



BetterWork
Viet Nam

Viet Nam

Annual Report 2023

Data from 2022



International
Labour
Organization



IFC

International
Finance Corporation
WORLD BANK GROUP

**Copyright © International Labour Organization and
International Finance Corporation (IFC) 2023**

First published 2023

The ILO is acting on behalf of both organizations on copyrights-related matters.



This is an open access work distributed under the Creative Commons Attribution 4.0 International License (<https://creativecommons.org/licenses/by/4.0/>). Users can reuse, share, adapt and build upon the original work, as detailed in the License. The ILO and IFC must be clearly credited as the owner of the original work. The use of the emblem of the ILO and/or IFC is not permitted in connection with users' work.

Attribution – The work must be cited as follows: [*Better Work Viet Nam Annual Report 2023*, Geneva: International Labour Office and International Finance Corporation, 2023]

Translations – In case of a translation of this work, the following disclaimer must be added along with the attribution: *This translation was not created by the International Labour Organization (ILO) or the International Finance Corporation (IFC) and should not be considered an official translation. The ILO and IFC are not responsible for the content or accuracy of this translation.*

Adaptations – In case of an adaptation of this work, the following disclaimer must be added along with the attribution: *This is an adaptation of an original work by the International Labour Organization (ILO) and the International Finance Corporation (IFC). Responsibility for the views and opinions expressed in the adaptation rests solely with the author or authors of the adaptation and are not endorsed by the ILO or the IFC.*

This CC license does not apply to non-ILO copyright materials included in this publication. If the material is attributed to a third party, the user of such material is solely responsible for clearing the rights with the right holder.

Any dispute arising under this license that cannot be settled amicably shall be referred to arbitration in accordance with the Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL). The parties shall be bound by any arbitration award rendered as a result of such arbitration as the final adjudication of such a dispute.

All queries on rights and licensing should be addressed to the ILO Publishing Unit (Rights and Licensing), 1211 Geneva 22, Switzerland, or by email to rights@ilo.org.

English, ISBN: 9789220393024 (web PDF)

Vietnamese, ISBN: 9789220393031 (web PDF)

The designations employed in ILO publications, which are in conformity with United Nations practice, and the presentation of material therein do not imply the expression of any opinion whatsoever on the part of the ILO concerning the legal status of any country, area or territory or of its authorities, or concerning the delimitation of its frontiers.

The responsibility for opinions expressed in signed articles, studies and other contributions rests solely with their authors, and publication does not constitute an endorsement by the ILO of the opinions expressed in them.

Reference to names of firms and commercial products and processes does not imply their endorsement by the ILO, and any failure to mention a particular firm, commercial product or process is not a sign of disapproval.

Information on ILO publications and digital products can be found at: www.ilo.org/publns.

Printed in Viet Nam.

► Table of content

Introduction	03
Industry overview: Challenges and opportunities	04
Better Work Viet Nam in 2022	08
Compliance snapshot for 2022	12
Methodology and data	12
International labour standards	13
National labour law clusters	14
Social dialogue at the workplace	14
Contract and human resources	14
Internal work rules	14
Compensation and working time	14
Occupational safety and health	15
Spotlight on special projects	19
Gender Equality and Returns (GEAR)	19
Factory Ambassador Programme	21
The way forward	23

► List of abbreviations

CBA	Collective Bargaining Agreement
CPI	Consumer Price Index
GDP	Gross Domestic Product
GEAR	Gender Equality and Returns
IFC	International Finance Corporation
ILO	International Labour Organization
MOLISA	Ministry of Labour, Invalids and Social Affairs
PICC	Performance Improvement Consultative Committee
SLCP	Social & Labor Compliance Program
VCC	Virtual Compliance Check
VCCI	Viet Nam Chamber of Commerce and Industry
VGCL	Viet Nam General Federation of Labour
VITAS	Viet Nam Textile and Apparel Association
WRO	Worker Representative Organization



► Introduction

Better Work is an innovative partnership programme between the International Labour Organization (ILO) and the International Finance Corporation (IFC). The programme aims to improve labour standards and competitiveness in global supply chains. Better Work involves the development of both global tools and country-level programmes. The focus is on scalable and sustainable solutions that build cooperation between government, employers' and workers' organizations, and international brands.

Better Work Viet Nam started its operations in 2009 with the aim to support the growth and competitiveness of Viet Nam's garment industry by promoting decent working conditions. Today, the programme is active in 426 garment and 44 footwear factories across the country, employing more than 750,000 workers. Better Work Viet Nam follows an integrated approach that includes assessment, advisory and training sessions at the factory level, and the programme hosts industry seminars to promote cross-industry sharing and learning culture. Better Work Viet Nam collaborates closely with different stakeholders, such as the Ministry of Labour, Invalids and Social Affairs (MOLISA), the Viet Nam General Confederation of Labour (VGCL), and the Viet Nam Chamber of Commerce and Industry (VCCI), to improve working conditions in the garment and footwear sectors. The programme also works with international brands, vendors, trade associations and other relevant organizations that work with the garment, apparel and footwear sectors.

This 2022 annual report shares results from Better Work Viet Nam's key initiatives and offers compliance snapshots from the garment and footwear industries in 2022. Insights into compliance and working conditions have been drawn from 293 on-site factory assessments conducted between January and December 2022.



► Industry overview: Challenges and opportunities

Viet Nam's garment industry is in a challenging moment, beset by economic strain, operational obstacles and supply chain disruptions. The COVID-19 pandemic continued to impact Viet Nam's economy in 2022, with the most affected sectors being garments, information and communication, and electronics¹. Many Vietnamese enterprises ceased operations, reduced their production scale or suffered from the wave of COVID-19 bankruptcies during this time. COVID's continuing impact was mostly the result of the earlier migration of workers back to their hometowns during the peak of the pandemic, with many having not fully returned to work during the course of 2022. The pandemic also hindered businesses from reaching their customers, which caused disruptions in global supply chains and jeopardized the employment of workers, and incurred additional costs for COVID-19 prevention. Some factories reported that they had to delay and extend their investment schedules, or even cancel ongoing or future projects because of such disruptions.

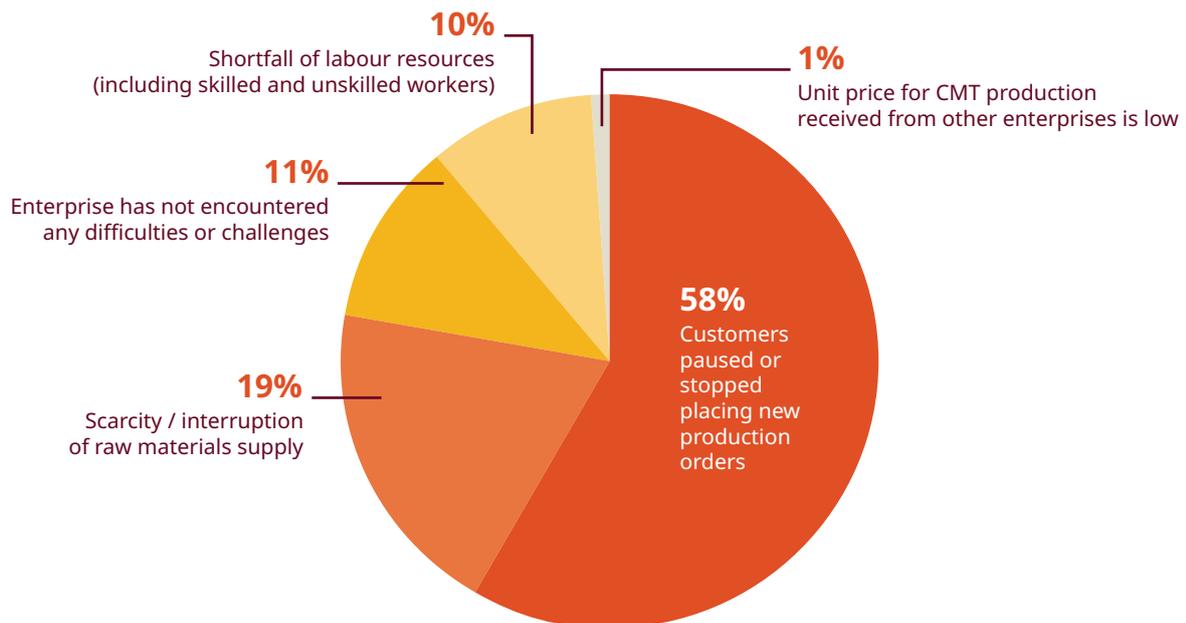
A Better Work Viet Nam survey of 449 participating factories in November 2022 showed that businesses in the apparel and footwear industries had slowed production in the third quarter of 2022 in the face of falling orders. These shortfalls in production orders occurred mostly in the small- and medium-sized enterprises that provide printing, embroidery, dyeing, spinning, knitting and woven products for garment firms. Overall, 8 per cent of surveyed factories were operating at under 50 per cent of their production capacity, with 2 per cent of factories facing an extreme situation of operating at less than 20 per cent of production volume. An additional 32 per cent of factories reported operating at between 50 per cent to less than 80 per cent of capacity. Only a few of the surveyed factories reported operating at full capacity. The insights gathered from Better Work Enterprise Advisors, who have closely engaged with the 449 surveyed factories, have provided a deeper understanding of the industry's changing dynamics.

¹ Source: [2021 report published by the VCCI and the World Bank](#)

OVERVIEW OF VIET NAM'S ECONOMY IN 2022 AND PROSPECTS FOR 2023²

OVERVIEW IN 2022	PROSPECTS IN 2023
 GDP: 8.02%	 GDP: 6.45% - 6.83%
 CPI: 3.15%	 CPI: 4.5%
 Import & Export: USD 732,5 billions (9.5% increase compared to 2021) Export: USD 371,85 billions (10.6% increase compared to 2021) Import: USD 360,65 billions (8.4% increase compared to 2021)	 Export turnover growth: 6% / USD 22 billions increase compared to 2022
 Garment: USD 44 billions, 8.8% increase compared to 2021	 Garment: >USD 45 billions
 Unemployment rate: 2.32%, 0.88% decrease compared to 2021	

MAIN CHALLENGES FACED BY APPAREL AND FOOTWEAR ENTERPRISES IN 2022



²Source: [Viet Nam General Statistics Office 2022](#)

To address these challenges, the Government of Viet Nam responded with policy changes, adapted to the COVID-19 situation with flexibility, and implemented measures aiming to build industry resilience. Such measures included credit support, the extension of tax benefits and fee reductions, and tax payment deadline extensions for businesses. Businesses, including those in the garment and footwear sectors, were encouraged to adapt to new market realities created by the pandemic and to focus on a more sustainable and resilient recovery. Tremendous efforts were made to accelerate the country-wide vaccination programme and to quickly adapt the strategy to control the pandemic in light of rapidly changing circumstances.

According to the Viet Nam Textile and Apparel Association (VITAS), in the last six months of 2022, garment and textile-related imports and exports had slowed down as a result of high inflation in the major consumer markets, the outbreak of the conflict between Russia and Ukraine, and China's "Zero COVID" policy. China's COVID-19 policies had direct impacts on garment production in Viet Nam as the industry imports over 40 per cent of its raw materials and accessories from China. Further, countries serving as major markets for Vietnamese-made garments and footwear have increasingly put in place due diligence requirements related to climate change and sustainable development, putting further pressure on businesses to respond and upgrade rapidly.

The November 2022 survey conducted by Better Work Viet Nam revealed that the surveyed factories witnessed a reduction of up to 38% in their production capacity, resulting in worker layoffs. Overall, the 123 surveyed factories that had laid-off workers were employing 11,152 workers fewer workers in November 2022 than they had joined the programme. Such a drop in employment numbers illustrates the wide-ranging disruptions faced by the industry. Indeed, only 4 per cent of the surveyed factories revealed that they had positive production plans for the fourth quarter of 2022 or the first quarter of 2023.

Such challenges in the business situation have also affected factory compliance, especially in regard to contracts, compensation and working time. With decreasing demand from the main export destination countries, many factories have resorted to intermittent work furloughs and sometimes mass layoffs. These effects are further elaborated upon in the compliance snapshot presented in the Chapter IV of this report.

Despite these difficulties, Viet Nam's textile and garment export turnover still reached US\$44 billion – an increase of 3.8 per cent compared to 2021. The next few years will be critical for ensuring a more sustainable and compliant garment and textile industry in Viet Nam. Given the many uncertainties in the global economy, the Vietnamese textile and garment industry needs a new direction to reduce dependence on international markets and to become more self-reliant. The industry needs to become more self-sufficient, diversify its supply of raw materials and accessories, and gradually shift focus to its domestic markets and other emerging markets. With a population of nearly 100 million people, Viet Nam is a potential textile and garment consumption market for businesses.

AN INCREASING FOCUS ON TECHNOLOGY, ENVIRONMENTAL IMPACT AND SUSTAINABLE PROGRESS

Adaptation to new, greener technology and higher standards on green production and environmental protection are both challenges and opportunities for Viet Nam's garment and textile factories. New trade agreements require Vietnamese enterprises to adopt higher standards on investment procedures, customs, and trade facilitation, as well as higher technical and quality standards. Meeting the requirements of regulations on sustainability, labelling, environmental protection and green products pose a significant challenge to accessing some of major markets. Consumers are also paying greater attention to the environmental impact of garments and other products.

Cleaner production and green productivity strategies are a top priority for Vietnamese enterprises and in the Viet Nam National Strategy on Green Growth 2021 – 2030. In Viet Nam, domestic enterprises, especially those in the apparel, garment and footwear industry, show signs of shifting to greener production. Automation of production processes is increasing, and renewable energy is becoming a more viable alternative, and new technologies are being implemented to reduce waste.

To support the sustainable growth of the sector, on 29 December 2023, the Government of Viet Nam issued [Decision No. 1643/QĐ-TTg approving the Strategy for Development of Viet Nam's Textile, Garment and Footwear industry to 2030, visioning to 2035](#). According to the strategy, textile and garment industry will develop effectively and sustainably by adopting the circular economy model, completing the domestic production value chain, effectively participating in the global value chain, and developing a number of regional and world brands by 2035.





► Better Work Viet Nam in 2022

Since starting its operations in 2009, Better Work Viet Nam has been dedicated to improving working conditions in and the business competitiveness of Viet Nam's garment and footwear industries. In 2022, Better Work Viet Nam expanded its coverage to five new provinces: Nghe An, Tuyen Quang, Soc Trang, Can Tho and Vinh Long. This expansion of the geographic scope of Better Work Viet Nam's factory engagement increased the number of active participating factories in the programme from 398 in January 2022 to 452 factories by the end of December 2022. The number of programme factories achieving "high-performance" status has also grown, with the programme participants including a total of 22 high-performance factories as of April 2023. A factory is considered to be "high-performing" if they consistently demonstrate high levels of compliance with legal requirements, a mature level of social dialogue, effective management systems and a commitment to learning.

Better Work Viet Nam delivered 2,478 advisory visits and 442 assessments in 2022. The programme also continued to provide training and industry seminars with a focus on critical issues such as occupational safety and health, labour plan options for factories affected by COVID-19, mental health management, young worker management and child labour prevention. Throughout 2022, Better Work Viet Nam organized 135 on-site and virtual training courses and 7 industry seminars for the participating factories.



Around 8 per cent of the 4,554 training participants were from factories outside the Better Work programme.



In addition to direct factory engagement, Better Work Viet Nam also initiated and implemented a variety of activities in partnership with the tripartite partners, other government agencies, international and local brands, and key development partners. Such partnerships have become especially critical since the onset of the COVID-19 pandemic and the subsequent disruptions in global supply chains.

As part of the collective efforts to combat the COVID-19 pandemic, Better Work Viet Nam ran a national public awareness campaign with national radio broadcaster Voice of Viet Nam in early 2022 to encourage workers, especially those in industrial parks, to strictly follow the Ministry of Health's guidance and prevention measures, while also promoting a better understanding of the importance of taking precautionary measures to prevent the spread of COVID-19.



The listenership of the Voice of Viet Nam campaign is estimated to have reached approximately 1 million people during the campaign period. Better Work Viet Nam also coordinated with the VCCI to organize a multistakeholder consultative meeting on collaborative efforts to support employers and employees to safely recover from and adapt to the COVID-19 pandemic.



The programme continued to promote and embed gender equality and women's empowerment in its factory and partnership engagements throughout 2022. One particular success story in this space is that of the Song-Hong Garment Joint Stock Company, which laid out a good blueprint for progress on gender issues and women's empowerment in their factory³. Over the years, Better Work Viet Nam has worked hand-in-hand with factories to establish gender equality, elevate women's voices and promote equal representation in positions of leadership.

The Song-Hong Garment factory has proactively introduced programmes like GEAR (Gender Equality and Returns) and Factory Ambassadors to ensure representative and inclusive leadership.

³ Source: [\[Promoting Gender Equality and Women's Leadership in Viet Nam: One Garment Factory's Success Story\]](#), Better Work Programme YouTube

In May 2022, Better Work Viet Nam coordinated with VCCI to organize the National Conference on Women's Empowerment, thereby presenting the ILO report on gender mapping and issues related to gender inequality in Viet Nam, consult with relevant agencies to support women in overcoming challenges and seizing opportunities when participating in the labor market.

Women workers account for approximately 76 per cent of the workforce in the garment and footwear industry in Viet Nam, and promoting gender equality has proven vital in overcoming the impacts of the COVID-19 pandemic. In May 2022, Better Work Viet Nam and the VCCI organized the National Conference on Women's Empowerment during the COVID-19 recovery in order to facilitate a move towards more resilient garment and footwear sectors in Hanoi.

Better Work Viet Nam continued the "Building Bridges" programme in 2022 as one of its core initiatives for knowledge and capacity sharing with national tripartite partners. Through the Building Bridges sessions, participants from tripartite partners gain access to information on many useful topics such as:

- ▶ Key trends and topics in the garment, textile and footwear industry;
- ▶ Compliance trends of Better Work participating factories;
- ▶ Ways to identify and address industrial relations risks at the factory level;
- ▶ Grievance handling procedures; and
- ▶ Promoting gender equality in factories.



By providing access to a common pool of key information, the sessions offer participants the opportunity to enhance their capacity to develop connections among their organizations and enterprises. Such connections are one of the crucial factors for sustainably boosting compliance, improving working conditions and promoting the competitiveness of factories in Viet Nam's garment and footwear industries.



Better Work Viet Nam collaborated with the ILO/Global Supply Chain Project and VCCI to expand the support to the electronics sector in 2022. Starting in June 2022, the programme piloted a factory advisory with a group of 15 electronics factories in the North for 6–8 months. The advisory and training focused on topics suitable for labour-intensive factories, including negotiation skills, management skills for middle managers, occupational safety and health, and sexual harassment prevention in the workplace.

In 2022, Better Work Viet Nam coordinated with VGCL to continue strengthening the capacity of Trade Union officials and raising awareness for workers. Specifically, training activities on virtual working tools and consultation to support businesses in preventing the Covid-19 pandemic were carried out in the first quarter of 2022. In May 2022, Better Work and VGCL organized a workshop with the focus on Occupational Safety and Health, then coordinate to develop a set of manual on "Occupational accidents and what Trade union members and workers need to know" with the goal of guiding workers to understand the rights and obligations when an occupational accident occurs.



Better Work Viet Nam's MOU signing ceremony and 2022 - 2027 strategy launch

Better Work launched a new five-year strategic phase in 2022. The Better Work Strategy (2022–2027) focuses on how the programme's approach reflects our future vision for the garment industry and beyond to create long-term and progressive change for workers and businesses. By 2027, Better Work Viet Nam aims for the programme's impacts to be maintained, inherited and developed, not only at the scale of Viet Nam's garment and footwear industry, but also to have spread to other industries and fields through working closely with central and local partners, leveraging their expertise and resources to spread the programme's impacts.

Better Work Viet Nam will also continue its work to strengthen public institutions and move forward to transfer more technical skills to tripartite partners and other stakeholders. The programme will also continue to be flexible and creative in improving service quality for businesses and in supporting employees.

The strategy is also aligned with ILO's Decent Work Country Programme for Viet Nam (2022–2026). More specifically, Better Work Viet Nam will contribute to priorities for an inclusive, sustainable and gender-response economic transformation, especially through the dissemination of good business practices and by enhancing compliance through greater coordination with labour inspectors.



► Compliance snapshot for 2022



Methodology and data

Better Work Viet Nam conducts annual compliance assessments to monitor factory compliance with international labour standards and national labour laws. Given COVID-19-related restrictions and health precautions, the programme had to quickly transition to a virtual methodology of engagement, which was used with factories between July 2021 and March 2022. During these months, Better Work Viet Nam conducted virtual compliance checks (VCCs) to continue its support to factories, including in regard to complying with health measures set by the Government to mitigate the of spreading COVID-19. Under the VCCs, factories uploaded documents for a Better Work Viet Nam assessor to review prior to the assessment; the assessor would then conduct interviews, make observations and conduct additional document checks through online platforms on the assessment days. However, due to the reduced coverage offered by the VCC tool and the different methodology in use, this report only makes use of on-site assessments for this compliance overview. On-site assessments resumed in April 2022.

Since August 2021, Better Work Viet Nam has been collaborating with the Social & Labor Compliance Program (SLCP). SLCP is a global multistakeholder initiative aimed at reducing audit duplication and facilitating data sharing. Better Work has developed a Compliance Assessment Tool that allows for alignment and data sharing with SLCP in line with international labour standards and national laws. As of July 2023, approximately 75 per cent of the active factories in the Better Work Viet Nam programme have been assessed with the new SLCP-compatible compliance assessment tool.

Better Work Viet Nam completed 442 factory assessments in 2022. Among these, 306 were on-site assessments and 136 were virtual assessments. Around 64 per cent of the assessments conducted during this period used the SLCP-compatible assessment tool.

	On-site assessments	Virtual assessments
Compliance Assessment Tool (CAT)	98	61
SLCP-compatible assessment tool	208	75
Total	306	136

The compliance snapshot that follows draws from 293 on-site factory assessments⁴. Table 2 summarizes the non-compliance rates for the factories assessed on-site in 2022, with areas of non-compliance organized into eight clusters under international labour standards and national labour law. The discussion that follows further examines non-compliance with a focus on international labour standards, national labour law, contracts and human resources, compensation and working time, and occupational safety and health.



International labour standards

Consistent with previous years, there is limited evidence of non-compliance with international labour standards requirements. Three factories were documented with cases of child labourers. In these cases, the children were found working as line helpers or were employed in the factory during school summer break. Around 4 per cent of the assessed factories did not have reliable ways to verify the age of workers, and around 3 per cent did not keep records of workers under the age of 18. In accordance with the agreement and protocols in addressing zero-tolerance matters between the Ministry of Labor, Invalids, and Social Affairs (MOLISA) and the Better Work Program, child labor cases were promptly reported to the MOLISA Inspectorate and the Department of Children's Affairs. As a result, local child protection authorities promptly visited the factory and took actions that prioritized the well-being of the children involved. Meanwhile, Better Work Enterprise Advisors took essential steps to enhance the management system and prevent the reoccurrence of such issues in the future.

Similarly, non-compliance with legal requirements under the Discrimination cluster remained scarce, mostly involving discrimination of female workers on the ground of pregnancy status during recruitment. In the reporting period, there were no incidences of forced labour found in the assessed factories.

Following the revision of the Labour Code 2019, Better Work Viet Nam started to assess against the right to form and join a worker representative organization (WRO). In 2022, the programme did not find any factory exerting influence so that workers could not establish or join a WRO of their own choosing. During the assessments, Better Work did not observe any worker efforts to establish an independent workers' organization.

Factory collective bargaining agreements (CBAs) are required to have the approval of at least half of a factory's workforce. About 14 per cent of the assessed factories were in non-compliance with the legal requirements concerning workers' approval of CBAs. For instance, fast-changing economic circumstances led a number of employers to tighten their budgets on bonuses or welfare benefits for workers, a change that would likely require an alteration of the CBA. In some cases, however, these changes in the CBA did not go through the legally required process of securing the workers' approval.

In 2022, Better Work Viet Nam documented 15 industrial actions, mostly work stoppages and strikes, in the 442 assessed factories (on-site and virtual). Worker disagreements concerning changes made to salaries and allowance policies (including the "13th month salary") and demands for wage increase were some of the common reasons for these industrial actions. Most strikes were resolved within 1–2 days.

⁴ 306 on-site factory assessments were carried out in 2022, but 13 factories were assessed twice over the course of the year. Only the latest assessment results from these 13 factories are included in the analysis, bringing the total number of assessments used in the overview to 293. Only on-site factory assessments have been used to allow for comparability over time.



National labour law clusters

As shown in table 2, factories faced challenges in complying with national legal requirements related to Contracts and Human Resources, Compensation, Occupational Safety and Health, and Working Time. Some reasons behind this include impacts of the pandemic and new factories joining the programme. Over 18 per cent of the factories in the sample were in their first cycle with Better Work Viet Nam.



Social dialogue at the workplace

In all, 39 per cent of factories did not meet the legal requirements on social dialogue at the workplace. Common violations included failure to conduct mandatory dialogue with workers for cases such as revising the internal work rules, salary policy and other changes, and failure to comply with procedural requirements in terms of the number of representatives. These are new requirements under the Labour Code 2019, which employers were finding difficult to comply with due to the fast-changing business context. Seeing these challenges and responding to demand from factories, Better Work Viet Nam organized a series of industry seminars and advisory sessions to socialize these new legal requirements among factories between June and October 2022.



Contracts and human resources

Non-compliance rates regarding dispatched labour and providing workers with a contract (especially among temporary workers) both stood at 8 per cent in 2022 (as compared to 1 per cent and 4 per cent, respectively, in the last reporting period). Uncertainties in the global supply chain and fluctuating orders posed big challenges to factories, who at times resorted to hiring more temporary workers or to using subcontractors or dispatched labour in an unlawful manner. All of this increased the risk of substandard practices and non-compliance among factories and their subcontractors.



Internal work rules

Additionally, the Labour Code 2019 requires the employer to communicate laws and regulations on sexual harassment in the workplace and to include new mandatory contents on sexual harassment in the internal work rules, such as: (i) cases in which the employer can temporarily transfer workers to a new post; and (ii) persons who have the competence to handle labour discipline. About 9 per cent of assessed factories were found to have not communicated to their workforce the laws and regulations on sexual harassment in the workplace, and 18 per cent had not updated their internal work rules in accordance with the Labour Code 2019. To facilitate experience sharing and learning among participating factories, Better Work will conduct a study in June 2023 to summarize good practices on internal work rules, including on the new legally required contents, such as those related to the prevention of sexual harassment in the workplace.



Compensation and working time

Almost all factories ensured that workers earn at least the legal minimum wage, and that salaries are paid on time. Many factories, however, were found to be in non-compliance with meeting the legal requirements associated with premium pay and social security and other benefits. In 2022, about 12 per cent of assessed factories failed to pay full social insurance dues on time.

Despite the monthly overtime limit increase from 30 to 40 hours (as of 1 January 2021) and from 40 to 60 hours (from April to December 2022), the share of factories failing to comply with legal requirements on overtime limits remained high, with 75 per cent of factories found to be in non-compliance with overtime limits in 2022. There are multiple reasons to explain this persistent issue, including fluctuations in the global supply chain and inconsistent orders. In many cases, factories had to arrange overtime work during peak order months, but then resorted to work furloughs when buyer orders were cut short.

The persistently high non-compliance related to overtime work is also attributable to the economic choices of both employers and workers. Apart from flexibility in operation, a large majority of factories also find economic advantages in requesting overtime work of their workers. Due to high headcount costs for social insurance premiums (32 per cent of the salary) and bonuses, the cost associated with arranging overtime work can be less than the cost of recruiting a new worker – for example, asking eight workers to do one hour of overtime per day may cost less than hiring a new worker to do eight hours of non-overtime work per day. Meanwhile, although the desired number of overtime hours per day varies from worker to worker, the general perception is that workers want to work overtime to earn more to make up for increasing living costs. It should also be noted in this context that around 45 per cent of factories assessed in 2022 did not include salary allowances and additional payments into their calculation of overtime pay.

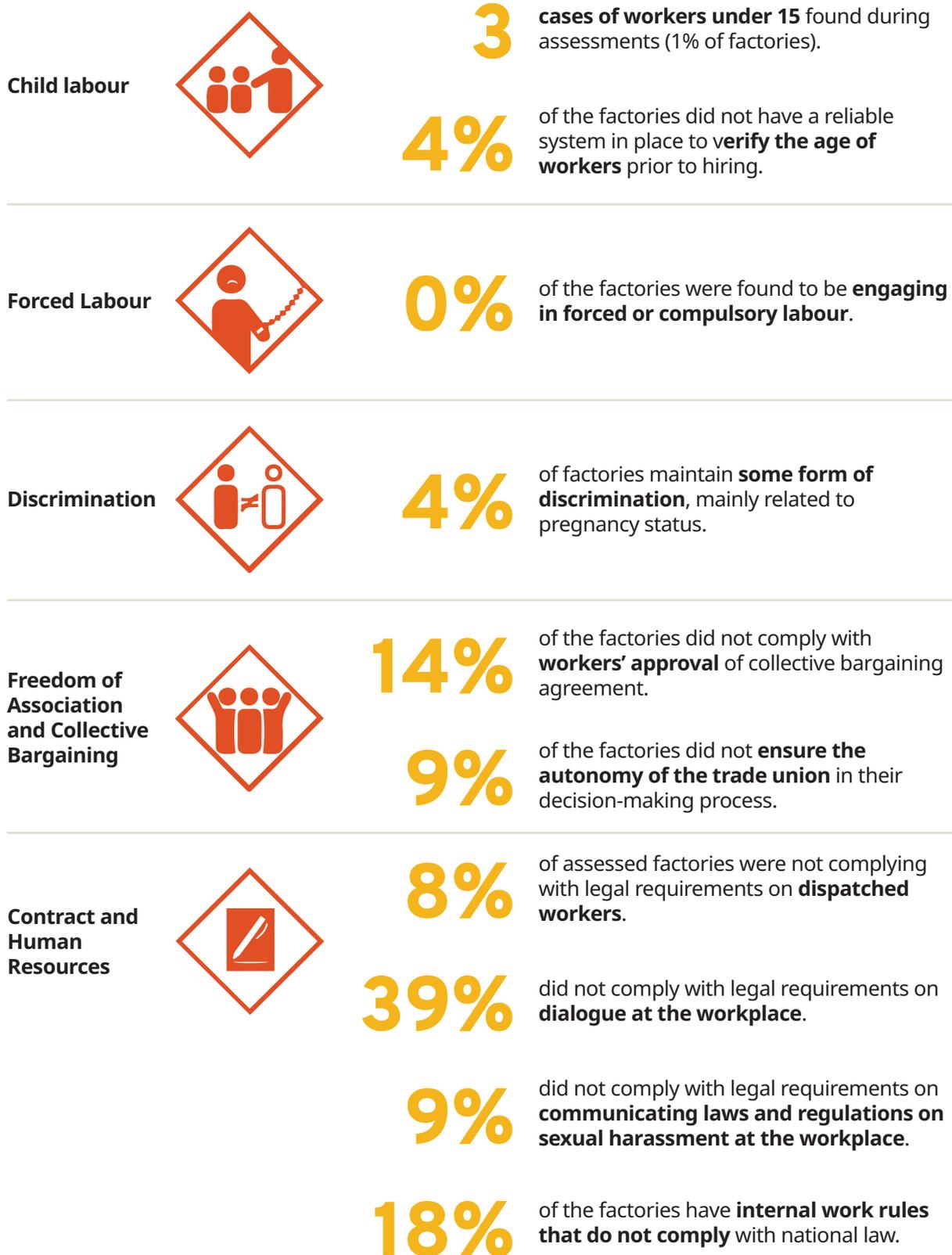
During 2022, many factories had to cut down on production due to falling orders from buyers, leading to work stoppages, furloughs and the dismissal of workers. Faced with this situation, Better Work Viet Nam, in collaboration with the Labour Inspectorate of MOLISA, organized a series of industry seminars and advisory sessions in 2022 on developing labour management plans that could support workers and employers and better ensure compliance with the Labour Code 2019. These sessions also aimed to promote dialogue at the workplace in developing these labour management plans. With great efforts of businesses and grassroots trade unions, only 5 per cent of factories were found to be non-compliant in regard to payments during work stoppages, and 10 per cent were non-compliant in regard to payment of severance allowances in 2022.

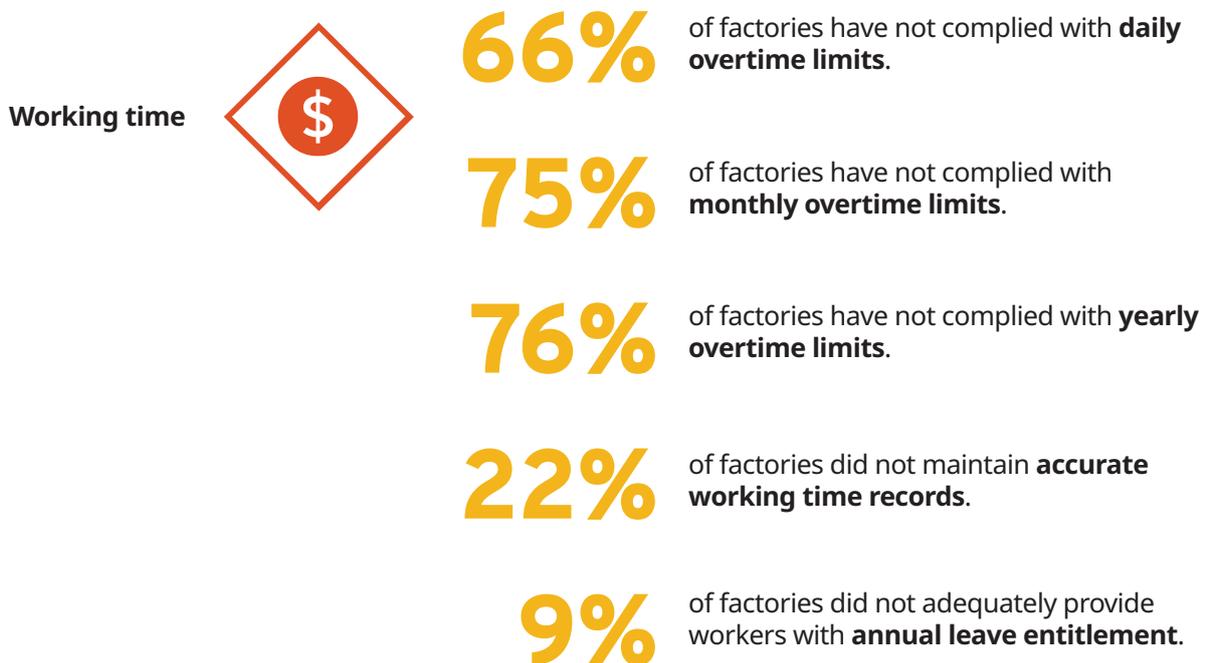


Occupational safety and health

Similar to previous years, non-compliance in the area of occupational safety and health remained high. In 2022, one out of four assessed factories either did not have or did not maintain a functioning fire detection and alarm system. Almost all factories has been equipped with an automatic fire detection and alarm system before obtaining a construction permit, but lack of maintenance resulted in faulty / nonfunctional systems. Instances of unsafe electrical practices were also common – about 32 per cent of the assessed factories were found to be non-compliant in this respect. About 16 per cent of assessed factories did not ensure that emergency escape routes or exits are accessible and unobstructed, reflecting a small decrease from the 19 per cent documented in the previous reporting period.

In 2022, around 14 per cent of the assessed factories were in non-compliance in regard to protecting pregnant and nursing workers against health risks, as per the Labour Code 2019. Factories consider it burdensome to provide nursing women workers who perform hazardous work with 60 minutes of breastfeeding breaks per day plus a one-hour reduction in regular hours, or to transfer them to a lighter job.





Occupational
safety and
health



24%

of the assessed factories were in non-compliance regarding a **functioning fire detection and alarm system**.

16%

of factories did not ensure that their **emergency exits or escape routes were accessible and unobstructed** during working hours.

14%

of factories did not adequately protect **pregnant or nursing workers** against safety and health risks.



► Spotlight on special projects

Gender Equality and Returns (GEAR)

Women account for approximately 76% of the 2.7 million workers in Viet Nam's textile and apparel industry. Most garment workers are young women who have migrated from rural areas to urban and peri-urban areas in search of decent work. While women occupy the larger share of the workforce, their representation continues to be concentrated towards jobs that are relatively lower paid, and women continue to be under-represented among managers and trade union leaders. Moreover, opportunities for career advancement for women workers is limited in the sector.

Gender Equality and Returns (GEAR) is a joint initiative of the ILO and IFC and has been delivered as a part of Better Work Viet Nam's training and advisory activities. GEAR aims to promote career advancement opportunities for women garment workers through upskilling, while contributing to the broader goals of increased factory line productivity and competitiveness. The GEAR project trains women workers on necessary technical and soft skills to enable their career progression in their factories.

Better Work Viet Nam, in coordination with the IFC, launched the GEAR project in Viet Nam in 2020. The contents of the project, which was initially piloted in Bangladesh, were adapted to the Vietnamese context, with a training needs assessment survey informing the adjustments made to the technical contents of the project. Because the project was launched amid the COVID-19 pandemic, the activities were delivered and monitored using a combination of virtual and in-person settings. Technical training for women participants and training of trainers were conducted virtually. In addition to the implementation challenges presented by the pandemic, the monitoring and measuring of project results also met with challenges due to COVID-19 restrictions and fluctuating factory orders.

IMPLEMENTATION AND RESULT



GEAR 5 final KPI report



12

trainers



22

trainees



8

factories



3

technical training days



22

ToT training days



24

M&E days Online and Offline

Specifically:

- ▶ As a result of the training course, numerous GEAR trainees have acquired and actively applied knowledge and skills to address everyday work challenges without requiring additional guidance. Additionally, many students have exhibited positive behavioral transformations, including: (1) Increased confidence, initiative, flexibility, and active participation in their tasks; (2) Enhanced adaptability to changes and the ability to work effectively under high-pressure situations; (3) Improved communication skills with colleagues, facilitating creativity through the reporting process and the provision of well-rounded and persuasive solutions; (4) The development of rational and efficient problem-solving capabilities.
- ▶ On average, each factory participating in the program has benefited from the implementation of 17 Kaizens (improvement ideas) proposed by GEAR trainees.

From a business perspective, the GEAR Program has provided factories with valuable support in establishing robust business continuity plans. This support includes:

- ▶ Fostering a readiness for change within the factory, encouraging proactive responses, and enhancing production resilience.
- ▶ Mitigating risks and ensuring safety measures are in place while actively involving workers in the production recovery process.
- ▶ Promoting a collaborative spirit among different departments within the factory to facilitate the restoration of production.
- ▶ Encouraging factories to voluntarily and enthusiastically engage in disseminating information and conducting training for workers about the implemented Business Continuous Plans.

Factory Ambassador Programme

The Factory Ambassador Programme is a Better Work initiative aiming to accelerate and sustain compliance in participating factories. Factory Ambassadors are factory staff, including compliance staff and worker representatives, who are trained and coached by Better Work on various areas – such as soft skills, communication and management systems, with a mainstreamed approach to gender equality – to spearhead their factory's improvement processes. Beyond training, advisory visits and follow-ups from Better Work Enterprise Advisors also create the scope for Factory Ambassadors to apply their knowledge into practice. In this role, Factory Ambassadors also help facilitate worker-management meetings and apply self-reporting and internal assessments as a part of their daily work. This comprehensive approach is expected to make compliance improvements in factories more sustainable and efficient in the long run.

Over the past three years, Better Work Viet Nam has worked with 220 Factory Ambassadors who are core staff in their factories. Between February and June 2022, Better Work Viet Nam organised three training batches for over 90 staff from around 50 factories. The Factory Ambassador (FA) Programme has proven to be highly beneficial, as it collaborates with core factory staff to enhance capabilities and create positive impacts for factory personnel. Many FA trainees have successfully taken on the role of a Better Work Enterprise Advisor during the advisory process, effectively coordinating virtual interventions of the service model. Throughout the course, FAs have acquired a range of valuable skills, with a particular focus on communication and industrial relations. These skills have been crucial in managing factory-level Performance Improvement Consultative Committee (PICC) meetings.



90

**staff trained
(February -
June 2022)**



50

**factories
(2022)**



8

**training days on
different subjects**



>200

**core staff trained
in the past 3 years**



2

**in-person gatherings
for Factory
Ambassadors in 2022**

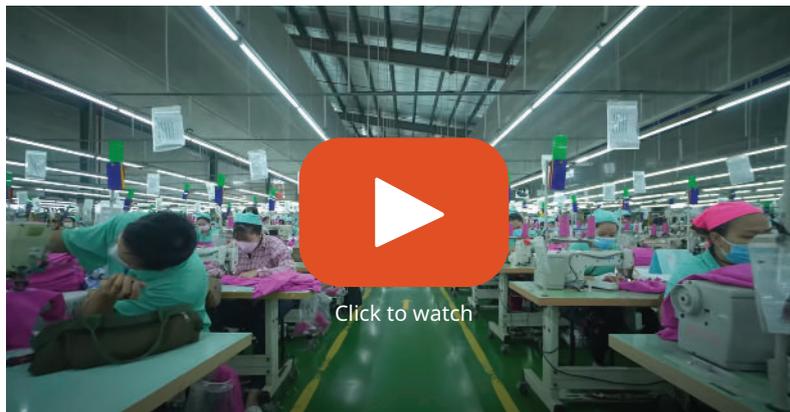


Aim for at least

1

**Factory
Ambassador per
factory in our
programme by 2025**

In June 2022, Better Work arranged two gathering events for the Factory Ambassadors in both Hanoi and Ho Chi Minh City. These sessions brought together Factory Ambassadors to interact, share, and apply the knowledge they had acquired during their training. This event offered a valuable opportunity for participants to meet their lecturers and fellow colleagues in person, marking a significant moment after two years of virtual learning caused by the Covid-19 pandemic.



Numerous garment and footwear enterprises are making concerted efforts to establish an equitable workplace environment and expand opportunities for women. This commitment is prominently exemplified through initiatives such as the Gender Equality & Returns Project (GEAR) and the Factory Ambassadors Program introduced by Better Work Viet Nam, both of which have been implemented in Viet Nam since 2020. The promotion of gender equality and women's empowerment within the workplace not only enhances production outcomes and revenue but also serves as a means to attract and retain talent. It fosters a culture of creativity, openness, and innovation within the organization, ultimately elevating the reputation of businesses.



► The way forward

One of the priorities of Better Work Viet Nam's development strategy for 2022–27 is to develop a sustainability roadmap for the programme to leverage its impacts, not only in the textile and footwear industries, but also in other labour-intensive industries, with deeper and broader engagement of national partners.

In consultation with the programme partners, in 2021 and 2022 Better Work Viet Nam carried out a study on the programme's sustainability and localization opportunities. Conducted by Economica Vietnam, the study looked into possible modality options for Better Work Viet Nam's factory engagement with the involvement of national partners in the long run. The study provided important recommendations on prerequisites for the model to be successful, such as the role of national partners, ILO standards and quality assurance for the factory engagement activities, and the balancing of business and development objectives. In 2023 and 2024, Better Work Viet Nam will continue focusing on consulting with our partners to reach a consensus on a sustainable roadmap as well as to develop a transition plan towards a sustainable model. The programme will do this through its regular Project Advisory Committee meetings, in-depth technical consultation meetings with the tripartite partners, and high-level consultative meetings with leaders from our national partners and representatives of relevant stakeholders, including donors.

The role of national partners in Better Work Viet Nam's sustainable model is critical in order to leverage the impacts of the programme. Since the beginning, the programme has actively engaged with its national partners through various activities such as:

- Capacity-building (such as providing training of trainers in provincial federations of labour and the VCCI to develop and maintain a network of professional trainers on various topics);
- Soft skills training for labour inspectors;
- Joint activities to build capacity and knowledge sharing among employers and workers;
- Strengthening public-private partnerships; and
- Improving communications and foster information exchange on labour-related topics.

Through such activities, our partners have been provided with tools, knowledge and materials to perform their mandates more efficiently.

In the forthcoming years, Better Work Viet Nam will continue to engage national partners more directly in our key interventions at the enterprise level, mostly through the Building Bridges programme and bilateral partnership activities. These interventions will focus on strengthening sustainable compliance with the national labour code and international labour standards through:

- ▶ Self-assessment and improved grievance mechanisms at the workplace;
- ▶ Building up a sense of ownership of the compliance process among employers and workers; and
- ▶ Enhancing the role of stakeholders (constituents, brands, vendors and so on) to better support employers and workers in these processes.

The programme will promote data sharing among partners to make interventions more strategic and impactful and explore new partnerships to help the sector address issues critical to realizing sustainable growth targets related to productivity and environmental sustainability. With strong commitments and support from national tripartite partners, key industry stakeholders and development partners, Better Work Viet Nam will push forward its plan to finalize the sustainability roadmap and develop a transitional plan with concrete preparatory steps such that the business plan for the new modality, with clear roles for and engagement by national partners, will be ready for implementation by 2027.

Better Work Viet Nam is supported through the International Labour Organization (ILO) and the International Finance Corporation (IFC) by the following key development partners (in alphabetical order):

- ▶ **Australia** (Department of Foreign Affairs and Trade)
- ▶ **European Commission**
- ▶ **Denmark** (Ministry of Foreign Affairs)
- ▶ **Japan** (The Government of Japan)
- ▶ **Netherlands** (Ministry of Foreign Affairs)
- ▶ **United States** (United States Department of Labor)
- ▶ **Switzerland** (State Secretariat for Economic Affairs, SECO)



International
Labour
Organization



IFC

International
Finance Corporation
WORLD BANK GROUP