

REPORT ON

MATERNITY PROTECTION POLICY EXPANSION

for female workers in informal sector



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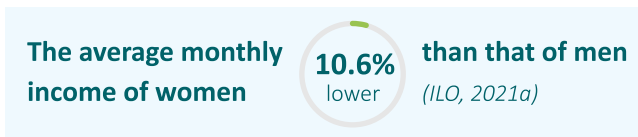
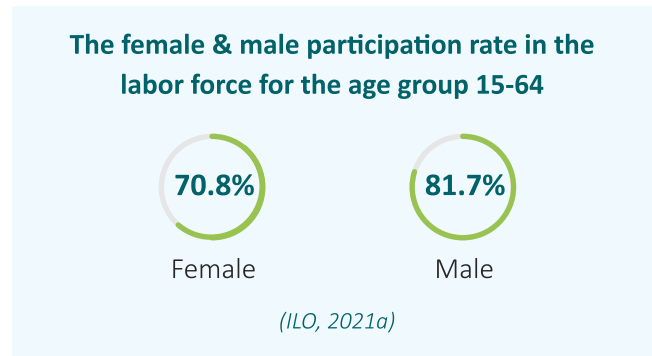
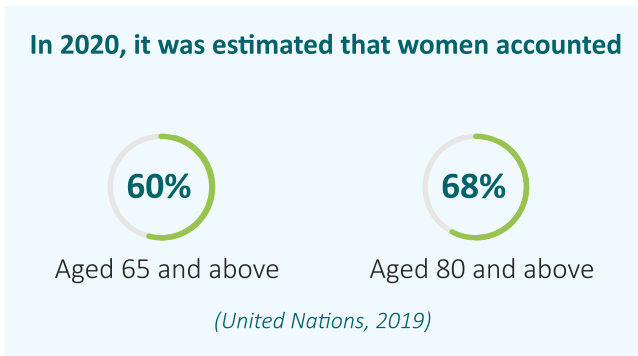
Why is it necessary to expand the maternity protection policy for female workers in the informal sector?



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INFORMAL LABOR IN VIET NAM

Viet Nam is a country with a rapidly aging population. Women constitute the majority in the older age group:



The main limitation in protecting women and men in the Social Insurance system in Viet Nam is the existence of a large-scale informal economic sector. If agricultural workers are included, the number of jobs in the informal economic sector accounts for 68% of the total employment structure (ILO, 2021b):

Prevalence of informal employment by gender:



The majority of women in the informal economic sector work in agriculture or contribute as family workers. Therefore, in order to increase the participation of women in the Social Insurance system, expanding coverage strategies need to address specific challenges that these population groups face in the contribution to the Social Insurance system at both policy and administrative levels.



The actual coverage rate of Social Insurance is **low**. In 2019, approximately



participated in Social Insurance contributions.

The coverage rate for male and female workers peaks at the young **age of 26** (ILO, 2021a). This is a notable trend indicating that many workers join the Social Insurance system at a young working age but later decide to discontinue their participation. Particularly,

women seem to have a higher rate of discontinuation from Social Insurance compared to men.

Understanding the underlying reasons for this phenomenon will be crucial in designing successful strategies to expand coverage.

THE STATUS OF MATERNITY PROTECTION POLICY FOR FEMALE WORKERS IN THE INFORMAL SECTOR IN VIET NAM

Viet Nam is one of the countries in the Southeast Asia region that has a commendable maternity protection policy with numerous advantages in terms of maternity leave duration and allowances. However, this policy still possesses certain shortcomings.

1

Firstly, the maternity protection policy in Viet Nam has low coverage. Only workers who are mandatory participants in the Social Insurance system are entitled to maternity protection. Voluntary participants in Social Insurance are not eligible for maternity protection. According to estimates by the ILO (2019), only 30% of women in the labor force receive maternity protection. As not all women are part of the labor force, the actual level of protection is even lower. This means that while Viet Nam meets the ILO standards in terms of the level and duration of maternity protection for workers in the Social Insurance system, it falls short in terms of coverage.

2

Secondly, the policy primarily focuses on mothers. The maternity protection policy allows mothers to have an extended period of paid leave, but the leave duration for fathers is very short.



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B

Types of maternity protection policies for female workers in the informal sector worldwide



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1. INTERNATIONAL CONVENTIONS



International Labor Organization (ILO) Convention No. 102 (1952) on Minimum Standards, which stipulates regular cash allowance for a duration of 12 weeks at a rate of 45% of the reference wage.



ILO Convention No. 183 (2000) on Maternity Protection, which mandates a maternity leave of 14 weeks with an allowance rate of two-thirds of the pre-maternity leave earnings.



ILO Recommendation No. 191 (1952) on Maternity Protection, which recommends a maternity leave of 18 weeks with an allowance rate of 100% of the pre-maternity leave earnings.

1. POLICIES OF SOME COUNTRIES:

Internationally, three mechanisms are commonly used to provide maternity protection policies for female workers in the informal sector:



Social protection or maternity allowances funded by the state budget;



Voluntary social insurance, through the contributions of the workers themselves



Voluntary social insurance, through the contributions of the workers themselves combined with government support;



ILO (2019) has summarized the experiences to expand maternity protection policies for female workers in the informal sector, including the following:

- Expand the participation of workers in the informal sector by adjusting the compulsory social insurance program to accommodate their contribution capacity, considering the typically low and unstable income in the informal economy.
- Simplify registration procedures, such as implementing mobile and decentralized registration units and eliminating the requirement for paperwork.
- Ensure the inclusion and representation of workers in the informal sector in decision-making processes regarding policy design and implementation.
- Promote awareness of social insurance to generate demand among workers in the informal sector.

a) Maternity protection policies through social protection

Social protection policies indirectly contribute to the process of promoting the transition of labor from the informal sector to the formal sector by creating necessary conditions for long-term transformation. Social protection programs typically target pregnant women and children up to the age of 2 ("the first 1,000 days of life"), often in the form of combining cash allowance with prenatal and postnatal check-ups, nutritional supplementation, and information sessions on breastfeeding and child nutrition.



Tanzania

Social Action Fund. Cash allowance of 6 USD (approximately 150,000 VND) every 2 months, conditional on participating in prenatal care and attending health and nutrition sessions.



Ethiopia

Program "Effective Safety Net". Cash allowance provided after 6 months of pregnancy and the first 10 months after childbirth. Exemption from public work requirements.



India

Program "Pradhan Mantri Matritva Vandana Yojana". Women receive a cash allowance of 67.2 USD (approximately 1,600,000 VND) in three installments, compensating for around 40 days of work based on minimum income levels. Applicable only for the first child.



Peru

Program "JUNTOS Cash Transfer". Cash allowance of 200 nuevos soles (approximately 1,200,000 VND) every 2 months, with the condition that pregnant women undergo prenatal check-ups. Maternity Allowance Fund.



Argentina

Cash allowance for pregnant women amounting to 65 USD (approximately 1,500,000 VND) per month, starting from the 12th week of pregnancy until childbirth or the end of pregnancy.



Philippines

Equivalent of 22 working days' worth of minimum wage as cash allowance. Fund sourced from taxes on sweetened beverages, alcohol, and tobacco.

The International Labor Organization (ILO) has estimated that the cost of implementing universal maternity entitlement amounts to approximately 0.5% of GDP for the majority of countries with low and lower-middle income levels.

b) Maternity protection policies in voluntary social insurance

Countries have implemented maternity protection policies in voluntary social insurance through the following approaches:

Photo: Giacomo Pirozzi | Alive & Thrive



In South Africa, maternity entitlements are provided through the Unemployment Insurance Fund (UIF) under the Unemployment Insurance Act (No. 163). Since 2003, the UIF has been extended to cover domestic workers and temporary workers (excluding agricultural workers). The allowances are paid for a maximum period of 17 weeks, amounting to 60% of the worker's previous income. In cases of varying income, the calculation is based on the average daily wage of the beneficiary over the preceding six months. Both the employer and the employee contribute 1% of the worker's monthly wage.

In Namibia, participation in the Maternity, Sick, and Death Benefit Fund (MSD) is mandatory for all employees, including domestic workers and family business households. The total contribution is 1.8% of the employee's basic salary, equally shared between the employer and the employee (0.9% each). Self-employed individuals contribute the full 1.8%. The minimum monthly contribution is US\$ 0.18 (approximately 5,000 VND), regardless of the contributor's income. To qualify for maternity entitlements, members must contribute for a minimum of six months. Maternity allowances amount to 100% of the basic salary, with a minimum of US\$ 20 (approximately 400,000 VND) and a maximum of US\$ 873 (approximately 20 million VND) per month for a maximum of 12 weeks. However, 43% of female workers, mostly in the informal economy, continue to lack such protection due to limited awareness and enforcement (ILO and OPM, 2014).

In the Lao People's Democratic Republic, individuals engaged in informal sector employment have the voluntary option to participate in the National Social Security Fund (NSSF) as per the provisions of the Social Security Law of 2014. The NSSF provides insurance coverage encompassing various social security policies, including healthcare and maternity protection, contingent upon a contribution rate of 9% of the self-selected reference wage. To be eligible for maternity cash allowance, insured individuals must have made contributions for a minimum duration of 6 months within the preceding 12-month period. The maternity cash allowance amount to 80% of the average reference wage over the preceding 6 months and are disbursed for a maximum period of 90 days. Nonetheless, it is important to note that the current extent of coverage remains limited: as of 2015, the voluntary membership within the NSSF constituted merely 1,599 individuals out of an estimated total informal sector workforce of approximately 2.48 million throughout the nation.

Multitiered maternity protection policies



Photo: Nhung Nguyen | Alive & Thrive

The policy of maternity protection in Mongolia is implemented through a multitiered approach, combining various mechanisms.



Formal workers are covered by mandatory social insurance and receive full wage replacement for a duration of four months.



Agricultural workers, self-employed individuals, and workers in the informal sector have the option to voluntarily participate in this program and receive cash maternity allowance for four months, with a replacement rate of 70% of their chosen reference wage after 12 months of contributions.



Furthermore, cash maternity allowance under the Social Welfare Program are provided to all pregnant women and mothers with young children, regardless of their contribution to the social insurance program, employment status, or nationality.



The allowance amount, approximately US\$ 20 (equivalent to around 400,000 VND) per month (2015), is paid from the fifth month of pregnancy for a duration of 12 months.



Maternity care services are delivered through a global healthcare system (financed through taxes).



Cost-Benefit Analysis of Policy Options for Viet Nam

In the informal sector, where maternity protection for individuals not participating in social insurance cannot guarantee job security upon return (as in the case of formal sector maternity protection for female workers), it is essential to at least ensure basic economic security during the initial months after childbirth.

The ILO report (2020) has highlighted that the majority of young families, especially those who are not receiving wages, are unable to afford nearly 30% of their income to participate in voluntary social insurance. Therefore, if maternity entitlements are only added to the voluntary insurance system, it would be difficult to address the barriers faced by informal sector workers who currently lack insurance coverage. However, to provide policymakers with a comprehensive picture, we present the following policy options:



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1. SUPPLEMENTING MATERNITY ENTITLEMENTS THROUGH SOCIAL PROTECTION

Beneficiaries: All women giving birth without mandatory social insurance coverage would receive maternity entitlements to ensure they do not fall into poverty due to childbirth. It is estimated that approximately 802,662 individuals would benefit from this policy.



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TABLE 1.

State Budget Expenditure for maternity entitlements through social protection

It is estimated that approximately 802,662 individuals in Viet Nam would benefit from this policy.

Policy options	Total Annual Expenditure (billion VND)	
	Entitlement Duration 3,5 months	Entitlement Duration 6 months
Option 1.1 VND 1,500,000/month (Based on Rural Poverty Line Standard)	3,594	6,162
Option 1.2 VND 2,000,000/month (Based on Urban Poverty Line Standard)	4,793	8,216
Option 1.3 VND 3,250,000/month (Based on Minimum Wage of Region 4)	7,788	13,352

Source: Calculations based on data from the General Statistics Office and the Social Insurance of Viet Nam in 2019.

There are six policy options considered, corresponding to three entitlement levels (based on the rural poverty line standard, urban poverty line standard, or the minimum wage of Region 4) and two duration options (3.5 months or 18 weeks recommended by the ILO, and 6 months corresponding to the maternity leave of formal sector workers). Each year, the government will need to allocate funds ranging from 3,594 billion VND for the lowest option (entitlement based on the rural poverty line standard, for a duration of 3.5 months) to 13,352 billion VND for the highest option (entitlement based on the minimum wage of Region 4, for a duration of 6 months). These expenditure levels correspond to 0.04% of GDP in 2020, decreasing to 0.02% of GDP in 2030.

2. SUPPLEMENTING MATERNITY ENTITLEMENTS WITHIN VOLUNTARY SOCIAL INSURANCE

We conducted simulations with various contribution and entitlement levels.

Beneficiary group: Female workers participating in voluntary social insurance and male workers participating in voluntary social insurance whose wives do not participate in any type of social insurance.



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TABLE 2.

State Budget Expenditure for Maternity Entitlements in Voluntary Social Insurance

This number may gradually increase each year if the level of entitlements is attractive enough to encourage participation in voluntary social insurance.

Policy options	One-time maternity subsidy	Basis	# of Beneficiaries (2023)	Total Annual Expenditure in 2023 (VND)	Total Annual Expenditure in 2030 (VND)
Option 2.1	VND 2,000,000 /child	According to the draft Law on Social Insurance on March 1, 2023	32,690	65 billion	327 billion
Option 2.2	VND 3,600,000 /child	Equal to the entitlements for mandatory social insurance participants	32,690	113 billion	565 billion
Option 2.3	VND 7,000,000 /child	According to the draft Law on Social Insurance on March 1, 2023	32,690	214 billion	1073 billion

Source: Calculations based on the Labor Force Survey conducted by the General Statistics Office

Beneficiary group: All female workers participating in voluntary social insurance and male workers participating in voluntary social insurance whose wives do not participate in any type of social insurance. Based on calculations from the Labor Force Survey by the General Statistics Office, it is estimated that there will be 32,690 beneficiaries per year (including 29,858 female workers and 2,832 male workers participating in voluntary social insurance whose wives do not participate). These figures are calculated based on the probability of pregnancy at each corresponding age group, according to the Labor Force Survey conducted in 2021.

The one-time maternity subsidy

is calculated based on three proposed levels presented in Table 2. Option 2.1, according to the draft Law on Social Insurance dated March 1, 2023, suggests a subsidy amount of 2 million VND per child. In this case, the annual expenditure for the state budget would be 65 billion VND. However, we find this level to be low and not attractive enough to encourage participation in voluntary social insurance and discourage one-time social insurance withdrawals upon childbirth. Therefore, we propose increasing the one-time maternity subsidy to at least the level provided to female workers participating in mandatory social insurance, which is 3.6 million VND per child (Option 2.2). This would require an annual

expenditure of 113 billion VND. In our view, the optimal option is to set the subsidy at 7 million VND per child, equivalent to 3.5 months of the urban poverty line standard. The 3.5-month duration corresponds to the minimum 18-week maternity leave recommended by ILO Recommendation 191. The urban poverty line standard (2 million VND per month) ensures that mothers receive post-childbirth entitlements without falling into poverty, and most female workers participating in voluntary social insurance are currently living in industrial zones, urban areas, or suburban areas. In this case, the state budget would need to allocate 214 billion VND per year.



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We estimate that the maternity subsidy of 7 million VND per child would be attractive enough to encourage workers to participate in voluntary social insurance and discourage one-time withdrawal upon childbirth, thereby contributing to achieving the target of increasing the voluntary social insurance participation rate to 2.5% of the labor force by 2025 and 5% by 2030, as set forth in Resolution 28. According to our estimation, by 2025, there will be approximately 81,724 beneficiaries, and by 2030, there will be around 163,449 beneficiaries. By 2030, the state budget would need to allocate 327 billion VND under Option 2.1, 565 billion VND under Option 2.2, and 1,073 billion VND under Option 2.3.



Needs and Aspirations of Informal Sector Workers



Photo: Nhung Nguyen | Alive & Thrive

According to a survey conducted by Oxfam in 2021, 31% of respondents expressed a "need to participate in maternity leave policies." Female workers had slightly higher needs compared to male workers, but the difference was not significant. Among the 69% of respondents who stated "no need to participate," the main reasons were lack of or no desire to have children (59% for males and 41% for females), unstable low income (21% for males and 74% for females), and already having savings or purchasing commercial insurance for childbirth (6% for males and 16% for females). Therefore, although the percentage of respondents expressing a "need to participate in maternity leave policies" was low, the primary reason for not having the need to participate was the absence or lack of desire to have children. Among those in the reproductive age group and with plans to have children, the demand for maternity leave was high.



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In terms of the design of maternity leave policies, the desires of informal sector workers are as follows:

- 43%** would like to have the option to choose from various contribution levels, with corresponding entitlements based on the contribution amount;
- 18%** prefer to contribute at the minimum level and receive a one-time cash allowance.
- 8%** would like to receive cash allowance within a 4-month period;
- 0.1%** prefer to receive maternity entitlements within a 6-month period;
- 0.1%** would like to receive a one-time maternity subsidy equivalent to 2 months' salary, followed by monthly allowances for 4 months;
- 29%** have no opinion on the matter.

Therefore, it is necessary to establish a maternity leave policy within voluntary social insurance that offers different contribution levels and corresponding entitlements. Individuals with low incomes can participate at the lowest contribution level and receive a one-time allowance to support them during childbirth. Those with moderate incomes would receive maternity entitlements similar to those provided by

mandatory social insurance, and higher-income individuals would have access to higher maternity entitlements. Many opinions suggest that the required contribution period should be short, within one year, and allow for flexibility. Individuals would contribute when they plan to have children and would not participate in the maternity leave policy once they have fulfilled their desired number of childbirths.



Recommendations for Viet Nam



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Viet Nam is one of the countries in the Southeast Asia region that has a commendable maternity protection policy with numerous advantages in terms of maternity leave duration and allowances. However, this policy still possesses certain shortcomings. Under the current Law on Social Insurance, only workers participating in compulsory social insurance are entitled to maternity protection. According to our estimation, for every two children born, there is one child whose mother does not receive any maternity entitlements, which amounts to approximately 802,662 children per year¹. Viet Nam meets the International Labor Organization (ILO) standards regarding the extent and duration of maternity protection for workers participating in social insurance but falls short in terms of coverage.



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We welcome the draft Law on Social Insurance dated March 1, 2023, which introduces new provisions regarding maternity entitlements for voluntary social insurance participants in Section 1, Chapter VI, from Articles 99 to 103. Under this policy, a one-time maternity subsidy of 2 million VND per child would be provided, guaranteed by the state budget. According to our estimation, approximately 32,690 individuals would benefit from this policy each year, requiring a budget allocation of 65 billion VND.

Therefore, each year, there are still over 769,972 children born whose parents do not receive guaranteed income support, leaving them at risk of falling into poverty.

¹ According to General Statistics Office and Social Insurance in 2019, out of the 1,535,668 children born, only 733,006 children had mothers who were eligible to receive maternity entitlements.



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We recommend the following:

1

Increase the one-time maternity allowance to a minimum of 3.6 million VND per child, equivalent to the proposed amount for compulsory social insurance participants under Article 63 of the draft Law. Under this option, the annual budget allocation would be 113 billion VND, and it is projected to reach 565 billion VND by 2030 as the number of voluntary social insurance participants increases to meet the target of 5% of the labor force, as stated in Resolution 28/NQ-TW.

2

The better option is to increase the one-time maternity allowance to 7 million VND per child, equivalent to 3.5 months of maternity leave at the urban poverty line standard. This level of support is also comparable to the policy currently implemented in China². Under this approach, the annual government budget would need to allocate 214 billion VND, with an estimated increase to 1,073 billion VND by 2030.

3

Ideally, expand the eligibility for maternity protection to all women giving birth, regardless of their participation in social insurance. This would ensure that all children born in Viet Nam have a good start and are not at risk of poverty, receiving optimal nutrition in the early months of life. The annual budget allocation for this option would range from 3,594 billion VND (minimum option, based on the rural poverty line standard, for a duration of 3.5 months) to 13,352 billion VND (maximum option, based on the minimum wage of Region 4, for a duration of 6 months). These costs would correspond to 0.04% of GDP in 2020, decreasing to 0.02% of GDP by 2030. The cost of this policy remains lower than the health consequences for mothers and children when female workers are not granted maternity leave and breastfeeding support, estimated at 2 billion USD (0.54% of GDP) per year.

² According to China's maternity insurance policy, women in rural areas facing difficulties in childbirth are provided a one-time subsidy of 1,000 yuan (equivalent to 3.6 million VND) for each child. Women in urban areas receive subsidies ranging from 500 to 2,000 yuan (equivalent to 1.3 to 7.2 million VND) for each child. You can find more information about this policy at the following link: <http://www.nhc.gov.cn/mohwsbwstjxxzx/s7967/201809/3845f0d9607d4b36a1d8c42e745dd169.shtml>



Photo: Pixabay

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