



## **INTERNATIONAL LABOUR ORGANIZATION**

### **FINAL PROJECT EVALUATION**

<b>Title:</b>	<b>Project “More and Better Jobs through Socially Responsible Labour Practices”</b>
<b>Countries and relevant country outcomes:</b>	Vietnam
<b>Type of Evaluation</b>	Final Evaluation
<b>Date of Evaluation</b>	June 2018
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<b>Evaluator</b>	Le Duy Binh (Economica Vietnam)
<b>Project starting and ending date</b>	2016 -2018
<b>Main implementing partner</b>	Ministry of Labor, Invalids, and Social Affairs (MOLISA) The Viet Nam Chamber of Commerce and Industry (VCCI)
<b>Other project partners:</b>	The Viet Nam General Confederation of Labour (VGCL), and VEIA
<b>Project Budget:</b>	USD 481,822

## **LIST OF ACRONYMS AND ABBREVIATIONS**

MOLISA	: Ministry of Labor, Invalids and Social Affairs
MNE	: Multinational Enterprise
MNED	: Multinational Enterprise Declaration
JCCI	: Japanese Chamber of Commerce and Industry
JEITA	: Japan Electronics and Information Technology Industries Association
SEDP	: Social Economic Development Plan
SEDS	: Social Economic Development Strategy
TA	: Technical Assistance
ToR	: Terms of Reference
VCCI	: Vietnam Chamber of Commerce and Industry
VEIA	: Vietnam Electronic Industries Association
VGCL	: Vietnam General Confederation of Labour

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## EXECUTIVE SUMMARY

Since April 2015, the ILO has started technical support to Vietnamese constituents (MOLISA Inspectorate and VGCL Industrial Relations Department) under the leadership of VCCI Bureau for Employers' Activities to implement a development cooperation project "More and Better Jobs through Socially Responsible Labour Practices". This project in Viet Nam is aimed at making contributions towards encouraging MNEs to contribute positively to economic and social development through socially responsible labour practices in Viet Nam, with a special focus on the electronics sector.

The project is highly relevant and strategically fit with Vietnam's context and national priorities. Vietnam's electronics industry is the 12th largest exporter in the world and the 3rd largest in ASEAN and this ranking is going up fast given the current growth rate. In 2017, export of electronics reached USD 61.8 billion. The electronic sectors is one of the biggest job creator in Vietnam in the last decade. The total number of workers rose fast from 167.500 in 2010 to 497.000 in 2015. In 2017, the total labor in the sector reached 690,000 workers accounting for 1.3 percent of total labor who are working at enterprises in Vietnam. In terms of gender, electronics sector has a phenomenal high concentration of female workers. Female workers in the electronics sector account for 78% of the total workforce in the sector in 2015. The percentage of female workers remained constant throughout 2010-2015 and slightly decreased to 76.2% in 2017.

It should also be note that FIEs, especially MNEs, have much higher level of female workers than domestic enterprises. In 2017, 96% of total female worker in the electronics sectors are working at FIEs and MNEs. The percentage of female workers at domestic enterprises are only 36.8% while that figure is 79.4% in FDI enterprises. Socially responsible labour practices (SRLPs) is therefore a prioritized issue in FIEs in general and MNEs in particular in the electronics sector in Viet Nam.

The Project is in line with the ILO – Viet Nam Decent Work Country Programme (DWCP) for the period of 2012-2016 that was agreed among ILO, MOLISA, VCA, VCCI and VGCL. It is also relevant with ILO competency. ILO is the specialised UN agency on employment and labour issues and authority on labour standards, the ILO provides guidance on how business can strengthen labour-related socially responsible initiatives using international labour standards and other normative instruments. The ILO Declaration of Principles concerning Multinational Enterprises and Social Policy provides the most detailed guidance on the labour and employment contribution companies can make in meeting their social responsibility obligations and objectives.

In general, in terms of design, the project is relevant to Vietnamese context and development priorities of the country. Active contribution and participation of the Vietnamese partners right at the outset is one of the factors to ensure that the project's objective, outputs, interventions and activities be relevant to the needs, priorities in Vietnam. It also helped to strengthen the ownership of the project partners.

The project progress is on track with most of the activities planned being implemented. Key project activities include: (i) Evidence based studies undertaken to build common knowledge base on socially responsible labour practices in the electronics sector in Vietnam; (ii)

Awareness raising and capacity building activities; (iii) Tripartite plus dialogues ; and (iv) Sharing of lessons learned in home-host country dialogues.

Overall, with all of the outputs planned in the project document being delivered, the project contributed positively towards the objective of strengthening the socially responsible labour practices (SRLPs) in multinational enterprises (MNEs) operating in the electronics sector in Viet Nam. The project has been generally effective in activities implementation and in delivering outputs. The cost and effectiveness relation is positive under the project. Looking at most of the activities which were implemented, and the outputs delivered, the results and outcome clearly justify its costs.

The limited resources of the project have been used efficiently. The project resources were allocated efficiently to relevant activities and output to achieve expected results. Most of the activities were implemented and most of the project outputs have been delivered within the planned budget. The resource of the project has been efficiently used in general and MNED has delivered value-for-money outputs and results.

The management arrangement of the Project has been satisfactory and relevant. The cooperation between ILO and the Inspectorate/ DOLISA, VCCI, VGCL and VEIA has been strong and effective. The project benefited a great deal from the technical inputs from international experts in Bangkok and Geneva. The effective coordination and continuous efforts of the national project coordinator are important factor to ensure the success of the project.

The improved awareness, strengthened capacity, studies, coalition model, the initial results in workplace compliance and a culture of good governance within the enterprises, social dialogue are oriented positively towards the intended objectives and impact of the project and are likely to be sustained in the long-run.

In general, the MNED project have delivered satisfactory outputs and results and is on a good track to achieve the objective and impacts. The project has been effective in terms of delivering results, efficient in using resources with value-for-money outputs being delivered. The project implementation is satisfactory to national partners and beneficiaries and made significant progresses to support the implementation of the above-mentioned DWCP and the country priorities of the ILO Office in Viet Nam. The project progressed positively towards achieving the objective of “socially responsible labour practices (SRLPs) are strengthened in multinational enterprises (MNEs) operating in the electronics sector in Viet Nam”.

## **I. BRIEF BACKGROUND ON THE PROJECT, RATIONALE AND LOGIC**

### **1. Background and rational**

Since April 2015, the ILO has started technical support to Vietnamese constituents (MOLISA Inspectorate and VGCL Industrial Relations Department) under the leadership of VCCI Bureau for Employers' Activities to implement a development cooperation project "More and Better Jobs through Socially Responsible Labour Practices".

This project in Viet Nam is aimed at making contributions towards encouraging MNEs to contribute positively to economic and social development through socially responsible labour practices in Viet Nam, with a special focus on the electronics sector.

As of the 1st January 2018, the project has made further progress in 2017 towards achieving the set targets. The principal achievements in the reporting period include: (1) launched and completed an awareness and labour inspection campaign in the electronics sector to better socialize as well as enforce the labour law in the sector and strengthen collaboration and partnership between the labour inspectorate and social partners (workers' and employers' organizations) and Viet Nam electronics industry association towards improving sustained compliance; (2) the first business coalition on socially responsible labour practices for the electronics sector officially launched as a result of wide consultations with key stakeholders. The coalition provides a platform to exchange good practices in the workplace in line with the MNE Declaration and aims to enhance the voice of the MNEs and their suppliers as well as business associations in a broader policy dialogue with other stakeholders on issues that concern the electronics sector, and furthermore to take joint actions to address challenges faced by the industry. (3) Additionally, in Japan, the 2nd roundtable discussion with Japanese electronics companies was organized in collaboration with the Japan Electronics and Information Technology Industries Association (JEITA, 20 Sept; first roundtable meeting was organized in Oct 2016). Ongoing engagement with Japanese electronics MNEs within the context of the MNED Vietnam project was presented, which served as the basis for deepening collaboration within Japan and wider Asia region.

In November 2017, Ministry of Health, Labour and Welfare of Japan agreed to extend the project till the end of June 2018 with a total budget of US\$ 481,824 to support further the project implementation, especially for the newly launched business coalition for the electronics enterprises.

### **2. Strategy, objectives and logic**

The project aims at the Immediate Objective of "Socially responsible labour practices (SRLPs) are strengthened in multinational enterprises (MNEs) operating in the electronics sector in Viet Nam".

Target groups: Direct beneficiaries and recipients of ILO technical support are the employers' organizations (VCCI), trade unions (VGCL), governments (MoLISA, relevant line ministries and investment promotion agency), business associations and companies at the national, provincial, and sectorial levels.

Key partners include the ILO constituents especially the employers' organization in Vietnam (VCCI) and in Japan (KEIDANREN), business and sectorial associations (Japan Business

Association, Vietnam Electronics Industry Association, Japan Business Association in Viet Nam as well as other bilateral chambers) and other development agencies (eg. JICA, JETRO) in Japan.

Ultimate beneficiaries of the project are workers in the electronics sector in the selected provinces with a special emphasis on the vulnerable groups such as women and youth.

To achieve Immediate Objective, the project has adopted the following strategy:

- Undertaking a number of activities in Vietnam targeted at MNEs and their suppliers in the electronics sector, government institutions, employers and workers' organizations;
- Creating linkages with already ongoing programmes in Vietnam to maximize impact and change in line with identified DW country priorities;
- Aligning private sector policies and practices with public objectives on labour law compliance and good governance; o Facilitating exchanges on lessons learned between home and host countries, as part of the broader Japan-funded project on "responsible labour practices in Asia."

## **II. PURPOSE, SCOPE AND CLIENTS OF EVALUATION**

### **1. Purpose of the evaluation**

The main purposes of the final evaluation are to assess the outcomes of MNED electronics project for promoting accountability and enhancing learning within the ILO, the donor (Government of Japan) and other key stakeholders.

Specific objectives of the independent final evaluation are to:

- a) Assess relevance, effectiveness and efficiency of the MNED electronics project, including the progress in achieving results (including intended and unintended, positive and negative results), the challenges affecting the achievement of the results, factors that hindered or facilitated achievement so far, and effectiveness of management arrangements;
- b) Identify factors that influenced (positively or negatively) the sustainability of the interventions of the MNED electronics project;
- c) Identify good practices at the project level that can and should be replicated and
- d) Identify lessons learned that should be reflected in the design and implementation of similar projects and programmes in the future. They would contribute to learning and knowledge development of the ILO and project stakeholders.

### **2. Scope of the evaluation**

This final evaluation followed the ILO evaluation policy guidelines. The final evaluation findings, conclusions and recommendations are primarily addressed to the primary clients of this evaluation as follows: the ILO Country Office for Viet Nam, MULTI-Geneva, DWT-Bangkok, and the Ministry of Health, Labour and Welfare of Japan, and secondary clients like tripartite constituents, the project counterparts.

The evaluation addressed the following ILO evaluation criteria: intervention relevance, progress and effectiveness; efficiency of resource use; and effectiveness of management arrangements.

The core ILO cross-cutting priorities, such as gender equality and non-discrimination, promotion of international labour standards, tripartite processes, and constituent capacity development were duly considered in the evaluation. In particular, gender dimension was considered as a cross-cutting concern throughout the methodology, deliverables and final report of the evaluation. To the extent possible, data collection and analysis was disaggregated by sex as described in the ILO Evaluation Policy Guidelines and relevant Guidance Notes.

### **3. Evaluation methodology**

The evaluation complied with evaluation norms, standards and follow ethical safeguards, as specified in the ILO's evaluation procedures.

A mixed-method (both qualitative and quantitative evaluation approaches) was used for this evaluation. The evaluation fieldwork will be qualitative and participatory in nature. Qualitative information were obtained through field visits, key informant interview, for example with MOLISA, VCCI, etc. Opinions coming from stakeholders helped to clarify the quantitative data obtained from project documents. The participatory nature of the evaluation will contribute to the sense of ownership among stakeholders. Quantitative data were be drawn from project documents including the Technical Progress Reports (TPRs), deliverables of the projects and the projects' monitoring and evaluation plans/frameworks. A consultation workshop with all project partners and key informant were held by the end of the evaluation to validate the findings and recommendations from the evaluation<sup>1</sup>, thus ensuring the participation and ownership of key project partners.

A combination of sound quantitative and qualitative research methods has been developed for each evaluation question as deemed appropriate. The Consultant also made attempt to collect data from different sources by different methods for each evaluation question and findings be triangulated to draw valid and reliable conclusions. Data were disaggregated by sex where possible and appropriate. The gender dimension was also considered as a cross-cutting concern throughout the methodology, deliverables and final report of the evaluation. Specifically, the following activities and methods have been used for the implementation of the evaluation:

- Hold a briefing with the project coordinator and desk review of all documents, reports, workshop reports, mission reports etc. to be familiarized with the MNED project.
- Prepare evaluation plan and tools;
- Interviews with project partner and other relevant stakeholders of MNED.
- Discuss the findings, conclusions and recommendations with the project coordinator;
- Prepare a draft evaluation report in the English language;

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<sup>1</sup> The workshop was held on 28 June 2018.



- Obtain comments from the Project Coordinator and relevant stakeholders on the draft
- Consult project partners and relevant stakeholders on findings of the evaluation through a consultation workshop.
- Finalize the report as per comments received.

### III. EVALUATION OF THE PROJECT- MAIN FINDINGS

#### 1. Relevance and strategic fit

In 2015, Vietnam's electronics industry is the 12th largest exporter in the world and the 3<sup>rd</sup> largest in ASEAN and this ranking is going up fast given the current growth rate. Exports have increased by nearly 5 times — rising from US\$12.8 billion to US\$65.8 billion in 2015. In 2015 alone, electronics exports nearly doubled, something that took aggregate exports nearly four years to accomplish. In 2017, export of electronics reached USD 61.8 billion, accounting for 28.9% of total export of the country. The robust growth of the electronics sector apparently contributed significantly to the growth of the manufacturing sector and eventually of Vietnam's GDP (GSO 2017). The electronics sector keep posting impressive growth with the growth rate of 29.3% in the first half of 2018 (GSO, 2018). The growth of the electronics sector also brought about many benefits in terms of employment, income generation.

**Table 1: Overview of Enterprises in the Electronic Sector in Vietnam**

	Unit	2010	2012	2013	2014	2015
Number of active enterprises	Enterprise	613	739	839	1,021	1,145
Annual average capital of enterprises	Billion dongs	78,818	179,389	247,649	369,040	511,199
Value of fixed asset and long term investment of enterprises	Billion dongs	41,054	87,799	113,500	178,194	258,633
Net turnover from business of enterprises	Billion dongs	125,184	475,606	777,415	915,267	1,268,354
Total compensation of employees in enterprises	Billion dongs	7,055	16,579	23,591	27,243	41,316
Profit before taxes of enterprises	Billion dongs	3,313	23,610	71,283	64,151	80,315
Profit rate of enterprises	%	2.60	4.91	9.11	6.96	6.28

**Source:** General Statistics Office (2016).

In terms of labour, the electronic sectors is one of the biggest job creator in Vietnam in the last decade. The total number of workers rose fast from 167.500 in 2010 to 497.000 in 2015. In 2017, the total labour in the sector reached 690,000 workers accounting for 1.3 percent of total labour who are working at enterprises in Vietnam. In terms of gender, electronics sector has a phenomenal high concentration of female workers. Female workers in the electronics sector account for 78% of the total workforce in the sector in 2015. The percentage of female workers remained constant throughout 2010-2015 and slightly decreased to 76.2% in 2017.

**Table 2: Labour in the Electronics Sector**

	2010	2012	2013	2014	2015	2016	2017
Total labour	167,562	289,757	327,659	410,994	497,037	622,836	690,128
Of which, female workers	130,721	223,406	258,639	326,075	389,352	455,222	526,047
Average monthly income (thousand VND)	3,994	5,303	6,364	6,133	7,441	-	-

**Source:** General Statistics Office (2018).

Though the electronics sector is currently the largest export industry of Viet Nam, it should be noted that its export-oriented value chain is governed by foreign-owned companies, in which local processes are confined to a very narrow functional scope, mainly in labour intensive assembly processes. This export-oriented industry is primarily coordinated by MNEs and generate the bulk of the sector's employment, however backward linkages with local enterprises remain very limited. In terms of jobs, the lion share of job are concentrated at FDI enterprises which are mainly MNEs like Samsung, Sony, LG, Panasonic, etc. For example, Samsung alone employed about 160,000 workers in Vietnam in 2018<sup>2</sup> or LG estimated to employ about 6,000<sup>3</sup> workers after operation, Panasonic employed about 7,000 workers<sup>4</sup>. The table below show the job created by domestic enterprises and FDI enterprises in the last two years.

**Table 3: Labour in the electronics sector by domestic enterprise and FIEs**

		Domestic Enterprises		FDI Enterprises		% of FIE as of total	
		2016	2017	2016	2017	2016	2017
Total labor	Person	46,919	50,721	575,917	639,407	92.5%	92.7%
Of which female workers	Person	14,986	18,669	440,236	507,378	96.7%	96.5%
	%	31.9%	36.8%	76.4%	79.4%		

Source: General Statistics Office (2017).

It should also be note that FIEs, especially MNEs, have much higher level of female workers than domestic enterprises. In 2017, 96% of total female worker in the electronics sectors are working at FIEs and MNEs. The percentage of female workers at domestic enterprises are only 36.8% while that figure is 79.4% in FDI enterprises.

Socially responsible labour practices (SRLPs) is therefore a prioritized issue in FIEs in general and MNEs in particular in the electronics sector in Viet Nam. This will contribute to stable employment relationships and sustainable development of enterprises in general and of MNEs operating in the sector. Given the size and the fast growth of the labour force in the

<sup>2</sup> <https://baomoi.com/160-nghin-nguoi-lao-dong-lam-viec-trong-cac-nha-may-samsung-tai-viet-nam/c/24533093.epi>

<sup>3</sup> <http://haiphong.gov.vn/p-UBNDTP/d-9780/119456/cong-ty-tnhh-lg-display-viet-nam-hai-phong-khanh-t>

<sup>4</sup> <https://www.panasonic.com/vn/corporate/careers.html>

sector, the concentration of female workers in the sector, the phenomenon growth of the sector in the last few years (and in the coming years), and the importance of the sector for the Vietnam economy in the coming decades, the project is highly relevant and strategically fit with the Vietnamese context now.

## **2. Contribution to the national development framework**

### **2.1. Social Economic Development Strategy and Plan and National Target Program on Employment and Vocational Training**

According to GSO, about 1.28 million Vietnamese were unemployed and 1.33 million people are underemployed (GSO, 2015). For those who are employed, job quality is remain a concern. Approximately 69% of working women and 54% of male workers are currently seen as vulnerable workers (MOLISA, 2015).

Vietnam Social Economic Development Strategy (SEDS) 2011-2020 aims at “...rapid but sustainable development...” and at “....a restructured economy with new development model, in which quality of growth, labour productivity, efficiency, competitiveness are the most important priorities...”<sup>5</sup>. Towards this objective, the country will have to overcome its structural weaknesses, modernize its institutions and governance, in particular for the labour market, and improve the productivity of its human resources. The goal of the SEDS is to make Viet Nam a “modern-oriented industrialized nation” with “quality, productivity, efficiency and competitiveness as first priorities”. However, in the Global Competitiveness Index, Viet Nam is classified to be in the first stage of factor-driven development with exports dominated by natural resource-based commodities and low value-added manufactured goods and competitiveness based mainly on cheap, unskilled labour. A comparison of output per worker showed Viet Nam at the bottom of a list of countries. There is an imperative need for Vietnam to improve productivity, improve the quality of jobs besides the need to create more jobs. As a result, the SEDP 2015-2020 articulates the targets the creation of 8 million jobs, with equal emphasis on both quantity and quality.

The Government has implemented different phases of the National Target Program for Employment Creation and Vocational Training. The main objective of the program is to create more jobs for workers and to prepare the workers, especially those in the informal sector, with needed skills for jobs in the formal sector. The Project therefore supports and contributes to the National Target Program on employment creation, creation of an active labour market and reducing the vulnerability of workers in the informal sector. In recent years, besides the target on number of jobs created, the Government is laying increasing emphasis on the quality of jobs, e.g. the increase in number of salaried jobs, increase in number of jobs in the formal sector, number of employees covered by social insurance, health care insurance and unemployment insurance.

### **2.2. National legal framework and laws**

In November 2013, the Employment Law was released by the National Assembly. The law provides a number of stipulations to encourage the quality of jobs and better jobs, especially in the business sector. The Labor Law which was adopted in 2012 in the chapter on labor relations, provides for a tripartite plus dialogue platform in industrialization and for measures

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<sup>5</sup> Vietnam Social Economic Development Strategy (SEDS) 2011-2020, (p.4).

to improve the quality of employment at enterprises and business. It is important to ensure that the stipulations in these important laws are complied with by the business, especially in more labor intensive sector like the electronics sector. The project, through its interventions, contribute significantly to compliance with the Labor Law and Employment Law through its cooperation with the Inspectorate of MOLISA, with VGCL and VCCI.

To keep abreast with the fast changing economic and social conditions in Vietnam, the Labor Law is being revised<sup>6</sup>. Results and outputs from activities of the MNED projects, e.g. the research on compliance with Labor Law, the draft strategy on improving compliance with Labor Law, and the awareness raising campaign... can provide important inputs for the revision of the Labor Law, especially from the perspective of encouraging responsible labor practices and businesses. The Project contributed to the quality of the legal framework on labour and employment by contributing inputs, evidences to the discussion and debate on key policies issues which are activities being considered for revision under the law. The MNED Project has been responsive to the demands and requirements in the national framework and laws in Vietnam. Its work thus contributes to larger efforts on building a New Industrial Relations Framework in Viet Nam.

### **2.3. Other National Priorities**

Electronics industry in Vietnam has been flourishing since 2010. According to the Ministry of Industry and Trade, from 2011 to 2017, the annual growth rate of the electronics industry was 29%, more than triple the Vietnam whole industry average of about 9%. The industry's high achievements in growth rate and export performance are largely thanks to the contribution of the foreign direct investment (FDI) sector. According to the General Department of Customs, FDI enterprises accounted for 99.2% of the total export value of electronic products. Despite the high export value, consequently, the industry relies heavily on imported parts and components as inputs for manufacturing.

According to the Ministry of Industry and Trade, the industry has to import 77% of the products value; while the local content by outsourcing in Vietnam only takes up to about 16%, and mainly involves mechanical, plastic, and rubber components with a relatively low value of the finished product. Most of 1st-tier suppliers for the electronics industry are FDI firms. There are very few local enterprises who qualify to become suppliers for multinational corporations (MNCs). The industry has succeeded in attracting FDI and contributed greatly to industrial production value and export performance. However, the local electronics industry is still in the primitive stage of development and is still fundamentally dependent on foreign companies. As backward linkages with local enterprises remain very weak, technological transfers from MNEs also remain limited. MNEs attribute this to the lack of capacity in local supporting industries. There are, however, success cases in which local enterprises were able to penetrate into MNE-led global electronics value chains.

In 2014, the Government released the national Action Plan on Electronics Sector Development in Support of Industrialization in Vietnam<sup>7</sup>. According the action plan,

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<sup>6</sup> According to the interview with MOLISA, the draft of the revised Labor Law will be submitted to the National Assembly for debate and approval in mid-2019. Revisions work on the draft of the revised Labor Law were on-going during the implementation of the MNED project and also benefited from the inputs from the Project.

<sup>7</sup> Decision No. 1290/QĐ-TTg dated 1 August 2014 by the Prime Minister on Action Plan on Electronics Sector Development in Support of Industrialization in Vietnam.

electronics and IT sector is emphasized as a strategic sector of the Vietnam industry sector in Vietnam. The National Action Plan also requires that “...MOLISA shall implement measures to strengthen the quantity and quality of labor in the electronics sector in Vietnam...” (Action 2.4). In addition to that, the Government of Vietnam is reformulating a new strategy for FDI development. Among many other issues, the strategy focused strongly on sustainable and green FDI, on linkage between domestic enterprises and FDI and MNEs.

The project therefore contributes to other framework policies and development priorities in Vietnam.

#### **2.4. Contribution to the Decent Work Country Programme and other ILO/UN Programmes**

The Project is in line with the ILO – Viet Nam Decent Work Country Programme (DWCP) for the period of 2012-2016 that was agreed among ILO, MOLISA, VCA, VCCI and VGCL. The project contributed to Country Priority 1: Improving the quality and sustainability of growth through high quality of human resources, decent employment and sustainable enterprise development, and Country Priority 3: Contributing to Viet Nam’s aim to become a “modern-oriented industrialized nation” through strengthening labour market institutions and governance<sup>8</sup>.

Furthermore, the project directly contributes towards the following CPOs of ILO in Vietnam: (i) VNM127 - Effective formulation and implementation of local strategies for pro-poor employment intensive economic development and sustainable business development; (ii) VNM107 - Improved labour administration and labour law compliance through effective implementation and monitoring of labour legislations; and (iii) VNM801 - Strengthened institutional capacity of employers' organisations.

At the regional level, the project is a complement to the ongoing regional project “More and better jobs through socially responsible labour practices in Asia” (RAS/14/59/JPN). It is in line with ILC Discussion on Decent Work in Global Supply Chains (2017) Importance of MNED as ILO framework, ILO Policy Outcome for 2018/19 on Promoting Safe Work and Workplace Compliance including in Global Supply Chains.

#### **2.5. Relevance with ILO competency**

ILO is the specialized UN agency on employment and labour issues and authority on labour standards, the ILO provides guidance on how business can strengthen labour-related socially responsible initiatives using international labour standards and other normative instruments. The ILO Declaration of Principles concerning Multinational Enterprises and Social Policy provides the most detailed guidance on the labour and employment contribution companies can make in meeting their social responsibility obligations and objectives. The role of the ILO is to ensure that the reference points and approaches of these CSR-related initiatives are consistent with the principles contained in international labour standards and contribute to overall progress on decent work. Today, a number of responsible business initiatives aim at addressing labour conditions in value chains, many of them using ILO standards as benchmarks

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<sup>8</sup> “ILO-Viet Nam Decent Work Country Programme 2012-16”

The ILO has accumulated knowledge and experience in this area and has conducted awareness-raising, capacity building, and research in a number of countries. While many existing CSR-related initiatives solely deal with companies, ILO recognizes the important role that governments play in promoting responsible and sustainable enterprises. ILO, building on its unique tripartite structure, facilitates dialogues between MNEs and government on enhancing development impacts of local company operations to better contribute to country's economic and social development, in line with the tripartite agreed principles of the MNE Declaration. The MNE Declaration is promoted in all ILO member States and given the broad membership of the ILO, allows for host-home country dialogues on socially responsible labour practices.

Moreover, ILO works directly with enterprises to tackle challenges in their supply chains through a variety of programmes, focused on the elimination of child labour or forced labour from supply chains, improving working conditions and industrial relations in the garment supply chain (Better Work programme), promoting diverse and inclusive workplaces, promoting opportunities for youth employment in SMEs through business linkages with MNEs.

Several elements of this project build on earlier activities undertaken as part of the UNIDOILO Youth Employment in 4 West African countries, funded by the Government of Japan, which are now part of the broader intervention model on the “engagement with MNEs on more and better jobs”.

At the country level, The ILO has a country office in Viet Nam running various development cooperation projects<sup>9</sup>. In Viet Nam, ILO has produced encouraging outcomes in delivering against decent work priorities and partnering through past and on-going activities (including TC projects). In Vietnam, the ILO has established a strong and fruitful collaboration with ILO constituents, relevant government agencies and development partners.

### **3. Validity of Design**

#### **3.1. Validity of the project design**

Given the needs and priorities of Vietnam, the competence of ILO and the resources available, the project has a relevant design, both in terms of project objective, outcomes, outputs and activities. The logic of the activities, outputs, outcome and impact are relevant.

The project structure of direct and indirect partners is also valid to ensure an effective implementation structure in order to achieve the objectives of the project. The Inspectorate of MOLISA is the key player in ensuring the compliance with regulations of Labor Law and Employment Law. VCCI, VGCL and VEIA are naturally important players in promoting for socially responsible labor practices among businesses in Vietnam and in the electronics sector in particularly.

During the implementation process, MNED project made efforts to cooperate with other institutions, academia and donors in order to address the issues related to inconsistencies between key policies pertinent to areas related to MNEs, local Vietnamese enterprises, and

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<sup>9</sup> More information about ILO Hanoi Office and its projects can be found at:  
<http://www.ilo.org/hanoi/Whatwedo/Projects/lang--en/index.htm>

the workers must be addressed, to the constraints in inter-ministerial policy coordination between relevant ministries including the Ministry of Planning and Investment (MPI), Ministry of Industry and Trade (MOIT), and the Ministry of Labor, War Invalids and Social Affairs (MOLISA). Especially, MNEs and foreign business associations are proactively involved in the process. This can help to broaden and sustain the outcome and impacts of the project.

In terms of validity of design, the project could have achieved better results if there is a better match between the resources (budget and time) allocated to the implementation of the project and the intended outcome and impacts. Awareness raising, changes in practices often take longer time and feeding the results and studies in to changes in regulations or work procedures, practices of key project partners and stakeholders (e.g. the Inspectorate of MOLISA, MNE, etc.) often requires longer time. Furthermore, there should have been a stronger emphasis on the use of the studies, researches which were designed under the project.

In general, in terms of design, the project is relevant to Vietnamese context and development priorities of the country.

### **3.2. Participation of national project owners at the design of the project**

The project partners, especially MOLISA, VCCI contributed proactively to the formulation of the concepts and interventions area of the project. In addition, VGCL and VEIA were consulted when the project was designed. MOLISA, VCCI, VGCL and VEIA are key players when it comes to the topic of industrial relations, socially responsible labor practices in the electronics sector in Vietnam.

Active contribution and participation of the Vietnamese partners right at the outset is one of the factors to ensure that the project's objective, outputs, interventions and activities be relevant to the needs, priorities in Vietnam. It also helped to strengthen the ownership of the project partners.

## **4. Project Progress and Effectiveness**

### **4.1. Project Progress**

The project progress is on track with most of the activities planned being implemented. In general the project has achieved the following progresses to dates:

- a. Evidence based studies undertaken to build common knowledge base on socially responsible labour practices in the electronics sector in Vietnam*

The purpose of evidence-based studies undertaken to build common knowledge base on socially responsible labour practices in the electronics sector in Vietnam and to foster partnership approach to advance socially responsible labour practices.

The first study 'More and better jobs through SRLPs in the electronics sector of Viet Nam' was completed and addressed the question of how enterprises can generate more and better jobs through socially responsible labour and business practices in Vietnamese electronics sector given the evolving transnational production structure amidst global economic

integration. A seminar with participation of more than 30 representatives of social partners, sectoral business associations, enterprises to validate the findings and recommendations was conducted.

The second study 'Labour law compliance (general working conditions and occupational safety and health-OSH) and the role of public labour inspection in Viet Nam's electronics sector' commissioned to understand labour law compliance challenges in the electronics sector, was completed in late November 2016.

Additionally, in December 2016, a study was carried out on skills gaps and the future of work with a focus on the garment and electronics sectors. Subsequently, a national policy dialogue on the future of work with a focus on the role of technology and skills was held based on the ILO studies. It was carried out by the Institute of Labour Science and social Affair (ILSSA) with support from the project and ILO-Hanoi Programme Unit. The study and event identified current gaps of relevant skills in the local labour market, including for the electronics sector, which were identified as a major challenge during the High Level Policy Dialogue (HLPD) in September. The study also served as an input to the APEC high level policy dialogue in Hanoi 2017.

#### *b. Awareness raising and capacity building activities*

Awareness raising and capacity building play important role in encouraging workplace compliance and a culture of good governance within the enterprises strengthened, including through improved social dialogue. Important progresses achieved by the project in awareness raising and capacity building are described as below:

In 2016, two awareness-raising seminars on the ILO MNE Declaration and on the findings and recommendations of the two ILO studies were conducted in Ho Chi Minh City and Hanoi on 23 and 27 September, respectively targeting ILO tripartite constituents, MNEs and their suppliers. They preceded the high level tripartite plus dialogue with a view to holding technical discussions on the outcomes of the reports and to consolidate each group's views and position in preparation for the high level dialogue.

Also in 2016, these seminars and studies served as inputs to the high level policy dialogue conducted on 29th September in Hanoi that brought together 78 representatives government, employers' and workers' organizations, sectorial and business associations, Vietnamese enterprises as well as MNEs operating in Viet Nam's electronics sector. During the dialogue, stakeholders discussed and recognized their shared and respective roles in addressing challenges identified in order to improve competitiveness, productivity and profitability of the Vietnamese electronics industry towards securing more and better jobs. Based on that, a Joint Plan of Action with priority issues to be addressed in partnership between the public and private sectors was developed and adopted as an important output. It specified the roles and responsibilities of each constituency as well as areas of collaborative action in the period of 2016-2018.

In 2017, MOLISA Inspectorate stepped up the awareness raising inspection campaign. The 2017 campaign focusing exclusively on the electronics sector, a sector that was viewed for a long time as a very low risk sector. The Ministry Inspectorate started to launch the labour inspection campaign in April 2017. The campaign focused on inspecting priority areas such as employment contract, workplace dialogue, bargaining and collective agreements, working



time and overtime, wage, social insurance and OSH. For the first time, wide consultations with the workers' organization (VGCL) and employers' organizations (VCCI and business associations) were held to solicit their inputs for drafting risk mapping report and the national strategy for labour law compliance strategy in the electronics sector. A total of 22 out of 25 provinces where there is a density of electronics companies have been inspected with a strong support from DOLISA inspectors, Federations of Labour and Industrial Zones Management Boards, 216 companies were directly inspected with 2,650 materials distributed while 153 companies were using the newly developed electronics sector self-assessment reporting form to report on their issues of concern and compliance level. Many issues were found that helped raise awareness of all key stakeholders (workers' representatives, employers/business association and State management agencies). 1,794 violations were identified from inspection to 216 firms in electronics sector with 8.3 violations per firm on average. For serious violation of labor law, the inspection delegations took record of administrative violations committed by 27 firms and reported to competent persons for the issuance of decisions on administrative sanctions; the total amount from administrative penalties were 1,418.2 million VND. Notably most common violations reported are (i) not to organize periodical workplace dialogue; (ii) excessive overtime; (iii) not to develop OSH plan and not to provide health checks for workers.

The ILO MNE Declaration flyer and summary of the principles of the MNE Declaration were made available to participants of the two seminars and HLPD in Vietnamese and English. A link and an icon of the ILO Helpdesk for business on the project page on the ILO Hanoi website was created to help project stakeholders including company managers and workers more easily find necessary information and guide on how to better align business operations with international labour standards and build good industrial relations.

Workers' representative organization (VGCL) took initiative to organize training workshop to capacitate its trade unionists, who were invited to participate in the labour inspection visits. With an active role mandated by article 10 of the Constitution 2013 "...to participate in the inspections and supervision of State organizations and enterprises concerning workers' rights..." Trade union representatives participated in the inspection visits in 11 provinces and cities during the above-mentioned inspection campaign and helped monitor the enforcement of the labour law and make sure those visited companies comply with the advices and related compliance decisions.

### *c. Tripartite plus dialogues*

The tripartite plus dialogue platform established and National Plan of Action are aimed at promoting socially responsible labour practices among MNEs and their direct suppliers. The project made good progresses in this area of activities.

A High Level Policy Dialogue (HLPD) on the future of a competitive and socially responsible electronics industry in Viet Nam was held, bringing together representatives from government, employers' and workers' organizations, sectoral and bilateral business associations, Vietnamese electronics enterprises as well as multinational enterprises (MNEs) operating in Viet Nam's electronics sector. The purpose of the HLPD was to discuss challenges and opportunities facing the sector based on new ILO research findings. It was considered as the first session of the tripartite plus platform. Preceding the HLPD, two awareness-raising seminars were held on the ILO MNE Declaration and the findings and recommendations of the two ILO studies with a view to holding technical discussions on the

outcomes of the reports and to consolidate each group's views and position in preparation for the high level dialogue.

VCCI and Viet Nam Electronics Industry Association (VEIA), with assistance from the MNED project, formally launched the first electronics business coalition with a special focus on strengthening capacity of MNEs and Vietnamese suppliers and facilitating policy dialogues among the electronics companies and in exchanging good practices. This was a concrete step forward since the high-level policy dialogue in 2016 wherein the ILO constituents expressed their commitment in jointly promoting decent work in the sector in partnership with MNEs. It made efforts to bring together key stakeholders including the Japanese Business Association in Vietnam (JBAV), Japanese and Korean MNEs and their networks of suppliers in both North and South of Viet Nam. VCCI (Hanoi and Ho Chi Minh City) and VCCI and VEIA played a secretariat role to provide technical and backstopping support for the operations of the above business association.

A Joint Plan of Action with priority issues to be addressed in partnership between the public and private sectors was developed and adopted. It specified the roles and responsibilities of each constituency including VCCI, MOLISA's Inspectorate and VGCL as well as areas of collaborative action in the period of 2016-2018. Tripartite plus meeting was conducted to discuss priority sectoral issues linked to existing experience of related ILO project in Viet Nam such as IR, OSH, SCORE, CSR etc.

In addition, a Tripartite-Plus Task Force on SRLP in the electronics sector which includes VCCI, MOLISA, VGCL and ILO was launched through a Joint Statement.

VEIA and MNEs highly appreciate the role of ILO and improving the tripartite dialogue. ILO, "...as a neutral mediator and facilitator, help to facilitate the dialogue between the Government, employer association, business associations, MNEs, domestic enterprises...", and "...strengthen the linkage and cooperation between MNE and Vietnamese business associations like VEIA, and support MNEs in entering into effective dialogue with ministries on policies and regulations related to labor in Vietnam..."<sup>10</sup>.

#### *d. Sharing of lessons learned in home-host country dialogues*

MNED helped to promote good practices through sharing experience seminars. The project helped to set up working relationship with Japanese business community, sectorial association as well as electronics companies such as Canon, Panasonic, Fuji Xerox, Apple, 4P, etc. Good practices were shared through meetings held between the project team and 2 ILO backstopping specialists during their mission for HLPD with Japan Business Association in Viet Nam (JBAV), represented by General Director and Human Resources Director from Canon Viet Nam and the Secretary General of JBAV to discuss project's ongoing activities, Canon's role as a chairperson of the JBAV labour sub-committee and the challenges faced by Japanese businesses operating in Viet Nam.

In collaboration with the Japan Electronics and Information Technology Industries Association (JEITA), ILO organized a seminar with the electronics MNEs in Tokyo to discuss the employment and labour challenges they face and the roles of Japanese MNEs (especially the MNE HQs) in promoting decent work through their overseas operations.

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<sup>10</sup> Interviews with VEIA and some MNEs for the purpose of the evaluation.

Findings from the studies conducted under the Vietnam MNED project were presented as inputs for the interactive discussion. The seminar successfully contributed to forming shared awareness of good labour practice in supply chains and identified areas of collaboration and potential technical assistance.

MNED project also shared ideas and views with other development cooperation projects through an integrated approach administered by the Country Office. This included sharing the first two study reports on the electronics sector and its compliance with the labour standards. The electronics CSR coalition would also serve as a basis for establishing a national dialogue platform on socially responsible labour practices in Viet Nam.

Furthermore, on 2 December 2016, the Ministry of Labour - Invalid and Social Affairs (MOLISA), Vietnam Chamber of Commerce and Industry (VCCI), and Vietnam General Confederation of Labour (VGCL) adopted a joint tripartite statement which officially declared the tripartite commitment in generating more and better jobs in the Vietnamese electronics sector. The practice was also shared and presented during the ILO Asia-Pacific Regional Meeting in Bali (December 6-9, 2017)

The MNED Vietnam project was also highlighted during the First Sustainability Forum which was organised as a kick-off event for the ILO partnership with the Tokyo 2020 Organising Committee of the Olympic and Paralympic Games (Tokyo, 21 September, 2017).

The MNED project organized a home-host country policy dialogue forum to discuss effective models of collaboration between Vietnam and Japan in maximizing the employment impact of Japanese FDI/MNEs. The home-host country policy dialogue forum was held as one of the final activity of the project in June 2018.

In general, the activities were well implemented under the project with flexible and reasonable changes to be responsive to circumstantial changes. Except for some little delayed at the beginning of the project, most of the project activities are implemented and most of the outputs delivered as planned within the allocated budget.

## **4.2. Effectiveness**

Overall, with all of the outputs planned in the project document being delivered, the project contributed positively towards the objective of strengthening the socially responsible labour practices (SRLPs) in multinational enterprises (MNEs) operating in the electronics sector in Viet Nam. The project has been generally effective in activities implementation and in delivering outputs. The cost and effectiveness relation is positive under the project. Looking at most of the activities which were implemented and the outputs delivered, the results and outcome clearly justify its costs.

The effectiveness of the project could have been even higher if some of the activities are implemented or earlier at the early stage of the project, for example some of the communication work like development of case studies/ best practices, video, etc. on compliance & CSR of enterprises, develop training toolkits/ materials on compliance & CSR for electronics enterprises in Vietnam, or publication of the studies implemented under the project in support of national policy dialogues.

Tripartite cooperation between MOLISA, VCCI, VGCL and the cooperation with the media, business association in awareness campaign, in labour inspection activities, in the establishment of the coalition, etc. helped to improve the effectiveness of the project interventions. Some of the activity of the project has spill-over effect. For example, the MOLISA Inspectorate, in the interview for the purpose of this report, revealed that the improvements in the self-assessment checklist in the electronics sector has been replicated by the Inspectorate of MOLISA to 8 other sectors.

The project has been effective in getting a broad press coverage on many of its activities and outputs. The combination of awareness raising and capacity building is a good approach to achieve the project objectives and sustainability.

## **5. Adequacy and efficiency of resources uses**

### **5.1. Adequacy of resources uses**

The project aims at socially responsible labour practices (SRLPs) being strengthened in multinational enterprises (MNEs) operating in the electronics sector in Viet Nam. The objective requires a lot of work related to studies, awareness raising, promotion for changes in understanding, changes in attitude and behaviour and capacity building, development of work procedures, and eventually adoption of socially responsible labour practices. However, the resources (budget and time) is modest compared to the objective.

### **5.2. Efficiency of resource use**

The limited resources of the project have been used efficiently. The project resources were allocated efficiently to relevant activities and output to achieve expected results. Most of the activities were implemented and most of the project outputs have been delivered within the planned budget.

The resource of the project has been efficiently used in general and MNED has delivered value-for-money outputs and results.

## **6. Effectiveness of management arrangement**

The management arrangement of the Project has been satisfactory and relevant. Project activities and interventions are close to the core mission of the project partners like the Inspectorate of MOLISA, VCCI, VGCL, VEIA, etc. MNED has capitalized on the expertise, knowledge and experience of the project partners in socially responsible labour practices in implementing activities has allowed this to happen. Effective implementation and management structure is an important factor to ensure the effective and efficient implementation of the project.

The cooperation between ILO and the Inspectorate/ DOLISA, VCCI, VGCL and VEIA has been strong and effective. National partners highly appreciated the support and work performance of the senior project national coordinator, support staff and of the international experts. Within ILO, the good teamwork amongst different ILO offices (Hanoi Country Office, Decent Work Team in Bangkok, and the Multinational Enterprises and Enterprise Engagement Unit in Geneva) played a vital role for effective delivery of the project.

The project benefited a great deal from the technical inputs from international experts in Bangkok and Geneva. The effective coordination and continuous efforts of the national project coordinator are important factor to ensure the success of the project.

Under the project, progress has been well monitored with periodical technical progress report. All of the project activities and delivery of outputs are reported. Technical reports, minutes, etc. (e.g. the review report, observation field trip reports, etc) are documented and readily available to be shared and used by different stakeholders. Its national partners were also encouraged to do the same. For example, the report by MOLISA Inspectorate on awareness raising campaign is comprehensive and very informative.

## **7. Cross-cutting issues**

Improving socially responsible labour practices in the electronics sector will bring tremendous benefit to female workers, given the fact that 76% of workers in the sector are females (the percentage is much higher in FDI enterprises at...). MNED therefore contributed directly to the gender equality issues. It consistently advocated for responsible business practices which will benefit female workers in the sector, e.g. safe work conditions, equal pay, social insurance coverage...

Strengthened tripartite cooperation is both a means and an end in MNED project. While it aims at creating a tripartite plus platform to promote socially responsible labour practices among MNEs and their direct suppliers, the project has been trying to do so in tripartite-plus mechanism that include MOLISA, VGCL, VCCI, VEIA and selected foreign business associations and MNE.

There is a high percentage of female participants in workshops, events, activities implemented under the project.

## **8. Impact orientation and sustainability**

The outputs and results delivered under the project are oriented towards generating a positive impact on strengthening socially responsible labour practices in the electronics sector in Vietnam.

The combination of awareness raising and capacity building is a good approach to achieve the project objectives and sustainability. The project succeeded in achieving a broad press coverage on many of its activities and outputs. This has produced important results – better awareness and understanding of the public and various stakeholders on socially responsible labour issues. The public in general, and the business sector, regulators, etc. has been better informed about the topic of socially responsible labour practices. This is the important foundation for the change in attitude, behaviour and actions to implement socially responsible labour practices in the electronics sector in particularly and then in the whole business sector in Vietnam in general in the future.

Capacity building on relevant ILO instruments, MNE Declaration for tripartite constituents, coalition's members, MNEs and their suppliers, domestic enterprises, sectoral associations, etc. are important to sustain the project results and impacts. The strengthened capacity of VCCI, VGCL and MOLISA is the prerequisite conditions for these institutions to replicate these activities in the future. As promoting and safeguarding socially responsible labour

practices are close to the core mission of these institutions, the strengthened capacity will be helpful for them to improve the performance and effectiveness of the work of these institutions in the future.

The “Electronics Business Coalition in Viet Nam To Promote Socially Responsible Labour Practices” is a good model and can be sustained in the medium-term. Good result from the coalition can be replicated to other sectors in Vietnam where there MNEs are also highly active. The increasing emphasis of Vietnamese Government on the quality of FDI in Vietnam, of the “quality of jobs” in Vietnam are conducive environment for the coalition of this sort and for socially responsible labour practices being replicated and sustained. The MNED project has provided a good example, good materials for the further replication and expansion of this coalition and practices in the future.

The improved awareness, strengthened capacity, studies, coalition model, the initial results in workplace compliance and a culture of good governance within the enterprises, social dialogue are oriented positively towards the intended objectives and impact of the project and are likely to be sustained in the long-run.

#### **IV. LESSONS LEARNT AND EMERGING GOOD PRACTICES**

The MNED project has delivered the outputs and results as planned at the outset and is on a good track of achieving the project objective and impacts. Key lessons learnt from the project are below:

- Relevant implementation partners play an important role in achieving the project results. It is important that the project objectives, activities, outputs, etc. are close to the core mission and competency of the national partners. In the MNED project, socially responsible labour is highly relevant to the mission and mandate of MOLISA/ Inspectorate, VCCI, VGCL and VEIA.
- Involving the national implementation partner right at the design process, especially the objective, scope, outcomes, outputs, activities and interventions will enable the project to be oriented towards the intended impacts and objective, and at the same time making it to be close to the political mandate of national partners, thus contributing to strong ownership of national partners of the project.
- Being responsive and sensitive to the national priorities is an important success factor. The focus on the quality of jobs, socially responsible labour practices, the choice of electronics sectors, the effort to address the weakness in MNE and domestic enterprise linkage, etc. show that MNED rightly addressed the national development priorities. This is important to maintain a higher public interest in the work and activities implemented by the project, enabling the project to leverage better the limited resources to achieve a higher level of results and impacts.
- MNED has been highly adaptable to the actual needs and national priorities. Some of the activities, which had not been planned at the design stage, were introduced and implemented in response to the request and demand of national partners. Such an adaptability encourage the innovative proposals and initiatives by project partners. This contributes significantly to the success of the project.

- Cooperation with foreign business associations like Japanese Chamber of Commerce and Industry (JCCI), Japan Electronics and Information Technology Industries Association (JEITA) add important value to the project. Obviously, business associations play an important role in advocating for and promoting the adoption of better standards and practices by member businesses. The efforts to involve foreign business associations in project's activities is an important lesson learnt.
- Communication and awareness raising is important for changes in understanding, attitude, behaviour and eventually actions. MNED has paid a due attention (both in terms of resources and efforts) on awareness raising and communication works in order for MNEs and business to take actions to adopt socially responsible labor practices in their business. Many of the project activities and interventions have got a fairly good press coverage on local media and in both Vietnamese language and in English (to targets MNE audience).
- Capitalizing on the expertise, knowledge and experience of national partner agencies will help to achieve more within the resource available. Focus on capacity building for national agencies will again help to deepen these knowledge, expertise of the partners which in turn benefit the MNED project activities and also help to ensure the sustainable impact of the project in the long run.
- The MNED project has been effective in leveraging more resources contributed by national partners. For example, MOLISA also contributed much resources in the labour inspection works. In the interview with the Inspectorate of MOLISA for the purpose of this report, though a figure on the resources was not given, it was confirmed by the Inspectorate that most of the funding for inspections worked, especially at provincial level, is covered by the State Budget allocated to the Inspectorate.
- The project benefited a great deal from the technical inputs from international experts in Bangkok and Geneva. The effective coordination and continuous efforts of the national project coordinator play an important role to ensure the success of a technical assistance project like MNED.

## **V. RECOMMENDATIONS AND POSSIBLE FUTURE DIRECTIONS**

The project implementation has been satisfactory, efficient and effective. There are still room for improvement. Below are the key recommendations and suggestions:

- An area for improvement is that the project results should have been fed into the making of some of the government strategy or laws, e.g. the new FDI Strategy of the Government or the Making of the SME Support Law in 2016. It is understandable that the limited resources did not allow the project to branch out too far or too broad. However, policy advocacy work of this kind will help to boost the project's effectiveness and sustainability further.
- The project ends at the context that the Labour Law is being revised and at the stage that MOLISA and other law-making agencies need further support. It is important that the lesson learnt, outputs, results of the MNED project should be carried over and fed into the making of the revised Labour Law, especially articles related to

socially responsible labour practices like working hour, recreation hours, work safety, etc. This is especially important to sustain the outputs and impacts of the projects and to institutionalize good practices in socially responsible labour practices and principles among business in Vietnam in general.

- Similarly, the outputs and lessons learnt from the project should also be fed into the formulation of the Government New FDI Strategy, tentatively from 2019-2025. The draft strategy lay a strong focus on the creation of quality jobs for workers in FDI enterprises and the linkage between FDI enterprises and domestic enterprise. It is in these chapters that lessons learnt from the project can be fed into. The formulation of the new FDI Strategy is on-going and the topic of socially responsible principles is highly relevant to the new strategy and should be emphasized when the strategy is formulated and adopted. If such practices are emphasized in the strategy, there is a good chance that the results and impacts of the project will go much further beyond the electronics sector to other sectors where there is a strong presence of MNE like textile, leather, shoes, automotive, tourism, etc.
- There should be more efforts to implement capacity building on relevant ILO instruments, MNE declaration for tripartite constituents, coalition's members, MNEs and their suppliers, domestic enterprises, sectorial associations.
- Replication of the coalition alliance in other sectors. The “Electronics Business Coalition in Viet Nam to Promote Socially Responsible Labour Practices” has proven to be a good model and can be sustained in the medium-term. The alliance model should be replicated in other sectors in Vietnam where there MNEs are also highly active and where there is tremendous potential to improve the benefits of workers, sector productivity and competitiveness, e.g. automotive, textile, shoe and leather, food processing, etc.
- There should be stronger involvement of other foreign business associations in which there are many members who are major MNEs in the electronics sector in Vietnam, e.g. the Korean Business Association, the Taiwanese Business Association, etc.
- It is recommended that the project duration for policy and law level interventions should be longer. Assistance to improvement and strengthening of legal framework often take time and therefore should be designed for a longer time period.
- In terms of design, the objective, outcome and indicators of the project should be designed in a manner that is commensurate with the resources (budget and time).
- Some of the initial results should be further supported as they are still quite infant and to broaden their effectiveness, for example the development of the software to be used in conjunction with the self-assessment checklist, the performance of the coalition.
- The MNED project has made efforts to seek synergies and connect with other ILO development cooperation projects. In many of the activities, it also seek to strengthen the cooperation with IFC/ World Bank and under the Better Work Program.



- Coordination with other donors, e.g. with the IFC/WB SME FDI Linkage Project, USAID LinkSME should also be strengthened so some of the works or results by the project can be furthered by these projects after the end of the project. This will help to solidify some of the results of the projects and to replicate the good results, lessons learnt which MNED project has delivered.

## **VI. CONCLUSIONS**

In general, the MNED project have delivered satisfactory outputs and results and is on a good track to achieve the objective and impacts. The project has been effective in terms of delivering results, efficient in using resources with value-for-money outputs being delivered. The project implementation is satisfactory to national partners and beneficiaries and made significant progresses to support the implementation of the above-mentioned DWCP and the country priorities of the ILO Office in Viet Nam.

The project progressed positively towards achieving the objective of “socially responsible labour practices (SRLPs) are strengthened in multinational enterprises (MNEs) operating in the electronics sector in Viet Nam”.

Socially responsible labour is an important topic in Vietnam given its current development trend and the rise in FDI inflow. It is not an issue unique to the electronics sector and should be addressed on a broader scope, across all sector of the economy. As a result, the good results from the project should be replicated to a wide scale. As such, in addition to the continuous efforts of the national partners in the coming time, the good results, good practices, and lessons learnt from the project should be fed in to national strategy paper or regulations, e.g. the formulation of the New FDI Strategy for Vietnam, or the revised Labour Law.

## ANNEXES

### Annex 1 – Update of Output Delivery under the Project

Outputs/ Areas of Activities	Level of achievement	Status	Summary
Output 1 - Evidence based studies undertaken to build common knowledge base on socially responsible labour practices in the electronics sector in Vietnam and to foster partnership approach to advance socially responsible labour practices	Satisfactory	Completed	The study ‘More and better jobs through SRLPs in the electronics sector of Viet Nam’ was completed. A seminar with participation of more than 30 representatives of social partners, sectoral business associations, enterprises to validate the findings and recommendations was conducted. The study ‘Labour law compliance (general working conditions and occupational safety and health-OSH) and the role of public labour inspection in Viet Nam’s electronics sector’ was carried out to understand labour law compliance challenges in the electronics sector, was completed in late November. In December 2016, a study was carried out on skills gaps and the future of work with a focus on the garment and electronics sectors. Subsequently, a national policy dialogue on the future of work with a focus on the role of technology and skills was held based on the ILO studies.
Output 2 - Tripartite plus dialogue platform established and National Plan of Action adopted for promoting socially responsible labour practices among MNEs and their direct suppliers	Highly Satisfactory	Completed	<p>Two awareness-raising seminars on the ILO MNE Declaration and on the findings and recommendations of the two ILO studies were conducted in Ho Chi Minh City and Hanoi targeting ILO tripartite constituents, MNEs and their suppliers. They preceded the high level tripartite plus dialogue with a view to holding technical discussions on the outcomes of the reports and to consolidate each group’s views and position in preparation for the high level dialogue. These seminars and studies served as inputs to the high level policy dialogue.</p> <p>MOLISA Inspectorate organized an awareness raising inspection campaign. The 2017 campaign focusing exclusively on the electronics sector, a sector that was viewed for a long time as a very low risk sector. The Ministry Inspectorate started to launch the labour inspection campaign in April 2017 The campaign focused on inspecting priority areas such as employment contract, workplace dialogue,</p>

Outputs/ Areas of Activities	Level of achievement	Status	Summary
			<p>bargaining and collective agreements, working time and overtime, wage, social insurance and OSH. For the first time, wide consultations with the workers' organization (VGCL) and employers' organizations (VCCI and business associations) were held to solicit their inputs for drafting risk mapping report and the national strategy for labour law compliance strategy in the electronics sector</p> <p>The ILO MNE Declaration flyer and summary of the principles of the MNE Declaration were made available to participants of the two seminars and HLPD in Vietnamese and English. A link and an icon of the ILO Helpdesk for business on the project page on the ILO Hanoi website was created to help project stakeholders including company managers and workers more easily find necessary information and guide on how to better align business operations with international labour standards and build good industrial relations.</p> <p>Workers' representative organization (VGCL) took initiative to organize training workshop to capacitate its trade unionists, who were invited to participate in the labour inspection visits.</p>
Output 3 - Workplace compliance and a culture of good governance within the enterprises strengthened, including through improved social dialogue	Highly Satisfactory	Completed	<p>A High Level Policy Dialogue (HLPD) on the future of a competitive and socially responsible electronics industry in Viet Nam was held, bringing together representatives from government, employers' and workers' organizations, sectoral and bilateral business associations, Vietnamese electronics enterprises as well as multinational enterprises (MNEs) operating in Viet Nam's electronics sector. Preceding the HLPD, two awareness-raising seminars were held on the ILO MNE Declaration and the findings and recommendations of the two ILO studies with a view to holding technical discussions on the outcomes of the reports and to consolidate each group's views and position in preparation for the high level dialogue.</p>

Outputs/ Areas of Activities	Level of achievement	Status	Summary
			<p>VCCI and Viet Nam Electronics Industry Association (VEIA), with assistance from the MNED project, formally launched the first electronics business coalition with a special focus on strengthening capacity of MNEs and Vietnamese suppliers and facilitating policy dialogues among the electronics companies and in exchanging good practices.</p> <p>A Joint Plan of Action with priority issues to be addressed in partnership between the public and private sectors was developed and adopted. In addition, a Tripartite-Plus Task Force on SRLP in the electronics sector which includes VCCI, MOLISA, VGCL and ILO was launched through a Joint Statement.</p>
Output 4 - Lessons learned, documented as part of identifying effective models of partnership between home and host countries of investment on FDI/MNEs	Satisfactory	Completed	<p>MNED helps to promote good practices through exchange factory visits and sharing experience seminars. The project helped to set up working relationship with Japanese business community, sectorial association as well as electronics companies, national and international business associations.</p> <p>In collaboration with the Japan Electronics and Information Technology Industries Association (JEITA), ILO organized a seminar with the electronics MNEs in Tokyo to discuss the employment and labour challenges they face and the roles of Japanese MNEs(especially the MNE HQs) in promoting decent work through their overseas operations.</p> <p>MNED project also shared ideas and views with other development cooperation projects through an integrated approach administered by the Country Office. This included sharing the first two study reports on the electronics sector and its compliance with the labour standards. The electronics CSR coalition would also</p>

Outputs/ Areas of Activities	Level of achievement	Status	Summary
			<p>serve as a basis for establishing a national dialogue platform on socially responsible labour practices in Viet Nam.</p> <p>Good practices and experience from the project was also shared at such level like ILO Asia-Pacific Regional Meeting in Bali (December 6-9, 2017), the First Sustainability Forum which was organised as a kick-off event for the ILO partnership with the Tokyo 2020 Organising Committee of the Olympic and Paralympic Games (Tokyo, 21 September, 2017).</p> <p>The MNED project organized a home-host country policy dialogue forum to discuss effective models of collaboration between Vietnam and Japan in maximizing the employment impact of Japanese FDI/MNEs.</p>