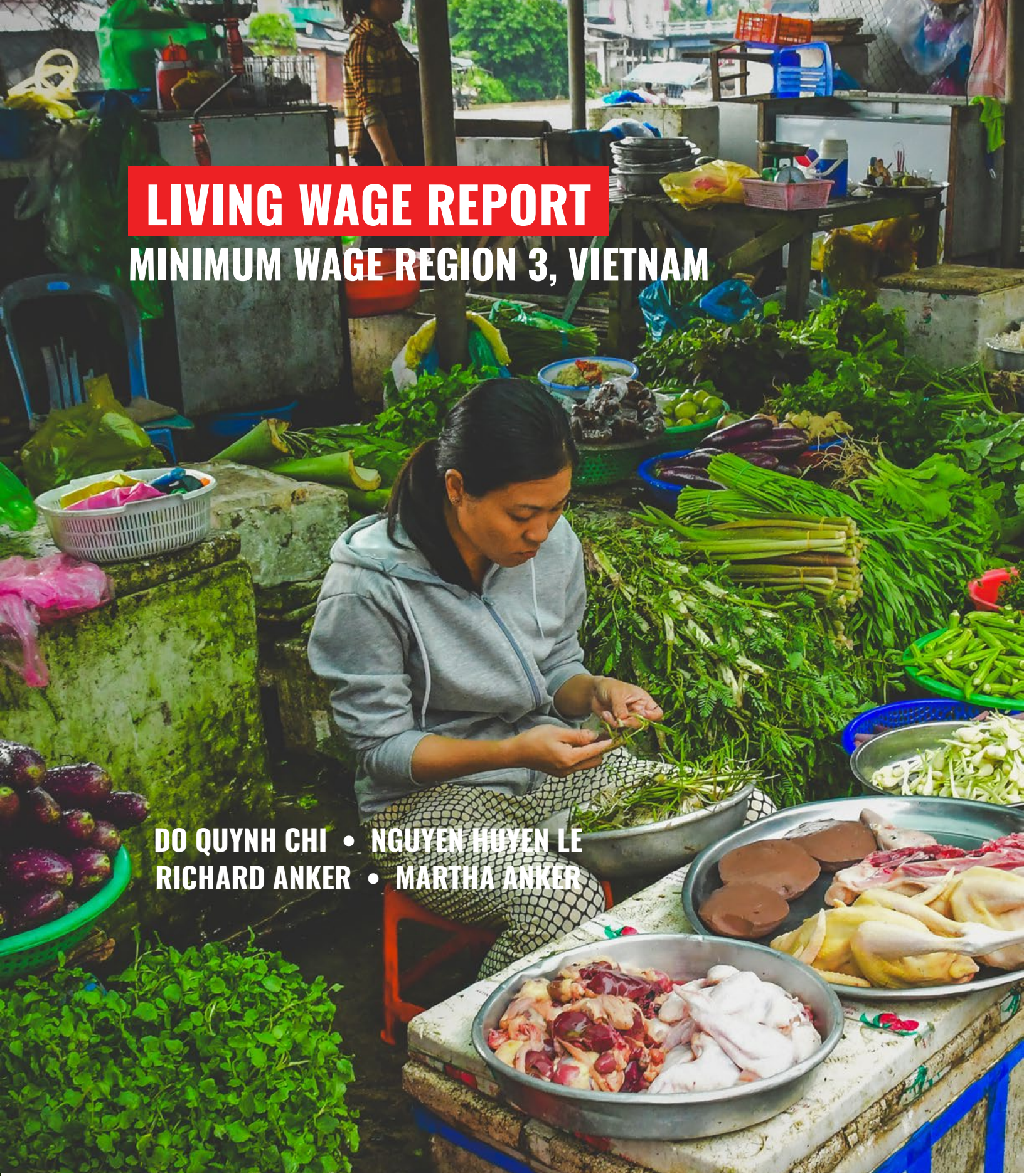

LIVING WAGE REPORT

MINIMUM WAGE REGION 3, VIETNAM

DO QUYNH CHI • NGUYEN HUYEN LE
RICHARD ANKER • MARTHA ANKER

MARCH 2022
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Anker Research Institute

GLOBAL LIVING WAGE COALITION

ABSTRACT

LIVING WAGE REPORT
MINIMUM WAGE REGION 3, VIETNAM

MARCH 2022

AUTHORS: DO QUYNH CHI[*] • NGUYEN HUYEN LE[**] • RICHARD ANKER[***] • MARTHA ANKER[****]

This report estimates a living wage for minimum wage Region 3 of Vietnam using the Anker Methodology. Region 3 is one of four regions used by the Government of Vietnam for setting minimum wages and includes districts in three main areas: the Red River Delta in the north (around Hanoi), the Central Coast, and across the southeast and the Mekong River Delta in the south. It consists mostly of smaller size cities and towns. For Region 3, we estimate a living wage of VND 7,392,372 (USD 309) per month, as of March 2022. This is the gross wage required for a typical family of 2 adults (one in full-time employment and one in part-time employment) and 2 children to afford a nutritious, low-cost diet, healthy housing, adequate health care, education through secondary school, and all other expenses, plus a small margin for unexpected events. This value was calculated using secondary data on household expenditure, labor force activity, and population from the General Statistics Office of Vietnam combined with primary data on local costs of food, housing, health care, education, and transport for a sample of 6 districts in 6 provinces in Northern, Central, and Southern Vietnam. Our living wage estimate is around twice the minimum wage for Region 3 that was set in July 2022.

Any questions, comments, or observations about this study and the results it reports should be directed to the Anker Research Institute leadership: marthaandrichard@ankerinstitute.org

Keywords: Living costs, living wages, Anker Methodology, Vietnam

JEL classifications: I30, J30, J50, J80.

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SECTION I. INTRODUCTION

1. BACKGROUND

> ***"Policies in regard to wages and earnings, hours and other conditions of work calculated to ensure a just share of the fruits of progress to all, and a minimum living wage to all employed and in need of protection;"***
>
> (ILO Philadelphia Declaration, 1944, Annex to ILO Constitution)

Living wage – and the idea that workers should be paid a decent wage and not have to live in poverty – has a long and distinguished history. Indeed, living wage could be considered a mainstream idea and in any case is very far from being a radical idea. Well respected individuals, institutions, and organizations have advocated payment of a living wage for hundreds of years. This includes United Nations Declaration of Human Rights; Popes; Presidents of countries; Constitutions of countries and the International Labor Organization; academics famous for championing free market economics; and 20th century industrialists.

The acceptance and championing of living wages has had a rebirth in recent years. This includes codes of conduct of global companies and standard setting organizations such as those in the Global Living Wage Coalition (GLWC). The United Nations Global Compact – the world's largest corporate sustainability initiative – encourages companies to provide a living wage as an essential aspect of decent work and the Sustainable Development Goals (Target 8.5).

The living wage concept is especially relevant for Vietnam, because its 2019 Labor Code and minimum wage law Article 91(1) specifies that the minimum wage should "satisfy the minimum living standards of the worker and his/her family" and we think that this could be interpreted as requiring payment of a living wage especially since Article 91(2) says that the minimum wage should "vary by region" presumably along with differences in living costs (Socialist Republic of Vietnam, Labor Code 2019, Statutory Minimum Wage Article 91). On the other hand, Article 91(3) says that determination of the minimum wage should also be "adjusted according to the relation between statutory minimum wages and usual salaries; consumer price index, economic growth rate; labor supply and demand, productivity and financial capacity of enterprises", aspects that are not concerned with worker needs.

1.1 The Anker Methodology for measuring living wage

This report uses the Anker Methodology (Anker and Anker 2017) to estimate a living wage for the minimum wage Region 2 of Vietnam. The Anker Methodology has gained widespread acceptance among diverse stakeholders globally is now widely accepted as the gold standard for measuring living wages and has been used by the Anker

Research Institute[1] to estimate a living wage in over 50 studies in 46 countries to date.[2] Key principles and innovative aspects of the methodology include:

Transparency: Principles and assumptions used to estimate the living wage are clearly indicated. It is important for stakeholders and others to understand how the living wage benchmark was estimated and what workers and their families would be able to afford if they did not earn a living wage.

Normative basis: The living wage is based on normative standards for a nutritious diet, healthy housing, adequate health care, and education for children through secondary school. The normative basis of the Anker Methodology contrasts with typical methodologies for estimating poverty lines which only ensure that workers and families can afford a sufficient number of calories.

Time and place specific: The living wage is time and place specific so that it is realistic for the location for which it is estimated. The living wage increases with economic development and rising incomes. This also means that separate living wage benchmarks are necessary for rural and urban areas.

Comparison with prevailing wages: The living wage is compared with current wages paid by establishments and other relevant benchmarks such as minimum wage and poverty line wage. The Anker Methodology defines all relevant forms of remuneration for measuring prevailing wage including fair and reasonable values for in-kind benefits and most cash allowances while excluding overtime.

Universal and internationally comparable: The Anker Methodology is universal and relevant for all countries in the world. Anker Methodology living wage estimates are internationally comparable as they are based on the same principles everywhere.

Practical and modest cost: The Anker Methodology is practical and relatively inexpensive to implement, as it uses a judicious mix of secondary data, rapid assessment methods, and primary data.

Living wage reports are more than only a number: Anker Methodology living wage reports do not just report a number, but also paint a picture of what it means to live on less than a living wage, and what the living standards would be for workers who would earn a living wage.

1.2 Minimum wage zones in Vietnam used for setting wages

Vietnam is divided by government into 4 regions for minimum wage purposes. This forms the basis for the wage-setting process for many workers. Since the Anker Methodology is designed to provide useful inputs into wage-setting, the Anker Research Institute (ARI) decided to use the same 4 zones for its living wage studies and estimates. This means that this report for minimum wage Region 2 should be read in conjunction with three companion reports for the other minimum wage regions in Vietnam – thereby covering the entirety of Vietnam. Although there are exceptions, Regions 1, 2, and 3 cover different size cities. Region 1 is for the especially large

1 About Us - Anker Research Institute .
2 All living wage reports in this series can be downloaded from here: https://www.globallivingwage.org/.

cities Ho Chi Minh City and Hanoi which have more than 8 million population each. Region 2 covers other major urban areas such as Da Nang, Can Tho, and Hai Phong, while Region 3 generally covers smaller urban areas. Region 4 covers all other areas, which are mainly rural.

1.3 Structure of this report

This report has 3 sections. The remainder of this introductory section provides the context for this study and a summary of how the living wage for minimum wage Region 2 was estimated using the Anker Methodology. Section 2 is concerned with the estimation of the cost of a basic but decent life for a worker and her or his family. It explores the cost of food, housing, and non-food non-housing needs to ensure a basic but decent living standard for a typical size reference family. Section 3 estimates the living wage. This section discusses the number of full-time equivalent workers in a reference family expected to provide support, the net (take home pay) living wage, compulsory deductions from pay, and the gross wage (aka living wage). It then compares our estimated living wage to other wage indicators and discusses gaps to a living wage. Finally, it provides conclusions with a table that summarizes key results of the study.

2. LIVING WAGE ESTIMATE

Our estimate of the net living wage (i.e., take-home pay) required is **VND 6,542,249 (USD 274)** per month for minimum wage Region 3 of Vietnam for March 2022. Our estimate of the gross living wage (aka living wage) for Region 3 is **VND 7,392,372 (USD 309)**[3] per month after considering mandatory payroll deductions. This is around twice the minimum wage instituted for Region 3 from 1 July 2022.

3. CONTEXT

The Socialist Republic of Vietnam is the eastern-most country on the Indochina Peninsula in Southeast Asia. With a population of close to 100 million[4], it is the world's 15th most populous country, and the eighth most populous Asian country (Table 1). According to the 2020 UNDP Human Development Report, Viet Nam's HDI value for 2020 is 0.706 which is in the medium human development category (117 out of 187 countries and territories in the world).[5] Compared with other countries in the region, Vietnam's HDI is lower than China, Malaysia, Thailand, and Indonesia but higher than Laos and Cambodia.

Vietnam has gone from being one of the poorest countries in the world in 1986, with a per capita income below USD 1,000, to a lower middle-income country with per capita income of around USD 3,700 by the end of 2020.[6]

3 The exchange rate used in this report is VND 23,900 to USD as this was the average exchange rate for the study period. However, since exchange rates are volatile, all USD values in this report are provided for expositional purposes and so should only be considered as approximate.
4 https://worldpopulationreview.com/countries/vietnam-population
5 https://hdr.undp.org/en/countries/profiles/VNM
6 https://www.worldbank.org/en/country/vietnam/overview#1

Over the last few decades, Vietnam has made remarkable progress in reducing poverty. The percentage of people living in poverty at the World Bank poverty line for low-income countries dropped from almost 60% in the 1990s to less than 1% in 2020.[7]

The Multidimensional Poverty Index (MPI), which includes multiple deprivations of households in the areas of education, health, and living standards, calculates the share of the population that is multi-dimensionally poor, adjusted by the intensity of the deprivations. The MPI of Vietnam, as calculated by the Vietnam General Statistics Office, fell from 9.9 to 4.8 between 2016 and 2020. [8] The proportion of multidimensional poverty households in rural areas is higher than in urban areas, but the rural/urban difference is reducing gradually.

According to the World Bank in 2018, less than 1% of the Vietnamese population lived below the World Bank extreme poverty line (percentage of the population living below USD 2.15 PPP per day) that is applicable to low-income countries, and 19% lived below the World Bank upper-middle-income poverty line of USD 6.85 PPP per day.

Table 1. Economic and social indicators for Vietnam

INDICATOR	VIETNAM
Population (2021)	97.5 million
GDP per capita (2021)	USD 3,757
Human Development Index (2021)	0.706 (Ranking: 117 of 187 countries)
Poverty rate at USD 6.85 PPP per day upper-middle income country poverty line (2020)	19%
Poverty rate at USD 3.65 PPP per day lower-middle income country poverty line (2020)	4%
Poverty rate at USD 2.15 PPP per day at low-income country poverty line (2020)	0.7%
Inequality (Gini Index) (2020)	36.8

Source: World Bank Indicators database.

3.1 Minimum wage in four minimum wage zones of Vietnam

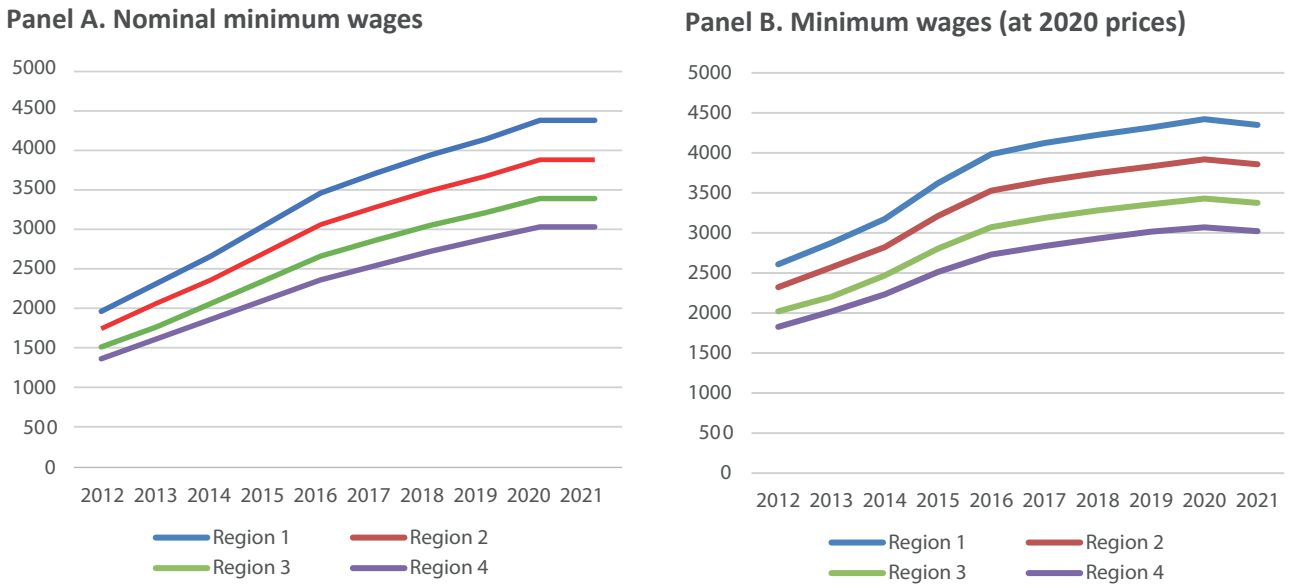
Before 2008, there was a single minimum wage for workers for all of Vietnam (see Nguyen, 2013; 2017b). Since January 2008, minimum wages are set according to 4 geographical regions based on differences in living costs between regions and degree of urbanization. During 2008-2011, different minimum wages were applied for

7 https://data.worldbank.org/indicator/SI.POV.DDAY?locations=VN
8 https://www.gso.gov.vn/wp-content/uploads/2021/03/Thong-cao-bao-chi-MDP_MPI_English.pdf

workers in the domestic sector and those in the foreign sector. Minimum wages in the foreign sector were around 40% higher than those in the domestic sector (Nguyen, 2017a). Since 2012, common regional minimum wages have been applied to both the domestic and foreign sectors. Minimum wages are adjusted annually.

Figure 1 presents nominal and real minimum wages of the four regions during 2012-2020. Nominal minimum wages have increased at a higher rate than the inflation rate. Thus, real minimum wages increased by around 4% over the period 2012–2020. However, because of the COVID-19 pandemic, the government decided not to adjust minimum wages for 2020 and 2021. Therefore, the nominal minimum wages in 2020 and 2021 remained the same and were equal to VND 3,070,000, VND 3,420,000, VND 3,920,000 and VND 4,420,000 per month for regions 4, 3, 2, and 1, respectively. The nominal minimum wages for the four regions increased in June 2022 to VND 3,250,000, VND 3,640,000, VND 4,160,000, and VND 4,680,000 respectively.

Figure 1. Monthly minimum wages (thousand VND)



Note: This figure presents the monthly minimum wages (thousand VND per month) of 4 minimum wage regions during the 2012-2021 period. Panel A presents the nominal minimum wages, while Panel B presents the minimum wages at 2020 prices (adjusted by annual CPI). For 2021, the CPI is estimated using the CPI in the first six months.

Source: The authors.

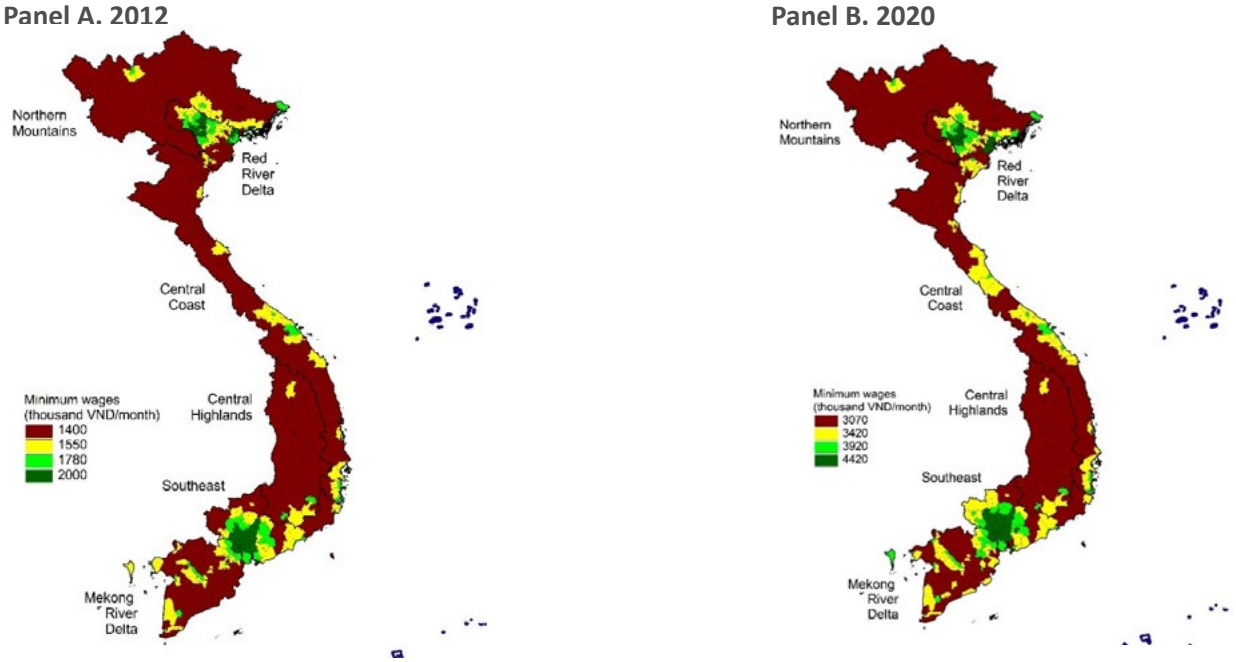
3.2 Minimum wage Region 3

Vietnam has 63 provinces covering 713 districts. As mentioned earlier, minimum wages are differentiated across districts into four minimum wage regions depending on their economic levels.[9] People's Committee of provinces

9 Regional minimum wage levels and the list of districts in each minimum wage regions are adjusted and issued in annual Decrees of the government (Government of Vietnam, 2012-2019).

submits the list of their districts in the four regions to the government. Minimum wages for each region are usually updated annually. In addition, the list of districts in the four minimum wage regions is adjusted annually. Figure 2 presents the geographic map of districts in the four minimum wage regions in 2012 and 2020. The number of districts in the lowest minimum wage region decreased over this period, while the number of districts in higher minimum wage regions increased. In 2020, the minimum wage Region 1 (most developed) covered 11% of districts. Regions 2 and 3 covered 12% and 21% of districts respectively. Region 4 – the least developed – accounted for 56% of districts.

Figure 2. The minimum wage regions of Vietnam



Source: Nguyen V.C. (2021).

Region 3 (the yellow districts in Figure 2) concentrates in three key areas: the Red River Delta in Northern Vietnam (around Hanoi), the Central Coast, and across the southeast and the Mekong River Delta in Southern Vietnam. It consists of mostly smaller size cities and towns. For this reason, our fieldwork surveys of food and housing prices for this study were conducted in 6 provinces and 6 districts across the north, center, and south of the country. Specifically, primary data collection was carried out in Hai Duong and Hung Yen in Northern Vietnam, Quang Nam and Thua Thien Hue in the Central region, and Long An and Tay Ninh in Southern Vietnam (Table 2). These provinces and districts were selected based on (i) the concentration of industrial production, particularly the districts with industrial zones were prioritised; (ii) representativeness of the province/district for the geographical region (north, central, or south); and (iii) accessibility under the Covid-19 control measures.

4. CONCEPT AND DEFINITION OF A LIVING WAGE

The idea of a living wage is that workers and their families should be able to afford a basic lifestyle considered decent by society at its current level of development, without having to work overtime.

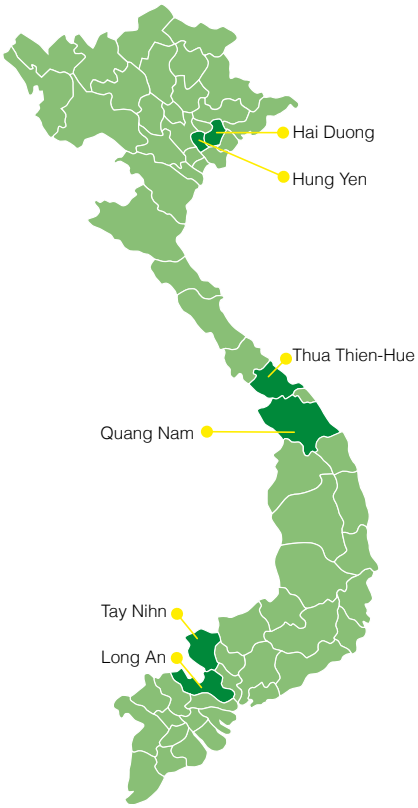


Table 2. Fieldwork sites for minimum wage Region 3

PROVINCE	REGION 3 DISTRICTS
Northern Vietnam	
Hai Duong	Chi Linh
Hung Yen	An Thi
Central Vietnam	
Quang Nam	Nui Thanh
Thua Thien Hue	Huong Thuy
Southern Vietnam	
Long An	Tan Tru
Tay Ninh	Ben Cau

The definition of a living wage used in this study is the GLWC definition, which is drawn from an ILO review (R. Anker, Estimating a Living Wage: A Methodological Review, 2011):

> ***The remuneration received for a standard work week by a worker in a particular place sufficient to afford a decent standard of living for the worker and her or his family. Elements of a decent standard of living include food, water, housing, education, health care, transport, clothing, and other essential needs including provision for unexpected events."*** Global Living Wage Coalition (2014)

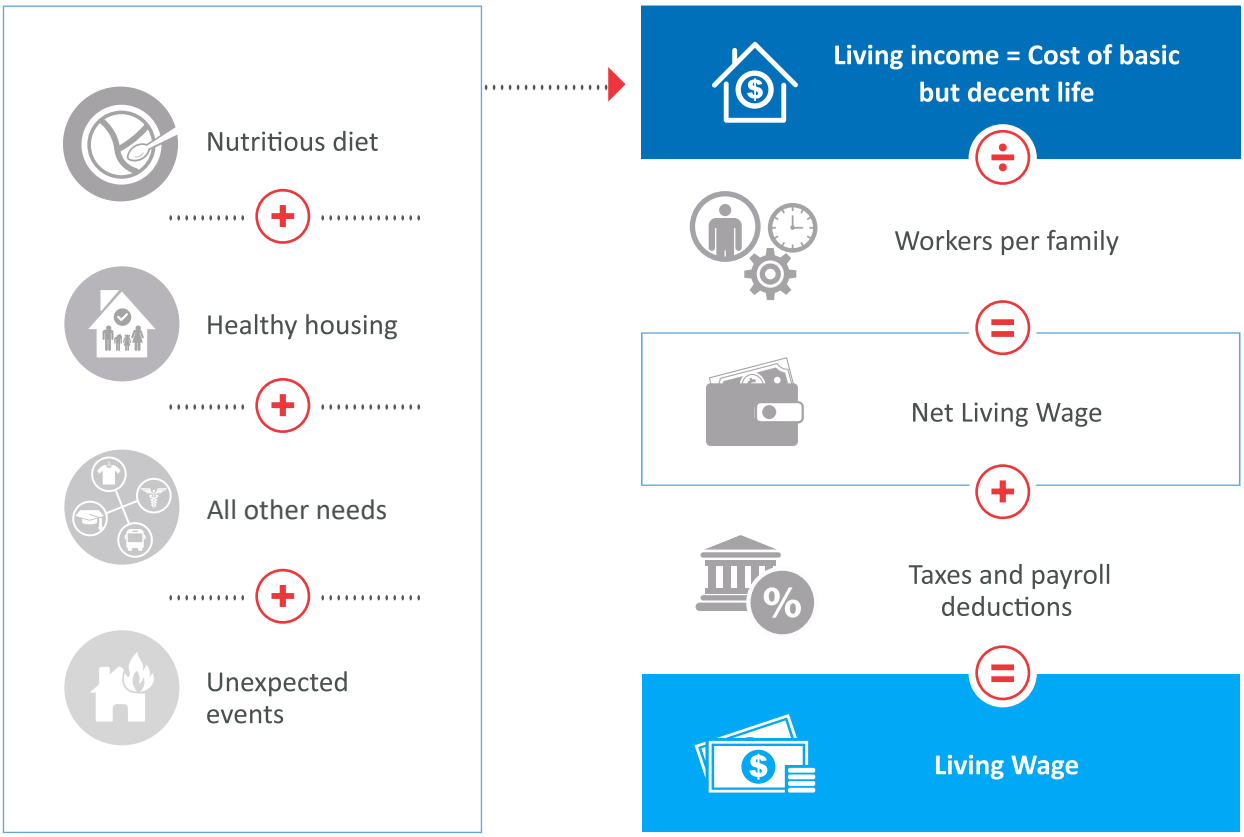
One main idea behind the living wage concept used in the Anker Methodology is that living costs vary by location within the same country, especially for a large country such as Vietnam. So it avoids any attempt to come up with a single living wage for all of Vietnam. The living wage estimated in this report for minimum wage Region 3 is applicable to all workers living in minimum wage Region 3 whether this is in the north, center or south of Vietnam.

5. HOW LIVING WAGE IS ESTIMATED

Several steps – described in the remainder of this report – are followed in order to come up with a reliable living wage estimate for Region 3. Living costs are estimated for a nutritious low-cost diet, basic healthy housing, and other essential needs (termed non-food non-housing costs, or NFNH costs, in this report), and a small margin is added for sustainability and unforeseen events. It should be noted that we are speaking of living costs of families in this study, not living costs of individual workers, because living wage is a family concept. Therefore, a typical

reference family size is determined using secondary household data for Region 3 and living costs are estimated for a family of this size. Similarly, the number of full-time adult workers in the reference family providing for the livelihood of the family for Region 3 is determined using secondary household data. Lastly, The sum of all these costs is the income required by the reference size family and this is divided by the number of full-time adult workers to determine the net (take-home) living wage. To this, statutory payroll deductions and possible income taxes are added to reach the gross living wage. These steps are summarised in Figure 3 below.

Figure 3: Components of a living wage estimate, moving from the cost of a basic but decent life to net living wage, and moving from net living wage to gross living wage



Source: Adapted from Anker and Anker (2017).

The main secondary data sources used in this report are Government household surveys and population census, such as the following which were conducted by the Vietnamese General Statistics Office (GSO):

- VHLSS (Vietnam Household Living Standard Survey) 2020;
- Population and Housing Census 2019;
- Labour Force Survey (LFS) 2021.

The field research was conducted by a team of 15 research investigators from the Research Center for Employment Relations under the supervision of the lead researcher, Dr. Do Quynh Chi. The research investigators were trained by the lead researcher in the methodology and techniques to collect food and housing prices. In each study province, the research investigators collected food costs from at least 8 markets of various types (such as

supermarkets, outdoor markets, 'jumping' markets, and street vendors) that local workers frequently visit.

To make sure that the model diet reflects regional preferences, prices of foods that local people prefer were collected. Food costs were collected from 50 markets in total. The markets were located in the selected districts in each province (2 districts in the north, 2 in the center, and 2 in the south). This means that the 50 markets visited were located in 6 different districts and 6 different provinces located across the country. The research investigators also visited different types of housing, which included both housing that met our healthy housing standard as well as the typical sub-standard accommodation that many workers live in. At each house visited, the research investigators surveyed the location for cleanliness and security, housing conditions (e.g., construction quality, facilities, size, cleanliness, among others), supply of electricity and water, and housing costs. All of the houses visited were photographed with the consent of the inhabitants.

Calculations of the share of NFNH expenditures of total household expenditures were based on secondary data. Education and healthcare expenditures were then subject to rapid assessment 'postchecks' – using data collected during the field research – to ensure sufficient funds for these human rights. Statutory payroll deductions were added to the take home pay needed by workers in order to arrive at a gross living wage estimate.

SECTION II. COST OF A BASIC BUT DECENT LIFE FOR A WORKER AND THEIR FAMILY

There are five sub-sections in this section determining the following.

1. Food costs
2. Housing costs
3. Non-Food Non-Housing (NFNH) costs
4. Post-check of NFNH costs to ensure sufficient funds for adequate health care and children's education through secondary school, because these are considered human rights in the Anker Methodology
5. Provision for unexpected events

6. FOOD COSTS

Food is the most important expense of households in developing countries. Therefore, estimating food costs is a very important part of estimating a living wage.

This section estimates food costs for a reference family of 4 persons using a low-cost, nutritious diet that is consistent with local food preferences and food prices found in local markets. This model diet is nutritious in more than just calories. Our model diet is also nutritious in macronutrients (proteins, fats, and carbohydrates) and micronutrients. This contrasts to how food costs are estimated in typical poverty lines which only requires having enough calories.

This section is divided into 3 parts: (i) general principles used to develop the model diet; (ii) description of the model diet; and (iii) food prices used to estimate the cost of the model diet.

6.1 General principles of the model diet

The following Anker Methodology principles were used to develop and cost our living wage model diet:

- The diet should be nutritious and meet national and international standards for nutrition with sufficient number of calories, macronutrients (proteins, fats, carbonhydrates), and micronutrients. It also limits certain foods such as sugar, oil and cakes and confectionaries.
- The diet should be consistent with local food habits and preferences so that workers consider the diet to be palatable because food is part of history and culture, and people will not eat foods that are not considered acceptable.
- Lower cost acceptable food items and brands are chosen to represent major food groups (such as cereals, pulses, dairy, meats/fish, oil, and fruits and vegetables) as the main idea is to develop a healthy but basic diet that is affordable.
- The diet should be consistent with the country's development level, since people all around the world purchase more expensive foods as they become wealthier such as pur-chasing more prepared foods, more animal-based foods, and more expensive varieties and foods.

- Whenever possible, the amount of food is expressed in portions to be easy to understand by laypersons.
- To be more realistic, the cost of the model diet is increased somewhat to take into consid-eration the need for spices, salt, sauces, and condiments for palatability; some normal waste, spoilage, and discards; and some allowance for variety.

6.2 Model diet

In order to develop an acceptable, low-cost, nutritious model diet for Vietnam to estimate food costs, several steps are followed in the Anker Methodology. Before describing what was done, it is important to point out that, because we decided to use the same model diet for all 4 minimum wage regions of Vietnam as a matter of fairness (with some minor adjustments to the model diet for Region 4 which is mainly rural and so where work is typically vigorous and so requires more calories). This means that we did not include more expensive foods and so have a more expensive model diet for the more developed cities such as for Hanoi and Ho Chi Minh City in Region 1 and a less expensive diet for less developed rural areas of Region 4 as is typically done when poverty lines are estimated.

First, we determined the number of calories required for each person in the reference family using Schofield equations recommended by the World Health Organization (WHO). This used the following information:

1. Average height of Vietnamese adult men and adult women. According to the World Population Review, this is 1.6889 meters for men and 1.5843 meters for women for urban areas in Vietnam.
2. Reference family size and composition. This is 4 persons (2 adults and 2 children), as explained below in section 10.
3. Physical activity level level of the members of the reference family. We assumed that both adults in the reference family have a moderate phyical activity level (PAL). This assumption is based on the average physical activity level of a typical adult who works in non-mechanised factory work (Anker and Anker 2017). It is also in line with the Anker Methodology living wage study and estimate for Region 1 (urban) of Vietnam that was done in 2016. We also assume that children have moderate physical activity.
4. As such, the average number of calories needed per person in the reference family is 2,257, to which 3 additional calories are added for pregnancy, 10 making the final average caloric intake used in this study being **2,260 per person per day**.

Second, we developed the contents of our model diet. We started with the actual food consumption of Vietnamese households to help indicate the general structure of food consumption in Vietnam. For this, we used the fourth income decile of households in the VHLSS 2020 (see Table 3). This is also the reference group used by the National Wage Council when calculating the regional minimum wage of Region 3. When doing this, we decreased proportionally the number of grams of each food item in the VHLSS diet by the proportional difference between the number of calories in our model diet and the VHLSS diet.

10 Additional calories are added for pregnancy. These additional required calories are averaged over all family members and over the number of years between ages 25 and 59 to keep the model diet as per person in the reference family.

Table 3. Food consumption of households in the 4th decile of the household consumption distribution according to VHLSS 2020

Food items	Average number of edible grams per day	Percent (%) distribution of food expenditures in VHLSS diet
Rice	417	11.4%
Prepared cereals (noodles and bread)	27	3.3%
Potato	42	0.7%
Pulses and legumes	included with vegetables	
Milk	126	10.3%
Eggs	39	1.8%
Meat	32	39.1%
Fish	43	15.3%
Vegetables	109	2.7%
Fruits	57	5.1%
Oil	25	1.8%
Sugar	8	3.0%
Green tea	-	2.1%
Fish sauce	1	1.5%
Total without spices and condiments and other		**98.1%**

Source: VHLSS 2020.

Third, we adjusted the actual consumption of Vietnamese households indicated in VHLSS (Table 4) so that our model diet would be nutritionally balanced and meet WHO and FAO recommendations on nutrition while remaining palatable.

In a fourth step, we chose the specific food items to represent each major food group based on our survey of food prices and food availability in places where families shop in the 12 study districts in the 6 study provinces in Northern, Central and Southern Vietnam (see the specific districts and provinces in Table 2). There are certain differences in food choices among the three regions, for example, the Northerners prefer potatoes whereas the Southerners tend to choose sweet potato and fish is essential; the Northerner has the culture of preparing coffee at home whereas the Central and Southern people generally prefer tea. The specific food items in the basic diet, therefore, were selected to capture both the regional varieties and ensure commonality across the country. With this in mind, we included tea in the model diet to capture the cost of tea or coffee that depends on regional preferences; we used the price of potato in the north and price of sweet potato in the south and central regions for root and tubers. For fish, we used the common lower cost varieties of fish which were available in each study province. For milk, we included condensed milk for adding to coffee or juice.

Table 4 below indicates the number of edible grams per day for each person in the family for all of the food items included in our model diet. This means that skins, seeds, bones, and shells were excluded from total edible

grams. The edible percentage of each food item was based on data from the USDA (United States Department of Agriculture, 2014[11]) and the Vietnam Food Composition Table published by Vietnam Ministry of Health in 2007.[12] Inedible parts were, of course, included when we costed the model diet using local food prices collected through a survey of local markets.

Food prices were collected in January and March of 2022 to make sure that the prices were not affected by the traditional Lunar New Year (in February 2022). The price collectors were trained by the lead researcher on the methodology and during the price collection process, they were supported and monitored by a regional team leader who reported directly to the lead researcher. In each district, the price collectors visited different types of markets where workers typically shop.

Our model diet is consistent with local food preferences. We also chose the least expensive acceptable food items and brands for each food group and food item.

- Both plain rice and sticky rice are included in the model diet. Plain rice is used in all meals in Vietnam while sticky rice is used for special occasions.
- Bread in the form of buns is included twice per week.
- Instant noodles and fresh rice noodles are included because they are commonly consumed.
- For chicken and eggs, we included the least expensive varieties, for example, industrial chicken and industrial chicken eggs and not free range or organic.
- Tofu and peanuts were included as they are common.
- Chicken is mainly included for meats because it is the least expensive meat and very common. Some pork is included in the diet even though it is more expensive than chicken, because of strong local preferences and eating habits.
- For fish, we included the average price of two lower priced fish in each location such as tilapia, snakehead, and some varieties of carp.
- Vegetables play an important part in the Vietnamese diet. A wide variety of vegetables are included in every meal such as morning glory, cabbage, tomato, and brocoli. These vegetables are relatively inexpensive and widely available.
- Bananas and watermelon (or another less expensive fruit than watermelon, perhaps seasonal) are included in our model diet to represent the fruit group. These fruits are the lowest cost fruits per edible gram, and they are the commonly eaten fruits across the three geographic regions of the country.
- For dairy, we included 1 box of 180 ml of milk for children and 2 tablespoons of condensed milk for adults for coffee or tea.
- We included fish sauce because it is an important part of Vietnamese cuisine. For this, we used Nam Ngu fish sauce, because it is widely available and not overly expensive.
- Only 8 grams of sugar (2 teaspoons) are included in the model diet, which is a very low amount compared to other countries in the world, because sugar it does not play an important role in Vietnamese cuisine.

11 Composition of Foods Raw, Processed, Prepared USDA National Nutrient Database for Standard Reference, Release 27 | Ag Data Commons
12 See: INFOODS: Asia (fao.org)

Table 4. Model diet for minimum wage Region 3

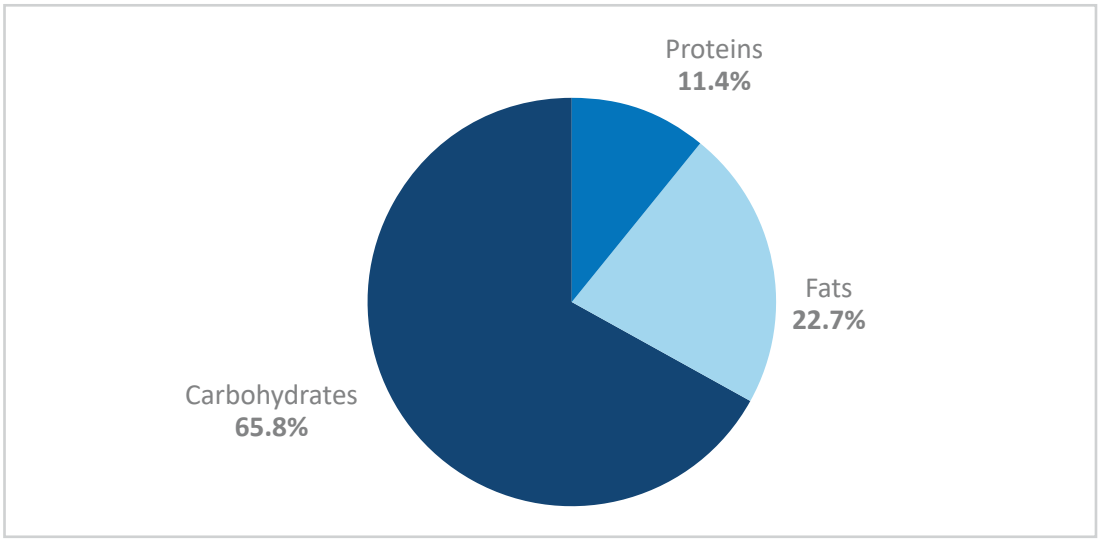
Food items	Edible grams	Purchased grams	Cost per kg (VND)	Cost (VND)	Comments (Diet is for an average person in a family of 4. Portions for adults are bigger than for children)
Plain white rice	326	326	14,000	4,561	
Sticky rice	20	20	22,000	451	
Hao Hao instant noodles	21	21	45,067	953	2 portions per week
Rice noodles (dry)	16	16	10,500	168	1 portion per week
Bread (white)	20	20	50,000	1,000	2 buns of 70 grams per week
Potato/Sweet potato	40	53	19,833	1,058	
Tofu	28	28	16,833	471	1 portion per day
Peanuts (shelled)	14	14	46,750	653	
UHT Milk	90	90	38,500	3,465	1 milk box of 180 ml per child per day
Condensed sweetened Milk	10	10	58,283	557	2 tablespoons per adult per day to add to coffee or juice
Chicken eggs (industrial)	25	29	51,833	1,481	4 eggs per week
Pork	24	26	99,083	2,533	2 servings per week
Chicken whole (industrial)	24	36	59,250	2,116	2 servings per week
Fish	36	61	46,567	2,827	3 servings per week
Morning glory	40	81	13,500	1,091	popular green leafy vegetable
Cabbage	40	51	12,450	629	
Tomato	40	44	17,167	763	
Broccoli	40	66	13,875	920	
Squash	40	43	10,000	426	
Banana	40	63	9,375	592	
Second cheapest fruit (often watermelon)	40	54	12,583	678	
Oil	27	27	40,583	1,104	2 tablespoons per day

Food items	Edible grams	Purchased grams	Cost per kg (VND)	Cost (VND)	Comments (Diet is for an average person in a family of 4. Portions for adults are bigger than for children)
White sugar	8	8	23,083	194	2 teaspoons per day
Fish sauce (Nam Ngu)	15	15	21,000	315	1 tablespoon per day. Fish sauce is used both for cooking and dipping
Tea or coffee	7	7	100,000	700	Around 2% of food costs
Total Cost not including additional costs				**29,706**	
Total Cost including additional costs				**35,351**	**3% added for salt, spices, sauces, and condiments 4% added for spoilage and waste 12% added for variety**

According to the WHO/FAO[13] (2003), a healthy diet has the following distribution of calories coming from macronutrients: 10-15% of calories from proteins (and in the Anker Methodology this percentage typically ranges from 11-12% in lower-middle-income countries such as Vietnam); 55-75% of calories from carbohydrates; and 15-30% of calories from fats. Figure 4 presents the distribution of macronutrients of our model diet, all of which are within the above-mentioned WHO recommended intervals.

13 Diet, nutrition and the prevention of chronic diseases: report of a joint WHO/FAO expert consultation, Geneva, 28 January - 1 February 2002 .

Figure 4. Percentage distribution of macronutrients in model diet for Region 3



6.3 Food prices

Food prices were collected at different points of purchase where workers shop. This included:

- 'Spontaneous markets' such as small, mobile markets just outside factory gates where workers shop most often on their way from the factory to their houses.
- Outdoor markets which are large and important for workers and the local people. Workers typically shop here once or twice per week. These markets include both shops and sellers with perishable and non-perishable foods. The shops for non-perishable products here are an alternative to the supermarkets.
- Supermarkets and convenient stores. Workers shop here once or twice per week mainly for non-perishable food.

The research team visited between 8-10 venues in Region 3 in each of the 6 study provinces. The Covid-19 outbreaks in Vietnam between April and October 2021 and the consequent disruption of food supply chains resulted in increases of a number of food prices, especially meat (eg. beef and pork), oil and some vegetables (tomato, broccoli). The food price data were scrutinized for outliers which were excluded from the analysis.

The median of the remaining prices was determined for each of the 6 study locations and then the arithmetic average of these 6 median prices across study locations in Northern, Central, and Southern Vietnam was used to determine the cost of the different foods included model diet for Region 3. As indicated above in Table 4, **the cost of the model diet is VND 35,351 (USD 1.48) per person per day. This implies monthly food cost for the family of VND 4,301,038 (USD 180).**

Figure 5. Pictures of markets visited by the research team

Cho De, Chi Linh district, Hai Duong Province (north) (A1), Phu Bai Market, Huong Thuy district, Thua Thien Hue Province (central) (A2), Long Chu Market, Ben Cau district, Tay Ninh Province (south) (B1), Tam Quang Market, Nui Thanh district, Quang Nam Province (central) (B2).

7. HOUSING COSTS

Housing is almost always the second biggest expense for workers in developing countries (after food). Therefore, it is important that the cost of decent housing for a worker and his/her family is well estimated when a living wage is measured.

Housing costs in this study are estimated by summing up the costs of rent for an acceptable dwelling, utility costs, and minor expenses for trash collection and other minor expenses. The Anker Methodology differs from the typical methodology used to measure poverty lines where all non-food costs (including housing costs) are estimated together based on observed household spending from a national household expenditure survey. This means that:

- The Anker Methodology ensures that sufficient funds are available for workers earning a living wage to be able to afford decent healthy housing for their family, since housing costs are measured directly based on a healthy housing standard and observation of rental costs and other housing costs in the local study area.
- This approach avoids the problem in many countries (including Vietnam) where national statistical offices do not properly measure the cost or value of owner-occupied housing and so underestimate housing expenditure and costs.
- This approach allows for much better estimates of differences in living wages between areas, because local housing costs are measured directly through observation.

The field research undertaken in this study of visiting local housing, thus, leads to reasonable and robust estimates for rent for a living wage for a reference size family in different study locations.

7.1 Standard for basic acceptable local healthy housing

In order to estimate the cost of local housing for a living wage, it is first necessary to establish a local decent healthy housing standard. This is done in this section.

First, healthy housing must meet the principles for healthy housing contained in international minimum housing standards indicated in World Health Organization Health Principles of Housing[14] and in ILO Conventions. For example, according to international standards, houses must have a permanent structure; protect against disease and the elements; have adequate amenities such as lighting, good ventilation, and access to safe water and sanitation; be in good repair; and have adequate living space (see Table 5).

Second, it is necessary to make sure that the local housing standard also at least meets the minimum standards for adequate housing according to the Vietnam Government, such as the 2005 Housing Law and the Prime Minister's Decision 2127/QĐ-TTg on 30/11/2011 on housing standards.

14 WHO, 1989. Health principles of housing. Geneva. WHO.

Third, adaptation of international and national minimum standards to the local situation must consider current housing conditions and norms in Vietnam. For this, we used data from the 2020 VHLSS (see Table 5). For example, while the toilet must be sanitary according to international standards, our Vietnam standard requires a flush toilet inside the house and shared by few families since 85.8% of urban housing in Vietnam has a flush toilet. While water must be safe according to international principles, our Vietnam housing standard requires the water to be available indoors since 69.3% of housing in urban Vietnam has indoor water.

7.1.1 Minimum Vietnam housing standards for living space

Vietnam has national laws which indicate minimum living space. Article 47(2) of the 2005 Housing Law sets a minimum of 30 square meters (and a maximum of 59 square meters) for urban social housing for low-income families, and the 2015 Decree 99/2015 Article 6(2) states that new flats cannot be smaller than 30 square meters. Decision 2127/QĐ-TTg on 30/11/2011 by Prime Minister states that by 2021, the minimum living area per person as of 2020 (until 2030) is 8m2/person (and therefore 32 square meters for a family of 4 persons). Thus, these laws and decrees provide a minimum standard of 30-32 square meters of living space as the minimum legal amount of space for urban housing such as for low-income families.

7.1.2 Current housing conditions in urban Vietnam and our local healthy housing standard

Table 5 below describes current housing conditions in urban Vietnam as well as our local healthy housing standard for Region 3 (last column).

Table 5. Housing conditions in urban Vietnam (% distribution), international minimum standards, and our study healthy housing standard

Housing Conditions	Urban (%)	International Minimum Standard	Healthy housing standard for Region 3
Structure		Durable structure (protection against elements) Permanent floor above ground	Permanent durable structure with floor above ground
Permanent	47.5		
Semi-permanent	48.9		
Temporary	3.4		
Roof		Permanent roof without leaks Extreme temperature not acceptable	Corrugated iron Concrete Tile
Corrugated iron	52.6		
Concrete/tiles	46.8		
Thatched	0.3		

Housing Conditions	Urban (%)	International Minimum Standard	Healthy housing standard for Region 3
Walls		Permanent wall	Cement Stone Brick
Cement/stone/brick	91.3		
Wooden planks/iron sheets	5.8		
Lighting		At least 1 window per room	Electricity and at least one window per room
Electricity	99.7		
Paraffin/kerosene/Gas	0.1		
Water		Safe water in or near house	Safe water inside house
Running water in house	69.3		
Public tap	0.8		
Borehole/tube well	15.4		
Protected well	7.1		
Unprotected well	1.0		
Toilet and sewage disposal		Sanitary toilet in or near house shared by few families	Flush toilet inside house
Flush toilet	85.8		
Ventilation	**N/A**	At least 1 window per room Minimal indoor air pollution from cooking	1 window per room Good ventilation especially in kitchen
Living space **Government minimum of 8 sq. mt. per person[15] and 30-59 sq. mt. for social housing**	**N/A**	Approx. 36-48 sq. mt. for lower-middle-income country Ceiling at least 2 meters	40 square meters in keeping with international standard (and local social housing standard)
Local environment	**N/A**	Not slum. No open garbage. No site hazard	Not in a slum. No open garbage. No site hazard

Source for column 2: 2020 VHLSS./ Source for column 3: Anker and Anker, 2017.

Using housing conditions in urban areas indicated in column 2 of Table 5, and the national and international

15 Decision 2127/QĐ-TTg on 30/11/2011 by Prime Minister.

minimum standards indicated in column 3, we decided on the following housing standards for Region 2:

- Housing should provide physical and structural safety and protection from the cold, heat, humidity, rain, wind, flood, and other health threats
- Walls should be made of cement, brick, or stones
- Roofs should be concrete, zinc/iron sheets, or tiles. As Vietnam is a tropical country, heat proof sheets are needed
- Electricity
- Access to indoor clean water
- Flush toilet indoors
- Access to garbage collection
- Adequate lighting
- Adequate ventilation: at least one window for each room and adequate indoor ventilation for cooking
- Neighborhood is safe, with minimal garbage and no site hazard
- 40 square meters of living space with at least 1 bedroom and separate kitchen room and toilet

7.1.3 Minimum living space

An important component of a healthy housing standard is the amount of living space. A minimum amount of living space is not only important for decency, but it is also an important determinant of housing cost since the rental cost of housing increases with the amount of living space.

A review by Anker and Anker (2017) of housing standards for social housing and low-income households in 16 countries from around the world used by governments, NGOs, and international organizations found that minimum living space (that is, usable inside floor space excluding walls, storage rooms and areas less than 2 meters high) ranges from around 30 square meters in low-income countries to 90 square meters in New York City. This review found the following general pattern: 30-36 square meters for low-income countries, 36-48 square meters for lower-middle-income countries, 48-60 square meters for upper-middle-income countries, and 60-90 square meters for high-income countries. This implies that 36-48 square meters of living space is appropriate for Vietnam as it is a lower-middle-income country. This is higher than the government minimum size of 30-32 square meters for a family of 4 persons.

This study uses 40 square meters of living space for our healthy housing standard for Region 3 for several reasons:

- First, the government minimum of 30 square meters for social housing was set years ago, and Vietnam has developed significantly since then, and for this reason we feel that the minimum social housing standard is too low for Vietnam in 2022.
- Second, this government standard of 32 square meters for a family is for low-income fam-ilies and we feel that it is appropriate to be higher than this for the decency concept of a living wage. In any case, social housing standards in Vietnam range from 30 square me-ters to 59 square meters – so 40 square meters falls into the social housing range.
- Third, for international comparability which is part of the Anker Methodology, the num-ber of square meters of living space should be more than the lower limit of 36 square me-ters for lower-middle-income countries such as Vietnam. To be conservative, we decided on 40 square meters since Vietnam (USD 3,590 GNI per capita in 2021) is well within the lower-middle-income country GNI per capita in USD range

in 2021 of USD 1,108 to USD 4,225.

- Fourth, many housing units for workers in urban Vietnam have a mezzanine with a ladder where workers can sleep. This is not a separate room because it does not have walls, and it often does not even have enough ceiling space to stand up. The mezzanine also often re-stricts the ventilation and lighting in a housing unit, as it usually does not have an addi-tional window. Therefore, we considered that the floor space (including mezzanine) would need to be larger than 30 square meters to also accommodate having a mezzanine. Note that we counted the floor space of a mezzanine as having half value, because it is not as usable as the rest of the floor space in a unit. This was a compromise between not counting the space of the mezzanine at all and counting a mezzanine as equal to other floor space.

7.1.4 Finding local healthy housing

To determine housing costs for housing at our local housing standard, the research team visited local housing in Region 3 to observe rental costs and housing conditions so that the rental cost for healthy housing could be determined. In each of the 6 selected districts in Region 3, the research team visited 5 apartments/houses either owned or rented by workers.

Finding housing that met out healthy housing standards was difficult because the actual housing of industrial workers and low-income people in these areas falls far below these standards. Most of the workers and their families live in small, rented apartments of under 20 square meters, usually without windows (see pictures below). The typical design of these apartments is the living room, bedroom, kitchen, and toilet included in one room. Furthermore, while the structures were durable, the fact that the roofs were made of zinc sheets without insulation, no or few windows, and poor ventilation from cooking made the dwelling extremely hot during the day.

The houses owned by local workers were larger, usually between 50-100 square meters, and sometimes with a garden. However, not many workers own a house and fewer still a house with acceptable conditions as required for a living wage. Many of these houses were quite old, often with cracked walls and leaky roofs. In addition, they were often overcrowded with an extended family of grandparents, parents, and children.

7.2 Rent for basic acceptable housing

The field investigators visited 30 typical housing units rented by workers in Region 3 – 5 in each of the 6 selected study districts. These housing units ranged in size from 15 square meters to 65 square meters and were of variable quality. After excluding units that we considered unacceptable because of poor condition, we were left with 18 housing units that were acceptable based on our healthy housing standard apart from possibly minimum living space. Using information on the size and rental cost of these 18 housing units, we started by calculating the rent per square meter for each housing unit. Note that when doing this, we considered the space of a mezzanine as half. So, for example, we considered the size of a unit with 20 square meters of floor space with a 10 square meter mezzanine to be 25 square meters in size (i.e., 20 + 10/2). Using all of these rent per square meter values, we determined the median rent per square meter for each study district. We then averaged the median rent per square meter for the 4 study districts to determine the typical rent per square meter in Region 3. We then multiplied this typical rent per square meter by 40 to get an estimate of rent for a typical acceptable housing unit with 40 square meters of living space in Region 3.

Figure 6. Typical worker housing in Region 3

1

2

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Notes: 1. Typical rented apartment for a family of four in Chi Linh district, Hai Duong Province (Northern Vietnam). 2. Typical rented apartment for a family of four in Tam Ky district, Quang Nam Province (Central Vietnam). 3. Owned house for a family of three in Huong Thuy district, Thua Thien Hue province (Central Vietnam. 4. Owned house for a family of six in Ben Cau district, Tay Ninh province (Southern Vietnam). 5. An apartment of acceptable standards, Huong Thuy district, Thua Thien Hue province (Central Vietnam). 6. An apartment of acceptable standards, Chi Linh district, Hai Duong province (Northern Vietnam).

Based on the procedure described above, the rent of an acceptable housing unit of 40 square meters in Region 3 is VND 1,510,896/month which we rounded to **VND 1,500,000 (USD 63) per month.**

7.3 Utilities and other housing costs

During visits to workers' houses, we asked about utility costs per month. In total, 30 workers and their families from the 6 study districts of Region 3 were interviewed. The interviewed workers and families generally had access to clean water and electricity 24 hours per day. Most families used LPG gas to cook although some used coal while others used electricity. Some workers had to pay for garbage collection, community security, and public lighting, among other costs. Based on this information, we calculated the average utility costs for households of 4 persons and found this to be around VND 800,000 per month.[16]

To check if the utility costs that we observed were reasonable, we also looked at how much urban households with four members in the fourth decile of the housing expenditure distribution spend on utilities according to data from the 2020 VHLSS. This was VND 789,500 per month in 2020, which is quite similar to the VND 800,000 that we found in our own fieldwork considering inflation since 2020. So, we decided to use VND 800,000 from our fieldwork for utility costs.

Table 6. Average utility and other housing costs for family of 4 in urban area according to 2020 VHLSS

Utilities and other housing costs for family of 4	Monthly costs (VND)
Electricity	447,500
Clean Water	150,000
Cooking fuel (if not included in electricity bill)	140,000
Other costs (garbage collection, security, etc.)	52,000
Total utility costs for family of 4	**789,500**

Source: VHLSS 2020.

As the monthly utility cost for a family of four in Region 3 is VND 800,000, and the monthly rent for acceptable housing for a family of 4 is VND 1,500,000, the cost for healthy housing in Region 3 in 2022 is VND 2,300,000 (USD 96) per month.

16 In calculating utility costs for a family, we adjusted reported utility costs for family size by calculating utility cost for electricity, cooking fuel, and water per person, and then multiplying this per person utility cost by four. We then added the cost of other minor expenses such as trash collection which are paid on a family basis.

Table 7. Monthly housing costs for healthy housing in Region 3

	Housing costs (VND)
Rent	1,500,000
Utility costs	800,000
Monthly housing costs for a family	**2,300,000**

8. NON-FOOD AND NON-HOUSING COSTS

In In most countries, poverty lines are calculated by estimating food costs for a diet with enough calories and then adding all non-food costs, the latter accounting for the rest of the income a family needs in order not to be considered poor. The Anker Methodology is different. It not only estimates food costs for a diet which is nutritious in more than just calories, but it also estimates housing costs and other costs separately. Non-food non-housing (NFNH) costs are calculated using VHLSS data on household expenditures for Region 3.

In order to determine NFNH costs, households in the 4th decile of the household expenditure distribution in Region 3 in the VHLSS 2020 database were selected as the reference group (Table 8). It was felt that this reference group is representative of lower-middle-income households who are out of poverty. Before using these data to estimate the NFNH/Food ratio, we made the following adjustments:

- First, tobacco was excluded from NFNH expenditure (0.9%) as being unnecessary.
- Second, expenditure for meals away from home (16.4%) was divided between the cost for the food in these meals and the costs for service, fuel, rent, and profit. According to previous inquires, the cost of meals away from home (such as in street markets) in Vietnam and other East and South-East Asian counties is comprised of around 70% for the food in these meals and around 30% for services, profit, etc. (see Anker and Anker 2017).[17]

For this reason, 70% of the total 'meals away' expenditure was allocated to the food group and 30% to the NFNH group.

17 The percentage for food in meals away from home varies from country to country and is typically around 50% in Latin America, while it is around 30% in the United States and high-income countries.

Table 8. Percentage distribution of household expenditures before and after adjustments, Region 3, Vietnam

Expenditure group	% expenditures	Adjustments	% after adjustment
Total Food	**33.5**		**45.0**
Food and non-alcoholic beverages	33.5		33.5
Meals away from home		Added 11.5% (70% of amount spent for food in Meals away)	11.5
Total Housing	9.8		9.8
Rent, imputed rent, maintenance and re-pairs	4.3		4.3
Utilities (electricity, cooking fuel, etc. and services (water gar-bage collection, etc.)	5.5		5.5
NFNH			
Alcohol	1.0		1.0
Tobacco	0.9	Excluded	0
Meals away from home	16.4	Subtracted 11.5% (70% of amount spent for meals away) and added to Food	4.9
Clothing and footwear	3.7		3.7
Household contents	5.6		5.6
Education	2.1		2.1
Healthcare	5.9		5.9
Transport	13.2		13.2
Private vehicle purchase	6.3		6.3
Private vehicle operation	6.7		6.7
Passenger transport	0.2		0.2
Communication	3.3		3.3
Recreation & culture	2.7		2.7
Miscellaneous goods and services	1.9		1.9
Total NFNH	**56.4**		**44.3**
NFNH/Food Ratio	**1.69**		**0.98**

Source: VHLSS 2020.

After these adjustments, NFNH was 44.3% and Food was 45.0% for Region 3, and the NFNH/Food ratio is 0.98.

Therefore, the monthly preliminary NFNH cost is **VND 4,215,018** based on the formula below:

Preliminary NFNH per month = NFNH/Food ratio x Cost of model diet for a family of four per month

9. POST CHECKS OF NON-FOOD AND NON-HOUSING COSTS

In the Anker Methodology, the preliminary estimate of NFNH costs is subjected to post checks and possible adjustments to make sure that sufficient funds are available for healthcare, education, and (sometimes) transport in the living wage estimate. This is because adequate healthcare and education through secondary school are considered human rights in the Anker Methodology, and because in many countries transport is an important expense – including in Vietnam, where owning (multiple) motorbikes is common.

What we do in the following post checks is to first determine the amounts implicitly included in the preliminary estimate of NFNH costs for healthcare, education, and transport and then compare these to estimates of typical costs for education through secondary school, adequate healthcare, and transport based on our own fieldwork visits to local schools, health facilities, and garages as well as discussions with parents and various key informants. When the amount included in the preliminary NFNH estimate for any of these is insufficient, a post check adjustment is made to ensure that there is enough allowed for these expenditures in the living wage estimate.

9.1 Amounts included in preliminary NFNH for healthcare, education, and transport

Table 9 indicates amounts included for healthcare, education, and transport in our preliminary NFNH estimate. Column 2 indicates the percentage of all household expenditures for each of these three needs, while column 3 indicates what percentage each of these is of NFNH. Column 4, then, indicates the amount included for each of these in the preliminary NFNH. These amounts were determined by multiplying our preliminary NFNH costs by the percentage each of these items is of NFNH (column 3).

Table 9. Amounts for healthcare, education, and transport included in preliminary NFNH, Region 3

Expenditure	% of all household expenditure (1)	% of preliminary adjusted NFNH (2) = (1) / % adjusted NFNH	Amount included in preliminary NFNH (3) = (2) x preliminary NFNH
Healthcare	5.9%	13.3%	558,776
Education	2.1%	4.8%	203,781
Transport	13.2%	29.8%	1,256,647

Note: Values in last column do not exactly equate to the formula shown because of rounding.

The next step is to compare values in the last column to our post check estimate of how much is needed for each of these based on data collected in our fieldwork. This is done in the following three sections.

9.2 Healthcare post check

There are four types of healthcare providers in Vietnam:

- Public hospitals: Public hospitals offer two types of services: services partly covered by health insurance and self-paid services in which patients may enjoy better conditions but must cover all the costs.
- Community clinics: These are public clinics, providing first aid and common medicines for the local people.
- Private practitioners: These are doctors and nurses who work for public hospitals/community clinics but who also provide private healthcare services off the official working time.
- Pharmacies: People sometimes go to these for routine and minor illness and injuries.

There is no data available for Vietnam about the number of episodes of illness per year. So, we use 3.5 visits per person per year as the average number of episodes of illness or injuries per year (once every 3-4 months) as recommended in Anker and Anker (2017). This is 14 illness or injury episodes per year for a family of 4.

According to the VHLSS 2020, outpatient care accounts for around 90% of healthcare visits in urban areas. In urban areas, 70.5% of outpatients visited public hospitals; these are similar percentages as in the VHLSS 2016. According to VHLSS 2020, average healthcare expenditure for the urban areas in 2020 was VND 2,780,500 per person per year.

Given the limited coverage of health insurance and the frequency of people seeking outpatient services from the private healthcare providers, it is reasonable to include some funds in the living wage for visits to private health care providers. Regarding the typical types of illness in Vietnam in general, 13.1% reported having diarrhea, 12.6% respiratory diseases, and 7.8% infectious diseases.[18]

Based on our own visits to public and private clinics and pharmacies in Region 3 study districts in Northern, Central, and Southern Vietnam, and information from our discussion with workers and visits to private clinics, we found that consultation fee for a visit to a private facility was around VND 100,000, rising to VND 350,000 for a specialist such as an optometrist or dentist. The consultation fee for a visit to a public clinic was around VND 40,000. Common medicine for common respiratory diseases such as sore throat, flu and diarrhea (mostly antibiotics) was found to cost around VND 150,000 per episode. Laboratory tests were often used in case of respiratory infection (especially among children), which cost around VND 100,000-200,000 per test. We assumed that 1 lab test is needed for every 4 visits.

Healthcare costs for a family of 4 people are estimated in Table 10 below assuming 3.5 visits per year per person for illnesses as well as one visit per year to a specialist such as an optometrist or dentist.

18 http://khoahoc.tv/nhung-benh-nguy-hiem-nguoi-viet-thuong-gap-phai-49392

Table 10. Estimated healthcare costs for a typical household, Region 3, 2022

Type of provider	Cost per visit for typical illness (1)	Number of visits per year per person (2)	Total cost per year for typical family (3) = (1) x (2) x 4 persons
Public provider [19]		2	
Consultation fee (for a person covered by health insurance)	40,000	2	320,000
Medicine cost (covered by health insurance)	50,000	2	400,000
Lab test cost	100,000	0.5 (assuming 1 lab test for every 4 visits)	200,000
Private provider		1	
Consultation fee	100,000	1	400,000
Medicine	150,000	1	600,000
Lab test	200,000	0.25 (assuming 1 lab test for every 4 visits)	200,000
Specialist such as optometrist or dentist	350,000	1	1,400,000
Pharmacy		0.5	
Medicine	150,000	0.5	300,000
Total			**3,820,000 (VND 318,333 per month)**

Source: In-depth interviews with workers and their families and visits to healthcare facilities, November 2022 and Circular 39/2018/TT-BYT on the healthcare service and medicine prices in public healthcare providers.

The total cost for healthcare indicated in Table 10 added up to VND 3,820,000 per year for a family of 4 or VND 318,333 per month. We assumed that serious illnesses and injuries are treated in public hospitals at no cost. Comparing our rapid assessment of healthcare costs of VND 318,333 per month with the amount for healthcare included in the preliminary NFNH estimate (VND 558,776 per month), we find it is not necessary to make a post check adjustment to NFNH for healthcare.

9.3 Education post check

The Vietnam education system has 5 years of primary school (beginning at age 6), 4 years of secondary school, and three years of high school. It is also compulsory for children to attend at least 1 year of pre-primary school

19 Public providers include public hospitals (where the workers have health insurance) and community clinics.

(at age of 5). However, we observed in our fieldwork that most children in Region 3 are also expected to attend pre-primary school beginning at age 3. Most parents send their young children to a public pre-primary school. Before that, children are generally taken care of by grandparents or relatives in addition to the parents partly themselves, especially when one spouse is not in full-time paid employment or does not have a job.[20]

According to the VHLSS 2020, the attendance rate for primary school was 99.6% and for lower secondary and upper secondary schools it was 96.5% and 88% respectively. Furthermore, 95.1% of school children attend a public school, and this is true for the vast majority of children at all levels (including pre-primary). Therefore, there is no need to consider the possible need to attend private school.

For every school year, the Ministry of Education and Training provides information on the range of school fees based on what the provincial departments of education and training specify these fees are for the local education institutes at each education level (urban and rural separately). Apart from the school fees, our own discussions with workers and their families showed that parents are expected to contribute certain other amounts such as for school funds, purchase of uniforms and text books, and "required" extra classes (see Table 11 below). While most of these additional school costs are frowned upon by government, they are a fact of life for most parents. The school terms for primary, lower secondary and upper secondary last for 9 months per year while the pre-primary children go to class the whole year.

We interviewed 10 families in each of the 6 study provinces in Northern, Central, and Southern Vietnam about school costs. Most of the interviewees were local people but 30% were migrants. The research team also checked the education costs indicated in Table 11 with local teachers in Hung Yen (north), Thua Thien Hue (central) and Long An (south).

Table 11: Typical annual household costs per public school student in VND by school level based mainly on discussions with parents and teachers in Region 3

Type of expenses	Pre-primary	Primary	Lower secondary	Upper secondary
School fees[21, a]	1,980,000	No cost	945,000	1,215,000
School funds	500,000	500,000	500,000	500,000
Compulsory health insurance[22]	563,220	563,220	563,220	563,220
Extra classes	0	250,000	300,000	400,000
Uniforms	Not required	250,000	250,000	300,000
Learning materials (e.g., textbooks)	Not required	200,000	200,000	300,000
Total cost per year	3,043,220	1,513,220	2,458,220	2,878,220

20 In this report, we assume that one parent works 76% time.

21 Decision by Hai Duong Department of Education on school fees for the school year of 2021-2022: https://bientap.vbpl.vn//FileData/TW/Lists/vbpq/Attachments/150468/VanBanGoc_NQ%207%20Hoc%20phi.phu%20luc.pdf

22 Each student pays 70% of health insurance (the state pays 30%).

Type of expenses	Pre-primary	Primary	Lower secondary	Upper secondary
Number of years in each level	3	5	4	3
Total annual cost x number of years	**9,129,660**	**8,816,100**	**11,032,880**	**9,834,660**
Average cost per child per year (assuming parents responsible for children for 18 years)				2,156,294
Average cost for reference family with 2 children per month				**359,382**

Notes: [a] School fees in the public education system were provided by the provincial authority. The school fees used in this table are based on the applicable fees indicated by the provincial authorities in the 6 surveyed provinces for the school year of 2022-2023. b The cost of meals and snacks in pre-primary school are excluded in the calculation of education costs in this table partly because this reduces food costs at home; and partly because they are not included in the education expenditure group in Vietnam household expenditure statistics. Note that we estimated that the value of snacks and milk received in pre-primary school is similar to the VND 1,320,000 parents pay for this using the following assumptions: children receive one 110 ml box of milk each school day; milk costs per liter as indicated in our local food price survey; children go to pre-primary school 229 days per year excluding weekends, public holidays, 10 sick days, and 10 parent's leave days.

Based on the above cost figures in Table 11, we estimated that school expenses for a family with 2 children (the reference family size for Region 3) is VND 4,312,589 per year or VND 395,382 per month. This amount is VND 155,601 higher than the VND 203,781 included in the preliminary NFNH costs for education (see above). For this reason, we added a post-check adjustment for education of **VND 150,000 per month** (USD 4) to our preliminary estimate of NFNH costs. There are several reasons why an education post-check adjustment is found to be needed such as: (i) the low amount of household expenditures by international standards for education according to VHLSS 2020 data (2.1% only), (ii) existence of many different types of expenses for parents for public schooling in Vietnam, and (iii) our assumption of pre-primary school attendance for ages 3-5.

9.4 Transport post check

Previous Anker Research Institute living wage reports for Vietnam in 2016[23] included a detailed transport post check, because while private motorbikes were felt to be necessary, ownership of motor vehicles was less than it is currently and therefore the actual spending on private transport in NFNH might not have been sufficient. Now, however, according to the 2020 VHLSS, urban households own 1.70 motorbikes on average (1.48 for rural areas). It is clear that the norm and actual situation in Vietnam is for families to own at least one motorbike – and generally to own 2 motorbikes and use them to commute to work, bring children to school, shop, etc. This was confirmed in our fieldwork as all the families we visited or spoke to owned at least one motorbike, and most owned two. The importance of owning a motorbike in Vietnam is supported by the household expenditure data shown in Table 8 above which indicate that 13.0% of all expenditures of households in the fourth decile of the household expenditure distribution in Region 3 is for the ownership and operation of private vehicles. In contrast, only 0.2% of all household expenditure is for passenger transportation. Given this large current spending on

23 These 2016 reports can be found on the GLWC website: Resource Library - Global Living Wage Coalition

private vehicles (with VND 1,264,505 per month included in the preliminary NFNH estimate for transportation), we did not think that it was necessary to do a detailed transport post check for this study.[24]

9.5 Post check summary

After the above post checks for education, healthcare and transport, the total post check adjustment for NFNH is **VND 150,000 per month** as shown in Table 12 below.

Table 12. Post check adjustments to the preliminary NFNH estimate

	Amount included in preliminary NFNH estimate (1)	Amount needed according to post check (2)	Difference between post check and amount in preliminary NFNH (3) = (2)-(1)	Post check adjustment
Healthcare cost	558,776	318,333	negative	none
Education cost	203,781	359,382	155,601	150,000
Preliminary NFNH cost		4,215,018		
Total adjusted NFNH costs		**4,365,018**		

10. PROVISION FOR UNEXPECTED EVENTS TO ENSURE SUSTAINABILITY

It is important to add a margin to the living wage to allow for unexpected events and sustainability. This is important to avoid having families falling into debt and not being able to get out of it. The Anker Methodology uses 5% for emergencies and sustainability. **This is VND 548,803 (USD 23).**

24 None-the-less to make sure that a post check adjustment was not necessary, we did a very quick estimation of the cost of owning and operating two motorbikes. This estimate is less than the more than the VND 1,264,505 included in our preliminary NFNH estimate for transport. It was based on the following assumptions. (1) Purchase of a common secondhand motorbike (Honda Wave Alpha 100c) was found to cost VND 17,800,000, which implied a prorated monthly depreciation cost of around VND 150,000 assuming a 10 years of service life. (2) Other one-time costs for helmets for the family and registration fees came to around a prorated VND 6,000 per month. (3) Insurance was found to be around VND 5,000 per month. (4) Running costs for maintenance and repairs worked out to be around VND 115,000 per month. (5) Cost for petrol worked out to be around VND 240,000 per month. The total of all these costs was around VND 500,000 and so around VND 1,000,000 per month for two motorbikes – which is less than the more than VND 1,256,647 per month included in our preliminary NFNH for transportation.

SECTION III. LIVING WAGE FOR WORKERS

11. FAMILY SIZE NEEDING TO BE SUPPORTED BY LIVING WAGE

The reference family size used in this report to estimate family living expenses and the living wage is 4 persons. This family size is consistent with both the total fertility rate (i.e., average number of births women are having over her lifetime) and average household size in urban Vietnam. The total fertility rate for urban areas is 1.83 according to the 2019 Population Census (GSO, 2019). Since the under-5 mortality rate is only 12.3 per 1000 live births according to the 2019 Population Census, this implies 1.81 surviving children after adjusting for the child mortality rate. This implies a family size of just under 4 (3.81).

Average household size in urban Vietnam is 3.86 according to the 2019 Population Census when single person households (which are without children and so not relevant for living wage which is a family concept) are excluded. This also implies a family size of just under 4 (3.86). And since the most frequent urban household is also 4 persons (25.2%), data on urban household size imply a family size of 4 persons.

Taken together, these two approaches to determining a reference family size both point to a typical family size of around 4 persons and for this reason, this report uses a reference family size of 4 (2 adults and 2 children).

12. NUMBER OF FULL-TIME EQUIVALENT WORKERS IN FAMILY PROVIDING SUPPORT

This section estimates the number of full-time workers in the reference family providing support. It is not reasonable to assume that only one person in the family is responsible for meeting all the living costs. Nor is it reasonable to assume that both adults in the family work full-time given the possibility of being unemployed, not being able to work because of disability or family responsibilities, and the desire to work part-time.

In order to determine a reasonable number of full-time workers per family, we followed recommendations in Anker and Anker (2017) to determine the probability that a prime working age adult is working full-time. The formula used for determining the average rate of full-time work per adult is the following:

Average adult labor force participation rate for prime working ages x (1.0 – unemployment rate for prime working ages) x (1.0 - [0.5 x part-time employment rate for prime working ages])

Rates for adults ages 25-59 are used because these are the prime working ages when workers have children. As indicated in Anker and Anker (2017), labor force participation rates (LFPRs) are much lower for youth (ages 15-24) than for ages above 25, because many youths are still in education. LFPRs are typically fairly stable from age 25, especially for men, until later ages when rates decline as workers retire and leave the labor force (which is typically around age 60 for men and around age 55 for women in Vietnam given its typical retirement ages). LFPRs are lower for women than for men throughout the world partly because more women than men are out of the labor force due to societal norms and expectations that women are mostly responsible for care work (which includes childcare and elder care as well as domestic chores).

We used LFPRs and unemployment rates for urban areas for men and women ages 25-59 from the 2020 Labor Force Survey. We averaged these rates for men and women to determine rates for the couple and reference family. For the part-time employment rate, we used the percentage of urban workers working less than 30 hours per week according to the 2020 Labor Force Survey. The rates used are shown below:

- Labor force participation rate: 82.2% (89.7% for men and 75.6% for women)
- Unemployment rate: 2.4% (2.1% for men and 2.7% for women)
- Part-time employment rate: 11.5% (10.1% for men and 12.9% for women)

The average probability of full-time work per adult for urban Vietnam is then 0.76. As we assume that one adult is working full-time, the number of full-time equivalent workers in the reference family is 1.76. The idea underlying the above formula is that the higher the labor force participation rate, the lower the unemployment rate, and the lower the part-time rate, the more likely that the second adult family member is working full-time. It is important to note that 1.76 is high for the world.

This means dividing the total living costs of VND 11,514,359 by 1.76 results in **VND 6,542,249 (USD 274)** as the net living wage for Region 3 Vietnam.

13. TAKE HOME PAY REQUIRED AND TAKING TAXES AND MANDATORY DEDUCTIONS FROM PAY INTO ACCOUNT

One final step is required to estimate the living wage for Region 3. Above, we estimated how much a family needs to be able to afford a basic but decent life as well as how much a full-time worker needs to bring home. This is the net living wage (take-home pay) required for Region 3. However, how much a worker needs to actually be paid has to take into account that workers must contribute to social security and pay union dues and these reduce take home pay. Note that workers would not pay income tax in Vietnam on our living wage for Region 3 as it is below the threshold for income tax in Vietnam.

Vietnamese workers have the following statutory payroll deductions:

- 8% for social insurance
- 1.5% for health insurance
- 1% for unemployment insurance
- 1% for union dues for union members.

Thus, total payroll deductions are 10.5% for non-union members and 11.5% for union members. The unionisation rate in the formal sector in Vietnam was 43.5% in 2018.[25] According to a VGCL (Vietnam General Confederation of Labor) official we spoke to, over 80% of enterprises employing over 100 workers are unionised. Therefore, we decided to include the 1% for union dues in our calculation here.

25 ILO Vietnam 2021. Vietnam Industrial Relations Report 2019. ILO Working Paper.

As of 1st January 2016 according to the 2015 Social Insurance Law, the basis for calculation of mandatory deductions included the basic salary plus wage-related allowances such as seniority allowances, attendance allowances, and dangerous toxic working condition allowance[26]. As of 2018, all components of workers' cash-based pay are taxable. Therefore, we increased the net living wage to take into account statutory deductions from pay to arrive at the gross living wage (aka living wage). Otherwise, workers would not have sufficient take home pay for basic decency.

The formula for calculating the gross living wage thus is:

Gross wage required for living wage = Net living wage /(1.0 - 0.115 payroll deductions)

Therefore, the gross pay required for a living wage is VND 7,392,372 (USD 309) for Region 3 of Vietnam with VND 850,123 (USD 36) in mandatory payroll deductions.

14. LIVING WAGE IN CONTEXT: WAGE LADDER

This section compares our monthly living wage with other measures of wages such as minimum wage, poverty line wages, and average prevailing wages. These comparisons are illustrated in Figure 7 below. Note that when a comparator wage measure is per person, such as a poverty line, it was converted into a wage using the number of full-time workers (1.76) and the number of persons (4) in our reference family for Region 3.

14.1 Poverty line wages

Vietnam is a lower-middle-income country according to the World Bank and so its international poverty line is 3.65 internationally comparable dollars (i.e., PPP, purchasing power parity dollars) per person per day. This means that the World Bank poverty line wage for Vietnam for 2022 is VND 1,904,297 (i.e., 3.65 x 7,547.15 PPP for Vietnam for 2022 x 4-person family size x 365/12 days per month/1.76 full-time workers in family).

The official national poverty line per person per month for Vietnam was VND 1,033,000 for 2020 (World Bank 2022). This implies an urban poverty line wage of VND 2,485,508 for 2022 (i.e., VND 1,033,000 PL in 2020 x 1.059 for inflation to 2022 x 4-person family size / 1.76 full-time workers in family). Recently, Vietnam introduced a multi-dimensional poverty line which includes an urban per capita monetary poverty line of VND 2,000,000; this implies a poverty line wage of VND 4,545,455 (i.e., VND 2,000,000 PL x 4-person family size / 1.76 full-time workers in family). Our living wage is around 4 times the World Bank poverty line wage and around 3 times higher than the Vietnam national poverty line wage. It is around 1.6 times the Vietnam new multi-dimensional monetary poverty line wage. All these poverty lines are clearly much too low for basic decency, although the new multi-dimensional monetary poverty line is much better than the official national poverty line or the World Bank poverty line.

26 Art. 4, Circular 47/2015 of the Ministry of Labour, Invalids and Social Affairs.

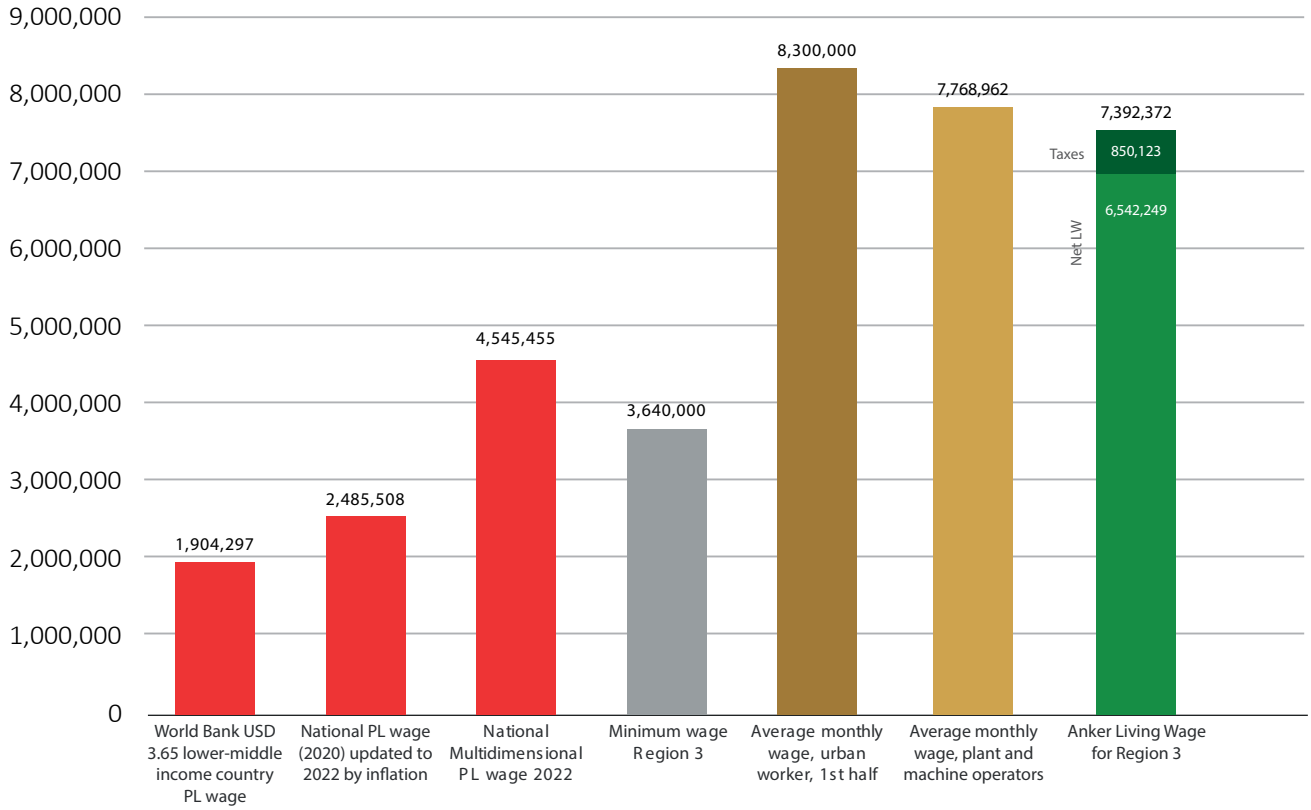
14.2 Minimum wage

The minimum wage for Region 3 in 2022 was VND 3,640,000. Our living wage for Region 3 is around twice the minimum wage in Region 3. The minimum wage for Region 3 is not nearly sufficient for even basic decency.

14.3 Average wages

The average monthly wage in urban Vietnam in the first half of 2022 was VND 8,300,000 according to unpublished GSO data, which is higher than the VND 7,768,962 for 2022 (VND 8,301,858 for men and VND 7,242,744 for women) for plant and machine operators according to data from ILOSTAT. These average prevailing wages are both slightly higher than our living wage for Region 3. The average urban wage is around 11% higher than our living wage and the average wage for plant and machine operators is around 5% higher. These results are surprising. However, it is important to keep in mind that (i) 20-50% of the total remuneration of a worker in the manufacturing sector in Vietnam is for overtime according to ILO (ILO Vietnam 2021) and the Global Living Wage Coalition definition of a living wage (see above) indicates that a living wage must be earned during normal working hours[27]; (ii) these average wages reflect to a large extent wages in minimum wage Regions 1 and 2; (iii) reported average prevailing wages include higher skilled workers as well as supervisors, managers and specialists; and (iv) formal workers would have to pay statutory payroll deductions which would reduce take home pay by 11.5%.

Figure 7. Wage ladder comparing the living wage to other wage indicators, Region 3



27 In addition, remuneration of workers in garment, footwear, food-processing and other manufacturing industries is highly unstable as many of are paid on piece rate basis (Borino 2016).

15. CONCLUSIONS

This report estimated a living wage using the Anker Methodology for the minimum wage Region 3 of Vietnam. This living wage estimate is based on a combination of primary data on costs of living collected in field visits in minimum wage Region 3, as well as secondary data from GSO (government General Statistics Office of Vietnam) household surveys such as on household size, fertility, food consumption, labor market conditions, household expenditures, and housing conditions and costs. We visited and collected primary data in two Region 3 provinces in Northern Vietnam (Hung Yen and Hai Duong), two Region 3 provinces in Central Vietnam (Quang Nam and Thua Thien Hue) and two Region 3 provinces in Southern Vietnam (Long An and Tay Ninh).

Tables 13 and 14 below provide a summary of the components of our living wage estimate as well as key assumptions. Living wage, which is a family concept, was estimated for a typical size family for Vietnam of four. It is VND 7,392,372 (USD 309)[28] for 2022. This consists of a net living wage (take home pay) of VND 6,542,249 (USD 274) and mandatory payroll deductions of VND 850,123 (USD 36), since union workers in the formal sector in Vietnam have mandatory payroll deductions of 11.5% for social insurance, health insurance, unemployment insurance, and union dues.

This report has been very clear about the assumptions it used to estimate its living wage so that stakeholders and others are able to understand how our living wage benchmark was estimated and what workers and their families would be able to afford and would not be able to afford if they did or did not earn a living wage. The living wage is based on normative standards for a nutritious diet, healthy housing, adequate healthcare, education for children through secondary school, and private ownership of motorbikes. Our estimate is based on both household survey data from GSO and new fieldwork research on food prices, housing costs, school costs, healthcare costs, and motorbike costs as well as interviews and focused group discussions with workers and their families, stores and vendors, service providers, company managers, and others to determine the realistic cost of needs of typical worker families in the Region 3.

It is important to restate that our living wage estimate is a conservative estimate of how much is needed for decency because we used lower cost items that meet our basic acceptable standards. Therefore, our living wage benchmark is far from an exaggerated and utopian estimate of needs.

Although the Vietnamese government has been continuously increasing minimum wages over time, as indicated in this report, the minimum wage for Region 3 is still only around half of our conservative living wage. Similarly, international and national poverty lines for Vietnam are much too low for basic decency. Our living wage is around (i) 4 times higher than the World Bank poverty line wage for lower-middle income countries such as Vietnam, (ii) 3 times higher than the national poverty line wage, and (iii) 60% higher than Vietnam's new multi-dimensional monetary poverty line. On the other hand, our living wage for Region 3 is around 11% lower than the average monthly compensation of a worker in the first half of 2022 according to unpublished GSO data, and around 5%

28 The USD exchange rate in the study period was 23,900 VND to USD (Vietcombank). Since exchange rates are volatile, this and other USD values in this report are reported for expositional purposes only.

lower than the average wage of plant and equipment operators according to ILO data. But it is important to keep in mind that average prevailing wages: (i) include 20-50% for overtime of the total remuneration of a worker in the manufacturing sector in Vietnam according to ILO (ILO Vietnam 2021) and the Global Living Wage Coalition definition of a living wage (see above) states that a living wage must be earned during normal working hours[29]; (ii) average wages for urban Vietnam reflect to a large extent wages in minimum wage Regions 1 and 2; (iii) average prevailing wages include high skilled workers as well as supervisors, managers and specialists; and (iv) formal workers have to pay statutory payroll deductions which reduce take home pay by 11.5%.

Considering the large gap between the minimum wage and living wage for Region 3 is unrealistic to expect the minimum wage to be increased to the living wage level anytime soon – but at the same time, there is no reason why the minimum wage gap to living wage could not be closed by raising it more quickly over time than inflation. Also, it would be possible to raise the wages of workers toward a living wage level more quickly in export-oriented industries through a concerted effort of factories, international brands and buyers, social compliance companies, trade unions and the government to figure out the best measures that fit with the specific conditions of the industry and the region.

Table 13. Summary table for estimating living wage for minimum wage Region 3

PART I. FAMILY EXPENSES		
	VDN	USD
Food cost per month for reference family (1)	**4,301,038**	**180**
Food cost per person per day	35,351	1.48
Housing costs per month (2)	**2,300,000**	**96**
Rent per month for acceptable healthy housing a	1,500,000	63
Utility costs	800,000	33
Non-food non-housing (NFNH) costs per month taking into consideration post check adjustments (3)	**4,365,018**	**183**
Preliminary estimate of NFNH costs per month	4,215,018	176
Health care post check adjustment	0	0
Education post check adjustment	150,000	6
Transport post check adjustment	0	0
Additional amount (5%) for sustainability and emergencies (4)	**548,803**	**23**
Total living costs per month for basic but decent living standard for reference family size (5) [5 = 1+2+3+4]	**11,514,359**	**482**

29 In addition, remuneration of workers in garment, footwear, food-processing and other manufacturing industries is highly unstable as many of are paid on piece rate basis (Borino 2016).

PART II. LIVING WAGE PER MONTH		
NET LIVING WAGE PER MONTH (6) [6 = 5 / #full time workers]	**6,542,249**	**274**
Statutory deductions from pay (7)	**850,123**	**36**
Statutory payroll deductions that are a % of pay (7A)	0	0
Income tax (7B)	0	0
GROSS LIVING WAGE PER MONTH (8) [8 = 6+7]	**7,392,372**	**309**

Notes: Mandatory deductions from pay include the following items and percentages:

- 8% for social insurance
- 1.5% for health insurance
- 1% for unemployment insurance
- 1% for union dues

Table 14. Key values and assumptions for living wage estimate

	Values and assumptions
Date of study	March 2022
Location	Region 3 (2 study districts in each of Hung Yen, Hai Duong, Quang Nam, Thua Thien Hue, Long An, and Tay Ninh)
Exchange rate of local currency to USD	23,900
Number of full-time workdays per month	26
Number of hours in normal workweek	48
Number of workers per couple	1.76
Reference family size	4
Number of children in reference family	2
Ratio of non-food non-housing costs to food costs	0.98

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