

QUICK POLICY BRIEF:

IMPROVING SKILLS DEVELOPMENT FOR RURAL WORKERS

1. Introduction

In Vietnam, the informal sector is pervasive – in rural areas it is estimated that 47% of non-farm jobs are informal (*Cling et al. 2010*). Having no social security, poor and very low education levels, amongst the lowest quintile in terms of income, also means that informal sector workers' vulnerability to various shocks is very high. Only a limited portfolio of research has been conducted in this sector, primarily aimed at understanding the nature and characteristics of informal workers.

PARU contracted two studies designed to contribute to this issue by examining how improvements to vocational training policies can benefit informal (rural) workers. Through this process it was hoped that it would contribute to poverty reduction in a number of provinces including Nam Dinh, Thai Binh, Phu Tho and An Giang. Having investigated the provinces, the need for change that can help informal sector workers either i) to move to better / more stable occupations (and hence better livelihood options – or in terms of the “markets for poor” literature, “stepping out”); or ii) can facilitate improvements in the way informal sector workers undertake their existing occupations better and generate greater income from them, was apparent.

Working with decision 1956/QĐ-TTg dated 27/11/2009 on supporting vocational training for rural labourers until 2020 and other related policies namely: (i) Decision 295/QĐ-TTg dated 26/2/2010 on vocational training and job creation for women for 2010-2015; (ii) Decision 103/2008/QĐ-TTg on 21/7/2008 on supporting youth in vocational training and self-employment creation for the period 2008-15 and (iii) Decision 800/QĐ-TTg dated 4/6/2010 on new rural development, the opportunity for significant lasting policy change was apparent.

2. The Study Approach

The main methodological approach applied in the study is new to Vietnam and encompasses

a combination of research, understanding and integrating this into tangible policies both at the national and local levels and subsequently piloting how the policy change can be implemented on the ground effectively.

Informal sector workers are typically characterized as having: (i) limited human and social capital (including low educational and vocational skill levels, poor social networks, and the shortage of information and skills to adapt to changes in working and living environment), (ii) limited access to vocational training system and employment services; (iii) low basic skills required to participate in the workforce such as time management and group decision making; and (iv) limited access to jobs offered by formal sector.

Studies taken in two provinces (Nam Dinh and An Giang) shows that: (i) it is less likely that the rural workers are willing to out-migrate to find jobs in the formal sectors: rate of migration for the rural workers under 35 year old is low (e.g. 21% in Nam Dinh and around 12% in An Giang), whilst for those who are above 35 the migration rate is even close to zero (less than 1% in Nam Dinh and just above 1% in An Giang); and (ii) limited opportunities for rural workers above 35 to obtain formal sector jobs – firms are reluctant to hire from this age category without significant formal sector experience.

3. Issues Related to the Implementation of the Decision 1956 Program

The most challenging task of implementing Decision 1956 has been the lack of focus on identifying a clearly articulated target group for the program. Without a clear strategy on this, indicated through clear objectives and goals, skills identification will always remain a considerable issue, irrespective of the actual mechanics of how this is undertaken. In the absence of both narrowing the target group and clearer understanding of the skills mixes required, the actual implementation of Decision 1956 has been more supply driven, with greater focus placed on budget disbursement rather than outcomes. Thus the design and implementation of Decision 1956

continues to be hampered by a number of institutional failures such as:

- *Multi sectoral coordination across numerous departments at the Provincial and District levels is weak* for the implementation of the programme. The lack of this coordination and the limited capacity at the local level to formulate strategies and policies that can deliver the types of pro-poor growth that the programme is expected to support is absent. This results in weak anchoring of the programme as found in practice in many Provinces.
- Decision 1956 has allowed the space to develop genuine local ownership into the process of skills development within Vietnam. However, despite the bottom up approach adopted there is little that currently exists to provide a feedback mechanism to ensure that the local government agencies are ultimately accountable, to stakeholders (rural workers and businesses) for the outcomes of the programme.
- Furthermore, although the legal documents pertaining to Decision 1956 stress the need for the participation of communities within the programme, what is *missing is the empowerment of these communities to develop the skills mixes* that will enable to improve their livelihood options or improve incomes on the livelihoods they currently engage in. The lack of community access to or accountability of those that control the funds for these programmes reduces this sense of community ownership.
- What still missing in terms of the implementation of Decision 1956 are specific guidance documents that provides step by step instructions for Provinces to follow in terms of identifying skills, and to translate those needs into practically orientated programmes that can provide better livelihood outcomes for rural workers.

4. The Pilot Provinces

Despite Nam Dinh and An Giang have rural populations which are on average higher than national averages (around 81% and 71% respectively), they have managed to achieve remarkable GDP growth rates in 2010 at 12% and 10.12%, respectively. The sources of growth for these provinces are however, very different, with garment and textiles the top two sectors accounting for about 52% and 22% respectively of the provincial GDP in Nam Dinh. However, growth in An Giang continues to be driven by agriculture and aquaculture, contributing to 52% and 24% respectively of Provincial GDP.

The provinces were chosen for piloting given their large rural populations but contrasting sources of growth and the significance of Program 1956 activities in both provinces. In this respect Decision 1956's policy target group of Nam Dinh falls into two different sub groups: (i) a group of people under 35 years of age – who have a greater propensity to migrate; and (ii) a group of people from 35 and above who have limited livelihood options and assets to migrate. This second group typically has an additional job outside their traditional agricultural activities – a rational approach that most poor households take to diversify their livelihood risks and maintain a basic level of income for the household. With a supply driven training system, limited ability to identify the real needs of this social grouping and course structure based on a formal vocational training models, it is little surprise that this older group of informal sector workers have not benefited from the program.

An Giang Province under Decision 1956 has struggled to integrate poor rural workers or those that are near-poor, despite the high incidence of poverty and vulnerable households in the province. In addition, with the majority of labour that has remained in the rural areas aging and equally vulnerable i.e. people aged 35 and above, An Giang Province has also struggled to marry their needs to that of implementing the 1956 program.

In summary, the current model fails to address the more vulnerable target groups of non-migrating workers that are aged 35 and above. The mismatch of the training model to the needs of this target group can be attributed to: (i) a poorly developed approach to skills identification and weak coordination among sectors in identifying skills for rural workers; (ii) training courses organized through more supply driven TVET system without understanding the methods and approaches (more practical based training) that rural people require; and (iii) inappropriate financial flows which mean funds go to the TVET institutions without communities having any say in where and when they should be allocated.

5. Pilot Activities

The Policy Pilot was designed in Nam Dinh Province where there was the greatest traction and willingness to experiment. To unblock the above challenges of the current vocational training model for the group of rural workers aged 35 and over, a pilot training model was designed to incorporate a more community management approach – where communities have a say in where, when and what types of training they receive. The pilot activities include the following:

- i) organize stakeholder workshops including the major implementers of the proposed program - Nam Định City People Committee, the agency supporting community development and mobilization as well as Department of Labour Invalids and Social Affairs (DOLISA) Nam Dinh to define the scope of the pilot;
- ii) detailed community facilitation to define the training course outcomes and types of activities that the community wishes to prioritize;
- iii) To ensure coordination amongst major departments in the province including DOLISA, Department of Agriculture and Rural Development (DARD), and Department for Planning and Investment regular meetings are

held. This ensures that the pilot training course and future courses match the sources of growth, capacity of training providers.

iv) *Conduct a pilot training course.* The pilot training course is not aimed per se at skills development for a particular sub-set of workers, but rather it aims to develop an institutional model that can be replicated both in the province and outside. The model aims to have the community at the centre of the decision making process – identifying a range of skills that they see appropriate, then working with Provincial departments to make sure that those skills fit with the sources of growth and job opportunities within the Province. Finally to ensure that the community actively participates in their designated training, they also have a say of which TVET / trainers will be required in collaboration with DOLISA, the implementing agency of the Decision 1956 programme. As part of the pilot there will be an examination of whether a core of community based trainers can be certified to participate in the program – thereby providing training directly at the potential trainees villages.

6. Outcome

The pilot training is currently in the process of being concluded. However, it is clear at this stage the model is working and provides a basis for Nam Dinh province and others with a similar situation to adopt their own revised guidance documents for the implementation of the program. The 1956 program are also in the process of evaluating this new community based model and based on the final outcomes are likely to make changes to their approach to implementing the program in subsequent years.

The pilot has resulted in a number of associated policy recommendations which can be summarized as follows:

Skill identification: A clear need to incorporate the beneficiary communities much deeper into this process. It requires a greater understanding of the situation and livelihood assets available to communities and based on

their needs and the growth trajectories of the Provinces in which they live, a more sensible set of skills can be identified which can either increase incomes from existing activities or diversify their income base.

In order to achieve this greater multi-sectoral coordination across the numerous departments at the provincial and district levels needs to be improved. Regular discussions and dialogue between these institutions, the commune, and communities will ensure that the community will take a more “rights” based approach to holding these structures more accountable to them.

Potential for a more competitive market for training providers to emerge: By having communities more empowered to select their training providers and closer monitoring at the commune and district levels, a more competitive market situation is placed on both the existing TVET system and certified trainers to respond. Although there are likely to be limits about how much competition can be exerted, this provides the basis of having a more competitive market for training providers in the future.

Potential to devolve greater financial management to communities in the future: The pilot that has developed a more community centric model. In order to have greater community participation and ownership in the future, a more devolved financing mechanism may need to be considered which permits communities in collaboration with the commune level authorities to have more ownership in where funds are allocated within the 1956 program.

Policy changes driven by the pilot: Nam Dinh CPC’s will develop a series of legal documents to apply the community management approach in conducting vocational training courses in Nam Dinh City - this includes the courses financed by Nam Dinh City People Committee through their own budget and by the 1956 program.

Nam Dinh Provincial People’s Committee decision to apply the community management based approach in conducting vocational training courses to be financed by the 1956 program from 2012 onwards provides a potential for other Provinces to replicate.

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