RAPID ASSESSMENT OF THE COVID-19 SOCIO-ECONOMIC IMPACT ON VULNERABLE HOUSEHOLDS IN VIET NAM

SUMMARY REPORT

ROUND 3
July 2021
1. INTRODUCTION

This impact assessment of COVID-19 was conducted in early August 2021, as a follow-up to Rapid Impact Assessment Round 2 (RIM2) implemented in October 2020, and RIM1 in April to May 2020. The objective of this exercise is to provide an update on economic and non-economic dimensions of well-being of vulnerable households during the pandemic, focusing on the fourth wave, which started in April 2021 and is still ongoing. While the survey was conducted in the first week of August 2021, respondents were asked about their situation in July 2021, i.e. the previous month.

Sampling

The survey design consists of a sample of 500 households, selected randomly from a sampling frame of 1,000 households interviewed in Oct 2020. The Oct 2020 sample in turn was selected based on stratified random sampling from a sampling frame consisting of 45,838 households taking part in the Vietnam Household Living Standard Survey conducted by GSO in 2018 (VHLSS 2018).

For the selection of the sample in this survey, stratified random sampling was employed. The sample was stratified by two criteria. The first criterion was COVID-19 health risk. The economy was classified into two groups: those living in provinces with strict restriction measures in place (i.e. under Instruction 15 or 16) or respondents living outside of these areas. The second criterion aims to capture variation across the economy associated with COVID-19 market risk. The economy was classified into two groups of industries: heavily affected sectors, including manufacturing, tourism, restaurants, hotels, passenger transportation, and trade; and the rest. Locations and sectors that have been hit hard were over-sampled. Then sampling weights were calculated and used in the calculation of various indicators at different levels of aggregation to adjust for these sampling properties (details on sampling are given in Appendix 1 of the full report).

Survey sample

The final sample consists of 498 households, including 84 ethnic minority households, 107 female-headed households, 348 from rural areas, and 249 with family members working in heavily affected sectors. In terms of sectoral distribution, there are 108 households with family members working in the manufacturing sector, 86 in agriculture, 70 in tourism and related services, 71 in trading, and 163 in other sectors. As such, the sample size is sufficient for single-dimensional analysis.
2. KEY FINDINGS

2.1. The economic impact is large

- Employment impacts are severe

Overall, 88% of households suffered at least one of the listed employment impacts in July 2021 (see Figure 2). These are (i) laid-off wage workers; (ii) temporary break from work; (iii) reduced working hours. They are hereafter termed “affected households.” This ratio is much higher than the 63% observed in Oct 2020. Reduced working hours was the most common impact, experienced by 80% of households in July 2021. Meanwhile, an involuntary, temporary break from work was experienced by 46% of households in July 2021.

![Figure 2. Employment impact (% of households)](image)

Source: Our calculation based on RIM 2 in Oct 2020 and RIM 3 in July 2021

Among sectors, a significantly higher percentage of households (99.3%) in tourism and related services, including restaurants, hotels and passenger transportation, have suffered an employment impact than the rest. Manufacturing (96%) and trading (94%) face a similar situation.

- The impact on income is considerably larger than in the October 2020 round of RIM

In July 2021, 63.5% of all households, and 66.9% of affected households, experienced an income drop of 30% or more from the pre-pandemic period (December 2019). This represents a considerable increase from the previous rounds of the RIM survey. In Oct 2020, 31.6% and 37.1% of all households and affected households, respectively, experienced an income drop of 30% or larger. The incomes of households in July 2021 were on average only 44% of December 2019 levels (see Figure 3). Tourism, restaurants, hotels, and passenger transportation were those hardest hit.

![Figure 3. Per-capita income of affected households in July 2021 relative to December 2019 (%)](image)

Source: Our calculation based on RIM 3 in July 2021

2.2. The non-economic impact is significant

- Two out of three households report mental health problems

Mental health is an urgent emerging issue, as lockdowns have been widespread and lengthy. Two-thirds (66.4%) of households worry about the impact of COVID-19 (see Figure 4). Mental health problems were wide ranging, from being worried once a day (reported by 41% of respondents), all day (29%), having trouble falling asleep (10.8%), not being able to relax (7.3%), and becoming easily annoyed or irritable (6.8%), and feeling depressed (6.5%).

![Figure 4. Difficulties due to COVID-19 (% of all households)](image)

Source: Our calculation based on RIM 3 in July 2021
Female household heads suffered a higher incidence of mental health problems (81.6%) than male household heads (62.8%). The differences are pronounced for some indicators. For example, 8.3% of male heads found it hard to sleep, only a third of that reported by female heads (21.3%). About one-fourth of male heads were worried throughout the day (26.3%) compared to 41.3% among female heads.

The qualitative survey found that mental problems were disproportionately experienced by migrants living in small, over-crowded accommodation.

- **Female household heads suffered a higher incidence of mental health problems (81.6%) than male household heads (62.8%).** The differences are pronounced for some indicators. For example, 8.3% of male heads found it hard to sleep, only a third of that reported by female heads (21.3%). About one-fourth of male heads were worried throughout the day (26.3%) compared to 41.3% among female heads.

- **The qualitative survey found that mental problems were disproportionately experienced by migrants living in small, over-crowded accommodation.**

**Food security is becoming an issue reported by over half of households**

Half of the households (51.2%) had to reduce the amount of food served per meal, and 17.7% of households reduced the number of meals per day.

A related problem is a difficulty in shopping for necessities which was experienced by 48.7% of households. Disruption of supply by the COVID-19 outbreak and the lockdowns were the main impediments to accessing necessities. Food shortages were reported by vulnerable households, including those laid-off for months, especially migrants. Households with small children reported the most severe conditions.

- **The number of homeless people is on the rise**

There have been reports in the media about a rise in the number of homeless people among informal migrant workers because of lockdowns. With no job or income, they could not pay rent and became homeless. They are highly susceptible to infections because of the lack of shelter.

Many local authorities called for rent reductions for vulnerable workers. However, in some cases, landlords could not afford rent reductions. Besides, even if they had reduced the rent, the migrants could not come back to rented accommodation in blocked areas.

### 2.3. Household coping measures

- **Households are very vigilant**

Using masks, soap, hand sanitizers for hand washing, and social distancing are practiced by nearly all households. All households (99.7%) wore masks, 91.5% washed hands with soap and hand sanitizers, and 94% were careful to maintain minimum distances from others in situations of direct contact in July 2021 (see Figure 5). Such a wide adoption of these preventative practices can be easily understood, as health risks significantly increased in the 4th pandemic wave from July 2021.

However, 10% of households used online shopping services due in part to the disruption of shipping services during lockdown times, while 12.4% of households used electronic payments.

**Cutting expenditures was the most common measure employed by affected households, mostly spending on food, followed by electricity**

Four in five (79.4%) affected households cut expenditures, with 43.4% reducing spending by less than 30% and 17.7% by more than 30% (see Figure 6).
Most of the expenditure cuts were related to food, with 71% of affected households cutting food expenses. The cut in food expenses and food shortage was reported by vulnerable households, those being laid-off for months, especially migrants. A more severe situation was reported in households having small kids (see Box 1). The second essential item for which spending was most commonly reduced was electricity usage (37.6% of affected households).

Box 1. Cut in food expenses and food shortage

Usually, we get up very late. And no breakfast, no lunch. We tried to cook at about 1-2 pm. So we can have only 1 meal a day. Or until very late at night, if being hungry, we make instance noodles before going to bed.

Male, 30 years old, a private factory worker, Ho Chi Minh, from Long An

I am living in Hoc Mon, working as a garment worker for more than half a month, but now the company announces that I will take leave until the local government allows me to work. I live in a small rented room. The landlord does not support anything and there is no lane for any care to provide charity support. Now my food is about to run out, I have half a barrel of noodles, half a bucket of rice, a little salt and fish sauce. The price of food has increased, but going to the market is also difficult. I’m afraid I can’t stand it. I’m trying to ask for food support online but no luck.

Female, 25 years old, a worker from Nghe An village stuck in Ho Chi Minh

Before the outbreak, we often spent about 100 thousand Dong on food. Now, I only dare to spend about 30 thousand a day. I cut off some breakfast, reduce the food amount for myself. My daughter is 2 years old. She often had about 4 boxes of milk a day. Now, I can feed her only 2 boxes a day. This week, I ran out of money, then I had to stop her milk boxes, but give her some rice soup. I have to reduce the food, in order to keep some savings in case of health problems.

Female, 38 years old, working for a building materials store, Binh Duong, from Nghe An

My family has 5 members. My husband works as a construction waged labor. I work as a garment worker in a private facility. We have 3 children. The eldest daughter is 9 years old. The second girl is 7 years old. And the youngest son is 3 months old. Before the outbreak, I can pay 150 thousand dong per day for food and milk. At the beginning of the quarantine, I only dared to buy 20 packs of instant noodles. Every day, the whole family only spends 30,000 – 40,000 dong for some fish, pieces of meat, and some vegetables to cook with instant noodles.

Female, 35 years old, garment worker on maternity leave, Binh Duong, from Hue

Source: Our in-depth interviews in RIM 3 in July 2021

- Four in ten affected households had to borrow, with friends as the main source of loans

Including deferred payments, 39.6% of affected households relied on borrowing to minimize spending cuts, with 16.8% taking new loans, 14.9% rescheduling existing loans and 8% deferring payments for sellers of goods and services. Most borrowers relied on friends as the most important source of loans. Family members were hard to reach during the pandemic. Qualitative research finds that borrowing is becoming increasingly difficult when all members of the network are hit hard.

- Three in ten households used savings

Another third (31%) of affected households used their savings. Among these, more than half (55.5%) had to start using their savings since April 2021 when the 4th wave of the COVID-19 outbreak began and had no more savings to use in August 2021.

- Migration out of hard-hit provinces was a last resort

In-depth qualitative interviews with 65 migrants revealed cases of migrants traveling back to their hometown and others who stayed in the cities during the most recent wave of Covid-19. Migrants have been leaving provinces experiencing Covid-19 outbreaks for nearly three months. The main reasons for departure include: all savings had been exhausted so no money was left for food and rent; need to return home to recover from illness; cramped living spaces resulting in serious mental health problems; excessive worrying about households members, especially children, contracting Covid-19; and health-related issues such as pregnancy and high blood pressure.

However, many migrants could not travel back to their hometowns because of travel restrictions. Permission from the authorities is required to travel out of provinces. Staying in small rented accommodation in cities, many face mental health problems, food shortages, energy shortages, and the inability to access medical treatment in case of illness.

- Digital technologies to combat the pandemic started to help, but use is still modest, and unequal

About one-third (30.9%) of households used nCovy or Bluezone apps to obtain information on Covid-19 cases near their location, but 17.3% do not use the apps because they did not find them useful or were not used to using smartphone apps. Half (51%) of households are not aware of the apps, including 62.1% of female-headed households. However, the situation has recently improved considerably, with a surge in the number of users of the apps.

- Vaccination against COVID-19 has started to roll out, and two thirds of respondents are ready to get vaccinated

Two-thirds (62.4%) of respondents report that they were not given priority for vaccination against COVID-19 compared to 21.4% who said that they were given priority. A small number of respondents (16%) said that had not received information about the vaccination priority Policy, including 20.4% of female-head households.

However, 66.2% of respondents report that they are ready to be vaccinated against COVID-19, in addition to 19.3% who had already been vaccinated. Among those, 85% report being ready for any type of vaccine, and 14.9% requesting a particular vaccine type. A concerning result is that 58.9% did not know how to apply for vaccination.

Only 14.5% of respondents did not want to be vaccinated against COVID-19 because they are worried about the side effects of vaccination.
2.4. Nine out of ten households have not yet received assistance

Nine out of ten (89.9%) of respondents have not received support while 82.7% of respondents report they need assistance. Among those not yet receiving support, one-third report difficulties accessing the support application, especially in urban areas. The main obstacle is the absence of guidance from local officials, with 13.5% of households reporting that local officials gave no concrete help or guidance (see Figure 7).

Figure 7. Difficult access to policy support (% households having no policy support yet)

Source: Our calculation based on RIM 3 in July 2021

- Large groups of vulnerable people are missing from the support package

The study identified at least four groups of vulnerable people missing from the list of beneficiaries of the Government’s second support package: (i) migrants without residential registration; (ii) small informal household businesses, including individuals not categorised as informal workers, but labeled as unregistered household businesses in activities such as food processing and noodle shops; (iii) homeless people who have escaped attention of the authorities; (iv) people who lost income due to COVID-19 before the date when the decision on social distancing was issued.

3. PROMOTING A ROBUST, SUSTAINABLE AND INCLUSIVE RECOVERY – RECOMMENDATIONS

A phased approach should be employed in reopening

Until a large proportion of the population is vaccinated and community immunity is reached, vulnerable households still face considerable challenges due to social distancing measures, including lockdowns due to COVID-19 outbreaks, especially in big cities. The fast spread of the pandemic and its big impact on the economy and society requires that comprehensive measures to combat the pandemic and promote a robust, sustainable and inclusive recovery. With regards to the reopening strategy, a phased approach should be employed to reduce pressure on the health care system, thus ensuring that recovery is sustainable. The strategy should meet at least two preconditions: (i) vaccination rates at high levels that approaching reach community immunity; and (ii) the ability to enforce the application of new normal safety standards by all people, institutions and enterprises. Experience so far shows that premature opening without achieving these preconditions will be successful and/or unsustainable, and often involves high-cost actions to deal with the resurgence of the virus.

- To this end, the following measures are suggested:

On vaccines and vaccination

- Simplifying pre-vaccination screening to speed up the vaccination process

The process of pre-vaccination screening as implemented involves a number of redundant elements that slow down the process, yet exclude numerous otherwise eligible people. The Ministry of Health has recently simplified it to accelerate the vaccination campaign. The guidelines may need to be further modified to conform better to commonly adopted international practices.

- Modifying the vaccination priority list to ensure that elderly and immune-compromised people are vaccinated first

The list of priority groups for vaccination as stipulated in Decision 3355/QD-BYT on the “Plan to implement the COVID-19 vaccination campaign in 2021 – 2022” by the Ministry of Health dated July 8, 2021 includes 16 priority groups. The list is too long, and as a result, many younger people leapfrogged ahead of old people and people with weakened immune systems. It is therefore important to modify the priority list in such a way to ensure that older and immune-compromised people are vaccinated first. Appropriate measures should be implemented to ensure that the priorities are strictly followed at the local level. To this end, vaccination information is being entered into the national digitized system, and therefore it should be relatively easy to monitor whether the priorities are followed and to devise corrective actions.

- Encouraging people to get vaccinated with an effective communications campaign

As there is a significant proportion of people that still have vaccine “hesitancy” or “selection,” there is a need to implement a national campaign against vaccine hesitancy that would involve communication innovations (for example celebrities getting vaccinated and delivering PR messages).

1 The second support package was approved in 2021 as in Resolution No. 68/NQ-CP dated July 1, 2021 of the Government on urgent COVID-19 pandemic prevention and control measures and Decision No. 23/2021/QD-TTg dated July 7, 2021 by the Prime Minister on policy support for workers impacted by the pandemic. The first support package was approved in 2020 as Resolution No. 42/NQ-CP dated Apr 9, 2020 of the Government on urgent COVID-19 pandemic prevention and control measures.

2 The benefits of vaccinating old people and those with weak immune systems are quantified in simulations implemented recently by a number of researchers (Source: https://tiasang.com.vn/-dien-dan/Chien-luoc-tiem-vaccine-cho-Viet-Nam-28452)
• Increasing vaccines supply to meet demand in both the short and longer term

The Government is rightly prioritizing the increase of vaccine supplies, including through vaccine diplomacy. In the medium and longer term, attention needs to be placed on developing (i) the national technological capacity needed for receiving vaccine technology transfer and (ii) the national vaccine production strategy and related legal and policy frameworks.

On support to vulnerable populations

• Immediately issuing a new cash assistance program of approximately 5% of quarterly GDP (of approximately VND 77 trillion) to be disbursed over the final months of 2021

The impact of the pandemic in Vietnam in general and in the fourth wave, in particular, are immense. In response, the support package should be adequate to protect vulnerable people from this massive economic shock. As the challenges are unprecedented, and the Government was recently given extraordinary power by the National Assembly, and can consider issuing immediately a cash assistance program equivalent to 5% of quarterly GDP (approximately VND 77 trillion) to be financed by the central government and disbursed over the final months of 2021.

The quickest way to deliver this support is to provide an immediate cash child benefit for all (i) children under 6 years old (about 11 million children) upon presentation of the child’s birth certificate; (ii) pregnant women; (iii) elderly people from 60 years (about 11.5 million older people) including the elderly from 80 years of age or older that are beneficiaries of regular cash assistance that are without pension also based on identification documents; (iv) people with disabilities; and (v) any other group of people that commune-level governments define as having fallen into deprivation. There should be minimal administrative requirements, including application of a digital system for self-registration of eligible individuals and local government verification (building on the good experience from Dong Nai), and digital tools in delivering the cash assistance to beneficiaries. The cash assistance can be made on a monthly basis or one-time payment, for a period of at least 3 final months of 2021 and the amount can be linked to minimum subsistence requirements according to Decree 20/2021/NĐ-CP (replacing Decree 136/2013/NĐ-CP).

The scale of this support package is similar to the levels of support packages provided by several neighboring countries during the first round of lockdowns in 2020. Households receiving temporary assistance will spend a large proportion of the assistance amount on domestically produced goods and services, adding to final demand and generating incomes for local businesses. The cash assistance program will counteract the shortfall in aggregate demand that would otherwise arise as a result of the fall in consumption spending and decelerating economic growth. The assistance program would be financed by Government borrowing, which would mobilize cash balances left dormant by the fall in consumption, which is a form of forced saving. Because these cash balances are dormant, Government domestic borrowing would be neither inflationary nor a burden on the balance of payments. In fact, because the economy is operating below capacity, the assistance program will be partly self-financing, as the increase in economic activity resulting from it would generate additional tax revenue.3

In the medium term, accelerating the reform of social assistance policies and programs to make them more inclusive and shock-responsive, by:

- Accelerating the implementation of the Master Plan for Social Assistance Reform and Development (MPSARD) approved in 2017 to expand regular cash assistance to all that are in vulnerable categories, such as, people with disabilities and their carers (most of them are women), young (under 3 or 6) children and elderly (60-70 years of age) without a pension, pregnant women and single-parents working in the informal sector;

- 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. This can be implemented by developing and applying triggers that would (i) be based on clear large-scale emergency criteria (based on the level of impact of large-scale natural disasters, pandemics and economic crises on large numbers of people) and (ii) allow the application of an automatic increase in the coverage of, and benefit levels for, the above-mentioned vulnerability-based categories of the regular cash assistance programs as well as any other group of people that commune-level governments define as fell into deprivation.

- The additional cost of the increase would be financed by a “Contingency Fund”, at both central and local government levels that would be (i) allocated funds from government budget (at both levels) regularly/annually, (ii) accessed/utilized only when the above-mentioned large-scale emergency criteria are met, and otherwise would be accumulated. The Central (National Contingency) Fund will be used to provide larger central government matching grants to provinces and cities, especially those with limited financial resources, affected heavily by the pandemic to increase coverage and accelerate implementation.

- Moving away from a residence-based social assistance system, which excludes Vietnamese migrant workers, to the one that is based on national citizenship, for example through applying a digital system – based on the national digital ID system – for eligible beneficiaries to self-register, local governments to verify and central government’s M&E. This digital system, if combined with the application of digital payment tools, could help not only transparent management and implementation of the social assistance programs but also deliver cash assistance to beneficiaries quickly and safely.

Building on the experience of HCMC in helping deliver essential goods (foods and other daily necessities) to households in lockdown areas

Considering allowing online shopping/e-commerce platforms, including workers of suppliers of online shopping/e-commerce platforms and shippers to operate in a “safe mode” by providing vaccination to workers of suppliers of online shopping/e-commerce and shippers, making requirements and training them to strictly follow safety standards such as keeping distance, avoiding contacts, wearing masks, using hand sanitizers, etc.

Effectively helping migrant workers to stay where they are and protect them from deprivation

The central government needs to issue an immediate ban on evictions (of migrant-workers, especially those that fall in the categories of the above-proposed cash assistance program) in affected areas and landlords can apply for rent replacement grants from the local governments. The grants could be provided after the verification of the applications by local governments on the eligibility of the renters and/or applying the self-selection methods such as making grants based on categories of housing and (and/or as proportions of) rent value (low housing quality or low rent value often means low-income renters).

Consideration implementing a paycheck replacement program through larger companies in affected areas.

The objective of the paycheck replacement program is to prevent workers from leaving, both to prevent the spread of the virus and to reduce costs for businesses later, as firms will not be able to restart quickly because they will have to recruit and train another cohort of workers. So, it is worthwhile for the government to work with large and medium-sized firms (because they have the capacity) to provide loans to replace at least 50% of the earnings of workers during the idle period. If the company can demonstrate that the wages have been paid the loans will be forgiven after the crisis is over.

Making the best use of digital technologies to combat the pandemic

Like in other areas, digital technologies would help to substantially cut down transaction costs associated with eligibility verification and delivery of cash handouts to recipients. The latter is a big challenge during times of lockdown, and when there is a need to reach out to people in remote areas in a rapid manner.

Accelerating digital transformation increases transparency and also facilitates post-inspection. To this end, the digitized citizen database, which was officially launched in July 2021 can be leveraged. So can be popular apps with over 40 million users such as Blue Zone or “So suc khoe dien tu” (E-Health Book), which can integrate social assistance components. Internet banking and mobile money should be used to the maximum extent possible.

Improving the coordination across central and local governments

There needs to be greater consistency and coordination between the central government and local policy. This is a national crisis that requires strong national leadership, both in establishing principles and procedures, and in financing to ensure that the government has an equal capacity to respond. Frequent and unexplained changes in regulation and procedures complicate implementation and undermine compliance. Rules and procedures must be consistent and simple to understand and follow and communicated widely using all available channels. As many local authorities have taken matters into their own hands, we have seen various quarantine and lockdown strategies, some of which have imposed unnecessary hardship on the public and undermine the government’s credibility. Central government financing of social assistance and other measures can help ensure that local authorities apply the central government strategies and regulations more consistently.

Effectively dealing with emerging issues

The social assistance/social care program, besides the cash assistance, should give special attention to emerging issues of hunger and homelessness, which have been on the rise in big cities because of lengthy lockdowns and disruption of the food supply chain. The problem of mental health has also been rising and should be dealt with properly.

Increasing training of laid-off and informal workers with digital skills

Vietnam can learn experiences from some countries in the region to provide workers, formal and informal, with training in digital skills by leveraging advances in digital technologies, including widely used platforms such as Zoom, YouTube, etc. Developers of training content can be provided with financial incentives, depending on the number of trainees.
Providing innovative solutions to ensure inclusive online learning

The digital divide shows up more clearly in the lockdown times. Even in big cities, many households cannot afford a computer or laptop per child. It is worth considering providing cheap smartphones and tablets (ideally produced/assembled by domestic firms) and free wifi access to disadvantaged children. This can be done in a cost-effective way through a self-selection process. Over the medium to long term, it is important to accelerate the implementation of the Government-initiated program for the universalization of smartphones, including by mobilizing the domestic firms that produce/assemble smartphones as well as domestic e-payment/mobile money service providers to join the program and prioritizing the remote/EM areas, vulnerable migrant workers’ children. The engagement of domestic firms in these programs will also help these firms to grow into more productive and competitive players in domestic and international markets.