



enda

# REPORT

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September, 2025



# 1 CURRENT SITUATION REPORT

## Correctly understanding and identifying of the informal sector in solid waste management:

Informal sector is a common phenomenon that exists in all countries worldwide and is increasingly gaining attention in Vietnam. Legally, the terms 'informal,' 'informal sector,' or 'informal labor' are not used in the 2020 Environmental Protection Law (EP Law 2020) or in any regulatory documents that guide the implementation of the provisions of the EP Law 2020. Therefore, the study of informal sector in solid waste management needs to reference and interpret relevant legal provisions from other related laws.

The issue of informal sector was first raised by the Population and Labor Statistics Department, the General Statistics Office, Ministry of Planning and Investment in the 2016 reports<sup>1</sup> on informal sector. This was also the first time that concepts and indicators for informal sector were defined in Vietnam, taking an important foundation for future legalization. In 2021, informal employment (informal labor) was legalized in the amended Law on Statistics and the Annex of the National Statistical Indicators under the Statistical Law<sup>2</sup>. Accordingly, informal employment refers to individuals working in one of the following five groups: (i) Family workers without wages or compensation; (ii) Owners of establishments, self-employed workers in the informal sector; (iii) Wage workers without employment contracts or with contracts but without compulsory social insurance contributions from the employer; (iv) Cooperative members without compulsory social insurance contributions; (v) Self-employed workers or wage workers in households or in agriculture, forestry, and fishery sectors. Including informal sector in the scope of calculation and observation is a significant step for Vietnam in achieving the goal of 'leaving no one behind,' as well as providing a more accurate assessment of the contribution of informal labor – one of the five economic sectors.<sup>3</sup>

Based on the definition above, this study classifies the informal status of the research subjects, which include: (i) Waste collection cooperatives; (ii) Independent waste collectors; (iii) Aggregators; and (iv) Street waste pickers in Ho Chi Minh City as follows:

The classification of this informal status is an important reference framework in interpreting environmental law regulations in general, and the regulations regarding Extended Producer Responsibility (EPR) in particular.

Informal sector plays a leading role in retrieving materials that can be sold, such as cardboard, paper, metals, plastics (hard plastics, PET), and aluminum cans... They collect recyclable waste from open landfills, public trash bins, unmanaged waste, or purchase from households, shops, and supermarkets. After gathering or filling carts/bicycles/bags, they transport the recyclable waste to scrap shops/aggregators between provinces/cities to sell. The recycled waste is then sorted and sold to larger dealers, who send it to craft villages or recycling businesses, or export abroad, especially to China (although China has now banned the importing of recycled waste, Chinese traders still come to Vietnam to purchase from aggregators).

In reality, informal sector plays a crucial role in recycling and reusing waste, particularly plastics, in Vietnam, but they are often undervalued. There is a lack of detailed evidence about their

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<sup>1</sup> General Statistics Office and International Labor Organization (ILO) (2016). Report on Informal Labor.

<sup>2</sup> Law No. 01/2021/QH15 amending and supplementing certain provisions and the Appendix of the National Statistical Indicators List of the Statistics Law, enacted by the National Assembly on November 12, 2021.

<sup>3</sup> Decision No. 146/QĐ-TTg approving the Scheme on Statistics for the Unobserved Economy, issued by the Prime Minister on February 1, 2019.

contributions to the national recycling picture. A recent National Environmental Report published in 2011 indicated that the urban solid waste recycling rate is about 8-12%, largely relying on informal waste collectors in craft villages.

As rapid urbanization in major cities attracts people from all over the country to work, the informal workforce has also grown quickly and become more complex. Informal waste collectors face significant challenges and limitations in accessing healthcare, education, and technology. They also encounter many difficulties with administrative procedures due to their status as migrants in large cities (65% of IWCs and 95% of SWPs are migrants to HCMC).

The income of the informal workforce is unstable, heavily reliant on the resale market, which experiences significant price fluctuations. Their fixed income is low, while the cost of living in urban areas is higher than in other regions.

The informal workforce is living in suburban or outskirts areas, lacking basic sanitation and living conditions due to the disparity between their income and expenses.

In reality, the informal sector plays a crucial role in waste collection and recycling, particularly in plastics, but is not yet recognized by the law. The informal sector, with a mutually beneficial approach, has created a symbiotic relationship in sharing the burden of solid waste management.

## **2. THE DOMESTIC WASTE MANAGEMENT SYSTEM IN HO CHI MINH**

### **2.1 Technical Management System**

The waste collection in Ho Chi Minh City is currently carried out by two main forces: public (Public Service Companies and the Ho Chi Minh City Environmental Protection Joint Stock Company) and private (waste collectors organized into cooperatives or trade unions). The entire cost of waste collection is covered by the waste collectors who charge the waste generators (self-financing). The waste transportation is handled by the Urban Environment Company, Agricultural Cooperatives, and district public service companies using the city's budget. Currently, waste treatment primarily uses the sanitary landfill method, carried out by Vietnam Waste Solutions (VWS) at the Da Phuoc Integrated Waste Treatment Complex and the City Urban Environment Company, funded by the city budget. Additionally, some companies such as Vietstar, VWS, and Tâm Sinh Nghĩa are involved in waste processing for fertilizer production.

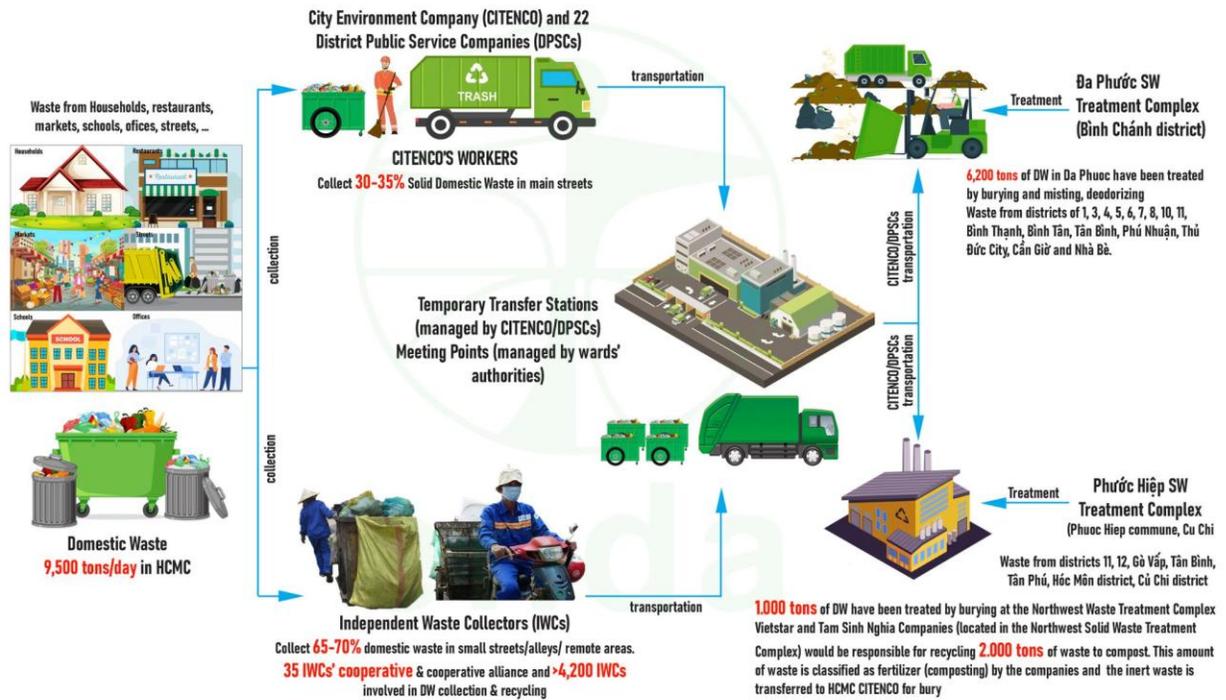


Figure 1: Domestic Waste Collection Model in Ho Chi Minh City

## 2.2 Government Management System

The Department of Agriculture and Environment (DoAE) holds the primary responsibility before the People's Committee of Ho Chi Minh City (PC-HCMC) and the Ministry of Agriculture and Environment (MoAE) for environmental management in general and solid waste management in particular. DoAE advises PC-HCMC on solid waste management issues through its specialized division, the Solid Waste Management Division.

The ward/commune-level People's Committees (PCs) are the local administrative units responsible for environmental issues in their respective areas. They are tasked with overseeing the implementation of regulations and programs within their jurisdiction. The DoAE at the ward/commune is the main advisory body to the PCs, ensuring alignment with the policies and directives set forth by the city. Additionally, they propose specific solutions for environmental issues, particularly solid waste management, tailored to the needs and circumstances of each ward/commune.

At the commune and ward level, since 1998, the People's Committee of Ho Chi Minh City has issued Decision No. 5424/QĐ-UB-QLĐT on October 15, 1998, regarding the regulations for managing informal waste collection forces (referred to as "informal waste collectors"). The decision and the guideline (Document No. 24/HD-GT-PC issued on March 31, 1999, by the Department of Transportation and Public Works) establish the responsibilities of ward and commune-level People's Committees in managing the informal waste collection workforce. Specifically, informal waste collection teams are formed at the discretion of the local People's Committee, which directly supervises and manages all activities related to these teams. These informal collection teams are only permitted to operate in areas assigned by the local authorities and are subject to full supervision by the local government. The regulations stipulate that the ward and commune People's Committees have comprehensive control over the operations of informal

waste collection teams. Additionally, they are tasked with encouraging and persuading independent waste collectors to join the official waste collection groups organized by local authorities.

### 2.3 The Informal Sector in the Solid Waste Management System in Ho Chi Minh City

In Ho Chi Minh City, the informal sector is primarily concentrated in the collection and sorting segments of the solid waste management system, including: (i) Independent waste collectors (approximately 4,200 individuals)<sup>4</sup>, who are responsible for collecting household waste from small alleys. They sort the waste to extract recyclable materials for resale and transport the remaining waste—mostly organic matter and contaminated plastic bags—to transfer stations (managed by the Urban Environment Company, CITENCO) or local collection points (managed by ward authorities). From there, CITENCO or the Public Services Company transports the waste to landfills for final treatment; (ii) Street waste pickers (approximately 2,000 individuals)<sup>5</sup>, who purchase or collect recyclables directly from households and small businesses, then sell them to aggregators; (iii) Aggregators (estimated at around 1,800)<sup>6</sup>, who purchase recyclables from both of the above groups as well as directly from households and local businesses. They further sort the materials before reselling them. They further sort the materials before reselling them.

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<sup>4</sup> Enda Vietnam – 2018 Annual Report

<sup>5</sup> Enda Vietnam – 2018 Annual Report

<sup>6</sup> Enda Vietnam – 2018 Annual Report



Independent waste collectors in Ho Chi Minh City  
*Photo: Enda Vietnam*



Street waste pickers in Ho Chi Minh City  
*Photo: Enda Vietnam*



Aggregators in Ho Chi Minh City  
*Photo: Enda Vietnam*

The Independent Waste Collectors play a very important role in the solid waste management system in Ho Chi Minh City, collecting 60-65% of the city's waste and simultaneously sorting large amounts of waste to supply the recycling system. Specifically, for plastic waste alone, each independent waste collector gathers about **27,5** kg per day and 47,5kg of all recyables per day.

This is a very unique workforce in Ho Chi Minh City. The exact time of formation for the independent waste collectors is unclear, but they emerged from the need to improve environmental sanitation conditions during the city's development. The majority (65%) of this labor force consists of immigrants from neighboring provinces, with low educational levels and no access to the formal social security system. Most of them do not have permanent residence registration (household registration) and temporary residence registration (KT3) at their workplace in Ho Chi Minh City. Their working conditions are unsafe, and their income from waste collection fees is low.

Aggregators: According to 2011 statistics, Ho Chi Minh City had around 1,800 aggregators. However, due to the complex developments of the COVID-19 pandemic and the fact that most aggregators operate without a business license, their numbers have significantly decreased. Although there is no official statistical figure, it is estimated that the number of aggregators has decreased by 30-35% compared to the 2011 survey. 100% of the aggregators (12 surveyed) do not have a business license for the scrap metal trade, and the workforce in these aggregators does not have formal labor contracts or participate in any social welfare schemes.

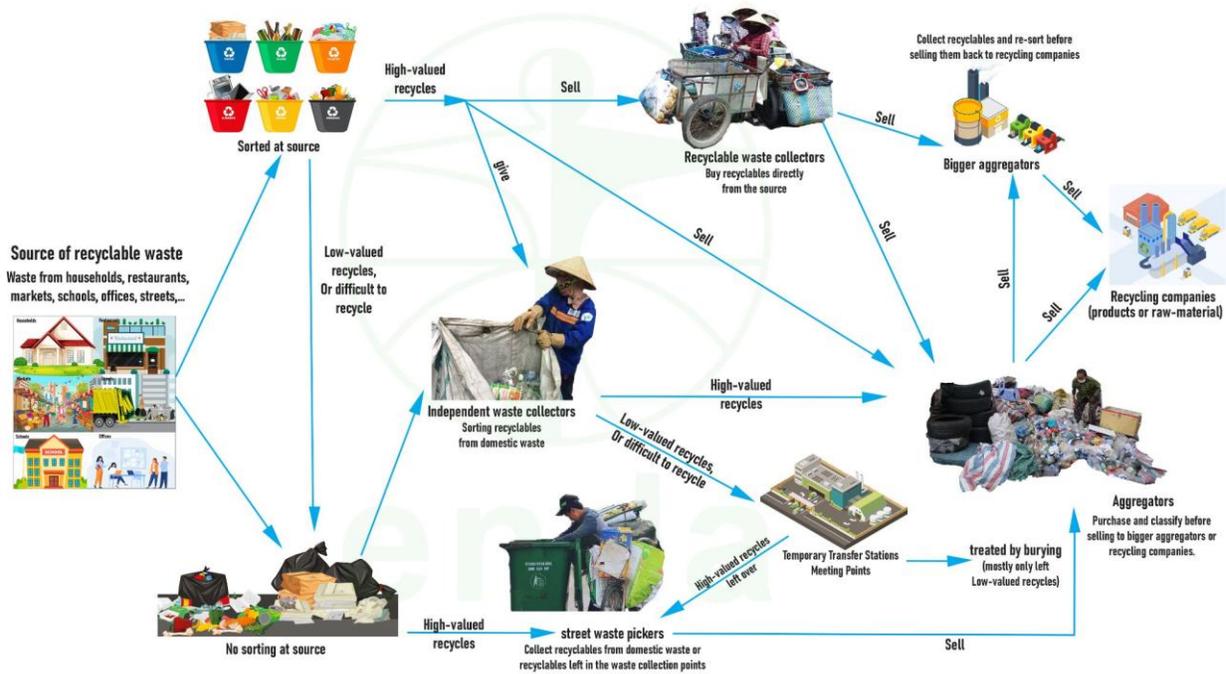


Figure 2: Recycling Waste Collection Model in Ho Chi Minh City

In Ho Chi Minh City, a network of over 4,200 independent waste collectors (IWCs) collects 90% of the urban household solid waste, accounting for 65-70% of the total household waste generated in the city. IWCs have been sorted for high-valued recyclables (can, metal, PET,PVC, paper, carton) from household domestic waste, after that, IWCs transfer remained waste (organic and low-valued waste) to temporary transfer stations (managed by CITENCO, Public Companies) or meeting points (managed by ward’s authorities), CITENCO/Public Companies will transport remained waste to land-fillings and treatment. Income of IWC is VND 6,225,810 (equivalent to USD240/month) from collection fees paid by households: VND 3,685,461 and selling recycles: VND 2,540,349

Besides, HCM City has nearly 2,000 street waste pickers (SWPs call “ve chai” to go on the main streets to purchase or sometimes pick high-valued recycles. SWPs sell recycles for junkshops/aggregators every day. Income for SPWs is VND 3,065,168 (equivalent to USD 178/month)

### 3. CONCLUSIONS AND RECOMMENDATIONS FOR INTEGRATING THE INFORMAL SECTOR

#### 3.2 Shortcomings in the solid waste management

The current status of domestic waste collection in HCMC shows that there has been a strong participation of the whole society and a large proportion of non-state and independent waste collectors (60-65%) who are entirely financed by waste source owners. However, for the large number of freelance and independent waste collectors, even though they have joined district environmental sanitation cooperatives, many shortcomings have arisen. Recently, the City's authorities and functional agencies have proposed many schemes to manage this workforce, but up to now, several difficulties still exist and need to be addressed. In addition to IWCs, street waste pickers and aggregators are also important collectors playing a crucial role in waste management, especially for plastic waste. Yet, these collectors still operate freely and independently, causing difficulties in general waste management. 100% of current surveyed aggregators in HCMC have no business as local authorities are concerned about possible fire outbreaks and explosions, harm to the urban beauty, and interrupted city traffic due to the aggregators. This has a huge impact on waste collection, especially single-use plastic which requires investment on space availability by the aggregators.

***Recommendation: To have effective waste management solutions and a functioning EPR implementation, it is necessary to reach agreements on the following points:***

Define the crucial role of the informal sector including IWCs, street waste pickers, and aggregators in the City's waste collection and recycling system and in the future EPR scheme to ensure effective waste management solutions.

- Identify synchronous and unified solutions in solid waste management and manage the entire waste collection and recycling workforce, including not only the non-public but also the public workers.
- Conduct research to find a way to formalize the trade operated by aggregators with recyclables. As a result, there should be an appropriate and open scheme for aggregators to register for their business licenses. This way, the EPR scheme will work effectively. Moreover, it would help the authorities to sustainably improve livelihoods and reduce urban poverty.
- Introduce modern initiatives that aim to improve working conditions and the environmental impact of the informal sector and include the informal sector into the EPR scheme as their integration is related to social, labor, health, economic and other issues.



"Informal waste collectors, one of the key forces playing a crucial role in the collection of recyclable waste alongside scrap collectors. Photo: Enda VN

### 3.3 The informal workforce has no concept or understanding of EPR. Except for the informal waste collectors who have formed cooperatives. The street waste pickers operate spontaneously without mutual support.

In our survey with the informal sector, 100% of interviewees had no knowledge or understanding of the concept of EPR although they play a crucial role in the implementation of the EPR scheme. Aggregators operate unsystematically, independently and without mutual support. Although IWCs participate in cooperatives, these cooperatives have low working efficiency.

Recommendation: It is necessary to have a detailed plan on training, raising awareness among the informal sector and the community about EPR and establishing appropriate organizations for them. Specifically:

EPR is an opportunity and a challenge for the informal sector, especially the aggregators. On this account, it is essential to develop the aggregators' capability, put them into organizational models such as cooperatives, mutual-aid groups, or unions like the women's union so that they can operate more and more effectively and professionally and develop towards companies or social. Conduct different **pilot programs to support and develop organizational models** with suitable methods and assistance. Prioritize to maintain, strengthen and develop pilot cooperatives that are stably operating and have business plans similar to “real” cooperatives. Coordinate with current projects and programs to pilot and organize experience sharing activities. Afterwards, summarize the achieved experiences and results to develop and amend specific policies, and replicate the

successful models.

- Provide technical support to **develop conversational and communication capability** between the informal sector's organizations, the authorities, waste source owners, and producers to ensure the quality of waste collection and recycling services and the representation of interests of all stakeholders..
- Provide technical support to **develop managing capability** for every model. Particularly, the mutual-aid groups and cooperative models for aggregators need to focus on improving business skills and management capability for these workers, including: developing business and operational plans to increase and diversify revenue sources, keeping monitoring & management records, preparing accountable and transparent financial statements, establishing a contingency fund for mutual support when necessary.
- Establish private recycling companies: At the moment, there is an increasing demand to get access to big customers, eligible big aggregators are in need of establishing private companies. In keeping with the policy of privatizing the services of waste collection at source, the People's Committees should encourage big aggregators to contribute their capital to establish companies with appropriate equipment and hire small and former aggregator owners as their employees (with employment contracts and social insurance).

#### 3.4 Informal sector faces several risks whereas it fails to get access to social protection programs

As recyclables collection requires no qualification and capital, it is a job opportunity for immigrant workers in HCMC. Nevertheless, due to the low income and low accumulation, they easily fall into difficult situations when uncertainties of life happen. These workers often face many different risk factors associated with waste collection, but they are not paying attention to and have little knowledge about risk prevention. They have no risk prevention and handling measures. When they suffer a health issue or economic shock, they easily fall into poverty.

Waste collection is a hazardous work due to daily exposure to pollution sources. Yet, IWCs receive no hazard pay unlike workers of public services companies. Due to their specific work with long working schedules and few days off (only one or two days off a year), waste collectors face difficulties in arranging time for rest, self-care, health check-ups and participation in organizations, meetings, community and social activities. This is a factor that greatly affects the social integration of waste collectors. At present, there is not enough support to improve IWCs' working conditions. Existing policies have many shortcomings and have not focused on an easier way of providing assistance to IWCs.

Most workers of the informal sector do not have access to social security and social welfare policies. To them, the only "welfare" they are enjoying is the support from NGOs, especially Enda Vietnam. The city has many policies and solutions to take care of poor, disadvantaged, and low-income citizens (program of poverty reduction and wealth growth; loans and 100% free health insurance for members of poor households; 50% free health insurance for members of near-poor households; business loans; loans and support to change homemade three-wheeler vehicle

for legal vehicle; exemption and reduction of school fees for children from poor and near-poor households; etc.). However, all of these policies fail to “reach” the informal sector operating in the domestic solid waste management system as they have no permanent or temporary residence registration.

According to our review of current social security policies being implemented in Ho Chi Minh City, we find that almost all current social security programs and policies (health insurance, social insurance, social assurance, social allowance, access to basic social services, etc.) are implemented based on a household (taking the place of residence as the basis), or based on a workplace. The findings show that the informal sector is ineligible for these services (because they neither have household registration nor long-term temporary residence registration nor workplace). The informal sector enjoys a low health insurance coverage (only 15%, excluding Enda Vietnam's support). 100% of these workers do not participate in social insurance. With the current income, these collectors face difficulties in paying 100% of health insurance and social insurance premium.

Most workers of the informal sector have not yet received any social security programs, from either formal or informal sources. The survey results show that all Wards participating in the discussion confirm that there is no social security scheme for this workforce.

**For that reason, in order to effectively integrate the informal sector into the EPR scheme, it is necessary to ensure an easier social security access for this workforce.**

From the point of view of the research team, interventions and support for the informal sector should focus on facilitating access for this workforce to social security programs and benefits. Accessibility includes both organizational and personal capability such as understanding, knowledge and financial capability to participate in social security regimes. Material support such as providing labor protection equipment, working equipment, and so on is also important for this workforce but it only solves immediate needs. Capability building is a strategic solution. In this regard, the research team proposes the following recommendations:

- Develop and implement a policy advocacy campaign to encourage the City Health Insurance to cover health insurance based on organizations (for example, cooperatives, mutual-aid groups). The policy advocacy campaign needs the participation of Department of Labor, Invalids and Social Affairs, Department of Agriculture and Environment, and sponsoring organizations. It is also necessary to attract the attention and participation of the People's Council of the City. In the short term, it is possible to request the Social Security to pilot this in some districts based on cooperatives.

- On the other hand, improve the communication and raise the informal sector’s awareness of participating in health and social security. In the first period, when their awareness is low or they are not familiar with purchasing health insurance, State or donors can partially support health insurance premium by group lending (maybe through mutual-aid groups), revolving credit, and partial loan.

- Communication, guidance, and information provision regarding risks and risk management are important issues to be considered.

- Pilot contingency fund model: The informal sector has a clear difference in income and economic circumstances. It's crucial to perform target screening and direct interventions to the most vulnerable groups, for example, the elders, hired workers, local waste collectors who are under very difficult circumstances, low-income people, and women. For these groups, it is advisable to pilot the contingency fund model. In principle, the fund is formed by members' contributions, but at the very beginning, it needs a partial financial support from the project to encourage contributions. The contingency fund is used as a source of assistance in case of emergency (loan or give-away for special cases, support amount or loan amount and eligibility are decided by the members). This is a form of helping "the most needed" people among those under difficult circumstances to overcome risks and prevent themselves from falling into poverty.

- Issue regulations on health care, labor protection, and health insurance for workers of the informal sector. It is necessary to impose regulations on health care and labor protection equipment for this workforce because of the hazardous nature of their work, pollution in their workplace and the long-term impacts on their health. The provision of labor insurance and health insurance for employees is a mandatory requirement for the management units and agencies and is implemented through funding obtained from:

- Management fee deducted monthly to Wards/Cooperatives; the remaining funding can be supported by the state budget/ or from support of local agencies and organizations; and it is possible to encourage the informal sector to contribute to the funds themselves after helping them see the practical benefits of these schemes.

#### **4. SPECIFIC RECOMMENDATIONS:**

Due to the newly issued regulations – including Decree 05/2025/ND-CP issued on January 10, 2025, and Circular 07/2025/TT-CP issued on February 28, 2025 – being outside the research implementation period, many of the regulations analyzed in this report are still in draft form and are expected to change with the establishment of a separate Decree providing guidance on EPR. Therefore, the recommendations below are categorized by issues rather than specific recommendations for revising regulations, as no draft Decree has been published yet.

##### ***4.1 Recommendations for Independent Waste Collectors, Cooperatives and Cooperative Alliance***

- Continue to strengthen the capacity of cooperatives and cooperative alliance (focusing on financial management, tax planning, and resource mobilization).

- Support cooperatives in accessing business development opportunities in the recycling waste sector: As legally recognized entities, cooperatives can enter into direct contracts with manufacturers (large companies such as Tetra Pak, Lavie, Coca-Cola, etc.) for the collection of packaging, ensuring stable supply, demand, and pricing, and fostering long-term partnerships.

- Establish a risk reserve fund to support high-risk groups, such as the elderly and women on maternity leave.

- Seek domestic and international financial resources to support social security for cooperative members and their employees.

- Organize dialogue with authorities at various levels to address current shortcomings, such as collection equipment, collection fees, and social security policies.

#### ***4.2 Recommendations for Street Waste Pickers:***

- Provide training on labor safety, financial management, and the EPR
- Support and encourage street waste pickers to participate in social security programs.
- Mobilize street waste pickers to join trade unions or cooperatives (depending on the actual situation): since street waste pickers are accustomed to working independently and without restrictions, it is initially challenging to persuade them to join a binding organization. Therefore, gradually encourage them to join trade unions (at the most basic level) and slowly build their capacity, enabling them to access more information and public services, eventually leading to the establishment of cooperatives.
  - Identify key individuals to build capacity and help them become the founders of trade unions/cooperatives in the future.

#### ***4.3 Recommendations for Aggregators:***

- Guide and support them in registering for a business license (either as an individual business or enterprise) to ensure that they can issue VAT invoices (this is necessary for traceability when receiving funding from the EPR). This group is also a key driver in implementing the Circular Economy or Green Economy. Additionally, aggregators should actively apply for environmental permits and renovate/upgrade their facilities to ensure adequate space, urban aesthetics, and fire safety, thereby meeting the conditions for legally operating scrap collection and gradually accessing the EPR budget.
  - Provide training on labor safety, the EPR, fire safety, and small-scale financial management.
  - Cooperate with recycling units/companies (those approved on the Ministry of Natural Resources and Environment's list for implementing Article 54 of the 2020 Environmental Law) to supply scrap/recyclable waste. This way, when recycling companies receive support from the EPR budget, they will, in turn, support aggregators, or the prices offered by aggregators to recycling companies will be higher. Consequently, aggregators will be able to purchase at higher prices for informal waste collectors and scrap dealers, contributing to a sustainable improvement in the income of the informal workforce.

#### ***4.4 Authorities at All Levels (Department of Natural Resources and Environment, Natural Resources and Environment Offices, District People's Committees):***

- Advise the People's Committee of Ho Chi Minh City on amendments to state regulatory documents (such as social welfare policies, waste collection fees, and labor conditions in hazardous environments) to facilitate the informal workforce's access to social welfare programs.
  - Research suitable waste collection vehicles, especially for informal waste collectors (NTGRDL), as currently more than 80% of them use makeshift vehicles (motorcycles towing garbage bins) for daily waste collection. These vehicles are inadequate in terms of traffic safety, urban aesthetics, and environmental sanitation.
  - Enhance public communication within the community on waste separation to maximize the use of recycled waste, reduce the working hours for the informal sector, and improve recycling quality.

- Facilitate and encourage initiatives for implementing the circular economy: boldly propose that the city government pilot a scheme for scrap yards to register for operating licenses in the scrap industry within the inner city, so that these scrap yards can upgrade their infrastructure and equipment to meet the necessary requirements. This would gradually formalize scrap yards' participation in waste collection and recycling, thereby making government management easier.
- Instruct the Environmental Fund to simplify procedures and offer preferential interest rates (3.7% per annum) for the informal sector, especially for NTGRDL, to enable easier access to capital for upgrading their waste collection vehicles.

#### ***4.5 Non-Governmental Organizations/International Organizations:***

- Connecting resources: Seek domestic and international resources to support immediate social welfare policies and gradually advocate for the government to adopt appropriate policies for the informal workforce.
- Capacity building and communication: Provide training, capacity building, and appropriate communication support for different target groups.
- Policy advocacy: Lobby to integrate the informal workforce into the Global Plastics Treaty.