interpretation of the time-sensitive results of different surveys on COVID-19 impacts, including those supported by the UN and used in this report, is therefore advised taking into the account the timing, sampling, focus, and data collection methods of each survey.
aggressive contact tracing for early detection of cases, strong case management, and proactive public health measures. The rise in new cases globally poses a risk to all countries, including Viet Nam. Effective control of the pandemic also depends on the development, production, and distribution of safe and effective vaccines, although this is not expected to be a total panacea. There are now 42 candidate vaccines undergoing clinical evaluation, with 10 entering Phase 3 clinical trials (WHO, 2020c). Once the efficacy and safety of one or several of the candidate vaccines have been demonstrated, there remains the problem of production and distribution on a scale to reach everyone, regardless of where they live or their capacity to pay. The duration of immunity provided by the presence of antibodies from prior infection or vaccination is still unknown and requires further research.

Countries have requested guidance from WHO on when the situation will warrant the easing of non-pharmaceutical interventions. In response, the WHO Regional Office for the Western Pacific published guidelines on *Considerations to Relax Borders in the Western Pacific Region* (WHO, 2020d), which emphasizes the following key factors:

- Reducing the risk of importation of COVID-19 by carefully assessing the origin and groups of people allowed to enter the country;
- minimizing the remaining risk of importation before, during and after travel;
- strengthening in-country capacity to detect and respond to COVID-19 cases; and
- monitoring the impact of changes in border restrictions and continuously calibrating the restrictions.

It is essential that decisions to approve international travel should be transparent and provide detailed information on risk mitigation measures to reassure the public and reinforce trust in the Government’s pandemic response.

**III. Viet Nam’s COVID-19 response**

On 31 December 2019, a cluster of severe pneumonia with unknown etiology was identified in Wuhan, China. On 5 January 2020, WHO shared detailed information about the cluster through the International Health Regulation (IHR) Event Information System, which is accessible to all Member States. Viet Nam conducted its first risk assessment exercise in the first week of January 2020. Right after Thailand reported the first confirmed case outside China on 13 January 2020, Viet Nam convened the first meeting of the National Steering Committee for COVID-19 (then nCoV-2019) prevention and control (NSC) at a multi-ministerial level chaired by Deputy Prime Minister Vu Duc Dam on 15 January 2020. The Government moved swiftly to issue the *National COVID-19 Response Plan* on January 20, 2020 with subsequent revisions on January 31, 2020 and beyond to adjust to the evolving COVID-19 outbreak situation (Ministry of Health, 2020a&b). The main objective of the response plan, which was fully funded by the government, was to detect COVID-19 cases early and control them to minimize the incidence of illness and death from the disease. The plan outlines five scenarios depicted by the following stages: Stage 1 if only imported cases, Stage 2 if there is reported local transmission, Stage 3 if there is local transmission with more than 20 cases, Stage 4 community transmission if cases exceed one thousand and are up to
three thousand, and Stage 5 if there is large-scale community transmission. On 25 July 2020, after a new case was found in Da Nang, Viet Nam ended 99 days (MOH, 2020) of Stage 1 with only imported cases and returned to Stage 3 in some localities.

The Government of Viet Nam provided strong leadership and a whole-of-society approach in responding to the COVID-19 outbreak. At the national level, the National Steering Committee is chaired by Deputy Prime Minister Vu Duc Dam with high-level representation from 14 Ministries and sectors. Provincial People’s Committees and other provincial non-health sectors and departments, local health facilities were also mobilized for the response plan.

IV. COVID-19 social and economic impact

4.1 ECONOMIC IMPACT OF COVID-19 AT GLOBAL AND REGIONAL LEVEL

The coronavirus pandemic is a health crisis, but its economic implications are profound. Global output is expected to contract in 2020, and the outlook for 2021 is uncertain. The burden of COVID-19 has fallen most heavily on the people and places least able to cope with its effects: the poor, marginalized populations, the elderly, children, migrants and people living with disabilities and people facing serious health issues. The short-term economic consequences of the crisis include increased levels of poverty and hunger, mass unemployment and gaps in children’s education. Averting long-term damage to the global economy, and to prospects for achieving the Sustainable Development Goals, will require large-scale and sustained public action at the national and international levels.

4.1.1 Impact on Economic Growth

The COVID-19 pandemic brought the world economy to a standstill. Lockdowns and physical distancing forced businesses to shut down or adjust normal routines; borders were closed and transportation curtailed; supply chains were interrupted and commodity prices fell sharply. The Institute of International Finance reported that a record USD 83.3 billion was withdrawn from developing country bond and equity markets in March as capital sought safe havens. The loss of production expected this year and next is likely to exceed US$8 trillion, an amount equivalent to the combined output of the Japanese and Indian economies.

Markets stabilized in April following large-scale fiscal and monetary stimulus programs in the advanced countries and China’s early exit from lockdowns. Manufacturing supply chains recovered as transport links re-opened. However, global output continued to contract at an alarming rate. Service industries were particularly hard hit, especially travel and hospitality. Millions of migrants were left stranded in their host countries and localities without access to employment but unable to return home.

We do not yet know enough about the scale, intensity, and duration of the pandemic to make confident predictions about its impact on economic growth. The United Nations Department for Social and Economic Affairs (UN DESA) predicted in May 2020 that the global economy will contract by more than three percent in 2020, with negative growth in the developed countries of five percent (UN DESA, 2020). UN DESA expected a robust recovery in the developing world in 2021 of 5.3 percent, led by growth in Asia of more than six percent. However, by the end of July the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) had
published a more pessimistic outlook for the region, predicting a contraction of nearly two percent in developing countries in Asia and the Pacific and of more than three percent for Southeast Asia (UNESCAP, 2020). The Asian Development Bank (ADB) forecasts a broad-based downturn in growth (three-fourths of the region's economies are expected to contract this year) and a resulting contraction of 0.7 percent in Developing Asia’s growth in 2020, the first such contraction in six decades (ADB, 2020). The ADB forecasts a contraction of 3.8 percent in the ASEAN region in 2020, with all member states experiencing contractions apart from Brunei, Myanmar and Viet Nam, which have positive growth projections of 1.4 percent, 1.8 percent and 1.8 percent respectively (ibid.).

Figure 1. GDP growth in 2019 and growth projections for 2020 and 2021 (Source: UN DESA, “World Economic Situation and Prospects,” May 13, 2020)

Figure 2. GDP growth in 2019 and growth projections for 2020 and 2021 (Source: UNESCAP, 2020)
Asia was the first region to be hit by the pandemic, and countries that acted quickly and decisively to test, trace and quarantine—including China, Vietnam, the Republic of Korea and Thailand—contained its spread. Nevertheless, the economic impact on the region is immense, hitting oil producers and countries dependent on international tourism and remittances hardest. As in other regions, countries with weaker health systems and higher levels of economic inequality have shown less resilience. The two countries most directly affected in Southeast Asia are the Philippines and Indonesia, where the number of new cases were still rising in mid-September. Owing to the large role of services, remittances, and international tourism in the Philippines’ economy, the Government expects negative growth of 5.5 percent in 2020.

Some signs of recovery can be detected in Asian manufacturing. Industrial output in China recovered quickly in May, recording year-on-year growth of 4.4 percent. China’s Purchasing Managers Index (PMI), a forward-looking survey of supply chain managers, turned positive in March after a sharp dip in February (Figure 4 and 5) and has continued to improve since then. Viet Nam’s PMI reached 52.2, representing a substantial recovery from April’s record low. The dip in Viet Nam’s PMI in July and August indicates contraction in the sector and serves as a reminder of the risk to recovery posed by a resurgence of the pandemic.

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A PMI reading of above 50 signals expansion, and under 50 signals contraction.
Agricultural production and trade have also proven resilient. The IMF food price index, which includes prices for cereals, vegetable oils, meat, seafood, fruit, groundnuts, milk and vegetables, has held steady through July 2020 (Figure 6). Good grain harvests this year have increased stocks and food shipments have been largely unimpeded. With some exceptions, supply chains have adapted quickly. Rice prices rose sharply from March as drought in Thailand and heavy rains elsewhere in Asia reduced harvests while importing countries placed large orders as a precaution against shortage. Uncertainty over the impact of the pandemic on rice production in India, currently the largest exporter, has also prompted buyers to advance orders.
Around the world, governments took action to avert a financial crisis. Central banks injected liquidity into financial markets, many countries subsidized borrowing by small and medium-sized enterprises and provided cash transfers to citizens and financial support to firms for paying workers’ salaries. These measures have helped to moderate the short-term impact of the pandemic. However, **prospects for a robust recovery in 2021 and beyond are clouded by vulnerabilities that were present in the global economy before the pandemic struck.** These include: i) underinvestment and slow productivity growth; ii) exceptionally high levels of public and private debt in both advanced and developing countries; iii) widening within-country inequality; and iv) rising protectionist sentiment, particularly in advanced countries, and a resulting decline in global trade volumes.

### 4.1.2 Impact on poverty and inequality

Even before the coronavirus pandemic, the world was not on track to eliminate extreme poverty and hunger by 2030. Many countries will lose ground as economies stagnate or contract. At the end of 2019, 8.2 percent of the world’s population was living in extreme poverty (as defined by the $1.90 per day international poverty line), and the United Nations forecasts that this figure will rise to 8.8 percent in 2020, the first increase since the 1990s. If this projection is correct, an additional 71 million people will be living in extreme poverty because of the COVID-19 pandemic (United Nations, 2020a). Half of the people forced into extreme poverty live in Sub-Saharan Africa and one-third in South Asia. At the higher $3.20 per day poverty line, an additional 176 million people will fall into poverty this year.

### 4.1.3 Development financing challenges

The world economy now confronts a range of momentous challenges from financing climate change mitigation and adaptation, investment in renewable energy, high levels of public and private debt, trade disputes and threats to multilateral trading arrangements and rising levels of inequality, among others. Meeting these challenges and creating conditions for a robust recovery from the pandemic will require a renewed commitment to international collective action, including a reconfiguration of the multilateral financial architecture as set out in the landmark *Financing for Sustainable Development Report 2020* (United Nations, 2020b). Kristalina Georgieva, the Managing Director of the IMF, has stated that the developing world will need at
least USD 2.5 trillion to recover from the pandemic.\textsuperscript{5} COVID-19 has increased the urgency of developing a new financial framework that incentivizes long-term, sustainable investment and supports domestic resource mobilization and financial stability.

4.1.4 Need for robust government action

The response to the Global Financial Crisis of 2008 (GFC) relied heavily on monetary policy to restart growth. More than ten years later the effects of the crisis on global growth were still being felt, even before the onset of COVID-19. An important lesson from the GFC is that private sector overborrowing cannot be resolved with more debt. Overleveraged companies cannot invest in productivity-enhancing technologies, start new product lines and hire more workers. Banks and other lenders act to preserve capital to meet regulatory requirements and reduce risk. Levels of corporate and household debt have increased further because of the pandemic. Monetary easing is an important policy leverage during periods of flagging demand, but policy makers must resist the temptation to rely on debt as the main lever of adjustment. An active fiscal policy, led by forward-looking public investment and universal social protection, will be the main drivers of recovery. Debt forgiveness, mergers, debt for equity swaps and other instruments will be needed in sectors like transport and tourism. Failure to act could wipe out billions of dollars in assets and destroy viable companies that would otherwise contribute to recovery, job creation and exports.

In normal times, placing strict limits on fiscal deficits is good policy. But these are not normal times. Private consumption and investment are contracting, investment capital is flooding into safe-havens, and new projects are being postponed or cancelled. At times like this, the government is the only macroeconomic entity in a position to expand its balance sheet to support aggregate demand and stimulate investment (as shown in Figure 7). Households and businesses have suffered a sharp fall in assets and income and will be unable to attract new borrowing. Banks and other financial institutions’ capacity to extend loans will be constrained by contraction on the liability side, as savers withdraw funds to meet living expenses and businesses draw down working capital balances. With domestic and foreign demand stagnating or even declining, foreign investors will delay new projects and may be forced to suspend or even liquidate existing businesses. Normal fiscal rules and parameters will need to be suspended to allow the Government to expand its ability to support economic activity at a time of an unprecedented fall in economic output. Failure to do so would condemn millions of businesses and households to bankruptcy and severe deprivation and could delay the recovery by many years.

\textsuperscript{5} In April, G-20 finance Ministers declared a moratorium on both public and private debt payments for LDCs. The move will suspend $12 billion in government debt and $8 billion of private sector debt for an unspecified period. The IMF has also allocated $500 million to cancel six months of debt payments for the 25 poorest countries in the world, 19 of which are in Sub-Saharan Africa. But these sums are insignificant relative to the $2.5 trillion that IMF estimated.
4.2 COVID-19 ECONOMIC IMPACT ON VIET NAM’S ECONOMY

4.2.1 The COVID-19 pandemic has affected the Vietnamese economy through multiple channels

Viet Nam is one of the most open economies in the world measured in terms of the contribution of trade to domestic output and employment. Disruption of supply chains, especially for globally integrated manufactured good like electronics, garments and footwear, reduced exports in the first quarter of the year. Export demand slumped in March as case numbers began to rise in Europe, North America and other major markets. Transportation and hospitality were the hardest hit sectors as restrictions on international travel took hold. During the period of strictest nationwide physical distancing in April, contact-intensive services came to a near standstill, including retail, food services and personal services like hair salons, leaving millions of household, micro and small businesses without income, and resulting in high levels of joblessness among women because of their over-representation in these sectors (ILO, 2020b). Services recovered in May, but the loss of jobs and income suffered by Vietnamese workers restrained domestic demand growth through June.

The impact on agriculture was moderate except for aquaculture exports like pangasius that suffered a substantial drop in export demand. Viet Nam’s labour-intensive agriculture is vulnerable to labour shortages, and some producers found it difficult to recruit workers during the period of strictest nationwide physical distancing (Schmidhuber, Pound & Qiao, 2020). A survey by IPSARD, IFAD and ADB found that among rural households off-farm income declined more rapidly than earnings from agriculture. Loss of non-farm income was particularly acute in border regions, where rural workers earn a substantial portion of their income from labour migration (IPSARD, IFAD & ADB, 2020). COVID-19 has compounded problems associated with the African Swine Fever (ASF) epidemic, which has also raised the prices of pork and other animal proteins for consumers and food processors (Vietnam News, 2020).
According to the General Statistical Office (GSO), GDP for the first half of 2020 grew by 1.8 percent, far below the 6.8 percent recorded in the first half of 2019 (Figure 8). This is the slowest rate of GDP growth since the mid-1980s, and far below the average for the 2011-2020 period of 5.4 percent. GDP growth in the second quarter was only 0.4 percent over the same period last year. Services were the hardest hit, growing by less than one percent in the first half, weighed down by a twenty percent fall in the hospitality subsector. Industry and construction managed to grow by three percent led by five percent growth in manufacturing. Agriculture and forestry recorded growth of about one percent in the first half of the year. Exports of aquaculture products declined by eight percent and vegetables and nuts by 11 percent according to GSO.

Goods imports were down three percent over the same period, mostly because of reduced imports of raw materials and intermediate goods by foreign invested firms. While trade in goods was therefore in surplus by USD 4 billion, this is not necessarily good news if it is an early indicator of reduced output and exports in the second half of the year.

Exports of services were down by 50 percent in the first half of 2020 compared with the same period last year, held back by a sharp contraction in transportation (71 percent) and tourism (56 percent). Viet Nam Airlines, the country’s largest air carrier, turned to the Government for a bailout package worth VND 12,000 billion (USD 515 million) (Saigon Times, 2020). Non-state carriers also requested support to cover the revenue shortfall caused by the suspension of international flights. Experts estimate that the national airlines together would need emergency support worth VND 25,000 billion (USD 1.1 billion). Tourism, which accounts for 52 percent of services export value, recorded a sharp drop of 56 percent compared to the same period last year. Trade in services in the first six months of 2020 ran a deficit of USD 4.2 billion, resulting in a small overall trade deficit of USD 0.2 billion. In-flow remittances from Vietnamese migrant workers, estimated to account for 6.4 percent of GDP in 2019, are expected to reduce in 2020 due to COVID-19, although the magnitude of this reduction is not yet known with precision (Ratha et al., 2020; Morisset et al., 2020).
Although the economy has suffered a heavy blow in the first half of the year, the Government’s early and decisive action to control the spread of the pandemic enabled the country to avert a more severe recession. Viet Nam is one of the few middle-income countries that is expected to record positive economic growth in 2020. This projection, however, requires a number of caveats: firstly, given the significance of external markets in Viet Nam’s successful growth strategy (and despite how well it handled the health aspects of the pandemic), Viet Nam’s socio-economic resilience has been truly tested by the pandemic. This strategic vulnerability illustrates the need for Viet Nam to strengthen the capabilities of domestic companies to capture value-added, increase domestic private investment and demand, and rapidly expand the domestic market as a pathway to achieve resilient, sustainable growth over the next decade and beyond. This is particularly pertinent given the pre-COVID changes in international production patterns and Global Value Chains due to technological advancements, trade barriers and sustainability issues.

Secondly, between April and September, the annual GDP growth rate has been repeatedly revised downwards, now standing at less than 2 percent for 2020 and just over 6 percent in 2021. These forecasts are uncertain and understandably so given the unfolding of global and regional recessions. The detection of local transmission on July 25, 2020 is also a reminder that the recovery is still at risk from a resurgence of the pandemic in Asia, a trend that has, for example, emerged in Indonesia, the Philippines and, most seriously, in India. Other negative factors weighing on growth prospects for the second half of 2020 and 2021 include the weak demand in major export markets, which will hold back trade volumes and depress commodity prices, potentially lower FDI levels, and continuing restrictions on international travel. Although it is hoped that restrictions will be relaxed in the final quarter of 2020, international tourism will not regain previous levels for some time to come. Travelers will remain wary of boarding flights and attending events and conferences until there is a safe, reliable vaccine for COVID-19. Holiday makers are also more likely to vacation close to home as they cope with the effects of the pandemic on their household finances.

4.2.2 The labour market was heavily affected

Slower economic growth has had an adverse effect on labour market conditions. According to GSO, in the first half of 2020 the COVID-19 pandemic affected the employment of 30.8 million people aged 15 and older. Seventy-two percent of service sector workers were affected, followed closely by industry and construction at 68 percent. One fourth of workers were affected in the agriculture, forestry and fisheries sector.

The number of employed workers declined by more than two million people, the largest drop in ten years. Female workers were most severely affected. Already before the COVID-19 crisis, women were more likely than men to be classified as unpaid family workers and receive lower wages when employed outside of the home. The current economic shock has exacerbated these disparities. In addition, the impact of the economic crisis on women interacts with Viet Nam’s social norms, which expect women to act as caregivers, while also expecting them to be active in the labour market. Childcare responsibilities during the long period of school closure fell disproportionately on women, forcing them to make decisions regarding their employment, also further reducing their incomes (ILO, 2020b).
The COVID-19 pandemic has also increased the rate of labour underutilization, defined as the ratio of workers needing but not obtaining employment to the total labour force. The rate of labour underutilization in Q2 2020 was 1.5 times higher than the same period last year. The largest group of job seekers were young people under 34 years of age. The unemployment rate among the urban, working age population was 4.5 percent, the highest figure in the last ten years, and 1.4 percentage points higher than in the same period last year.

Nearly half of underemployed, working age people in the second quarter of 2020 worked in the agriculture, forestry and fisheries sector. The underemployment rate in this sector was five percent or 2.2 times higher than in the industry and construction sector and 2.4 times higher than that in the services sector.

More than half of workers suffered a reduction in incomes, which fell most sharply in the services sector, including the arts, entertainment and recreation subsector (down 19.2 percent), accommodation and catering (down 18.3 percent), transportation and storage (down 12.8 percent), and wholesale and retail trade (down 9.1 percent).

In comparison to the same period last year, the average monthly income of employers was down 17.3 percent, while the incomes of self-employed employees fell by 7.6 percent.

Workers with higher level qualifications were more likely to sustain their previous income levels. Compared to the same period last year, the average monthly income of employees with university degrees increased by 0.5 percent, while the incomes of employees with primary school qualifications fell by eight percent. As in other countries, professional and administrative employees were more likely to work in the formal sector and to maintain a normal workflow despite physical distancing measures.

4.2.3 The immediate prospects for the Vietnamese economy are uncertain

Optimistic forecasts for the second half of 2020 have been thrown into doubt by the resurgence of local transmission detected on July 25, 2020. The pace of the recovery for the rest of the year depends on: (i) continued success in containing the spread of the virus, making possible a relaxation of restrictions on mobility and public gatherings; (ii) the growth rate of aggregate demand.

Demand consists of four components: private consumption, private investment, government expenditure (recurrent and capital) and net exports (exports less imports). External demand is likely to recover slowly. In 2019, Viet Nam recorded a positive trade balance of USD 7.4 billion, but it will not be possible to repeat that performance this year as Europe and North America struggle to bring the pandemic under control. Furthermore, prospects for a robust recovery in 2021 are clouded by vulnerabilities that were present in the global economy before the pandemic struck, including low rates of investment and productivity growth, rising inequality and challenges to the multilateral trading system. The future trajectory of external demand will depend on the ability of importing countries to contain the spread of the virus until a safe and reliable vaccine is available.

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6 This is an aggregate indicator that shows the "mismatch" between the supply and demand of labor in the market, reflecting the labor redundancy.
Exports of services will recover slowly even as restrictions on international travel are lifted. Many people will be wary of non-essential travel until a safe and effective vaccine is widely available. Even then, international tourism will not return to levels seen in 2019, as holiday makers reduce discretionary spending to pay down debts accumulated during the pandemic.

Some possibilities for import substitution may be identified to reduce imports and conserve foreign exchange, but this is unlikely to have a large impact on the balance of trade. Most of Viet Nam’s imports fall into three categories: inputs and intermediate goods for electronics, garments and footwear that are assembled in Vietnam and re-exported; fuel for vehicles and power generation; and agricultural products like cotton, wheat, corn, soybeans and beef that are cheaper to import than to produce locally. Increasing domestic supplies and improving the quality of domestically produced inputs like synthetic fibres, chemicals and steel is vitally important, but takes time.

Aside from inputs and intermediate goods, redirecting export demand to the domestic demand is not a realistic option in the short term. Markets for mobile phones, computers, garments and footwear are competitive and rely on high volumes and economies of scale for profitability. Viet Nam’s domestic market is too small and skewed to cheaper products to keep these companies in business. Switching from exports to the domestic market will only improve the trade balance if previously exported products substitute for imports or create new demand; otherwise sales will simply shift from one set of domestic producers to another.7

Trends in private consumption depend largely on the growth of disposable incomes. According to the World Bank, domestic retail sales—a good proxy for household consumption—declined by 2.9 percent per month (year-on-year) in the second quarter of 2020, after growing by 7.9 percent per month in the first quarter. Average growth of retail sales was more than 12 percent in 2019 (World Bank, 2020b). Private consumption will not grow rapidly this year given weak labour market conditions. Private investment managed to record positive growth of 4.6 percent in the first half of 2020, down from 16.5 percent in the first half of 2019. However, given high levels of uncertainty and weak domestic demand, private investment is unlikely to accelerate in the final months of the year.8

Much of the burden of supporting aggregate demand through the crisis will therefore fall on Government. The Government has been actively looking for ways to increase public spending, in the first instance by accelerating the implementation of public investment projects in the pipeline. If quickly implemented, disbursements of a total of USD 30 billion allocated for planned public investment projects in 2020 would help compensate for slow growth or contraction of the other components of aggregate demand. However, implementation typically falls behind schedule for a number of reasons, including the “ask-give” mechanism (in other words, connections-based allocation of public funds resulting in non-optimal use of Government resources), a mismatch between allocation and implementation capacity, slow land clearance,

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7 Medium-term prospects have been improved by the EU-Viet Nam Free Trade Agreement which comes into effect in August 2020, and the relocation of foreign-invested firms from China to other countries including Viet Nam because of tensions with the United States. However, the short-term effects on Viet Nam are expected to be small.

8 In the context of low inflation, the State Bank of Viet Nam can loosen monetary policies to bring down relatively high interest rates to support growth, but this can only partially offset the weakening of aggregate demand if the global environment does not improve substantially in the second half of 2020.
cumbersome procedures, poor planning and other factors. The crackdown on corruption is also mentioned in the media as a cause of delays because it has resulted in more cautious behaviour on the part of officials responsible for the implementation of public investment projects. This “chronic problem” has raised concern among Government leaders who are eager to boost aggregate demand to keep the economy growing. Leaders have organized a series of meetings with senior policy makers in ministries and provinces to attempt to resolve implementation problems and speed up disbursement.

In summary, there are signs that the economy is on the road to a partial recovery in the second half of 2020. Numerous international and Vietnamese organizations have published short-term economic projections for Viet Nam. In July, the World Bank predicted that output growth would rebound in the second half of 2020 to achieve an annual rate of GDP growth of 2.8 percent (World Bank, 2020a). The baseline scenario forecasts growth of 6.3 percent in 2021. However, these predictions assume that conditions in the world economy will steadily improve. Under less favourable external conditions, the Vietnamese economy would expand by only 1.5 percent in 2020 and 4.5 percent in 2021 (World Bank, 2020b). Most recently, ADB forecast GDP growth of 1.8 percent in 2020 and 6.3 percent in 2021 (ADB, 2020).

Given high levels of uncertainty and limited information about the impact of the pandemic around the world, economic forecasts will need to be adjusted regularly and should be treated with caution. More important than the projected rate of growth is the identification of constraints on Viet Nam’s socio-economic development and especially tracking conditions faced by the most vulnerable segments of society. Policy makers will need recourse to unconventional methods and the use innovative and effective indicators to monitor specific risks faced by vulnerable groups and the impact of government policies on living standards and access to basic services. The following section presents results from one such exercise carried out in April and May of 2020 as the pandemic unfolded.

4.3 COVID-19 IMPACT ON VULNERABLE HOUSEHOLDS AND BUSINESSES

The following section presents key findings of UNDP – UN Women commissioned report “COVID-19 Socio-economic Impact on Vulnerable Households and Enterprises in Viet Nam: A Gender-sensitive Assessment”. The report has been prepared based on the analysis of data collected from a rapid impact assessment survey (RIM-2020). The section also includes supplementary information derived from related studies and data sources, notably the IFAD-ADB-IPSARD report “Assessment of impact of COVID-19 pandemic on livelihoods of rural households” and the UNIDO survey on enterprises. Further information on these assessments is provided in Annex 1.

4.3.1 COVID-19 Impact on Vulnerable Enterprises

COVID-19 has had a substantial impact on vulnerable enterprises, with significant variation between enterprises depending on enterprise characteristics and sub-sectors

Surveyed household businesses (HBs) and micro, small and medium sized enterprises (MSMEs) suffered a sharp reduction of revenues due to COVID-19. Loss of revenue was uneven across different types of enterprises. On average, revenue in April 2020 of MSMEs and HBs as a
proportion of December 2019 revenues was 22 and 17 percent, respectively. Thus, in comparison to December 2019, MSMEs suffered a 78 percent reduction in revenue, while HBs faced a steeper decrease of 83 percent. Enterprise revenue in April 2020 as a proportion of December 2019 income was the lowest (13 percent) among MSMEs in the tourism and related services such as hotels and restaurants, and among HBs in garment manufacturing and footwear. HBs in the tourism sector and related services, in which female workers are over-represented, recorded April 2020 revenue of 16 percent of December levels (Figure 9).

At the peak of the pandemic in April, SMEs and HBs operating in ethnic minority areas suffered an 87 and 89 percent decline in income, respectively, compared with December 2019. Urban MSMEs experience a more severe revenue drop than their rural-based counterparts because high-contact, trade intensive activities are overwhelmingly concentrated in urban and Kinh-Hoa areas. The average April 2020 revenue of surveyed SMEs and HBs remained low (13 and 11 percent, respectively of December 2019 levels). During the peak period, the revenue of women-led MSMEs was 17 percent of December levels, which is lower than the rate (24 percent) of men-led units. Female- and male-led HBs suffered a similar level of revenue reduction (Figure 10).

Most MSMEs reduced the numbers of workers employed in response to the reduction in demand. One-quarter of MSMEs reported that they had cut the workforce in April and May 2020 by more
At the peak of the pandemic in April 2020, the workforce employed by MSMEs was down by two-thirds compared to December 2019. It is notable that female-led MSMEs maintained a higher proportion of the workforce in employment in April compared to male-led MSMEs. Firms operating in ethnic minority areas, and smaller firms, suffered the greatest impact. Larger businesses were able to maintain a larger share of the workforce in jobs (Figure 11).

Figure 11. Average size of workforce compared to December 2019 (%) (Source: RIM 2020)

Gender differences are modest with respect to the proportion of the workforce who were still employed in April and May 2020 compared to Dec 2019 (Figure 12). One exception was medium-sized firms, which retained fewer women in April (78 percent of December levels) than men (93 percent). However, by May the share of the male and female workforce still employed had levelled out at 70 percent of December 2019 levels. Large gaps in employment were also noted between MSMEs operating in the ethnic minority and Kinh-Hoa areas.

Figure 12. Average workforce by gender compared to December 2019 (%) (Source: RIM 2020)
Interviews revealed a sense of social responsibility and solidarity on the part of business owners, especially among women-led businesses. Owners of MSMEs made an effort to keep their workers employed, especially female employees, during challenging times.

**Early signs of recovery varied across enterprises depending on their characteristics and subsectors**

The revenue decline of surveyed enterprises eased in May 2020. A partial recovery was recorded for all types of firms, as shown by the smaller revenue reduction in May compared to April. In May 2020 MSMEs reported higher levels of revenue compared with April, though still much lower than in December 2019. However, the recovery was uneven: in May 2020, some enterprise groups suffered further reductions in income. Household businesses in the tourism and related services, for instance, recorded further revenue losses, with their revenues being equivalent to only eight percent of December 2019 levels. MSMEs in the agricultural sector also experienced a further decrease in revenue. While in May 2020, average revenue of MSMEs in ethnic minority areas increased substantially to 44 percent of their December 2019 levels, the household businesses in the same areas suffered a slight revenue reduction. In May 2020, women-led HBs recovered more quickly than men-led businesses. The average May 2020 revenue of women-led household businesses was 25 percent of the December 2019 level as compared to a small reduction among men-led businesses. Most firms still saw the situation as difficult, however, and no firms reported a full recovery back to pre-epidemic levels of income.

**Coping strategies of enterprises**

The pandemic is primarily a health shock with economic consequences. In managing the health impact, most firms complied with requirements on physical distancing and other safety measures. The use of masks and hand sanitizers was common in more than 80 percent of SMEs and HBs. Few firms employed more costly measures, such as shifting to e-commerce, online operations and restructuring production lines/areas to meet physical distancing requirements. In response to the economic shock, 29 percent of MSMEs explored niches in the domestic market, while one-quarter engaged in cost cutting (Figure 13). A quarter of surveyed MSMEs did not report any coping measures.

![Figure 13. Business coping strategies (% of MSMEs) (Source: RIM 2020)](image-url)
Most MSMEs did not report difficulties meeting credit obligations, probably because of their limited access to formal loans. Few firms were able to access Government support packages due to the design of the programs, which gave preference to the existing clients of commercial banks, generally excluding MSMEs.

**Box 1: Vietnamese firms during the pandemic: Evidence from a UNIDO firm survey**

UNIDO recently conducted a survey of firms in several countries to gather information on the impact of COVID-19 and the responses of enterprises. The Viet Nam sample consisted of 154 firms, 29 percent of which target the domestic market, the rest exporting at least ten percent of production. Over half of the latter, or 37 percent of all surveyed firms, participate in global value chains. The sample was also stratified by size and the degree of technological sophistication (low tech and medium tech).

Regarding the employment impact of the pandemic, the survey found medium-sized firms were the most heavily affected along with non-GVC export firms. Payment of wages was listed as the main financial concern across all firms.

Almost 80 percent of firms experienced a reduction in demand and about one-third of firms faced supply chain disruptions. Thirty percent of businesses surveyed suffered financial difficulties.

Looking to the future, most firms (92 percent) expected a drop in profits. Medium and high-tech firms were the most pessimistic by a narrow margin. A third of surveyed firms expected a decline in revenue of over 50 percent, while nearly half of firms said that revenue would fall from 20 to 50 percent. Small and medium-sized firms, and high-tech companies expected the largest drop in revenue. Nearly one-third of firms reported that they would cut employment, with small firms (41 percent) more likely to do so than medium (33 percent) and large (19 percent) companies.

To deal with cashflow issues, approximately 70 percent of respondents took loans, and a similar percentage decided to cut operating costs. To overcome input shortages, responses varied by firm size. Over 60 percent of big firms reported that they would increase their procurement channels versus 40 percent of small firms. Half of small firms reduced production, while only 30 percent of big firms did so.

In answering the question “What policies work best for them in pandemic times,” 55 percent of respondents mentioned a reduction and deferment of taxes, while 41 percent asked for a temporary reduction of social security contributions. Forty-one percent requested a reduction of rent and utility costs. Larger manufacturing firms seem to be the primary beneficiaries of government support with 13 percent of medium-sized and 10 percent of large firms indicating receiving benefits from government support measures and stimulus packages. However, it should be noted that the average proportion of firms benefitting from government support in Viet Nam ranked the lowest among the seven surveyed countries: Malaysia, Mongolia, Pakistan, Thailand, Cambodia, Afghanistan.

4.3.2 The Impact of COVID-19 on Households

COVID-19 caused incomes to decline sharply across vulnerable households and workers, resulting in a surge in transient income poverty\(^9\) and an increase in poverty depth. Unsurprisingly, the largest decline in household income due to COVID-19 was recorded by RIM 2020 in April 2020, when the average income of surveyed households was 29.7 percent of December 2019 levels, rising to 51.1 percent in May 2020 (Figure 14). In other words, between January and April 2020, average incomes in the sample population fell by 70 percent, primarily as a result of COVID-19.

These estimates are corroborated by a rapid assessment conducted by UNICEF of the social and economic impact of the pandemic and children and families. According to this survey, 57 percent of informants were jobless and 25 percent had less paid work during the strict physical distancing period in April 2020, while 44 percent reported having no income and 40 percent less income during the physical distancing period (UNICEF, 2020a).

**Box 2: Impact of the COVID-19 pandemic on the incomes of rural households: Evidence from an IPSARD, IFAD and ADB survey**

A survey of 1,300 rural households was conducted by the Institute of Policy and Strategy for Agriculture and Rural Development (IPSARD) with support from IFAD and ADB between May and June 2020 in twelve provinces implementing IFAD and ADB development projects. The survey found that 64.7 percent of rural households with non-farm activities experienced a decline in income compared to 53.3 percent of farming households. The former also suffered larger income reductions, estimated at 46.8 percent on average compared to 38.3 percent for the latter. This is explained by a larger drop of non-farm income of 46.8 percent versus 29.4 percent for agricultural income. The income impact also varied across locations, particularly

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\(^9\) In contrast to chronic poverty or per capita income persistently below the poverty line, transient poverty is associated with a fluctuation of income around the poverty line, resulting in people falling into and moving out of poverty over shorter periods of time. While not easily observed during good times, transient poverty causes great concern in crises such as that caused by COVID-19. Without proper and timely intervention, transient poverty may change structural characteristics of a household or individual and increase the risk of chronic poverty.
between rural households in provinces with international borders and those without, estimated at 41.4 percent and 33.4 percent respectively.


While the pandemic caused incomes to fall and thus an increase in transient income poverty across all surveyed household groups, ethnic minority households and households of informal and migrant workers were disproportionately affected.

COVID-19 disproportionately affected ethnic minority households and households of informal and migrant workers, resulting in sharp reductions in income compared to pre-pandemic levels (Figure 14):

(i) The average income of ethnic minority households in the sample in April and May 2020 was only 25 and 35.7 percent of the December 2019 level, respectively, compared to 30.3 and 52 percent for the Kinh-Hoa majority.\(^\text{10}\)

(ii) The average incomes in April and May 2020 of migrant households in the sample were equivalent to 25.1 and 43.2 percent of the December 2019 level, while the corresponding figures for non-migrant households was 30.8 and 52.5 percent. Among migrant households, the COVID-19 income impact recorded in April 2020 was statistically identical for female-headed and male-headed households (25.6 and 24.9 percent of the December 2019 level). However, female-headed migrant households on average recovered more quickly than male-headed households: May 2020 income of female-headed migrant households rose to 58.6 percent, versus 37.9 percent for male-headed households.

Falling incomes caused a surge in the proportion of income poor and near poor households among the surveyed households. \textit{In December 2019, the proportion of income poor was 10.4 percent on average, rising to approximately 50 percent in April 2020. The proportion of (income) near poor households rose from 3.4 percent in December 2019 to 6.5 percent in April 2020 (Figure 15).} In April 2020, the proportion of income poverty among the surveyed ethnic minority households who participated in the survey was 61.3 compared to 46.7 percent among Kinh-Hoa households. For migrant households the rate was 56.1 percent versus 48.5 percent among non-migrants; and 59.1 percent among informal worker households compared to 37.7 percent for formal sector workers. There was no difference recorded between female and male-headed households (Figures 16 and 17).

\(^{10}\) The survey sample size was too small to test the significance of income reduction differences between female- and male-headed households within the ethnic minority group.
The decline in income temporarily pushed 47.8 percent of the surveyed non-poor households (as of December 2019) below the income poverty line (VND 700 thousand per month for rural and VND 900 thousand for urban areas). Among the surveyed groups: (i) 60.3 percent of non-poor ethnic minority households fell into income poverty in April 2020 versus 46.4 percent of non-poor Kinh-Hoa households; (ii) 56.7 percent of informal workers compared to 36.4 percent of formal sector workers; (iii) 56.1 percent of migrant workers compared to 45.8 percent of non-migrant workers; (iv) 48.3 percent of female-headed households compared to 47.7 percent of male-headed households. Among migrant workers, the poverty impact of the pandemic was smaller for female-led households than their male-led counterparts (46.7 and 60.2 percent). There was no difference between female-headed and male-headed households among informal sector workers (Figure 17).
Box 3: Impact of the COVID-19 pandemic on informal workers’ households: Evidence from a UNICEF study

A study by UNICEF in Hanoi, Vinh Phuc and Ho Chi Minh City found that informal workers were amongst the most vulnerable groups in the labour market during the COVID-19 crisis due to the lack of basic social protection schemes covering income security, sick leave and health insurance compared to formal jobs. Almost all parents in the qualitative study were freelance-workers (such as motorbike-taxi drivers, street vendors or lottery ticket sellers) with highly impacted jobs, which led to 50-70 percent reductions or no incomes at all. In response, 30.4 percent of participants prematurely withdrew money from savings accounts to cover living costs (electricity, water bills, house rental fees) as well as groceries. Some 51.4 percent of study participants reported borrowing money from relatives and/or from banks to cover living costs during the physical distancing period (UNICEF Viet Nam, 2020).


Simulation of COVID-19 impact on poverty

The RIM 2020 includes a simulation of the COVID-19 impact on income poverty at the national level to complement the findings of the survey. Using the income poverty line of $3.2 per day commonly applied to lower middle-income countries, the simulation modelled the impact of the estimated income reduction from the RIM survey using data from the Viet Nam Household Living Standard Survey (2018). The results of this exercise indicate that the pre-pandemic national poverty rate of 4.6 percent may have jumped to 26.7 percent in April 2020, falling back to 15.8 percent in May 2020. In urban areas, 15.7 percent of households fell below the poverty line in April 2020 compared to less than one percent in 2018. By May, however, the poverty rate had fallen to just 4.2 percent. Most strikingly, the pre-pandemic poverty rate of 22.1 percent among ethnic minority households could have jumped to 76.3 percent in April 2020, dropping slightly to 70.3 percent in May 2020 (Figure 18).

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11 The technical notes on simulation methodologies and full results (including the results of the Government’s social protection package support’s impact on poverty, including preventing falling into the poor or near-poor categories) are provided in Annex 2.

12 The $.3.2 per day poverty line is estimated in constant purchasing power parity US dollars.
The simulation exercise carried out for RIM 2020 also found that if the Government’s social protection package had been delivered in a timely manner (i.e. monthly cash transfers made in April and May 2020) and had reached all originally intended groups, the national income poverty rate would have been lower, at 17.2 percent in April and 9.9 percent in May 2020 (Figure 18). While the Government’s social protection package support would have had a large impact on May 2020 income poverty rates in urban areas and among Kinh-Hoa households, the simulated impact of the program on rural and ethnic minority households appears to be less: the simulated “with Government social protection support” income poverty rates among rural and ethnic minority households in May 2020 were, 14.1 and 54.8 percent, respectively compared to “without Government social protection support” rates of 21.6 and 70.3 percent.

**Signs of Early Recovery**

Incomes of surveyed households rose significantly after the lifting of physical distancing restrictions in May 2020. For all surveyed households, average incomes in May 2020 recovered to 51 percent of the December 2019 level versus 30 percent in April 2020 (Figure 14). The proportion of income poor among all surveyed household groups fell substantially in May 2020. However, income improvements varied across survey groups. As shown in Figures 15 and 16, the poverty rate fell faster among rural households (44.5 to 18.9 percent) than urban households (56 to 31.7 percent). The smallest improvements were observed among ethnic minority households. The share of income poor among female-headed households fell by 23 percentage points compared to 27 percentage points among male-headed households. The high representation of female workers in trade, agriculture, garment, footwear, tourism and restaurants, all sectors that recovered slowly in May 2020, accounts for this difference.\(^\text{13}\)

**While transient income poverty fell in May 2020, the smallest improvements were observed among Ethnic Minorities, informal workers and women-headed households**

\(^\text{13}\) However, the sample size was not large enough to test for statistical significance between female- and male-headed households.
Although all groups benefited from the recovery in May 2020, the rate of recovery was slower among several groups (Figure 17): (i) urban households recovered more slowly than rural households; (ii) households with informal workers compared to households with formal workers, (iii) female-headed compared to male-headed households; (iv) ethnic minorities compared to Kinh-Hoa households; and (v) migrant households compared to non-migrant households. Among households with informal workers, female-headed households recovered more slowly than male-headed ones. However, the opposite was observed among migrant households, with female-headed households recovering faster than male-headed households. There are various reasons for these differences. First, contact-intensive, urban-based services, in which female workers are over-represented, bounced back quickly in May 2020 after the strictest nationwide physical distancing measures were eased. Second, anecdotal evidence suggests that female workers were more proactive in searching for additional income opportunities. Beneficiaries of UN Women’s livelihood programme in Lao Cai report that after the COVID-19 outbreak in Wuhan, many returned male migrant workers stayed at home, spending their time drinking and waiting to return to China. The burden of filling the income gaps fell to the women. Other factors may include the shape of the income curve near the poverty line, but we are unable to reach firm conclusions based on available data. The simulation of the COVID-19 impact on poverty at the national level reaffirms these trends (see Figure 18).

**Vulnerable households and workers are struggling to sustain their livelihoods with workers in agriculture, aquaculture and construction sectors less able to change jobs**

The higher level and expected longer duration of income loss among workers in tourism and related activities explains the large number of workers from these occupations moving to other jobs compared to workers in agriculture, aquaculture, and construction. The incidence of workers changing occupation due to the pandemic was generally low: only 2.1 percent in agriculture and aquaculture, 2.2 percent in construction, and 2.7 percent in trade and services. In tourism and related activities, however, the corresponding figure was 10.8 percent. Older workers were less likely to change jobs. Moving between jobs during a pandemic may also imply higher health risks and lower income, especially in the city where there is a higher risk of infection due to frequent contact with customers, for example drivers, cashiers and petty trade. Vulnerable workers faced tremendous hardship but were compelled to take on riskier jobs (Table 1).

<table>
<thead>
<tr>
<th>Ability to take other jobs (%) observations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacture garment and footwear</td>
</tr>
<tr>
<td>Manufacture agricultural processing</td>
</tr>
</tbody>
</table>

*Table 1. Percentage of workers able to find new jobs by sector (Source: RIM 2020)*

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14 UN Women’s livelihood programme provides support for H’mong ethnic minority women in Coc Ly commune, Bac Ha district, Lao Cai province to grow and enhance the market for native groundnuts to improve livelihood resilience and earning capacity.

15 As relatively few workers changed jobs, it was not possible to disaggregate by sex.
Most households used their savings and cut expenses to cope with lost income. Approximately 74 percent of households used savings and 70 percent reported that they had to cut household expenses. Forty-four percent of all households (and 48 percent of female-headed households) reduced household expenses by more than 30 percent (Figure 19). Notably, female-headed households were more likely to use savings and cut expenditures than male-headed households. Few households sold valuable assets, which suggests that they either did not have much to sell or had other ways to cope. Female-headed households were more likely to cut food and electricity spending, but less likely to reduce education spending than male-headed households (Figure 20). Cutting essential expenses such as on food and education could have a lasting negative impact on the well-being of children and the living standards of the household.

<table>
<thead>
<tr>
<th>Industry</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction</td>
<td>2.2</td>
</tr>
<tr>
<td>Agriculture</td>
<td>0.0</td>
</tr>
<tr>
<td>Aquaculture</td>
<td>2.1</td>
</tr>
<tr>
<td>Tourism, hotel, restaurant</td>
<td>10.8</td>
</tr>
<tr>
<td>Trade, other services</td>
<td>2.7</td>
</tr>
</tbody>
</table>

Figure 19. Share of households reporting the use of coping measure (%) (Source: RIM 2020) Note: spending cuts in April and May 2020 are compared to the December 2019 level
Box 4: How rural households responded to the COVID-19 pandemic shock

The IPSARD-IFAD-ADB study reported that 53 percent of rural households used savings and 95 percent cut expenditures. The survey also found that 28 percent of households received support from relatives and friends, which traditionally forms an important part of informal safety nets in rural Vietnam. None of the households surveyed sold land or other assets. Approximately 20 percent of respondents sought government assistance. While approximately 12 percent of surveyed households sought additional income earning opportunities or switched to other jobs, few farming households without non-farm income sources did so. Fifteen percent of respondents said that they had no coping measures because they did not know what to do to mitigate the shock of the pandemic.

Looking ahead, 18 percent of surveyed households report that they want to increase agricultural production while ten percent plan to do the opposite. These figures do not differ between households with and without non-farm sources of income. A third of the former and a fourth of the latter will look for additional non-farm income earning opportunities.


Figure 20. Expenditure reduction in April and May 2020 (Percent of households) (Source: RIM 2020)
Gender differences are apparent in the economic impact of COVID-19 and in the distribution of caring and domestic work responsibilities

- While ethnic minority households, migrant households, and informal sector households are among the groups most adversely affected by COVID-19, female-headed households of informal sector workers, together with ethnic minority households, posted the slowest rates of recovery. It is noteworthy that female-headed migrant households recovered more quickly than their male-headed counterparts: May 2020 incomes of the former rose to 59 percent of the pre-pandemic level versus 38 percent for men. Their willingness to take any job, including lower-paid or risker work, and their ability to take the initiative to respond to income gaps, help explain the difference.

- While women-led MSMEs suffered a slightly larger reduction in terms of revenue compared to men-led units, women-led and men-led HBs suffered the same level of revenue reduction. Thanks to a strong sense of social responsibility and solidarity, women led MSMEs tended to keep their workers, especially female employees, during challenging times.

- The most notable gender-differentiated impact of COVID-19 recorded in the study is the effect of gender roles and gender stereotypes on the onus of caring responsibilities and domestic work and the risk of increasing gender-based violence during the pandemic.

**Box 5: Viet Nam’s COVID-19 response and emerging challenges**

The Government has issued and is implementing a multi-sectoral response to address the social and economic impact of the crisis. The table below summarizes Government policy in support of affected people and enterprises in response to COVID-19.

<table>
<thead>
<tr>
<th>Support policy</th>
<th>Budget (VND)</th>
<th>Type of support and eligible groups</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fiscal package to support enterprises</td>
<td>180,000 billion</td>
<td>Tax deference and delayed payment of land use tax and rent, etc. Affected enterprises in more than 30 manufacturing and service subsectors</td>
</tr>
<tr>
<td>Loans with zero interest rate to pay workers’ salary</td>
<td>236-1,000 billion</td>
<td>Loans with zero interest rate; - Enterprises with more than 100 workers, at least 30% workers take staggered work arrangement with the accumulated of 30 days off. - Dissolved and bankrupt enterprises needing loans to pay workers’ salaries - Enterprises, with more than 50 workers and have already laid off at least 10% of workers or without financial resources to pay salaries for workers and will have to lay off workers</td>
</tr>
<tr>
<td>Social protection package</td>
<td>61,580 billion</td>
<td>Cash transfer for 3 months (April, May and June 2020); People with merit, poor and near poor households, formal workers who have lost jobs but are not eligible for social insurance, informal sector workers who have lost jobs (of several types</td>
</tr>
</tbody>
</table>
The social protection package under Resolution No. 42 and Decision 15 is an important and unprecedented vehicle—as recognized by Government—to support workers and households affected by the COVID-19 pandemic.

Timely social protection payments could have significantly reduced the impact on poverty

The Government’s social protection support package recognizes the negative impact on the poor and near-poor, as well as vulnerable workers, including laid off formal sector workers that are not eligible for unemployment insurance benefits, and informal sector workers who have lost their jobs and incomes but are not covered by the current social assistance system.

Despite the intended result of preventing vulnerable people from falling into poverty and protecting those already poor from descending deeper into poverty (as shown above), the Government’s social protection support policy faced several issues in its design and implementation.

Transient poverty was a challenge for poverty-targeting. Because the social protection support package was based on lists of the poor and near-poor approved in December 2019, many newly poor households and people that lost income during the pandemic did not receive support. This was the main factor explaining the results of the simulation of the impact on income poverty of the Government’s social protection support package.

Vulnerable groups missed or under-served by the Government’s social protection packages

The design and implementation of the Government’s social protection support package omitted or under-served several specific groups, including: (i) families of young workers, especially those with children, single mothers and/or single bread-winners, without savings and those living in rented accommodation; (ii) families with members suffering from serious illnesses and those not receiving adequate treatment in specialized hospitals, including PWDs and elderly; and (iii) informal workers in urban areas, households in rural areas (especially at a lower middle income level) engaged in both agricultural and non-agricultural activities such as handicrafts and other...
tourism related services in ethnic minority areas and families of cross-border migrant-workers. These families were not eligible for the Government’s social protection support even though many had lost jobs and income and became newly poor as a result of the pandemic.

In 2019, 69.7 per cent of workers were in informal employment, with no access to social protection, largely falling between the cracks of tax-financed social assistance and contributory social insurance.

In particular, many families with children were not eligible for the cash assistance package under Resolution No. 42 due to complex eligibility criteria, cumbersome administrative processes and lack of budget at the local level in the absence of transfers from central level. Where families indeed benefited from the cash assistance, the benefit level was not sufficient to offset the loss of jobs or reduction in income and the additional costs to care for children. In addition, although children were most affected by COVID-19 nationwide, Resolution No. 42 mainly focused on other household members and did not consider the full scope of children’s needs. Most notably, as regular services were disrupted due to physical distancing, families had to spend more, for example on: equipment for on-line learning (Internet connectivity, computers and smartphones); essential items for personal health and hygiene (face masks, hand sanitizers and thermometers etc.); transportation to access health centres and markets; and nutritious food items and supplementary milk for children under six years. Families with children in extremely disadvantaged circumstances found the need to seek exemptions or reductions in tuition fees, requested support for books and school supplies. Many have coped by cutting spending on food and borrowing money (MOLISA & UNICEF, forthcoming). This left many children vulnerable, especially as the new July wave of the pandemic emerged and could further deteriorate the situation (ibid.).

Complicated rules and procedures identifying and verifying eligibility prevented targeted groups from accessing the Government’s social protection package

Although the package reached a significant number of vulnerable and disadvantaged people, there were several limitations such as: administrative bottlenecks and a complicated beneficiary identification process; duplication of beneficiaries; application processes that required multiple documents and certificates; lack of local level budgets and a delivery mechanism that heavily relied on post office and face-to-face exchanges that impeded payments during the physical distancing and movement restriction periods (ibid.). Stigmatization and discrimination of some population groups excluded vulnerable groups such as sex workers as sex work is still considered ‘illegal’. During the period of strictest physical distancing in April, the delivery of monthly allowances was delayed (ibid.).

Applications for support for laid-off workers were submitted by the enterprises, not employees, which added a layer of bureaucracy between Government and recipients of support. For migrants, applications required certification at both the sending and receiving locations, significantly increasing the cost of requesting assistance. As local governments were required to use their own budget to cover the costs of Decision 15, implementation was sporadic and actual coverage of targeted groups did not meet expectations. Just over a quarter of interviewed rural households reported social assistance procedures were too complicated, with 19 percent waiting
for a prolonged period to receive assistance while 14 percent found the criteria too demanding to meet (IPSARD, 2020).

A report issued by MOLISA claims that short-term cash transfers have been made to 99 percent of regular social assistance beneficiaries, 110 percent of people in the merit categories and 72 percent of poor and near poor households. However, the proportion of other intended target groups receiving transfers is low. Very few targeted recipients in the following categories have received support: i) workers with temporarily suspended labour contracts; ii) workers with terminated labour contracts but not eligible for unemployment insurance benefits; iii) workers without labour contracts and social insurance that have lost jobs; and iv) household businesses with revenues of less than 100 million VND that had suspended business as the result of COVID-19 (see Figure 21).

![Figure 21. Proportion of targeted groups receiving Government social protection support as of 18 June (%) (Source: RIM 2020)](image_url)

**Firms’ feedback on the Government’s policies supporting affected enterprises**

Both men- and women-led enterprises identified three main difficulties in accessing Government support:

- **Difficulties in accessing specific information about application procedures.** The Government should provide concrete guidelines and requirements for beneficiaries and permit firms to apply using digital technologies. This would enable firms to readily assess eligibility and accelerate the application process.

- **Difficulties in completing applications for support.** Application procedures and requirements for certification are cumbersome and time-consuming. The use of digital technology in this process would reduce the amount of paperwork required. The authorities already possess most of the information requested in the applications, and this could be imported directly from the authorities’ database systems to reduce the need for verification and certification.

- **Difficulty in the verification process for approval.** Some firms reported that waiting times for approval were not specified by the authorities. Technology could help keep applicants informed and would facilitate scheduling interviews as required.
4.4 COVID-19 SOCIAL IMPACT

4.4.1 Reduced health-seeking behaviour and access to essential health care

*Reduced health-seeking behaviours and access to essential healthcare were observed at hospitals and community health centres.* To underscore the scale of disruption, Hai Phong City witnessed a 80 percent decrease in the number of visitors to the city hospital (THHP, 2020). People in urban areas, including women and children, were also reluctant to go to health centres and hospitals due to fear of infection, particularly when Bach Mai hospital in Hanoi experienced local COVID-19 transmission. At community level, changes in the utilization of health services were observed starting April 2020. For example, between March and April, the number of children under 5 years old visiting community health centres dropped by 48 percent, the number of children being immunized fell by 75 percent and the number of pregnant women accessing antenatal care dropped by 20 percent (UNICEF, 2020e). There are multiple underlying reasons for reduced health-seeking behaviour, including not wanting to access health facilities (“social”), healthcare system stresses and reduced access to health facilities (“physical”, due to limited public transportation and travel restrictions), or reduced household income (“financial”). Reduced health-seeking behaviour could have life-threatening consequences, especially for women and children. Despite experiencing symptoms, some people avoided contact with the health system by choosing to remain at home or take medicine without prescriptions. In some cases, symptoms deteriorated, and patients were rushed to hospital emergency units resulting in a higher economic burden for both patients and the health system and require longer treatment times.

*Reduced health-seeking behaviours and access to essential services by pregnant women are likely to increase the maternal mortality ratio.* When health systems are pressured and overwhelmed by a pandemic such as COVID-19, medical personnel earlier focused on sexual and reproductive health (SRH) are often diverted to prevention and control of the epidemic. Also, pregnant women and women planning pregnancies tend to change their health-seeking behaviour, which may lead to undesirable pregnancy outcomes. A comparative analysis of provincial data during the first quarters of 2019 and 2020 suggest that maternal deliveries at health facilities have declined by five to 15 percent, while in the extreme case a decline by more than 50 percent could be anticipated. Meanwhile, the use of modern contraceptives fell by five to 10 percent for some population groups. Modelling of COVID-19 impacts on maternal mortality (UNFPA, 2020) revealed that in addition to the 677 maternal deaths expected nationally in 2020, there would be an additional 298 maternal deaths in the best-case scenario due to the pandemic, that is, 44 percent higher than the baseline without COVID-19. In the worst-case scenario, maternal deaths will increase by 65 percent in 2020, equivalent to an additional 443 maternal deaths. The maternal mortality ratio will follow a similar trend, increasing to 62/100,000 or 69/100,000 in best- and worst-case scenarios respectively from the national baseline of 46/100,000. In stark terms, this means many more women in Vietnam are likely to die from pregnancy and childbirth in 2020, reversing the developmental gains of the past 10 years (ibid.).

*Reduced access to child health care could have life-threatening consequences.* Upon initiation of the strictest period of physical distancing on 1 April 2020, many families reported difficulties in accessing child health care services compared to before the pandemic. For example, immunization services were temporarily suspended at 88 percent of commune health stations.
During the same period, group health promotion sessions and growth monitoring of children under five years old were also suspended. The health centres also had limited availability of handwashing facilities and a shortage of micronutrients for children. At provincial level, most provinces reported lower coverage for Measles Rubella (MR), Diphtheria, Pertussis and Tetanus (DPT4) and Japanese Encephalitis (JE2) immunization in the first three months of 2020. A reduction of more than 10 percent for MR in 13 provinces and DPT4 coverage in seven provinces was found.16 As illustrated by the Central Highlands region’s current diphtheria outbreak, low pre-pandemic immunization coverage compounded by suspension of immunization services during physical distancing is now claiming the lives of children. In some cases, children with disabilities had difficulty accessing treatment as well as rehabilitation services (MOLISA & UNICEF, 2020).

Limited access to preventive, care and health and social services among sex workers and transgender people. Sex workers and transgender people in Viet Nam are among the most vulnerable groups due to a high HIV and Sexually Transmitted Infection (STI) prevalence, poverty levels, discrimination and high risks of Sexual and Gender-Based Violence (SGBV). Female, male and transgender sex workers lost income due to no or few clients, were unable to pay rent and faced high interest loans from the black market, affecting their children (VNSW & UNAIDS, 2020). Sex workers also reported limited access to various health services, including access to condoms (report by 75% of surveyed sex workers), harm reduction services (81%), STI testing and treatment (48%), HIV treatment (20%) and reduced access to support in the event of SGBV (19%) (ibid.). Major reasons cited were lack of access to healthcare services and essential products due to closure of private health clinics and physical distancing. Supplies for hormone therapy were depleted due to suspension of international flights. As hormone treatment is not regulated in Viet Nam, transgender people often rely on illegal imported hormone therapy that poses serious health risks (VNExpress, 2020). A key concern is that sex workers and transgender people often do not have health insurance and are usually ineligible for income subsidies due to a lack of legal identity and residence registration as well as informal occupations not legally recognized. Despite increasing social health insurance coverage, the out of pocket health expenditure in Viet Nam is still high at 45 percent of current national health expenditure (WHO, 2020e). This rising trend requires careful monitoring among the most disadvantaged and vulnerable people, such as sex workers and transgender people. Some surveyed LGBTI+ people reported less access during the COVID-19 outbreak to health services including mental health services (21%), treatment of chronic illnesses (13.4%) and basic healthcare (13.1%) (iSEE, 2020).

Protection of health care workers, especially women, was a key concern. Prior to the pandemic, health care workers, the majority of whom are women, had already identified specific needs during a pandemic (WHO, 2016). As most were also caregivers at home, closure of schools and the lack of alternative care services had significant impacts at a time when many were overstretched with duties at health facilities. Moreover, medical equipment was not always gender sensitive. For example, Personal Protective Equipment (PPE) was not available in appropriate sizes. Menstrual hygiene products were not included in the supply package for health workers responding to the pandemic.

16 Administrative data from the Ministry of Health.
Access to harm reduction and drug treatment became even more challenging among people who use drugs. People who use drugs struggled to access harm reduction services, products and other HIV prevention services, including provision of clean needles and syringes, condoms, STI treatment and Pre-exposure Prophylaxis (PreP) as a result of physical distancing. Despite Government's efforts to ensure continued access to Methadone Maintenance Therapy, some clients faced challenges, including transportation to access the needed daily doses. These vulnerabilities were intensified by a reduction or loss of incomes.

4.4.2 Limited access to water, sanitation and weak hygiene practices

While handwashing provides a key defence against COVID-19, access to water is a serious challenge in many parts of the country. It is especially acute in the Mekong Delta region which was exposed to the concurrent challenges of COVID-19, severe drought and saltwater intrusion. Across Viet Nam, the quality of water and sanitation facilities is generally low, while 30 percent of schools across Viet Nam do not have running water. More than 35 percent of commune health stations in Dien Bien, Gia Lai, Kon Tum, and Ninh Thuan provinces also reported insufficient or unsafe drinking water (UNICEF, 2020a). Children did not practice regular handwashing with soap and use of hand sanitizers during the outbreak pre- and post-physical distancing period, potentially leading to outbreaks of other diseases (ibid.; MOLISA & UNICEF, forthcoming). Lack of access to water and sanitation coupled with poor hygiene practices potentially contribute to high rates of diarrhoea, pneumonia and parasitic infections, in addition to higher susceptibility to COVID-19 infection. Government investment in water and sanitation facilities and services has been limited and declined by almost 30 percent between 2016 and 2018. During the same period, only 6 percent of the WASH budget was allocated for basic sanitation at household level, and only 0.01 percent and 0.02 percent was allocated for hygiene promotion and handwashing, respectively (UNICEF, 2020f).

4.4.3 Impacts on livelihood, food security and nutrition

While physical distancing is an effective measure to prevent transmission of COVID-19, it also had serious impacts on the livelihoods of a majority of the population, especially vulnerable people. Seasonal cash labour or domestic remittances are a second essential income source for poor and near-poor farmer families. These sources normally bring additional cash to cover protein food, essential items and utility bills. In addition, livelihood and food security worsened in the Mekong Delta region which has been severely affected by drought and saline intrusion from the last quarter of 2019. Limited daily incomes may lead to different negative coping mechanisms, such as skipping or reducing meals, prioritizing children’s food or sales of productive assets. In Ca Mau province, a number of families who had just escaped from poverty faced difficulties in accessing sufficient food and restoration of livelihood activities (FAO, 2020). These families fall out of the Government’s social assistance as they were involved in non-agriculture work, for example construction workers, ferry/boat workers, fishing tool makers, hairdressers and others not specifically listed in the Government’s cash assistance package in response to COVID-19. They have been relying on very scarce and unstable work to buy food.

A major concern is the poor nutrition of vulnerable people, especially children kept at home with reduced meals and lack of access to school lunches. Due to school closures, many children were left at home all day to take care of themselves. Insufficient parental attention has led to unhealthy diets or even food safety concerns among children: 70.4 percent of interviewed participants from urban areas more frequently reported their children as having fewer meals during the day, compared to 29.6 percent of parents and caregivers in rural areas. It was also reported that the quality of meals had fallen since the outbreak due to increased food costs (pork, fish, milk and snacks) and loss of family incomes (UNICEF, 2020a; MOLISA & UNICEF, 2020). In remote and disadvantaged areas, children from poor families were more likely to consume a non-nutritious diet. There were wider knowledge gaps among such children’s parents compounded by financial insecurity amid the growing economic crisis. Changes in the nutrition status among children in terms of stunting, wasting and severe acute malnutrition as well as breastfeeding and complementary feeding practices are difficult to detect over the short term and would require further assessment and monitoring (NIN, 2020).

4.4.4 Impact on quality and inclusive education and learning

School closures from February to May impacted an estimated 21.2 million children nationwide and meant the loss of access to key health and protective services as well as subsidized school meals. Moreover, COVID-19 has triggered school dropouts as children accompany parents seeking employment opportunities at new locations: around three percent of surveyed rural households reported that they stopped sending children to school due to reduced incomes (IPSARD, 2020). Household registration remains a potential administrative barrier, especially for migrant children (ILLSA, UNESCO, IOM, ILO & HSF, forthcoming), to access to the public education system. Most notably, the COVID-19 crisis exacerbated the country’s stark digital divide: many learners live in remote regions with limited internet coverage, cannot afford devices required for online learning or do not have teachers confident to facilitate such learning (MOLISA & UNICEF, forthcoming). The provision of online and distance learning programmes did not achieve nationwide coverage (UNICEF, 2020b). Such learning programmes were available from primary to university levels, however, they primarily focused on Grades 9 and 12 (ibid.). Only Ha Noi had programmes from Grades 4 to 12, other provinces covered Grades 9 and 12 (ibid.). User fees applied for some video lessons. Online and distance learning focused on few subjects (mathematics, Vietnamese and English) and were often not available in ethnic minority languages (ibid.), while vital extra curriculum programmes such as sex education were often not covered. Half of the interviewed participants in one UNICEF survey reported that their children studied less or not at all while schools were closed (UNICEF, 2020a). Many teachers were not well equipped to facilitate online learning (UNICEF, 2020b), while ethnic minority children and children with disabilities were disproportionately affected.

4.4.5 Pressure to care for children, pregnant women, the elderly and persons with disabilities and other vulnerable people at home and in residential care settings

Women were disproportionately responsible for childcare during school closure. School closures exceeding the three-week physical distancing period forced parent(s) to take care of children at home. Women shouldered the majority of the child as well as elderly care burden, with increased unpaid domestic work. In general, women in Viet Nam spent over 12 hours more on housework
than men in an average week (ILO, 2020b). During school closures, women spent even more time in childcare and unpaid housework, sometimes at the expense of paid work (UN Women, 2020). There was also a need for families to provide more care and attention for people and children with disabilities as well as older people often dependent on family and caregivers for support. Day care services and employing caregivers are options only a few could afford. Some parents received support from grandparents, however, this was not an option for many migrant parents away from hometowns.

**Increased vulnerability of older people:** Older people are more vulnerable in all forms of emergency, both human-caused and natural disasters, due to their health status and fragility and a general lack of concern for them in society. For example, the on-going COVID-19 pandemic has disproportionately affected older people. It is clear that most deaths so far from COVID-19 are occurring in people over 60 years of age. As 95 percent of older people in Viet Nam have disease, mostly chronic (UNFPA-HelpAge International, August 2020), they are much more vulnerable to health impact of the pandemic compare to younger populations.

**The care issue is also closely related to workplace and conditions of employment.** Although some employees could work from home during physical distancing, this was not an option for many required to report to workplaces (service sector, factories, transportation). Some parents took their children to work, however, working conditions of certain sectors are harmful for children, such as industrial zones and factories. For parents without childcare options, they had no choice but to expose children to such toxic and chemical laden environments. As the informal sector comprises a large part of the labour market in Viet Nam, many employers do not have a ‘paid leave’ policy nor welfare scheme. In the absence of such clauses in contracts or lack of contracts thereof, employees cannot legally claim support.

**People in residential care settings and institutions experienced multiple challenges.** For example, children in social protection centres experienced interrupted learning, limited nutrition intake, reduced social interactions and increased stress and anxiety with a limited number of staff to provide care and higher risks of infection due to residential environments. The centres were not prepared for such an unprecedented pandemic and could not meet the evolving needs of children.

During the early days of the pandemic, almost all centres faced shortages in supplies, such as soap and hand sanitizers, making it difficult for children to wash hands to prevent infection (MOLISA & UNICEF, forthcoming). As physical distancing measures were introduced, the centres closed doors to visitors, including children’s family members. Children in the centres—particularly secondary and high school age-children–experienced a deep sense of isolation with no family visiting them, lack of interaction with friends due to extended school closures and limited or no opportunities to spend time outside centres. Secondary and high school age-children particularly experienced such feelings of isolation. Information gathered from media and other means caused anxiety and fear. Children living in social protection centres are of different ages, health conditions, and react differently. Children with disabilities, more likely to be placed in residential care, are at higher risk of being impacted by multiple factors, especially if they have pre-existing conditions such as immune deficiencies (UNICEF, 2020a).
All social protection centres experienced challenges with online learning, with most centres’ computers unavailable to children. Officers and staff proactively assisted children in learning, while older children taught and tutored younger ones. Such approaches facilitated children to continue learning but did not help them acquire knowledge. Overall, children’s nutrition needs in institutions were met, but there were limitations due to a lack of sponsors during physical distancing.

Likewise, the health and sanitary conditions of people in prisons were identified as concerns (CAND, 2020) as these institutions were already overcrowded prior to COVID-19 and were immediately affected by the suspension of social services.

### 4.4.6 Potential rise of exposure to violence against women and children

*Children, adolescents and women may be more exposed to exploitation and violence during COVID-19, including SGBV and harmful practices due to limited care, social and financial support, isolation at home and stress.*

Women survivors of violence or those who face domestic abuse were left in constant proximity to partners and violent perpetrators when in isolation, thus increasing risks of violence. Their access to services was limited and often interrupted during physical distancing. During the period of physical distancing measures, the Peace House Shelter reported double the number of calls to its GBV hotline per month compared to pre-COVID-19 period (Center for Women and Development, Spotlight Initiative, 2020). From 1 April to 31 May 2020, the Peace House Shelter reported an increase of 48 percent of direct counseling on GBV compared to the same period of 2019 (ibid). Moreover, it is likely many women did not have an opportunity to reach out as they were in close proximity with their abuser and unable to call. In UNFPA-supported hotlines, shelters and one-stop service center, there was an increase in the call for help by 50 percent during the initial phase of the COVID-19 period.

The second National Study on Violence Against Women (2019), showed that 2 in 3 women in Viet Nam still experience one or more forms of violence by their husband in their lifetime. Around 50 percent of women who experience violence did not tell anyone, and more than 90 percent of women did not seek any help. It shows that the issue of violence against women is very much hidden in Vietnamese society. Given the increased household pressure and stress in relation to COVID-19, it is expected that violence against women in 2020 became a lot worse.

For many children, home represents security and safety. But for some, the opposite is tragically the case. Domestic violence reportedly increased while families were confined at home and experienced intense stress and anxiety. During COVID-19, the risk of physical and sexual abuse cases, including those involving child sexual abuse and exploitation, substantially increased. Children face difficulties to report cases of abuse at home without the access to teachers or other trusted adults while social work and related legal and protective services for children were suspended or scaled back. The Viet Nam Women’s Union reported that the Peace House, a shelter for domestic violence and abuse victims, had doubled its number of newcomers since the outbreak started. Sex workers are especially vulnerable to SGBV and reported lack of available support services (VNSW & UNAIDS, 2020).

Furthermore, children were exposed to cyberbullying and undesired online content due to more frequent use of digital devices (UNICEF, 2020a). Meanwhile, the number of child accidents and
injuries while playing or lack of attention from adults witnessed an upward trend (MOLISA & UNICEF, 2020).

COVID-19 could potentially increase the risk of exploitation and trafficking of children and adolescents. Job loss or reduced income have exposed many families to economic vulnerabilities. This could increase the risk of children dropping out of school and engage in child labour to support families. As the parents migrate in search of alternative livelihoods, children could be at high risk of exploitation and abuse as they are left behind without parental care and supervision or could be forced on the streets. Over time, economic vulnerability and stress on families could potentially put children, in particular girls, at greater risk of child trafficking and child marriage.

4.4.7 Mental and psychosocial distress

**COVID-19 triggered fear, mental distress and isolation among parents, caregivers and children.** Children living in locked-down areas, with cases of COVID-19 patients, and children whose family members stayed in Government-run quarantine centres tended to have more serious anxiety and phobia symptoms. One mother reported her nine-year-old daughter said moving to a quarantine centre for 14 days was akin to "being put in prison" (UNICEF, 2020a). Furthermore, during physical distancing children had limited or no outdoor physical activities which exposed them to excessive internet use. Several surveys identified that children felt isolated not going to school, meeting friends or participating in sports and recreational activities (MOLISA & UNICEF, forthcoming).

**Psychosocial support for women and girls, LGBTI people and GBV survivors was interrupted.** International research illustrated that health care workers suffered from high rates of depression, anxiety, insomnia and distress caring for patients with COVID-19. These symptoms were higher among nurses whose stress levels also increased disproportionately due to exacerbated burdens of care/unpaid domestic work. While health care workers laboured long hours caring for seriously ill patients under challenging conditions, they themselves need support to cope with psychological distress, occupational burnout and stigma. LGBTI people have also been found much affected in many countries.

In Viet Nam, 50 percent of non-cis gender respondents to a survey among LGBTI+ reported deteriorated mental health because of COVID-19 and 73.4 percent of all respondent shared that mental health and psychological support was the most needed area of support. Respondents and especially the younger ones reported worsening relationship with their families due to strict physical distancing time—indeed, 11.3 percent of respondents of 18-24 years of age reported regular negative experiences, also corresponding to the fact that young people often stay with their families and are economically dependent. Transgender women seem to have had the most negative experiences with families during the physical distancing period. From the different levels of ‘coming out’ with families, those who have come out but are not accepted by families experienced the most difficult time with families during the period of strictest physical distancing (iSEE, 2020). As already mentioned, violence against women has become worse during the pandemic. Ironically and sadly, during pandemics, domestic confinement often exposes victims of abuse making them more vulnerable to such abuse. Moreover, they are often even less able to speak out because they are quarantined with the perpetrators, and restrictions on movement and physical distancing regulations can prevent them from seeking timely and appropriate help.
Accessibility and continuity of health care and psychosocial support services among people in prisons is a concern. Prison authorities applied strict physical distancing measures to prevent COVID-19 (CAND, 2020), resulting in considerable changes to inmates’ access to essential health care and psychosocial support. Family and community-based services were also seriously impacted by physical distancing.

There are instances where children and family members faced stigma. Children, with family members infected with COVID-19 or quarantined, were reported to have personal and inaccurate data leaked on social media sites. Such problems deeply impacted children’s mental health and lowered their self-esteem, even when they tested negative (UNICEF, 2020a).

4.4.8 Internal and cross-border migration

Patterns of internal migration could become more complex and unpredictable in the coming period, yet the lack of household registration could continue to leave many migrant families and children without access to essential services during this critical time. Job losses in urban areas could drive families back to rural areas that provide limited employment opportunities as well as access to basic social services. If families cannot make ends meet in rural areas, caring for children, older people and people with disabilities will become increasingly difficult. Conversely, migration to urban areas may increase in the medium-term, but may not guarantee better pay and hence care (childcare and sexual reproductive health) may still be compromised. Migrants, including children and families without household registration, are also at higher risk if not officially accounted for and face limited access to health care, including sexual and reproductive health, online learning opportunities and equitable living conditions, including hygiene and sanitation.

The COVID-19 pandemic’s dramatic collateral impacts on the global economy have affected many Vietnamese cross-border migrants. Out of 183 migrants interviewed in Ha Tinh, Nghe An and Quang Binh provinces who returned to Viet Nam from other COVID-19 affected countries, 33 percent did so due to employer-terminated contracts and 58 percent due to limited employment in destination countries (IOM, 2020). Women migrant workers are particularly vulnerable to sexual and gender-based violence as well as exploitation when overseas labour migration is interrupted. As Viet Nam is among the top 10 countries receiving international remittances, the loss of overseas employment and remittances will likely impact migrants and their families who depend on remittances to cover education, health care and basic needs. 80 percent of the interviewed migrants responded that they plan to migrate overseas once the pandemic eases in other countries and travel restrictions are lifted.

4.4.9 Gender dimensions

Gender including GBV is a focus but also a cross-cutting issue that affects all aspects of COVID-19 impacts and responses. As 44 percent of uninsured workers have children, job losses, whether experienced by women or men, can directly affect family incomes. Women, who dominate factory work—especially in apparel, footwear and ICT—are also significantly affected by job losses while being overburdened by child and elderly care duties. They also comprise the majority of health workers and are at the forefront of health care provision. Women’s time on unpaid care and domestic work rose sharply, with 73 percent spending three or more hours per day on this work (EMPOWER-UNEP, 2020). Mothers, as opposed to fathers, were more likely to incur job
losses or reduced hours to focus on childcare or the family (UNICEF, 2020a; MOLISA & UNICEF, 2020).

**Participation of women in response and recovery decision-making processes are critical, yet so far limited in Viet Nam.** For example, the Government’s Steering Committee on COVID-19 includes four women out of 25 members and all senior positions are occupied by men, limiting the voices and opportunities for women to influence key decision-making in relation to response and recovery policies.

4.4.10 **Dual challenges of COVID-19 and climate change**

Climate change has resulted in more extreme weather events causing increasingly severe impacts, including increased floods and storms as well as drought and saltwater intrusion such as the on-going situation in Mekong Delta. Poor farmers and other vulnerable groups in the Mekong Delta are now facing the combined impacts of COVID-19, drought and saltwater intrusion. There is a risk of further cascading impacts if Viet Nam faces prolonged drought and seasonal natural disasters in the midst of second and third waves of COVID-19 pandemic. The impact on the most marginalized and vulnerable people could be serious and devastating for two reasons: one is that risks are now systemic because of poverty and inequalities that existed before COVID-19 and now worsened; and two, the crisis are cascading and have snowball effect, overstretching their coping capacity and pushing them further into deprivation.

Many of the same factors driving climate change are also driving the risk of emerging infectious diseases and pandemics. Most emerging infectious diseases and almost all recent pandemics originate in wildlife, and there is evidence that increasing human pressure on the natural environment may drive disease emergence. Strengthening health systems, improved surveillance of infectious disease in wildlife, livestock and humans, and greater protection of biodiversity and the natural environment, should be undertaken to reduce the risks of future outbreaks of other new diseases.

4.4.11 **Transparency, Access to Information and Participation**

The Government’s open and transparent approach has been instrumental in generating a high level of public trust in the national response to the COVID-19 pandemic, an essential prerequisite leading to the success of disease control measures and ensuring broad-based social solidarity and mutual support. Notably, the Vietnamese public has been willing to follow government directives and advice on pandemic prevention and control measures, partly as a result of trust built up thanks to real time, transparent communication from the Government (including the Ministry of Health), supported by the WHO and other UN agencies. It is important that all actors, especially governments, ensure that international human rights and humanitarian laws and standards are at the centre of all COVID-19 responses, maintaining and strengthening normative frameworks and governance during the pandemic and its aftermath. As underlined by the UN Secretary General, “Responses that are shaped by and respect human rights result in better outcomes in beating the pandemic, ensuring healthcare for everyone and preserving human dignity” (United Nations, 2020c).

It is essential to ensure accessibility of information by everyone without exception on the pandemic situation, prevention and control measures as well as social and economic impacts and
response measures. This includes ensuring that information is available in readily understandable formats and languages, and adapted for people with specific needs, such as children, those with disabilities, those with limited or no ability to read and those with limited internet access. Some groups face more challenges in accessing the information they need, whether it be persons with disabilities, persons with limited or no ability to read, people without internet access or ethnic minorities. Relevant information on the COVID-19 pandemic and response should reach all people, without exception, to ensure that freedom of expression and the right to access information are protected.18

Governments, as well as media and technology companies, need to counter misinformation with accurate, clear and evidence-based information. The UN recognises the need to restrict harmful misinformation or disinformation to protect public health, however, also notes that penalties and censorship could serve to undermine trust (UN, 2020c; UN, IACHR & OSCE, 2020) and limit the willingness of people to share valuable information. Measures to counter false information should adhere to the principles of legality, necessity, proportionality (UN General Assembly, 2020) serve a legitimate public health objective and should be the “least intrusive” approach required to achieve that result (OHCHR, 2020c).

Medical professionals, journalists, government officials and the general public should be able to express opinions on topics of public interest, such as the provision of health care and the handling of the health and socio-economic crisis, and the distribution of relief items (OHCHR, 2020a). In addition, journalistic sources must be protected. Discussions on such issues allow for greater understanding of the challenges and their root causes, as well as help identify good practices and solutions needed to overcome the longer-term socio-economic and other impacts (ibid.). As highlighted by the UN High Commissioner for Human Rights, such discussions are “crucial for countries to build back better after the crisis (ibid.).”

While the availability and sharing of disease information in a timely manner is essential in an outbreak, International Health Regulations (IHR 2005) emphasize that measures to maintain confidentiality of personal information need to be ensured (WHO, 2005). The data gathered by applications for health declarations and for tracking and sharing information on the location of infected persons, their contacts and the wider population must be carefully managed and only be made accessible to relevant health authorities. The use of such surveillance tools should respect privacy rights and be limited in both duration and scope, as required in the particular situation (UN General Assembly, 2020). Robust safeguards should be implemented to ensure any such measures are not misused to collect confidential private information for purposes not related to the public health crisis (OCHCR, 2020c), and users should have information on how their data will be used.

The Government has avoided officially publishing unnecessary personal information relating to individuals who are infected or potentially infected with COVID-19. However, in some cases, individuals diagnosed as having COVID-19 or those in quarantine, were reported to have personal and inaccurate data publicised unofficially on social media sites, including photos and personal ID information. Such problems deeply impacted the mental health of the affected individuals, including family members, even when they tested negative (UNCIEF, 2020a). Such situations also

18 See, for example, OHCHR (2020b) and UN, IACHR & OSCE (2020).
risk dissuading persons who may be infected from seeking medical treatment or declaring themselves to health authorities in order to avoid stigma, which in turn would hinder efforts to contain the pandemic (IFRC, UNICEF & WHO, 2020b).

**International experience during the COVID-19 pandemic shows the importance of public participation** in decision-making that affects their lives. Being open and transparent and involving those affected in decision-making is key to ensuring people participate in measures designed to protect their own health and that of the wider population, as well as to foster social cohesion and resilience. Such participation helps to ensure that those measures are adapted to address particular situations and needs and to avoid the risk of violating human rights. Different groups have specific needs, and incorporating the perspectives, voices and knowledge of these people, in particular women, in outbreak response is essential, including ensuring their representation, participation and leadership roles (OCHCR, 2020c). Without taking such perspectives into account and ensuring transparency in decision and policymaking, Government recovery measures risk being ineffective, losing public trust, undermining social cohesion and, ultimately, leaving people behind (United Nations, 2020c). Open discussion and meaningful consultation should be fostered to maintain and increase trust and ensure the development of effective, appropriate and proportionate Government responses, including the handling of the socio-economic crisis and the distribution of socio-economic response and recovery assistance.

**V. Public development finance will play a key role in Viet Nam’s response to the social and economic impact of COVID-19 and the promotion of a robust and sustainable recovery**

As noted earlier, in Viet Nam as in most countries affected by the COVID-19 pandemic, the Government has an important role to play given its ability to expand its balance sheet to increase domestic demand. Private investment will follow the recovery in demand, not lead it. Households are struggling with lost income and debt and will curtail spending on durable goods and luxuries like travel and dining out. Export demand is held back by high levels of unemployment in the economies of major trading partners and efforts to undercut the multilateral trading system.

Moreover, the Government has the resources needed to raise spending. The 2020 budget for public investment, for example, is almost double of the annual budget of previous years in the current 5-year cycle. GSO data shows that total government revenue in the first seven months of 2020 reached 46.1 percent and the total government expenditures reached 45.7 percent of the 2020 planned budget level.

While health spending (responding to COVID-19) increased, total disbursed public investment capital reached 42.7 percent of the 2020 planned level (presenting an increase of 27.2 percent compared to the corresponding period last year) making an important contribution to economic growth and job creation in the time of rising underemployment and unemployment.

In normal times, it is wise to limit borrowing to avoid overheating, price inflation, balance of payments problems and potentially exchange rate volatility. But these are not normal times. With GDP falling in real terms, the Government may need to increase borrowing. Most of this
increment in debt will come from domestic institutions and in the local currency. The limiting factor is not the relationship between debt and GDP, but the impact of public borrowing on the balance of payments. Viet Nam, with its partially closed capital account and a non-convertible currency, has an advantage over countries with more liberalized financial systems, in terms of less risk of capital outflows and a sharp depreciation of the national currency.

Viet Nam has recorded a trade surplus in the first seven months of 2020, ensuring that the country has sufficient quantities of foreign exchange for essential imports at a time when remittances and foreign direct investment are depressed by the crisis. With its strong relationship with donors and substantial amounts of long-term official foreign borrowing secured, Viet Nam can, if the procedures for appraisal and approval of ODA are further simplified, have access to this important source of finance. Increasing taxes on luxury imports and encouragement of domestically produced import substitutes are useful to increase revenue if a trade deficit emerges.

The Government will need to take a proactive stance to support domestic demand. However, it must take great care to use these resources and with an eye to their long-term impact. Spending should not take the form of untied grants that find their way into the foreign exchange markets. Priority should be given to investments that contribute to productivity growth and create employment, especially for less well-off groups in society. Investing in climate change adaptation and sustainable energy are examples of using public funds to achieve long-term benefits. Energy prices are low now but could rise quickly as demand recovers. Investment in renewables creates domestic industries and reduces import requirements in the future. Developing communications and connectivity, and investing in education and training, will reduce the cost of doing business and facilitate technological change. It may also be an opportunity to further diversify the economy towards domestic-led sectors to increase demand from the growing middle-class and spur innovative entrepreneurship.

COVID-19 has demonstrated the importance of universal social protection systems. Countries in which social protection is the preserve of the rich, or that rely heavily on self-insurance, fell back on *ad hoc* relief programs to disburse funds quickly to poor and vulnerable individuals and households. Many of these extemporized programs did not reach the intended targets, did not provide enough help for the duration of the crisis or were subject to high operational costs. Health systems that require large out of pocket expenditures discouraged people with symptoms of COVID-19 from seeking medical attention. This not only endangered their own health and that of their families, but also made it difficult for public health officials to assess community transmission of the virus. Completing the last miles in universalization of health insurance and accelerating the reform of social protection toward a more inclusive and shock-responsive system while deploying information technology to streamline administration is essential to the recovery effort and as preparation for future emergencies.

**VI. Towards a bold and resilient recovery, leaving no one behind**

**6.1 Overall recommendations**

The COVID-19 pandemic is a health crisis with serious and far-reaching economic consequences. It is easy to lose sight of this basic fact because of the tremendous suffering caused but it is already clear that there have been a significant loss of incomes and jobs
associated with the pandemic. As we have seen in other countries, failure to contain the virus is the greatest risk to economic recovery. As the risk of a resurgence will remain high until a safe and effective vaccine and/or treatments are widely available, the Government must prioritize public health and safety, including strict adherence to Ministry of Health guidelines on physical distancing and other preventative measures and rigorous testing, tracing and quarantine of new cases as they appear. The Government must also have contingency plans in place in the case of further waves of infections, including measures to ensure the continued functioning of markets for essential goods, including food, medicine and protective equipment.

**The country’s response and recovery plan as well as its long-term socio-economic development strategy and plan need to maintain focus to accelerate and sustain progress towards the SDGs.** Under the leadership of the Government and in partnership with all stakeholders, it is important that policy actions are taken to put SDG progress back on track, addressing key impacts of the pandemic and ensuring essential services are made universal. The reset of the policy in the post-pandemic era should be aimed at “building forward better”. Climate, pandemic and economic risks should be built into any forward-thinking strategies and adaptive strategies to prevent derailing of progress on SDGs. It would be important to streamline and integrate resilience-building, adaptive and shock-responsive systems into existing efforts to achieve SDGs. A key thrust to build forward better and tackle new and intensified forms of poverty and vulnerabilities requires rejecting tolerance for inequity, instituting redistributive and adaptive policies and leveraging multi-sectoral collaboration to maximize resources and address complex development challenges. These form essential components of the 2020-2030 Socio-Economic Development Strategies as well as central, sectoral, sub-national and city-level 2020-2025 Socio-Economic Development Plans.

**Policies and implementation of actions for socio-economic response and recovery should take into account the disproportionate impacts of the COVID-19 pandemic on specific groups,** including the poor and people vulnerable to poverty, migrants and informal sector workers, ethnic minorities, the elderly and children, women, people with disabilities, people living with HIV and others. Respect for human rights across the spectrum, including economic, social, cultural, civil and political rights, must be at the heart of any policy and intervention that addresses the socio-economic impacts of COVID-19.

**Methodologies and systems to collect disaggregated data on the social impacts of COVID-19 should be developed and strengthened,** including assessments, rapid and real-time data collection and evaluation as well as documentation of lessons learnt to inform policy responses and systematically monitor and assess impacts on vulnerable people are important, both now and in the long-term. Data collection should be sex-disaggregated including people of diverse gender identities and take a multi-sectoral and multidimensional approach covering key sectors and groups. It should encompass health, education, employment, informal sector workers and migrants, sexual reproductive health, gender equality and the burden of non-paid care work on women, SGBV and access to social services. This data should inform the development of a comprehensive COVID-19 response and recovery plan within the Socio-Economic Development Strategy and Plans that meet the needs of the most vulnerable people, including COVID impact sensitive indicators that are reported on annually.
6.2 Detailed recommendations

6.2.1 Assisting people and communities vulnerable to extreme poverty

*The top priority must be to assist people and communities vulnerable to extreme poverty.* The burden of lost employment and earnings falls most heavily on the poor. Government action should help those people who have the smallest margin of safety, for whom loss of income for a few months or even days can be catastrophic. Prior to the pandemic, the incomes of many ethnic minority households were just above the income poverty line; the serious impact of COVID-19 pushed these households into poverty, while those that were already income poor before the pandemic were pushed deeper in poverty. Many of these people with the smallest margin of safety are migrant workers, work in the informal sector or run their own micro-enterprises, and children. Closure of small and micro businesses can create long-term problems as owners lay off workers, sell-off equipment and possessions or migrate in search of income, and this in turn delays or slows the recovery. Key policy actions include:

- **Public work programs** provide immediate employment and income to the most vulnerable because they are self-targeting. Programs can be organized by local government agencies that have a backlog of maintenance or small infrastructure work as well as forestation (in ethnic minority areas) and environment restoration that could be started and completed quickly. Such programs need to be designed and implemented in a gender-sensitive manner to meet the differentiated needs of female and male workers. India’s National Rural Employment Guarantee Scheme (MNREGA) has helped reduce rural unemployment and sustain livelihoods despite the rapid spread of the disease in recent months. Forty million Indians relied on the program in June for subsistence, the largest ever enrolment in the program.

- **Cash transfers to protect livelihoods of vulnerable people and boost domestic demand.** The ‘Government Social Protection Support to the Affected by COVID-19’ was designed with this in mind but reached a limited number of formal and informal sector workers. The experience of the pandemic has reinforced the need to revisit the design of cash transfer programs (as recommended in the UNDP NHDR2015), including: (i) accelerating the implementation of the Master Plan for Social Assistance Reform and Development (MPSARD) approved in 2017 that plans the expansion of regular social assistance (cash transfer) targeting categories such as PWDs and their carers (most of them are women), children (under 3 or 6-year-old and progressively to all children) and elderly (60-79 years of age), pregnant women or considering the expansion to single-parents working in the informal sector, in ethnic minority areas during the first stage of expansion; (ii) developing contingency plans for cash transfer programs to respond quickly to large-scale shocks such as natural disasters, economic crises and health emergencies like the COVID-19 pandemic; and (iii) transforming existing emergency cash transfer schemes based on idiosyncratic risks into programs that address risks affecting large numbers of people, for example natural disasters, pandemics and economic crises.

- **Move from a residence-based system of social protection, which excludes Vietnamese migrant workers, to one based on national citizenship** (rather than on residence registration), for example through digitalization of registration and verification of
eligibility to application of digital payment tools. Migrants have been unable to access assistance because they need to return to their location of origin, which adds time and expense but does not guarantee success. The COVID-19 pandemic has demonstrated that these gaps in provision are a danger to the entire community, as unprotected individuals may experience problems obtaining medical treatment. Action will need to be taken quickly in line with the Government plan to digitalize the resident registration (Ho Khau) in 2021. Ongoing improvements to the system of birth registration and documentation of identity will also be required to ensure universal access and inclusion, including in the development of the digital identity system.

- **Consider central government matching grants** to provinces, especially in mountainous and ethnic minority areas, with limited financial resources to increase coverage and accelerate implementation. Equal access to social protection programs regardless of where one lives is desirable on grounds of fairness and ensures that recipients do not face incentives to relocate based on the type and value of social assistance and protection programs available.

- **Expand access to credit which is critical for household businesses and micro and small enterprises working in the informal sector** that provide jobs for vulnerable people and which have been hit hard by the pandemic. Innovative solutions, such as supporting financial service providers that serve these enterprises and accelerating the issuance of SBV banking agent regulations to enable intermediaries to bring digital financial services to underserved groups, especially in rural and ethnic minority area, are needed. These solutions should be designed and implemented in a gender-sensitive manner to address the chronic issue of women-led enterprises having less access to credit.

- **Expand agricultural credit.** Government credits can help some agricultural and industrial producers remain solvent during a prolonged period of contracting global demand. This could take the form of purchasing/storing unsold production or extended working capital credits to enable them to continue to function during the downturn.

### 6.2.2 Maintaining and strengthening essential health, education and social services

**Ongoing provision of primary health care at community level and prison settings** should include:

- **Promotion of outreach services** through flexible, friendly and innovative facility-based and community-led services to address routine immunization, maternal, newborn, young child and adolescent care, sexual and reproductive health, harm reduction and drug dependence treatment, prevention of and treatment for HIV, and other chronic health issues prevention and treatment. It should also cover nutrition and pharmacy services and responses to other life-threatening diseases.

- **Establishment of a viable referral system** to higher-level facilities, as well as investment in the national family planning programme to ensure no disruption in the supply chain of modern contraceptives and provision of quality family planning services for all population groups is needed.
• **Ensuring universal health coverage**, including for pregnant women, adolescents and other marginalized groups (ethnic minorities and migrant workers) so no one suffers from catastrophic health expenditures.

• **Attention to forecasted increases** in fertility and unwanted pregnancies, mortality, morbidity and divorce rates, early marriage, child labour, social insecurity and discrimination and violence against children, women and vulnerable people as well as SGBV.

• **Review and improvement** of procedures related to management of prisoners and provision of education and health care in prison settings, in line with the UN’s Recommendations and Rules.

**Nutrition interventions for children, pregnant and lactating women should be sustained and scaled up.** Continuous provision of micronutrient supplementation for pregnant and lactating women and vitamin A and multiple micronutrient products for children should be ensured. Coordination across Ministries should be enhanced to regularly monitor the nutritional status of children and women and fully integrate nutrition into all development efforts including COVID-19 response and recovery efforts. Detailed budgets and funding sources should be identified and secured for nutrition specific and nutrition sensitive interventions.

**WASH services and supplies should be provided** to all households, health facilities and schools, particularly in the Mekong Delta region that has been doubly impacted by the pandemic and drought and saltwater intrusion. Public awareness raising and advocacy with provincial/city leaders should promote actions and investments in maintaining personal hygiene such as handwashing using soap, water and alcohol-based hand rub solutions in public spaces and at home.

**Continued learning through enhancing digital skills and learning that meet every child’s unique learning needs** is necessary, including:

• **A distance learning strategy**, supported by high-tech and low-tech solutions and scaling up proven digital solutions which meet every child’s unique learning needs especially for the most vulnerable, including girls, ethnic minorities and children with disabilities.

• **Investments in technology and building capacity** of teachers and school managers are needed so they can facilitate child-friendly distance learning though innovative blended approaches (i.e. a combination of online and offline learning in the context of partial school closures).

• **Practical and gender sensitive guidance** should be provided to parents and caregivers on how to support children’s distance learning, positive discipline and to contribute to their children’s mental well-being. Initiatives which promote the mental well-being of children and adolescents should be integrated in the national distance learning strategy.

• **Sector-wide crisis sensitive contingency planning** should be developed to support multi-stakeholder partnership as well as a consistent coordination mechanism among education managers at all levels.

**Mental health and psychosocial well-being of all people should be addressed**, including provision of services and care in prisons and residential institutions, and support to migrant
workers and their families, including reintegration and ethical recruitment and re-hiring of migrant workers. Mental health and psychosocial wellbeing of people including health workers should be addressed.

**Protection and integrated support for women and children and other victims of SGBV is an essential service**, including in quarantine centres, hospitals or other service institutions. Safety standards and a national hotline for victims of SGBV and child abuse should be established (including online and digital platforms, qualification of shelters, professional services for SGBV victims as well as safety standards in prisons). The capacity of officials and first responders should be developed to handle disclosures of SGBV and update SGBV referral pathways to strengthen designated healthcare facilities. The capacity of the National Child Helpline, as well as the hotline service for SGBV to receive and refer cases of child abuse, and violence and exploitation against women and children should be improved. The case management system should be improved by establishing a network of child protection social workers at provincial and district levels and training local child protection workers to identify cases and provide child protection services including psychosocial and mental health care support. In the long run, programmes to support parents and frontline workers on childcare should be developed.

**Investments in developing and deploying professional personnel are needed** as part of the pandemic response—including teachers, health workers and collaborators, social workers, caregivers, clinical staff, personnel of social protection centres, nursing homes, professional and trained clinical staff—to provide mental health assessment and counselling services especially at provincial and district levels. Careful consideration of any downsizing in frontline service personnel is needed in the context of public administration reform to meet growing demand. Collaboration with and strengthened formal recognition and support for community networks and volunteers is needed to provide information and peer support to communities in many areas of social protection and response to the pandemic.

**Awareness should be strengthened** through dissemination of information in multiple languages and forms to ensure accessibility and engagement of vulnerable people, including persons with disabilities, ethnic minorities, migrant workers and their families, parents, women and children in order to prevent stigma, discrimination and risks, strengthen health-seeking behaviours, and prevent gender-based violence. Awareness raising should address sharing the burden of care and resources for gender-based violence, especially domestic violence support. Review of relevant regulations is needed to ensure children’s privacy, data protection and safety online and raise awareness on virus-related stigma and discrimination of those living in quarantine centres, areas where entry has been restricted by authorities as well as health workers and their children.

**Lessons learned from flexible policies and innovative service delivery models** (such as tele-health) adapted or proven effective and flexible in the context of COVID-19 for continued services should be reviewed. Explore how they can be officially sustained or expanded to new areas to leave no one behind and strengthen communities’ resilience in emergency situations (flexible policies for continued HIV treatment access adopted by the Ministry of Health with Viet Nam Social Security (VSS) and community engagement ‘extending the arms’ of government for outreach and peer support for HIV and other social services).

**Gender equality should be promoted at all times through:**

• Strengthening the national legal framework including through accelerated submission of the draft Law on Gender Affirmation to ensure legal recognition and protection of the health rights of transgender people, promotion of equal sharing of the care burden for children and the elderly between men and women as well as ensuring sex workers’ rights and access to the same basic social services, social protection and emergency assistance as all other Vietnamese citizens.

6.2.3 Investing in a robust, sustainable recovery

The Government must be prepared to design and implement bold policies to achieve a robust, sustainable, recovery in the context of a weak global economy and substantial sector-specific challenges that could act as a drag on growth for several years to come. Due to the Government’s success in containing the spread of the virus, the Vietnamese economy is expected to outperform its ASEAN neighbours and most of the developing world. Nevertheless, growth is likely to be slower in 2020 than in any year since the đổi mới reforms in the mid-1980s. Moreover, the economic headwinds will not disappear with the COVID-19 virus. Some important sectors, like international tourism, hospitality, food service and warehousing, could take years to regain output levels recorded in 2019. Demand for manufactured exports could recover slowly as international consumers cope with lower incomes and higher debts. Tariff wars could disrupt supply chains and normal trade patterns. The Government would be ill advised to expect a quick return to business as usual following a crisis of this magnitude.

Viewed from another angle, the recovery from COVID-19 is an opportunity to refocus economic policy on productivity growth, sustainability and building an economy that delivers benefits for everyone. Public investment will play a pivotal role in accelerating the recovery and creating the conditions for greener, more efficient and more equitable growth. Only the Government will be able to expand its balance sheet as the pandemic subsides, as the private, foreign and financial sectors are already overstretched. Simply accelerating public investment plans already in place will be neither sufficient nor necessarily desirable. Focusing on sustainability, especially renewable energy, and productivity-enhancing public investment, will deliver benefits during the recovery and for many years into the future.

Policies for a robust and sustainable recovery would include:

• Focus public investment on infrastructure to support productivity and high value-added production. Public investment will need to be more forward-looking, concentrating on providing infrastructure for new and emerging domestic industries that have the potential to create value-addition and productive jobs, expand domestic demand and increase domestic private investment. In the rural sector, building out the cold chain, improving logistics capacity and investment in public-private collaboration in agricultural research will lower costs and raise productivity on farms and for wholesalers, exporters and domestic retailers. Investing in ICT infrastructure will improve access to
fast broadband and lower costs for millions of businesses and households and would also facilitate more rapid digitization of government services. Infrastructure investment needs to be focused on growth and be forward-looking; distributing public investment geographically rather than based on economic impact will slow the recovery and could reduce the rate of job creation and income growth.

- **Acceleration of renewable energy production by investing in national installation capacity for solar and wind generation and streamlining approvals and tariff structures.** Greater use of renewables, especially if development is carried out by national firms, would create thousands of high productivity jobs and save billions in foreign exchange now used to import fuel. Build out the infrastructure for charging stations for electric vehicles, which would reduce fuel imports and improve the quality of the air in major cities. Invest in the domestic electric scooter industry, which would eventually increase the scope to impose green taxes on gasoline and diesel.

- **Strategic support for enterprises to drive the recovery.** Some industries require direct support. Airlines, tourism, hospitality and food-service enterprises will experience a slow and partial recovery even as the pandemic subsides. These companies, which were thriving before the crisis, are crucial to a rapid and robust recovery. Female employment is also heavily concentrated in some of these industries. Among the industries affected, travel and tourism may suffer longer than most. Manufacturing, for example footwear and garments, will also suffer from weak demand. The Government’s policy of reducing and deferring taxes and social protection contributions, especially for MSMEs, will help some firms, but procedures need simplification and implementation should be accelerated. Deferment of social and health insurance premiums should not result in workers’ loss of health insurance and reductions in their future pensions.

- Monetary policy should **focus on helping otherwise healthy companies survive the pandemic.** The Government does not have full information on which companies are in good condition, but the banks do have this information. Therefore, SBV can work closely with commercial banks to enable them to extend existing credit lines for several months to enable good companies to survive during the prolonged pandemic. SBV can show some lenience in loan classifications to prevent a situation in which banks are penalized for rolling over loans for their valued clients. But the Government must be careful to avoid a situation in which saving companies means undermining the financial stability of the commercial banks. New lending should be carefully targeted (prioritizing women-led enterprises which, as noted above, have less access to credit) and tied to employment guarantees for workers. SBV must also ensure that the credit market remains liquid so that normal transactions are not impeded.

- **Identify opportunities to develop domestic markets.** As it will take time for global demand to recover, Vietnamese firms in general, and MSMEs in particular, should explore niches in the domestic market of over 96 million people. MSMEs also need to explore transition and fast track e-commerce opportunities, including online platforms and digital transactions to participate in the “contactless economy” that is expected to grow fast in the new normal. The Government should raise awareness and proactively
provide MSMEs, especially those led by ethnic minority people and active in remote rural/ethnic minority areas, with low cost technical support for online trading, bearing in mind the risk of the “digital divide” between men and women, and between urban and rural areas. This is critical for expanding reach in both domestic and international markets.

• **Strengthen domestic supply chains.** Better linkages of MSMEs to domestic supply chains could help limit the impact of international supply chain disruptions and help MSMEs recover faster. Recent experience of UNDP-supported ethnic minority women-led cooperatives and household businesses shows that expanding to new markets in other provinces and big cities through e-commerce platforms and online marketing tools, using more diverse supply sources and logistics services, and better experience in meeting the changes of domestic demands, were key for the businesses to suffer less revenue reduction in April and recover faster in May 2020.

• **Help Vietnamese firms attain international standards to improve access to global markets.** A key challenge is for Vietnamese firms to enhance their productivity and quality to be able to provide goods and services at international standards and at competitive prices. At the first step, targeted support is needed to build capacity of Vietnamese firms with potential to become reliable suppliers to FDI firms that are based in or will be moving to Viet Nam and that lead the global value chains in several specific sectors. The challenges, however, are significant. For example, Vietnamese firms were engaged in production of protective gowns and masks, but few could obtain the international certification required to penetrate export markets. Aligning Viet Nam’s standards internationally and enhancing the ability of firms to get their products tested in Viet Nam and obtain the necessary certifications would improve protection for Viet Nam’s frontline workers and also initiate a *race to the top* among Vietnamese PPE producing firms. The “race to the top” will not only help the enterprises become reliable suppliers in the global supply chains but also maintain more employment for female workers.

• **Enhance labour mobility through reskilling and job matching services to smooth employment across unevenly recovering sectors.** As firms working in different sectors will recover at different rates (with sectors employing more female workers such as tourism and related services, garment and footwear recovering more slowly) adjustment across firms and sectors is inevitable. The Government can facilitate labour mobility through reskilling, labour market information and job matching services, simplification of procedures including ensuring the continuity of social and unemployment insurance and eligibility for benefits (including cash transfers based on citizenship rather than residence). Special attention will be necessary to address the barriers to mobility that female workers face such as child/elderly care responsibilities and lower retirement age.
VII. Conclusion

Viet Nam has provided many important lessons to the international community on strategies and policies to contain the pandemic, lessons that the United Nations agencies have shared widely with partner governments. Viet Nam has also been generous with its support for and solidarity with the international response to the pandemic through the United Nations and bilaterally.

The United Nations stands with the Government of Viet Nam in its efforts to minimize the negative economic and social impact of the pandemic, especially on poor and vulnerable people and communities. COVID-19 is a human and development crisis that has set off an unprecedented multiplier effect in Viet Nam that permeates all layers of society. Those already at the margins of society are most vulnerable and therefore of key concern in the context of response and recovery measures to ensure no one is left behind. The analysis presented in this report is largely based on thematic empirical assessments conducted by UN agencies in Viet Nam in support of government programs and policy formulation in relation to COVID-19 and the achievement of the SDGs.

In line with the mission of the United Nations, the report focuses on enterprises, people, households and communities most at risk from the pandemic and measures taken to control its spread. Policy recommendations elaborated in the report aim to serve as inputs to the Government’s efforts in refining (i) policy actions to protect vulnerable people while containing the spread of the virus and promoting sustainable socio-economic recovery, and (ii) the country’s longer term socio-economic development strategy and plan. There is a compelling normative and financial case to ensure Viet Nam continues to invest in people even in times of crisis—that is, to secure a generation of healthy and skilled workers. The lost opportunities for human capital development today due to COVID-19 could have implications for the next generation, and ultimately for the future economic growth and productivity of Viet Nam. For this reason, maintaining focus on the SDGs is crucial for Viet Nam’s strategies going forward and should be a key priority of the 2020-2030 Socio-Economic Development Strategy as well as central, sectoral, sub-national and city-level 2020-2025 Socio-Economic Development Plans. A strategic focus on building back better to tackle new and intensified forms of poverty and vulnerabilities will help Viet Nam to not only tackle the social and economic impact of COVID-19 but also long-term inequalities and disparities.

While highlighting the fast-changing nature of the health crisis and the need for more timely data collection and in-depth assessment of the impact of COVID-19, the report recognizes the Anticipatory, Adaptive and Agile governance approaches and innovations of the Government and the Vietnamese people that have been key to Viet Nam’s success in containing the COVID-19 pandemic and limiting its negative socio-economic impacts. Such approaches are vital in helping Vietnamese enterprises and people achieve a robust, sustainable, resilient and gender sensitive socio-economic recovery. This, in turn, will be fundamental to achieving the Sustainable Development Goals and Leaving No One Behind in the context of the new normal of living with COVID-19 and its many, multi-faceted impacts.
Annex 1: Brief information on analyses, evidence, assessments and thematic studies conducted in Viet Nam with results incorporated in the reports of the UNCT’s COVID-19 Economic and Social Impact Assessment Working Groups

Assessments with the involvement of UN Agencies in Viet Nam


The RIM-2020 survey was conducted in April and May 2020. It applied purposive sampling, focused on: (i) Vulnerable households: ethnic minority people, informal and migrant workers, households with small children, elderly and People with Disabilities (PWD), female-headed households, poor, near poor and transient poor households; and (ii) Vulnerable businesses: informal household businesses (HBs), micro, small and medium enterprises (MSMEs), women-led enterprises in ten severely affected sectors.

Telephone surveys were conducted with 930 vulnerable households and 935 businesses in 58 (out of 63) provinces across Viet Nam. The proportion of surveyed HBs, MSMEs in the tourism and related services. i.e. hotels and restaurants were 24 percent, retail, transportation and other services 35 percent, manufacturing 12 percent, food-processing 10 percent, construction six percent, and the remaining 13 percent were from the agricultural and aquaculture sectors. 33.6 percent of surveyed firms were women-led and 18 percent of surveyed households are female-led.


A 29-item online questionnaire was completed by respondents from 14 to 28 April. Phone and face-to-face interviews were also organized for those living in remote areas or facing difficulties in completing the survey online. In total, 986 responses were received, with equal number of male and female respondents. All types of disabilities were represented. Over 4 percent of the respondents were from ethnic minority groups, including Tay, H’mong and Nung. This study was organized under the framework of the Provincial Administrative Performance Index (PAPI) funded by Australian Department of Foreign Affairs and Trade (DFAT), the Embassy of Ireland in Viet Nam, and the Korea-Viet Nam Mine Action Project supported by the Korean International Cooperation Agency (KOICA).


This rapid assessment was conducted in between last week of May and first week of June 2020 in three provinces (Ha Noi, Ninh Binh and Soc Trang). in each province, within the two random selected communes, a group of 100 women with children under 5 were randomly involved in the survey. while children anthropometric data was directly measured by surveyor, the mother were interviewed using a KAP questionnaire on child feeding and household food consumption
practices during two different time periods (during and after the peak month of COVID-19 outbreak - April 2020). Qualitative information was also collected using qualitative data collection technic (FGDs, KII, Observation, secondary data). Data file from 400 children under five, and 400 mothers were involved in qualitative analysis part that was used to support the qualitative findings. The report was finalized published by the NIN in a workshop conducted in Ha Noi in June 2020.

UNICEF. (2020b). Rapid Assessment of Online/Distance Learning Education in the Context of COVID-19 Pandemic

The rapid assessment was conducted amongst authorities, officials, education managers and teachers in different levels (Department of Education and Training - DOET/ Bureau of Education and Training - BOET/ School) in 9 provinces and cities (An Giang, Da Nang, Dien Bien, Dong Thap, Gia Lai, Ho Chi Minh City, Kontum, Lao Cai and Ninh Thuan) across Viet Nam in March 2020 through a 14-question survey via Google Form. The survey received 7,925 responses in a week (from 27 March 2020 to 03 April 2020). Findings from the survey also show that teachers are worried about the low level of participation of their female students in distance learning opportunities, both online and paper-based, compared to the male students. This could have led to a learning gap between boys and girls.

UNICEF. (2020e). Rapid Assessment on the Routine Services of Health, Nutrition and WASH at Commune Level

This rapid assessment on secondary impacts of the COVID-19 outbreak on routine health, nutrition and water, sanitation and hygiene (WASH) services at commune level was conducted via an online survey with 68 commune health centers in Dien Bien, Gia Lai, Kon Tum and Ninh Thuan provinces.

MOLISA and UNICEF. (Forthcoming). Rapid Assessment of Social Assistance Needs among Families with Children, 2020

This nationwide rapid assessment builds on the evidence gathered through reports from all 63 provinces in the country and in-depth interviews with respondents from eight provinces and cities (Ha Noi, Da Nang, Dien Bien, Hung Yen, Ninh Thuan, Gia Lai, Binh Duong and Dong Thap) between 15 April to 18 May 2020.


This quick survey was conducted with more than 1,300 rural households in 12 provinces and their access to the Government’s support policy. The survey provinces included Bac Kan, Ben Tre, Cao Bang, Dak Lak and Dak Nong, Ha Giang, Ha Tinh, Khanh Hoa, Ninh Thuan, Quang Binh, Quang Tri, Tra Vinh.


Under COVID-19, health systems are being challenged to balance the demands of responding directly to the pandemic, while simultaneously engaging in strategic planning and coordinated
action to maintain essential health service delivery, mitigating the risk of system collapse. The disruption of services on already overstretched health systems and the diversion of resources from essential sexual and reproductive health (SRH) services are expected to increase the risk of maternal and child morbidity and mortality, as shown in past crises. The Technical Brief presents an estimation of the impact of COVID-19 pandemic on maternal health and family planning in Viet Nam.


188 complete individual sex worker responses out of 298 responses and 60 complete responses of leaders of community-based organizations working with sex workers. The survey disseminated via surveymonkey.com a pre-designed questionnaire developed in consultation with community, with outreach support by VNSW to reach the hardest-to-reach sex workers. Data analysis comprises of descriptive and comparative methodologies.

EMPOWER-UNEP. (2020). The impact of COVID-19 on rural women and enterprises: A rapid socio-economic assessment in Viet Nam by the EMPOWER project

This assessment looked at how the crisis has affected women’s time, livelihoods and incomes, health and well-being and access to social protection, in addition to concerns, needs and challenges that they are facing. It was undertaken in two parts. The first part composed of a survey with 60 participants, all rural women and beneficiaries of the project in An Giang, Bac Kan, Dak Lak and Lao Cai provinces. Respondents were aged 20 and over, with the majority of respondents (70 percent) aged 31-50 years. The second part included informal interviews and discussions with renewable energy service providers helped to corroborate and supplement data emerging from the survey.


This rapid assessment was conducted within the on-going project “Scaling up Forecast based Financing/Early Warning Early Action (FbF/EWEA) and Shock Responsive Social Protection (SRSP) with innovative use of climate risk information for disaster resilience in ASEAN” funded by the European Commission Humanitarian Aid and Civil Protection (DG ECHO).

Other assessments


This online survey disseminated a pre-designed questionnaire on multiple social media channels with outreach support from LGBTIQ CBOs. There were 923 complete responses received out of 1,773 LGBTIQ persons reached. Data analysis comprised both descriptive and comparative methodologies.

This assessment was conducted in the last week of May and the first week of Jun 2020 in selected communes of Ha Noi, Ninh Binh and Soc Trang, with 400 mothers with children under five in the target locations were chosen through random selection. Each mother was interviewed using a standardized knowledge, attitudes and practices (KAP) questionnaire on child feeding and household food consumption practices during and after the peak month of COVID-19 outbreak (April 2020). Children’s anthropometric data was directly measured by the surveyor. Qualitative information was also collected via focus group discussions, key informant interviews, observations and other techniques. The survey report was completed and launched within June 2020.

Given that COVID-19 had significant impacts on income of all populations as pointed out by the RIM-2020 report, it becomes a question of how losses in income translate into poverty and inequality.

The report uses the income from VHLSS 2018, the latest available income of households in Viet Nam to simulate the remaining income per capita of households, i.e. the income houses would receive aftereffects of the COVID-19 pandemic. With the simulated remaining income, the assessment could estimate poverty and inequality related indicators. The assessment also estimated the amount of transfer to keep poverty status as well as the well-being of the poor people the same as those in the normal condition. Finally, the paper simulates the impacts of effects of Government’s support package.

1. For the first simulation

Income of households

The report uses an income per capita indicator which is available in VHLSS 2018 dataset of GSO. The income per capita covers income from education (scholarships, education transfer, etc), health (supports from others for illness treatment), employment or self-employment as well as other non-labour income such as returns on investment or transfer. However, the income does not include non-monetary income such as accommodation using by households. The number of observations is about 45 000 households representing the whole countries as well as urban and rural areas of different regions.

Defining income poverty line in VND and a vulnerable threshold for 2018

The report employs the poverty line of US$3.2 PPP per day of the World Bank (WB) as Viet Nam is a low middle-income country. With PPP(US$) 2011 of the WB data for 2018, the poverty line is 726.573 thousand VND per month.

Furthermore, the paper defines a population with income between the poverty line of US$3.2 PPP and the poverty line of US$5.5 PPP for upper middle-income countries as a vulnerable group. Equivalently, the vulnerable threshold is 1248.78 thousand VND per person per month. At the same time, people with incomes which are higher than the vulnerable threshold are defined as non-vulnerable sub-group. Conclusively, the paper classifies three sub-groups of poor, vulnerable and non-vulnerable people. These sub-groups are defined with poverty the poverty line and the vulnerable threshold.

The real income is adjusted for months of collecting data as well as spatial differences in prices. We use spatial differences in prices (SCOLI) in 2016 for adjustment as we cannot access to figures in 2018.

2. Simulating income and inequality impacts

Simulated income impacts

It is clear that distinctive groups would be differently affected by the pandemic. For example, the effects of the pandemic are likely more serious in the urban area. Therefore, the effects are
expected to be different between urban and rural areas. It is similar to other characteristics. Therefore, in terms of non-productive characteristics for grouping, the report applies locations with rural and urban areas, ethnicity with Kinh-Hoa and Other Ethnic Minorities. For well-being statuses, the report divides households into two groups of poor and vulnerable and non-vulnerable. Consequently, there are 8 sub-groups in term of location, ethnicity and well-being statuses.

For employments, the report divides employment into three groups of self-nonfarm, wage employment and farming. Indeed, wage employment could be further divided into working for household businesses and formal enterprises. However, similarities of income losses of the two types of employments imply that the bias caused by merging two types of wage employment would not be serious.

Therefore, the total income of a household is from four sources including self-nonfarm, wage employment and farming, and remaining. The remaining income is assumed to be not affected by the pandemic.

As a result, the simulated income of a household as affected by COVID-19 is:

\[
\text{Siminc}_{kit} = (\text{IncWage}_{ki} \times \text{Sharew}_{ki} \times (1 - \text{Incwloss}_{kt})) + (\text{IncFarm}_{ki} \times \text{Sharef}_{ki} \times (1 - \text{Incfloss}_{kt})) + (\text{IncNFarm}_{ki} \times \text{Sharenf}_{ki} \times (1 - \text{Incnfloss}_{kt})) + \text{Remain}_i
\]

Where:

- \(\text{Siminc}_{kit}\): Simulated income per capita of household \(i\) in sub-group \(k\) in month \(t\).
- \(\text{IncWage}_{ki}, \text{Linkfarm}_{ki}\), and \(\text{IncNFarm}_{ki}\): Incomes from wage employment, farming and non-farming respectively of household \(i\) in sub-group \(k\) divided by characteristics as discussed above.
- \(\text{Sharew}_{ki}, \text{Sharef}_{ki}\), and \(\text{Sharenf}_{ki}\): Shares of income from wage employment, farming and non-farming in the normal condition of household \(i\) in sub-group \(k\).
- \(\text{Remain}_i\): Non-employment income of household \(i\). This kind of income is assumed to be not affected by the COVID-19 and constant over time.
- \(\text{Incwloss}_{kt}, \text{Incfloss}_{kt}\), and \(\text{Incnfloss}_{kt}\): Proportions of income loss of wage employment, farming and non-farming of sub-group \(k\) in month \(t\). \(t\) includes April and May.

It should be noted that the report covers some data from 2018. Therefore, \(\text{Siminc}_{kit}\) should be understood as simulated income of 2018 with proportion of income losses reported in 2019-2020. With poverty line and vulnerable thresholds of 2018, our estimation of poverty and vulnerable are still consistent.

Indeed, the reliably separate proportion of income losses for different kinds of employment of each sub-group is not available due to small number of observations, especially for poor and vulnerable sub-groups. Therefore, the simulation has to use the ratio of the whole population for the cases that number of observations is less than 15.
3. Simulating the effects of the government support

With the number of beneficiaries reported by the Government as in Table A.2, the assessment assigns them within different sub-groups randomly that total number of simulated beneficiaries equals the Government’s figures. For example, for the case of household businesses with revenues of less than 100 million VND and pending business activities, the assessment selected randomly among household businesses that total selected household businesses for receiving transfer equals 204,676 VND.

Indeed, the random assignment of beneficiaries does not well reflect the design of targeting of the Government programs as probabilities of income losses or being affected by the pandemic are different across individuals with different characteristics.

Therefore, the report also uses well-being (income) to further filter beneficiaries as an effort to better reflect the program in reality. Some income quintiles which are less likely affected by the pandemic or laborers with specific types of employment are less likely to fall into specific quintiles. In specific, the report only assigns incidence of employment related supports to the three lowest quintiles, i.e. the first, second and third ones. Put differently, the two richest quintiles are excluded from beneficiaries.

**Table A.2. Number of beneficiaries of different kinds of supports**

<table>
<thead>
<tr>
<th>Kinds of supports</th>
<th>Number of supports</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social protection incidence</td>
<td>3,058,570</td>
</tr>
<tr>
<td>People with meritorious services to the Revolution with monthly incentives</td>
<td>1,075,224</td>
</tr>
<tr>
<td>Poor and near poor</td>
<td>8,214,595</td>
</tr>
<tr>
<td>Laborers with pending labour contract execution or who stopping working without compensation. With social insurance</td>
<td>797,885</td>
</tr>
<tr>
<td>Household businesses with revenues of less than 100 million VND and pending business activities.</td>
<td>204,676</td>
</tr>
<tr>
<td>Laborers with labour contract termination without sufficient conditions for receiving unemployment insurance/ Laborers without labour contracts who lost their jobs</td>
<td>693,405</td>
</tr>
<tr>
<td>Laborers without labour contracts who lost their jobs</td>
<td>6,000,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>20,044,355</strong></td>
</tr>
</tbody>
</table>

*Source: MOLISA report.*

For benefit incidence of people with merits with monthly incentives and social protection incidence, the assessment covered members of households who reported receiving these kinds of transfers regularly. There are problems with inconsistent numbers of estimated incidences from the data and reported figures of the Government. There are two million households for each category estimated from data. However, there are only one million people with merit but three million beneficiaries of social protection. Therefore, there was a need to re-sample from households reporting receiving these kinds of transfer.
The simulated support from the Government was added to simulated remaining income of households to have income with Government support. This indicator was then used to estimate poverty and inequality-related indicators as effects of the Government support.

4. The full simulation results:

To complement the findings from the survey, which applied a sampling strategy purposively targeting vulnerable households, the RIM-2020 included a simulation of the COVID-19 impact on income poverty at the national level. Using the income poverty line of 3.2 USD, 2011 Purchasing Power Parity (PPP), which is commonly applicable to lower middle income countries, it can calibrate the changes in incomes estimated from data collected from the RIM-2020 survey to the dataset of VHLSS 2018 to simulate impacts of the COVID-19 pandemic on income distribution and on poverty and inequality at various levels of aggregation. The latter is derived from the former, based on different poverty lines. Technical details are provided above.

Simulated Impact on poverty

With regard to the former, before the pandemic COVID-19, the mode of the income distribution of the whole population was way above both the poverty line and the ‘vulnerable’ threshold. Therefore, the poverty rates and percentages of the ‘vulnerable’ group were relatively low, being estimated at 4.6 percent and 9.1 percent respectively (see FigureA.15). The respective numbers would be 0.6 percent, 15.7 percent and 4.2 percent for urban areas. Most striking, the pre-pandemic poverty rate of 22.1 percent among ethnic minority households could have jumped to 76.3 percent in April 2020 and slightly to 70.3 percent in May 2020.

The simulated income distribution of the whole population is shifted to the left and the kurtosis increases significantly. Furthermore, the mode of the simulated income distribution for April was only slightly above the poverty line.

For the whole population, the simulated impacts in April were relatively severe. The mode of the simulated income distribution was slightly above the poverty line. That implies the poverty rate would increase significantly, which is confirmed by the results of the simulation. It is estimated that the pre-pandemic national poverty rate of 4.6 percent may have jumped to 26.7 percent in April 2020 and reduced to 15.8 percent in May 2020.

The story of transient poverty seems to be even more serious for the case of vulnerable groups. The mode of the income distribution is further to the left of the ‘vulnerable’ threshold. That means a majority of Viet Nam’s population falls into vulnerable or poor status. The percentage of vulnerable groups increased from 9.1 percent to 31.4 percent in April. Combined, 58.1 percent of Vietnam’s population could be classified as either poor or vulnerable in April.

In May, the situation improved significantly, with a substantial decline in both the poverty rate and the percentage of the group categorized as ‘vulnerable’. The simulated income distribution flattened, and the mode shifted further to the right of the ‘vulnerable’ threshold. However, the density of distribution to the right of the poverty line is high implying the situation remained serious. The estimated figures show that about 16 percent of the population would still be considered poor. Meanwhile, the mode of the simulated income distribution just passed the vulnerable threshold implying that the percentage of vulnerable groups also remained high. Calculated figures show that about 18 percent of the population faced ‘vulnerable’ status in May.
2020. Accumulatively, about 34 percent of the population were still in an insecure situation in May 2020 given the figure was only at 13.5 percent in the baseline.

Figure A.15. Simulated income poverty rate with the impact of COVID-19 and the Government’s social protection support (%)


The poverty impact of the COVID-19 was also significant in the urban area given that the proportion of the poor and vulnerable group was negligible under normal conditions. In April, the mode of the simulated income distribution laid between the poverty line and the ‘vulnerable’ threshold that resulted in almost 16 percent of the urban population falling into poverty during the month given there were almost no poor people in the area under normal conditions. Meanwhile, the mode was lower than the ‘vulnerable’ threshold implies - a significant proportion of the urban area faced the status during the month. In Figure A.16, about 32.0 percent of the urban population faced a ‘vulnerable’ status. Accumulatively, about 47.7 percent of the urban population fell into poor or vulnerable statuses in April, whilst these statuses only accounted for about three percent in the normal condition.

In May 2020, the situation improved considerably. The poverty rate is negligible in the urban areas, as a mode of the simulated income distribution was significantly higher than the poverty line. Furthermore, the mode was also higher than the vulnerable threshold although the distance was not large. Therefore, vulnerability was the remaining problem in the urban area in May 2020.

The simulated income of the rural population was concentrated on the left tail of the distribution with a very high mode. This change in the distribution of income exhibited a serious impact of COVID-19 on income in the rural area. Furthermore, the modes of the simulated income distribution in both months were not far from the poverty line which implies that a significant proportion of the population fell into poverty in both months.

Corresponding to the implication from changes in the income distribution, the proportion of rural population facing ‘poor’ or ‘vulnerable’ statuses in April 2020 was about 63.3 percent given
a corresponding ratio of less than a fifth in the normal condition. The increases were found in both poor and vulnerable statuses but the poor population disproportionately surged. The poverty rate in the area increased from 6.6 percent in the normal condition to 32.2 percent as a simulation in April 2020.

In May 2020, although it significantly improved, the situation was still quite severe in the rural area. The simulated income distribution was flatter but density in the left of the distribution was still high. About 40 percent of the rural population still faced vulnerable or poor statuses with the domination of the latter one, similar to the situation in April 2020. More than a fifth of the rural population was still poor this month. Furthermore, a local mode of the simulated income distribution is still lower than the poverty line, which implies that there would need to be a relatively large increase in the income, if we wanted to significantly reduce the poverty rate and ratio of the vulnerable group.

Figure A.16. Income and simulated incomes

![Figure A.16. Income and simulated incomes](image)
The difference between Kinh-Hoa and other ethnic minorities is somewhat the same as that of urban and rural areas with some nuances. The situation of Kinh-Hoa corresponds to the case of the urban area with a serious impact in April but a quick recovery in May. In April 2020, 51.5 percent of the Kinh-Hoa population lived in an insecure situation of vulnerability and poverty. However, this figure was only 23.2 percent in May with vulnerability dominating. Furthermore, the mode of the simulated income was slightly higher than the ‘vulnerable’ threshold that implies that a certain improvement in income distribution would result in a significant reduction in the ratio of vulnerable groups.

Meanwhile, the situation was extremely severe for the ethnic minority groups. In both months, more than 80 percent of the population of the group lived in insecure conditions with the poverty being dominant. In April, 76.3 percent of ethnic minority groups were poor given a figure of 22.3 percent in relation to normal conditions. The high concentration to the left of the simulated income distribution in FigureA.16 demonstrates the situation.

Improvements in May 2020 were not as good for this group as the whole population. About 70.3 percent of the ethnic minority group still lived in poverty. The reduction in poverty was seen to be caused by the movement of the population to the vulnerable group. Accumulatively, there was only a 4.6 percent reduction in the proportion of the population of the ethnic minority group living in insecure conditions.

The differences in recovery of the two ethnic sub-groups were also demonstrated by the proportion of the two sub-groups in the total poor population. Simulation results imply that Kinh-Hoa would account for 53.1 percent of the simulated poor in April 2020. However, this ethnic subgroup would only account for 26.9 percent in May 2020.

**Simulated impact on Inequality**

The simulation results imply that the pandemic would increase the inequalities, the Palma index- ratio of total income shares of the 10 percent richest to that of 40 percent of the poorest population- increase from 1.56 in the normal condition to 1.91 and 1.74 under simulation results for April and May 2020 respectively.

There are arguably two reasons for the increase in equality. Income from employment of the low-income population was hit harder by the pandemic and the proportion of the non-employment income, which is assumed to be unchanged, is lower.
VIII. REFERENCES


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