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THE ROLE AND PARTICIPATION OF OLDER PEOPLE IN THE GREEN ECONOMY IN VIETNAM

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Abbreviations

ADL	Activity of Daily Living
GDP	Gross Domestic Production
GSO	General Statistics Office
HSS	Hans Seidel Foundation
ILSSA	Institute of Labor and Social Sciences
LFS	Labor Force Survey
LTCI	Long-Term Care Insurance
MoH	Ministry of Health
MOLISA	Ministry of Labor - Invalids and Social Affairs
OP&SHI 2019	Survey on Older Persons and Social Health Insurance 2019
SHRC	Silver Human Resources Centre
UN	United Nations
UNEP	United Nations Environment Program
VHLSS	Vietnam Household Living Standards Survey
VNAS	Vietnam National Ageing Survey

Key concepts

Older person: a person aged 60 or 65 or older, depending on the regulations of each country. For this study, the term “older people” refers to individuals aged 60 years and older, in accordance with Vietnam’s Law on the Elderly 2009.

Employed person: According to the definition provided by the General Statistics Office in the 2022 Labour Force Survey, employed persons are individuals aged 15 years or older during the reference period (7 days preceding the survey) who have engaged in any work (not prohibited by law) for 01 hour or more to produce goods or provide services for remuneration, salary, or profit. Employed persons also include those who did not work during the survey but still hold a job and are committed to that job. This includes individuals who are either still receiving salary or wages during the non-work period or will return to work within 01 month.

Green economy: Currently, Vietnam lacks an officially recognized definition of the green economy in its legal documents. While there are numerous definitions of the green economy worldwide, the definition provided by the United Nations Environment Program (UNEP) is the most widely adopted. According to UNEP (2023), a green economy is characterized by low carbon emissions, resource efficiency, and social inclusivity. Specifically, in a green economy, growth and employment are driven by public and private investment in economic activities, infrastructure, and assets that aim to reduce emissions and pollution, enhance energy and resource efficiency, and prevent the loss of biodiversity and ecological services.

Green industries/industries with green potential: Currently, Vietnam lacks a specific and official definition of green industries/industries with green potential. According to Vietnam’s “National Green Growth Strategy 2021-2030, vision to 2050” (Decision 1658/QĐ-TTg issued by the Prime Minister on October 1, 2021), green industries are those that contribute to the achievement of green growth objectives. For this report, the estimated data for sectors with green potential are based on four sectors, including i) Waste, wastewater and pollution treatment; ii) Construction; iii) Transportation; and iv) Electricity and gas production and distribution.



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Overview

Transforming to a green economy in Vietnam

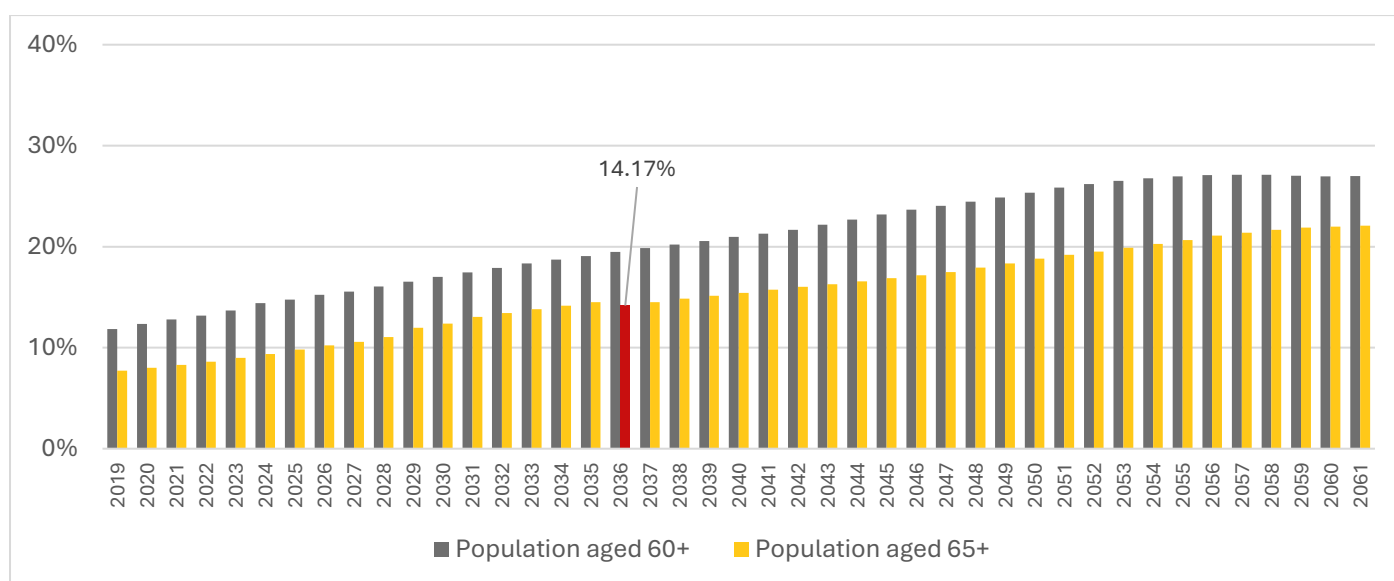
Vietnam is poised to soon undergo a drastic transformation toward a greener economy, as the government has made several commitments to ambitious goals related to Green Growth, Sustainable Development, and Climate Change Response. In addition to being responsible for contributing to these goals by greening labour and social policies, the Ministry of Labour, Invalids and Social Affairs (MOLISA) plays a crucial role in ensuring that the Green Growth, Sustainable Development, and Climate Change Response policies of other ministries are socially inclusive and that these policies take into account social and gender dimensions to protect the rights and welfare of the most vulnerable groups, including older people.

While greening the economy has the potential to improve the quality of life for older people by reducing pollution levels and improving living environments, it remains uncertain whether it will create more and better job opportunities for older people who wish to continue working or adequately address their specific needs. Additionally, the demand of older people for goods and services, as well as their requirements for social protection, must also be clarified. Furthermore, older people's needs and meaningful participation should be assessed and integrated into the policymaking process to ensure an inclusive transition to a green economy, especially since older people are the custodians of local wisdom and traditions, guiding communities to live sustainably and harmoniously with nature.

Ageing population in Vietnam

Vietnam's population is ageing rapidly, as evidenced by the increase in the proportion of people aged 60 years and older, which rose from 8.7% in 2009 to 10.2% in 2014 and reached 12.8% in 2021 (General Statistics Office [GSO] et al., 2021). According to Andrews and Phillips (2005), a country is considered to have an "old" population when people aged 60 years or older constitute 20% of the total population, or when those aged 65 years or older make up 14%. By 2036, Vietnam is projected to transition into an aged society when the proportion of people aged 65 or older accounts for about 14.17% of the total population (GSO, 2021). The "golden population structure" is expected to conclude by 2039, when the proportion of children under the age of 15 falls below 30% of the total population, while the proportion of people aged 65 or older exceeds 15%, as defined by the United Nations (UN) (2004). This demographic shift presents Vietnam with both challenges and opportunities: on the one hand, the growing number of older people necessitates changes in infrastructure, healthcare and social welfare systems, job creation mechanisms, income security, and economic growth; on the other hand, the expanding older population, with improved income and better health, may generate a demographic dividend through increased consumption, reduce the burden on healthcare systems, maintain labour productivity, and promote economic growth.

Figure 1. Forecasted percentage of population aged 60+ and 65+ in the period of 2019 – 2069



Source: GSO (2021)

Utilizing the older population as an asset rather than a socioeconomic burden

With the ageing population in Vietnam, to best utilize the older population as an "asset" instead of a "burden" in terms of economy and healthcare, policies and strategies to adapt to the ageing population and the process of transitioning to a green economy with green sectors and green jobs must consider the demographic and health-related characteristics of the older population.

Some demographic and health-related characteristics of the older population are as follows:

- **There are notable differences in the distribution of the older population by living area, ethnicity, gender, and marital status.** According to the GSO and other organizations (2021), in 2021, there were 4.62 million people living in urban areas, constituting 36.72% of the older population, while 7.96 million lived in rural areas, making up 63.28%. By ethnicity, the Kinh ethnic group comprised 11.29 million people, or 89.75%, while other ethnic groups accounted for 1.29 million, or 10.25%. By gender, there were 5.30 million men (42.18%) and 7.28 million women (57.82%). Across all age groups (60-64, 65-69, etc.), the level of feminization becomes more pronounced with increasing age, as indicated by the rising sex ratio of the older population (the number of women per 100 men in the same age group) in older age brackets. A comparison of the 2009 and 2019 Population and Housing Censuses reveals that the older population has experienced an increase in educational attainment, as evidenced by a higher proportion of older people with a high school degree or higher between the two censuses.
- **There are notable differences in age and gender among older people regarding access to and use of the internet, social networks, and mobile devices.** Data from the Longitudinal Study of Ageing and Health in Vietnam 2018-2019 (Vu et al., 2020) indicates that about 12.7% of older people had internet access. On average, they spent about 2.3 hours per day online. Men had a significantly higher internet access rate than women (17.5% vs. 9%), and men also spent more time using the internet than women (2.44 hours vs. 2.19 hours). The percentage of older people accessing the internet gradually decreased with age. Additionally, 34.7% of older people with social media accounts, with Facebook (30.9%) and Zalo (20.1%) being the most popular platforms. Over half of the older population (58.4%) owned a mobile phone, with a higher proportion of men than women (66.7% vs. 52.2%). Furthermore, men spent more time on daily use of mobile phones than women (1.65 hours vs. 1.41 hours).
- **The health of older people has improved compared to previous years, with notable differences by age group, living area, ethnicity, gender, and marital status.** Nearly 38% of older people self-rated their health as "good" or "very good"; 16% rated their health as "poor" or "very poor"; and 46% rated their health as "normal" (GSO et al., 2021).
- **There are differences in the older population regarding disability.** According to the GSO and other organizations (2021), approximately 12% of older people (about 1.47 million) had at least one type of disability in 2021. The disability rates varied significantly by age group, gender, ethnicity, and living area, similar to the previously mentioned health status. Older people, particularly women, faced greater challenges in performing activities of daily living (ADLs), which include eating; dressing and undressing; bathing and washing; moving and transferring; and independent toileting and continence. These are people who have extensive needs for care.



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Participation of older people in the green economy

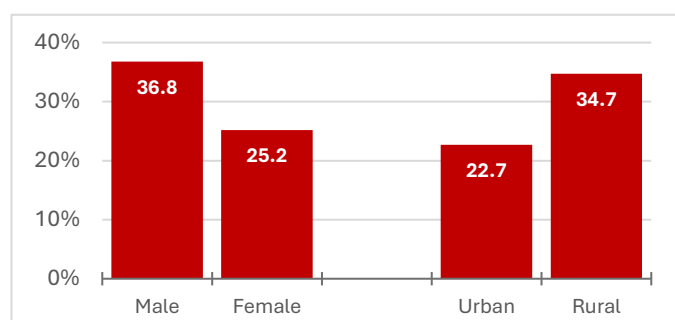
Older people as workers

Current situation

The participation of older people in the labour force decreased significantly in 2022 compared to previous years, with differences by gender, living area and level of technical expertise. Specifically, in 2022, the percentage of older people in the workforce fell to 30.15% (4.3 million people), despite an upward trend from 2012 to 2015, when it increased from 38.5% to 41.38%. This decline can be partly attributed to the impact of COVID on the entire economy. The need for employment among older people arises from various reasons. The Survey on Older Persons and Social Health Insurance in 2019 (OP&SHI 2019) (Ministry of Health [MoH] et al., 2021) showed that among older people who had not worked in the previous 12 months, 36% sought employment because they needed more income; 34.7% wanted to be active in life,; 14.5% wanted to be helpful; and 14.4% wanted to help the family (14.4%)¹.

- *By gender*, workforce participation rate of older women is significantly lower than that of older men. However, compared to the global labour market, the gender gap in workforce participation in Vietnam of both the general population and the older population is generally not too large. The differences can be explained by several reasons, such as women's usual placement in informal jobs, health and job prejudices in recruitment, and the belief that women are responsible for taking care of the family.
- *By living area*, the workforce participation rate of older people in rural areas is always higher than in urban areas. The workforce participation rate of older people is highest in the Central Highlands region (46.5%) and lowest in the Red River Delta region (25.5%).

Figure 1: Workforce participation rate of older people by gender and region



Source: Estimated from the 2022 Labour Force Survey (LFS) data

- *By level of technical expertise*, most older people in the workforce do not have a degree or certificate of technical expertise (91.1% in 2022). Older people with higher levels of technical expertise have lower workforce participation rate, which may be because they are able to better accumulate income in their working age and do not have as much income pressure for daily life in their retirement. Meanwhile, it is more difficult for older individuals with lower levels of or without any technical expertise to accumulate income when working. Coupled with the daily needs to sustain themselves in their old age, this group has a higher tendency to participate in the workforce.

In general, employment for older people increased over time, with differences by age group, gender and level of disability. In the period 2012-2019, the average number of older workers increased by roughly 145 thousand people per year, more than twice as high as the overall employment growth rate of the country. This shows that there are still many job opportunities for older workers in Vietnam. Green growth is often accompanied by the diversification of the economy, creating new industries and job opportunities. This can create new possibilities for older workers, including the prospect of participating in new technology industries, green services, and other related sectors. Older workers often have professional knowledge and skills accumulated over many years of work. As the business environment changes, they can contribute by sharing and applying this knowledge in their respective fields of expertise.

- *By gender*, the gender structure of employed older workers did not change much in the period 2012-2022, while the number of employed older male workers was always slightly lower than that of women in the period 2012-2019; there was a change from 2021-2022 but not significantly.
- *By living area*, the employment rate of older people in rural areas is always higher than in urban areas (in 2012 it was 79.21% compared to 20.79%, in 2022 it was 71.57% compared to 28.43%). In the period 2012-2019, the number of employed older workers increased in both urban and rural areas. The number declined between 2021 and 2022, in which rural areas experienced a sharper decrease than urban areas.
- *By economic sector*, the number of older workers working in the agriculture, forestry and fisheries industry accounts for most older workers. The proportion of older workers in this industry has been declining, with a gradual shift to other industries and services. Older people in industries with green

¹ The question for this item is multiple-choice, so the total response rate does not necessarily equal 100%.

potentials make up a relatively small proportion, but their participation in the workforce has been increasing from 2012 to 2021, with a slight decrease in 2022. The share of older workers in the waste, wastewater, and pollution treatment industry increased from 3.18% in 2012 to 5.04% in 2022. In the construction industry, older workers accounted for 3.3% of the workforce in 2022. In transportation, their proportion grew from 1.69% in 2012 to 3.72% in 2022. In electricity and gas production and distribution, they made up 1.71% of the workforce in 2022. Most older people are willing to work "informally" in these industries. The proportion of older workers with labour contracts remains low, particularly in construction, where the rate declined from 19.1% in 2015 to 3.1% in 2022. This number is much higher in the electricity and gas production and distribution industry (68.7% in 2022) and in the environmental engineering industry (47.2% in 2022).

Table 1. The percentage of older workers in the total labour force of some industries with green potential

	2015	2019	2020	2021	2022
Environmental engineering	3.05%	3.40%	4.72%	5.87%	5.04%
Construction	1.04%	2.13%	2.53%	3.29%	3.33%
Transportation	2.08%	2.68%	3.37%	3.97%	3.72%
Electricity and gas production and distribution	0.73%	0.73%	0.67%	1.89%	1.71%

Source: Estimated from the 2012-2022 LFS data

- *By formal/informal sectors*, from 2012 to 2020, the number and proportion of older workers in the formal sector increased significantly, while those in the informal sector decreased. This trend aligns with the ongoing Fourth Industrial Revolution (Industry 4.0). Its impact, extended to all economic sectors, includes improved access to and application of new technologies in the transformation of production and business operational processes in the informal sector. The gradual formalization of the informal sector has contributed to a workforce shift, including older workers, from the informal to the formal sector. Additionally, after reaching retirement age, older people tend to move from the informal sector to the household sector, particularly to work in agriculture, forestry and fisheries for older people in rural areas.

Table 1. Number of older workers in formal/informal sectors
Units: 1,000 people

	2012	2016	2020
Total	3,818	4,685	4,706
Formal sector	98	25	590
Household sector	61	550	2,980
Informal sector	3,658	4,110	1,135

Source: Estimated from the 2012-2022 LFS data

- *By occupational group*, older workers were predominantly employed in blue-collar jobs, with their proportion increasing from 2012 to 2019 before declining to 38.57% in 2022. According to estimates from the 2021-2022 LFS data, the proportion of older people in leadership and middle- to high-level technical positions constitutes only 1.75% of total workers in these positions.
- *By employment status and type of ownership*, older individuals are primarily self-employed or domestic workers, both of which are often considered vulnerable labour groups. The proportion of salaried older workers increased between 2012 and 2019 but experienced a slight decline from 2021 to 2022. The non-state sector plays a crucial role in job creation for older workers, employing approximately 96.6% of the older workforce.

Similarly, the average income from work of older people also increases over time with differences by gender, living area, economic sector and occupation. According to estimates from the 2021-2022 LFS data, the average monthly income of salaried older workers rose from 2.2 million VND in 2012 to 5.2 million VND in 2022, reflecting an average annual growth rate of approximately 8.8%. However, income levels tend to decline as people get older.

Table 11. Average income from employment of older workers by age group, gender and technical expertise

Unit: 1,000 VND/person/month

	2012	2015	2019	2021	2022
Sum	2,258	2,675	4,267	4,354	5,253
Age Group					
60-64	2,487	3,023	4,532	4,651	5,644
65-69	2,068	1,951	3,925	4,093	4,726
70+	1,438	2,106	2,960	3,141	3,887
Gender					
Male	2,514	2,927	4,666	4,875	5,854
Female	1,706	2,096	3,442	3,359	4,121
Technical expertise					
No expertise	1,900	2,298	4,024	4,169	4,972
Primary	3,105	3,270	4,067	4,820	6,339
Intermediate	2,247	2,076	4,249	3,412	4,839
College	1,776	2,643	4,147	3,714	5,494
University or higher	5,231	5,718	8,120	7,727	9,589

Source: Estimated from the 2012-2022 LFS data

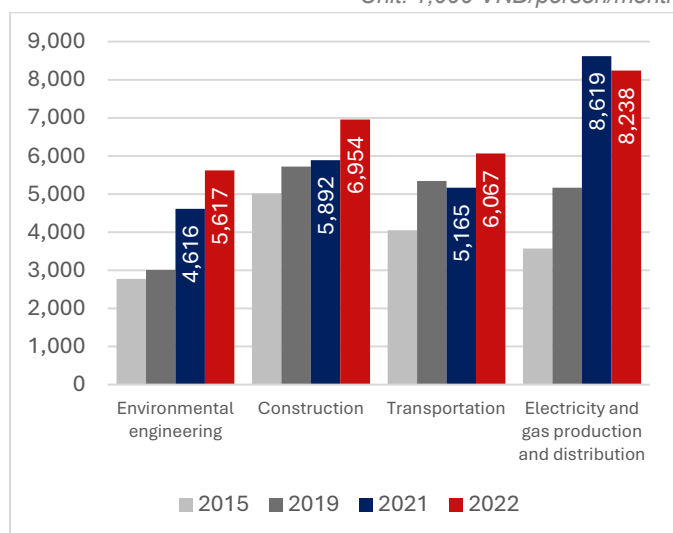
- *By gender*, the average monthly income of older female workers has been consistently lower than that of their male counterparts. In 2022, women earned an average of 4.1 million VND per month, while men earned 5.8 million VND – a difference of about 1.4 times. Women also represent the majority of unpaid workers and those in the "invisible" sector of the informal economy, including family helps, domestic workers, and street vendors (Vu Dau, 2018). Additionally, women constitute the majority of

the poor and lower-income workforce, making them more vulnerable to underemployment, unemployment, and precarious working conditions compared to men.

- *By living area*, the average monthly income of older workers in urban areas has consistently been higher in rural areas. In 2022, the average income of older workers in urban areas is 5.8 million VND, nearly 1.2 times higher than in rural areas (4.8 million VND). Among regions, older workers in the Southeast region and the Red River Delta region have the highest income, at 6.3 million VND and 5.8 million VND, respectively.
- *By economic sector*, older workers working in mining, transportation and warehousing, healthcare and social assistance, and construction have consistently earned higher average monthly income than those in other industries. Notably, older workers in industries with green potential have above-average income, with an upward trend in recent years. In 2022, the average monthly income of older people was 5.6 million VND in the waste, wastewater and pollution treatment industry; 6.9 million VND in construction; 6 million in transportation; and 8.2 million VND in electricity and gas production and distribution.

Figure 2. Per capita/month income of older workers in industries with green potentials

Unit: 1,000 VND/person/month



Source: Estimated from the 2012-2022 LFS data

- *By occupation*, job complexity and level of technical expertise are key determinants of older workers' income levels. Managerial positions and positions with high-level technical expertise consistently provided the highest income levels from 2012 to 2022, with a rapid annual income growth rate of about 10-11%, surpassing the average income growth rate of older workers in general (8.8% per year).

Barriers to labour market participation



Age discrimination

- According to the Institute of Labour Science and Social Affairs (ILSSA) and the Hans Seidel Foundation (HSS) (2021), **some older workers reported that many businesses considered them less efficient** and more susceptible to occupational accidents or injuries in the workplace. Additionally, older workers are considered less adaptable to the changing working environments and the following pressures.
- Older workers face multiple challenges in accessing job opportunities. For instance, many businesses explicitly set a maximum age limit of 45 in their recruitment announcements, while some businesses in some industrial complexes only recruit aged 18 to 30.
- Age prejudice and discrimination are evident in the prevalence of preferential policies and incentives in the workplace for younger workers. **Reskilling programs are almost exclusively for younger workers because employers expect higher returns compared to older workers.**

Limitations in training and low expertise

- Older workers have lower expertise and fewer skills than young workers, especially in computer use, internet access, and emerging green industries and green jobs. Overall, with the expansion of the younger workforce, older workers face increasing pressure to compete in the job market, especially in green industries/industries with green potentials. Additionally, rapidly changing work processes, digitalization, technological development and new requirements for green skills present challenges to older workers in adapting to new tools and processes with the appropriate technology, equipment, and vocational training. According to the World Bank (2023), among 30 surveyed industries, including industries with green potential such as construction, electricity, and transportation, 77% require workers to use smartphones, 40% require computer literacy, and about 25% of occupations require regular use of digital skills. These evolving skill requirements present a significant barrier for older workers in the labour market.

- **Older workers are unaware of their skill gaps.** The study by ILSSA and HSS (2021) also demonstrates older workers' unwillingness to upgrade their skills and expertise, often due to age-related concerns and difficulties in absorbing new knowledge. Consequently, older workers often tend to focus on maintaining their current jobs rather than participating in training to prepare for the future.

Limited access to information and job opportunities

- In the current digital era, older workers need basic computer and internet skills to search and apply for jobs. However, **most older workers lack proficiency in these areas, putting them at a disadvantage compared to younger workers in actively seeking job information**, thereby also limiting their access to suitable employment.
- In addition, **older workers tend to have relatively low willingness to relocate or change jobs.** The study by ILSSA and HSS (2021) also indicates that some older workers are hesitant to transition to new roles or invest in job opportunities, particularly in emerging green industries.
- **The limited availability of employment information, particularly on green jobs, at employment service centres is a barrier to older people's access to labour market information.** Recruitment websites/platforms also target the working-age group, often excluding older workers.
- **The limited availability of information and employment services, including career transition support or vocational training, makes it difficult for older people to be rehired.** Data from the 2021 LFS indicates that **almost no retraining or career transition support is tailored to older people amid major shifts in the labour market**, such as those caused by the COVID-19 pandemic. Older workers rely on referrals from relatives, such as friends or family, to find new jobs.
- **Some older workers are willing to work longer hours under flexible work arrangement, though this is very challenging.** The study by ILSSA and HSS (2021) demonstrates that most enterprises have a rigid production process, which is difficult to reorganize to accommodate the flexibility needs of older workers.

Low demand for older workers

- **The labour market still has demand for older workers, but the job opportunities for them remain low.** According to the study by ILSSA and HSS (2021), some businesses are currently addressing labour shortage by recruiting retired workers, revising job requirements, and ensuring suitable working conditions for older workers.

However, these are considered *temporary* solutions while employers continue to look for younger and more skilled workers with the prospect of providing more long-term stability for the business.

- **Older workers are mostly employed in temporary positions with low income.** In general, most businesses avoid hiring older workers due to perceived risks, such as higher labour costs related to sick leave, rearrangement of work schedules in shifts or crews, or potential disruptions of production lines due to labour shortage, all of which affect overall business productivity.



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Health issues and stereotypes

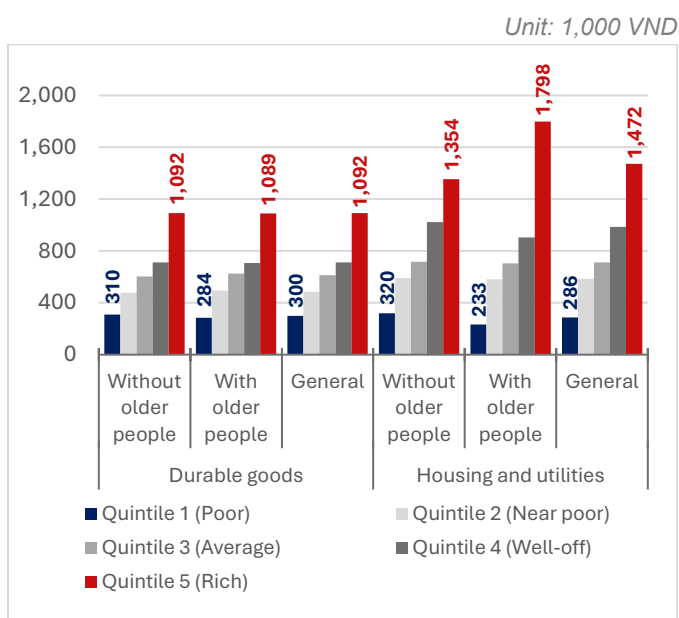
- **Health issues can have significant influences on older workers' ability to participate in the labour market and continue to work past retirement.** The Vietnam National Ageing Survey (VNAS) in 2011 (Central Committee of Vietnam Women's Union, 2012) and OP&SHI 2019 (MoH et al., 2021) both showed similar results, with over **50% of older people stating that they could not work because of health problems, despite their willingness.**
- Poor health also **makes it challenging for older workers to take on their desired jobs, especially jobs in industries with green potential.** These jobs have rigid health requirements as they involve working in remote and inaccessible areas (in wind power, solar power etc.) or in roles with inherent health risks (in waste treatment). Physical and cognitive limitations (e.g. ability to memorize and concentrate) also make it harder for older people to acquire new knowledge and adapt to work processes compared to relying on their existing experiences.
- **Negative health prejudices are also factors that hinder the recruitment of older workers.** Age-related biases, often linked to health issues, heavily influence hiring decisions and limit employment opportunities for the older workforce.

Older people as consumers

Current situations

- Households with older people have significantly lower per capita spending on education compared to households without older people. In contrast, households with older people have significantly higher per capita expenditure on healthcare than those without. Overall, wealthier households tend to have notably higher healthcare expenditure.
- The average expenditure on food and non-food in households without older people is higher than in households with older people. Among households with older people, the richest group spends 2-3 times more than the poorest group. The average household expenditure on non-food goods is 1.3 million VND per month, while households with older people spend 1.12 million VND – slightly lower than the average.
- In terms of expenditure on durable goods, housing, utilities, waste, and gas and fuels, households with at least one older person have lower expenditure than households without older people, though the difference is neglectable. Across all expenditure categories, there are clear disparities between the richest 20% of households and the poorest 20%.

Figure 3. Average expenditure per capita on durable goods and housing and utilities of households with and without older people



Source: Estimated from the 2020 Household Living Standards Survey (VHLSS) data

- Although there is yet any data indicating a shifting trend of consumption during the green economic transition, international research suggests that the both the general population and older people – especially future older generations (i.e. today's youths) – are likely to gear toward green

consumption, driven by factors such as consumer attitudes, social norms, the availability of sustainable products, and digital literacy.

Some expenditure issues due to the green transition

- The shift towards green growth can create more sustainable and higher-paying jobs, enabling workers to generate sufficient income for basic spending and increase expenditures in both households with and without older people. However, the energy transition can pose short-term challenges due to high initial investment costs, which can lead to increased energy expenses, ultimately affecting the lives of older people.
- According to ILSSA (2019), **the energy transition will drive up electricity prices, leading to higher commodity costs and directly affecting older people's expenditure.** Indirect effects include price increases in all manufacturing industries whose input is electricity, triggering a spiral of price increases in all other commodities. This, in turn, diminishes household purchasing power and therefore directly affects the lives of older people.
- The trend of green consumption in both households with and without older people reflects the growing adoption of sustainable and environmentally friendly practices. This trend is driven by a variety of factors, including consumer attitudes, social norms, the availability of sustainable products, and digital literacy (Vermeir & Verbeke, 2006; Chen et al., 2016; Zhao et al., 2022). Past consumption habits and behaviours, especially among older people, such as the use of recycled and conservation products, will have a positive impact on green consumption in the family. However, despite this growing trend of green consumption, households will still face many challenges in applying green consumption practices in the household. For example, low-income households may face financial constraints in adopting sustainable practices and purchasing environmentally friendly products (Lettenmeier et al., 2012).

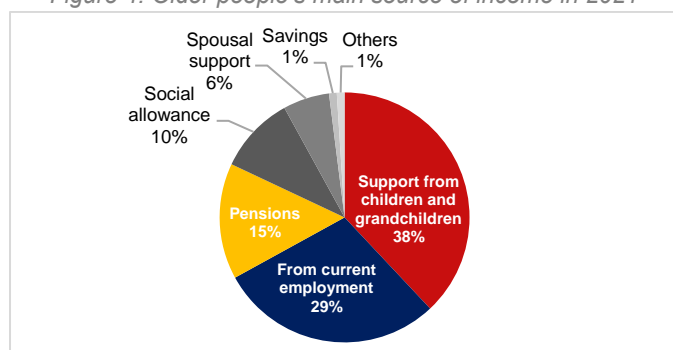


Older people as beneficiaries of social security

Current situations

- The income of older people largely comes from the employment and financial support of their children and grandchildren, while other sources, including social security (e.g. retirement and social assistance) and savings, are more limited. According to data from MoH and other organizations (2021), a decline in financial support from children and grandchildren, coupled with the decline in older people's capacity to work, would significantly diminish older people's income. This presents a major challenge in ensuring financial security for older people when welfare coverage (i.e. pensions and social benefits) is still limited. Findings from OP&SHI 2019 (MoH et al., 2021) indicate that 38% of older people rely on support from children and grandchildren as their primary income source, 29% depend on their own employment earnings, and only 25% receive income from social security (i.e. pensions and social benefits).

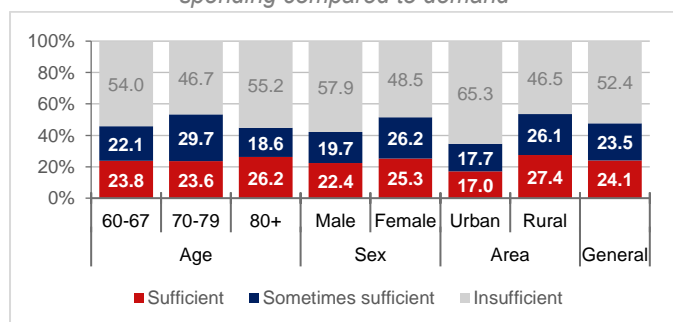
Figure 4: Older people's main source of income in 2021



Source: MoH and other organizations (2021)

- According to the survey, only about 52% of older people reported to have sufficient income for daily expenses, while about 24% reported otherwise. There was a clear difference in the rate of "insufficient" responses among older people in rural (27.4%) and urban (17%) areas, while the disparities by age group and gender are less pronounced.

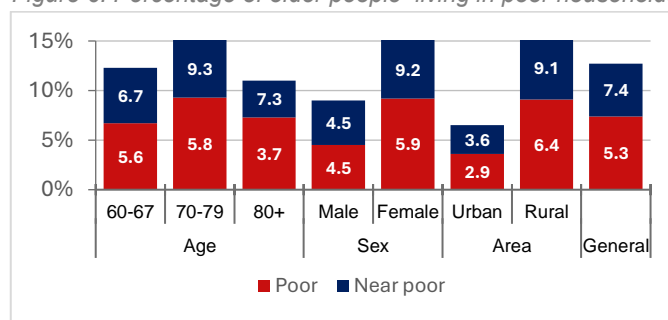
Figure 16: Older people's assessment of income for daily spending compared to demand



Source: MoH and other organizations (2021)

- The proportion of older people living in poor households has declined over time, but there are still stark differences by age, gender, and living area. According to the survey on the older people living in households with different poverty status (poor, near-poor and non-poor), 7.4% of older people live in poor households and 5.3% live in near-poor households. Compared to VNAS 2011, where 17.2% of older people lived in poverty, this represents a decline of more than half. However, notable differences persist by living area (urban: 3.6% vs. rural: 9.1%) and by gender (male: 4.9% vs. female: 9.2%).

Figure 6. Percentage of older people living in poor households



Source: MoH and other organizations (2021)

Some social security issues in the green transition

- In the context of green growth and economic transition, many households will likely fall into poverty or near-poverty due to the loss of jobs, livelihoods and income in the "brown economy" or industries that rely on (forest) resource exploitation.
- Another issue of great concern is that the existence of two "missing middles" in both the working-age and older population will present a huge challenge for Vietnam in ensuring income security for older people in the coming decades.
 - On one hand, the "missing middle" in the workforce is nearly 60% who have not participated in social insurance, most of whom are informal workers. Analysis by the 2020 labour-employment survey data of Giang Thanh Long & Do Thi Thu (2023) indicates that most uninsured employees are vulnerable workers, including self-employed workers, unpaid family workers, workers without labour contracts or by oral agreement only, or workers in businesses without business registration.
 - On the other hand, the "missing middle" of the older population is over 50% of older people (6.4 million out of over 12 million older people) who do not receive any forms of income security, such as pensions or monthly social assistance (Department of Social Insurance and MOLISA, 2023).

- The existence of these two "missing middles", if not addressed, will have major consequences. Millions of people, upon reaching retirement age, will not receive any income from the social security system, placing a substantial burden on the tax system as they become reliant on social assistance.

International experiences in policy for older persons

Employment policy for older people

Thailand

Creating jobs for older people and recruiting older workers are key policy mechanism for promoting active ageing. Having additional income from employment provides older people with sufficient income after retirement and, in the long run, helps reduce the government's budgetary burden of welfare for older people. Most importantly, older workers can help address labour shortages in some industries. Employment also fosters independence and enhances self-esteem among older people.

Thailand's Ministry of Labour has created jobs for older people to reduce social inequality and address the country's ageing population. The Department of Employment has been tasked with finding jobs for people after retirement age. So far, there have been five main occupations for older people, most of which are green occupations such as production workers, housekeepers, security guards, instructors, and drivers.

In 2019, the Thai Ministry of Labor signed a Memorandum of Understanding on Job Promotion for Older People with 12 private companies and 23 employment agencies to integrate qualified older people into the formal workforce. By 2021, the report on older people in Thailand highlighted private sector companies that have recruited older people, such as SE-ED Book Centre, IKEA, Big C, Grab car etc.

Thailand has also adopted a tax policy to encourage the recruitment of older workers. Businesses recruiting older workers (those aged 60 and older) are eligible for a deduction of up to twice the amount they actually paid for hiring them.

In addition, the Job Creation Loan Fund has provided both individual and group loans to eligible older people. The Older Persons Fund also provides financial support, including loans, to older people. According to the 2021 report on older people in Thailand, during the fiscal year 2021, 8,158 older people borrowed from the Fund, amounting to 231 million Baht. In addition, the Fund provides loans and financial support to clubs and organizations to implement capacity development activities for older people.

To promote lifelong learning, **Thailand has developed Community Learning Centres**, with 8,577 centres nationwide as of 2021. The Ministry of Education has also cooperated with the Senior Citizen Association to open schools for older people. In 2018, more than 1,000 schools were opened, offering vocational courses tailored to older people.



China

Increasing the retirement age alongside anti-age discrimination policies. In response to the demographic shift, the Chinese government is implementing a plan to gradually increase the retirement age. However, without addressing the widespread problem of age-based discrimination in the workplace, simply increasing the retirement age may have a limited impact on retaining older workers. Regulations in the pension system should be improved to encourage older people to continue working. Acknowledging the major challenges of the pension system amid an ageing population - including a projected decline in the system support ratio (calculated by the number of contributors divided by the number of beneficiaries) from 6 in 2005 to 2 in 2040, potential pension debt of about 140% of GDP, and fund imbalances of up to 95% of GDP - the Chinese government established the National Social Security Fund in 2000. This initiative aimed to improve worker participation in the system and encourage older people to continue working and contributing to the system.

Believing that developing a rural pension system will be the key to narrowing the gap between rural and urban living standards, **the Chinese government launched a new rural pension system in 2009 and expanded its coverage to over 75% of rural workers and older people.** The investments of this fund are diversified across multiple sectors, including investments to support businesses recruiting older workers in the private sector.

Japan

The Japanese government established the Silver Human Resources Centre (SHRC) in 1974 to support older people in job search. Fully funded by central and local governments, these centres provide temporary and short-term community-based employment opportunities

for older people by matching work orders from private companies, organisations and households to older job seekers. SHRC has also operated the Senior Work Program since 2003, which helped improve older people's employability by providing free skills training and job-interview preparation in cooperation with various associations of business owners and public institutions.



Improving older people's interaction with technology to increase job opportunities. The Japanese government has been exploring information and communication technology solutions in various aspects of older people's lives, including healthcare, social welfare, and economic participation. Both governments and the private sector are working to improve older people's competitiveness in the booming global market, focusing on developing robotic technology to meet the needs of older people and caregivers.

Strengthening the long-term care system for older people so that caregivers, who can also be older people, can continue working. Japan is one of the few countries with long-term care insurance (LTCI). To address the healthcare needs of its ageing population and ensure financial sustainability, the Japanese government has continuously refined its LTCI program to help older people live more independently and support family caregivers. The government is placing greater emphasis on home and community care and preventative healthcare programs.

South Korea

Promulgating and implementing the Law on Anti-Age Discrimination. In alignment with the recommendations of the Organisation for Economic Co-operation and Development, South Korea passed the Act to prohibit age discrimination in recruitment and encourage employment for older persons in 2009. The Act prohibits all forms of unfair treatment of older workers in recruitment, dismissal, remuneration, training, promotion, and other aspects of professional life.

Enhancing access to flexible work. Flexible work arrangements can benefit both employers and

employees by improving business efficiency and labour market performance. In a rapidly evolving business environment, flexible working hours may be a better strategy than adjusting the workforce by numbers. This approach allows companies to retain skilled workers and reduce hiring, dismissal and skills training costs.

Wage subsidy for older workers. In South Korea, there are three types of wage subsidies: i) subsidy for the highest wage system; ii) subsidy for reducing working hours; and iii) subsidy to extend employment for older workers.

- *Subsidy for the highest wage system* was introduced in 2006 to address the problem of early retirement. The seniority-based wage system promotes early retirement, and wage reductions for older workers will incentivise companies to retain them beyond the mandatory retirement age. In the long run, however, subsidies are likely to prevent companies from reforming the seniority-based wage system to competency-based.
- *Subsidy for reducing working hours*, launched in 2016, is a new subsidy for workers aged 50 and over to not only promote reduced working hours but also retain older workers longer in their main jobs. This subsidy is combined with a skills development program to enhance older workers' productivity and ensure their rights to request reduced working hours.
- *Subsidy to extend employment for older workers* is also introduced to promote and maintain employment for older people. The government has subsidized employers who i) hire workers who have retired due to the mandatory retirement age, ii) increase the retirement age above 60 or iii) abolish the mandatory retirement age altogether.

Reforming of the pension system, in which abolishing the minimum mandatory retirement age of 60 years is a prerequisite. Regulations on mandatory retirement rules for employers gradually came into effect in 2016 and 2017 under a new law issued in South Korea in 2013. According to these regulations, the mandatory retirement age must exceed 60 years. The new law encourages collective dialogue to establish regulations on mandatory wages and pensions. The new law also provides a comprehensive incentive mechanism for businesses to restructure the wage system to better support older workers.

Reforming of the seniority-based wage system, which stipulates the highest salary eligible. In the short term, reforms mainly involve the use of a highest wage system, where employers commit to maintaining the jobs of older workers in exchange for salary cuts, which is partially offset by government subsidies granted to employees.

Social security policy for older people

According to the recommendations of international organisations such as the World Bank and the International Labour Organization, the **construction of a multi-tiered income security system and social protection floor** will create a minimum income guarantee for older people and diversify their income sources.

Firstly, *the 0th tier – the basic or minimum income level* – is the foundational layer, providing basic security for everyone who reach old age, regardless of their prior income. To reduce the number of beneficiaries with high income levels, income-based exclusion measures (e.g. affluent tests) can be applied to ensure that only those in need receive benefits. For example, Thailand provides older people (aged 60 and above) with a monthly allowance of 800 baht. Those who do not want to receive the allowance (due to various reasons) can register for delayed reception in the national social security system. Other countries in the region such as South Korea and Japan also have the 0th tier. The funding for this tier comes entirely from state budget.

Second, *the 1st tier – the "pay-as-you-go" level* – is formed from the contributions of employees and shared

in the system. This tier shares and redistributes income between higher-income and lower-income groups. The level of redistribution corresponds to each worker's contributions and received benefits. Most countries have adopted this tier, except for countries that only rely on personal account systems for workers (e.g. Chile in the 1980s). Tier 1 is connected to Tier 0 in certain circumstances. For example, employees who have not contributed to the system for a sufficient time can choose to either compensate in full for the missing amount to receive a higher monthly pension or accept a lower monthly social pension/allowance based on their contribution level. In China, a portion of the contribution is credited to this account and a portion is deposited into a personal account (explained below).

Third, *the 2nd tier – the "personal account" level* – is built solely on the employee's contribution; its benefits are solely for the person; and the risks (e.g. investment risks) are borne by the contributor. This is the tier that helps to further improve retirement income but is also the financially riskiest tier. Countries such as Chile and China incorporate this account in the income security system for older workers.



Conclusion

Population ageing is irreversible, requiring all strategies, policies and goals to adapt accordingly. Older people in all positions – employees, consumers or beneficiaries of social security – must be given due attention in programs, strategies and policies to affirm their roles, positions and potential for economic contribution. Vietnam has introduced various policies to encourage economic participation of older people and prohibit discrimination, but they still face barriers to fully engaging in economic activities and securing suitable jobs. Addressing age-related prejudices and increasing the participation of older people is crucial to not only ensuring equal rights and opportunities for older people but also leveraging their potential, experience, and knowledge in different roles in accordance with the aspirations, needs, and abilities for economic contribution. This can be achieved through the following actions:

- Raising social awareness of population ageing to recognize the role and potential contribution of older people to economic growth. Given that older people will account for a significant proportion of the future labour force, it is essential to ensure the rights and benefits for older people are not overlooked in the transition to a green economy.
- As part of the global economy, Vietnam must comply with international regulations and standards on labour, consumption and social security, including new international trade and investment standards such as Environmental, Social and Governance. Promoting economic participation and anti-discrimination measures will not only affirm Vietnam's compliance with international standards and commitments but also attract investments and ensure equitable, inclusive and comprehensive socio-economic development.
- To obtain convincing evidence from practice for policy formulation, concepts and measurements of "green economy", "green growth", and "green jobs", aligned with international practices and adapted to the actual conditions of Vietnam, need to be developed and promulgated. Without these concepts, it is difficult to provide detailed analyses on specific groups (i.e. older people in this report). Considering international concepts of "green jobs", the current classification neither accurately reflect the number and percentage of older people in "green jobs" nor forecast the number of relevant jobs in the future and the extent to which older people can participate.
- The role of socio-political organisations related to older people (e.g. the Association of the Elderly and the Women's Union) needs to be strengthened to ensure the rights, economic participation, and contributions of older people within families, communities, and society.

Specifically:

Firstly, it is necessary to further incentivise and encourage older people to continue working and contributing to all sectors of the economy by:

- Developing and implementing specific sanctions against age and gender discrimination in the workplace to address heavy prejudice against older people in general and older women in particular. At the same time, other relevant regulations also need to be implemented. For example, it is necessary to provide clear guidelines and regulations on access to preferential loans from credit sources for all eligible older people to prevent exclusion. The Bank for Social Policies also needs to consider older people as beneficiaries of social policies who are eligible for preferential loans.
- Building a special fund for older people to support job creation and capital lending for production and business, with priorities for green, environmentally friendly and emission reduction industries. Older people in need should be prioritized to access the fund.
- Providing support to businesses, especially small businesses, in fields employing a large proportion of older workers or in emerging labour-intensive fields in the green economy. The support can be in forms of temporary tax reduction or exemption or direct support. In return, these businesses must commit to ensuring decent employment for older people.
- Strengthening the operation of employment service centres in connecting older workers with employers. It is particularly necessary to create and introduce local employment for older workers to help them stay with their current working environment while maintaining and developing social connections with their families, colleagues and communities. At each centre, a specialised department to provide job information and consultation for older people should be established so that they can conveniently access tailored information and need-based career consultation. It is necessary to have a connection between these employment service centres and vocational training centres to ensure that older people are provided with relevant knowledge and skills for the jobs they want and to "match" job requirements with the capacity of older people in the labour market.
- Strengthening the role of community learning centres, intergenerational assistance clubs, and associations and unions (especially the Association of the Elderly, Women's Union and Farmers' Union) in providing community-based lifelong

learning activities for older people. It is necessary to have a connection between these learning centres with employment service centres to improve the efficiency of job search for older people. This connection can also equip older people with knowledge and skills relevant to their desired jobs and meet the demands of emerging jobs in the context of greening the economy (green skills and knowledge, digital skills...)

- In the trend of migration between urban and rural areas, it is necessary to connect older workers with green jobs. For example, to address ageing in rural areas, it is necessary to have a policy that integrates older workers into green jobs in the agricultural sector. At the same time, older workers can also participate in green jobs in other fields (e.g. clean water and waste treatment) that are becoming increasingly important in the rapid process of urbanization, especially in megacities with high population sizes and densities.

- Connecting the domestic and foreign labour markets to create jobs that are suitable for current and future older people.

Second, promoting older people's role as green consumers:

- Specific policies are needed to incentivise the shift of domestic production to green production with green industries and green products that target different customer segments, including older people.

- Strengthening education for the entire population, especially the younger generation, on environmental awareness and green consumption. Developing habits of environmental protection and improving general knowledge about the environment, finance and digitalization are steps to prepare future older generations for digital skills, green jobs and green living.

Third, strengthening social security for current and future older people:

- Introducing policies to encourage workers in the informal sector to participate in social insurance. This group constitutes a large proportion of the workforce but has a low participation rate in social insurance. If social insurance is not expanded, future older generations will create considerable pressure on not only the social insurance system but also the state budget for pension support.

- Limiting, with the goal of completely abolishing, the one-time social insurance withdrawal policy, except for special cases (e.g. overseas migration, serious illnesses). This will help reduce the number of people who withdraw from the system altogether (i.e. reducing the future "missing middle").

- Piloting a flexible retirement age, i.e. retiring at any age within a provided age range (e.g. from 60 to 70) for both men and women rather than at a fixed age. Retirees who continue working can be encouraged to continue paying social insurance to enjoy a higher pension after retirement.

- Connecting the domestic social insurance system with other countries, especially those employing Vietnamese workers and those with foreign workers in Vietnam. This is an important task to ensure the rights of employees in the future when they become older people.

- Building a multi-tiered income security system with a connection between social insurance and social assistance to guarantee a minimum income for all citizens reaching old age.

Raising awareness about population ageing associated with opportunities and challenges in the context of transition to a "green economy"

Comply with international regulations on labor, consumption, and social security; Integrate preferential policies with "green" industries to ensure benefits for elderly workers

Provide the concepts and measurements of "green economy", "green growth", "green jobs" to have convincing evidence for policy making



Research and assessment of the impact of policies on the elderly need to be carried out fully and comprehensively to ensure the adjustment and supplementation of new policies

Review and update all current OP policies as well as prepare for tens of millions of additional OP in the coming decades, including the OP Law and to ensure inclusion of OP in green economy policy.

Strengthen the role of socio-political organizations/ social organizations related to the elderly to ensure the rights, promote the role and participation of the elderly

Limitations

Firstly, with the lack of official definitions (such as green economy, green jobs etc.), the **analyses of older people using existing data in the three roles are somewhat debatable when referring to these concepts**. Without specific criteria to determine green jobs, estimating the number of older workers in green jobs/industries remains challenging.

Secondly, because of the differing objectives of surveys (including those at the national level), **there lacks compatibility between the surveys to provide a comprehensive analysis of older people across different dimensions**. For instance, the VHLSS can help to provide a detailed analysis of older people's economic activities but does not help in estimating the participation rate of older people in social insurance, which can be estimated from the LFS.

Thirdly, **some information is not repeatedly collected throughout the surveys, so it is difficult to provide longitudinal data analyses** (e.g. the source of information on job finding in the LFS).

Fourthly, although economic digitalisation is increasingly evident, existing surveys and censuses provide insufficient data on this trend. Therefore, **it is not possible to analyse in detail how digitalization affects the labour market and employment opportunities and challenges for older workers**.

Fifthly, the lack of disaggregated data on older people as consumers means that **the analyses in this report are mainly drawn from the consumption issues of households with older people and international experiences**.



Disclaimer

This document is developed and synthesized by a group of authors, including Dr. Giang Thanh Long, Dr. Pham Ngoc Toan and Dr. Tran Bich Thuy, and colleagues of the Macroeconomic Reform / Green Growth Programme of the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) in Viet Nam funded by the German Federal Ministry of Economic Cooperation and Development (BMZ).

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