

**Multi-stakeholder Taskforce to Support a Determination of the 9th NSEDP and SDG
Localization due to the Impact of COVID-19**

**Managing Changes and Enhancing Policy Preparedness for Skills Development and Sustainable
Employment in Response to the Needs of Social and Economic Development**

Summary of key Recommendations

This statement is issued following a High-Level Thematic Dialogue on Managing Changes and Enhancing Policy Preparedness for Skills Development and Sustainable Employment in Response to the Needs of Social and Economic Development under the Multi-Stakeholder Taskforce. It draws on the Background Paper prepared for the discussion by a core group consisting of the Ministry of Labour and Social Welfare, ILO and IOM, with contributions from the Lao National Chamber of Commerce and Industry, and the Lao Federation of Trade Unions.

The statement is on behalf of the Multi-Stakeholder Taskforce, to be taken as advice to the Ministry of Planning and Investment and relevant partners in the finalization of the 9th NSEDP, and should not be interpreted as representing the positions of individual Taskforce members *per se*.

Context and Outlook

- The world of work in Lao PDR prior to COVID-19 was already concerning. The 2017 Labour Force Survey showed a labour force participation rate of only 41 per cent. Less than 1.8 million of a total working-age population of over 4.7 million were in employment. For many Laotians, migration is a major source of livelihood, with an estimated 900,000 Lao nationals living abroad, sending an estimated US\$285 million in remittances in 2019.
- The profound economic and social disruption caused by COVID-19 threatens the long-term livelihoods and wellbeing of Laotians both inside and outside of the country. Poverty and unemployment have increased substantially in the wake of the pandemic. Moreover, the fiscal situation limits the Government's policy options for cushioning the impact and stimulating economic recovery.
- The lockdown in Thailand led to massive return of more than 130,000 migrants, causing increases in unemployment, loss of income, and increased risk of exploitation, trafficking, and irregular migration of the most vulnerable. Lao PDR is not prepared to reintegrate such large numbers, and does not have policies and systems in place to ensure effective migration governance and smooth reintegration plans, including for skills development and recognition.

Strategic Policy Recommendations

Lao PDR's development aspirations require a better future after the COVID-19, with decent work for all. This necessitates an economic and labour market structure and system more resilient to crises and diverse risks. It would involve strengthening domestic supply capacities and consumption markets. A key element for this is strengthening migration governance, considering that migration will be affected by COVID-19, but will also have an impact on the recovery process once borders are again open for transit.

Links need to be forged with labour, employment, skills (re)training and migration policies to maximize positive effects of domestic and foreign direct investment for local SMEs, skills development, employment and resource transfer; social protection; migration and human mobility governance; labour standards and compliance with labour law for decent work and safety and healthy workplaces.

- Four pillars of response are recommended for consideration the 9th NSEDP and 5th 5-year Labour and Social Sector Development Plan in light of the impact of COVID-19 (with more detailed recommendations under each in the Background Paper).

Pillar 1: Managing Changes for Quality Skilled Workforce Development and Job creation in the context of slower economic growth

- The impacts of the pandemic on Lao PDR's labour market will be conditioned by factors both inside and outside the country. As economic conditions outside the country are uncertain, the 9th NSEDP has a critical role to play in strengthening domestic opportunities for decent work.
- The MSME sector in Lao PDR constitutes the backbone for job creation, accounting for more than 80 per cent of employment, and contributes to gender equality and youth empowerment through business participation. However, the containment measures in response to the pandemic have hit the MSME sector hard. The government needs to become better prepared to support the survival (and revival) of viable MSMEs and to make them more robust. When boosting the role of Lao MSMEs, the NSEDP needs to strive toward full and productive employment and decent work for all. Promoting digitalization and simplifying regulatory requirements would encourage service providers to keep transnational channels open and transaction costs low.
- Particular attention should also be given to the implementation of the National Rural Employment Strategy (2020-2025) in the NSEDP implementation as a crisis responsive measure and as a major approach to increase proportion of the rural female and male labour force in formal employment in line with the Vientiane Declaration on Transition from Informal Employment to Formal Employment towards Decent Work Promotion in ASEAN.

Pillar 2: Promoting labour standards and compliance with labour law for decent work

- Recovering towards a better labour market will require the NSEDP to prioritize implementation and enforcement of labour standards and national labour law. In Lao PDR, the challenges of poor job quality have been linked to the limited adoption and enforcement of national and international labour standards and law. Too many Lao workers, especially women, are trapped in poor quality jobs leaving the majority of Lao workers to earn too little to escape from poverty. Securing decent employment is particularly difficult for young people and women. Labour standards can guide the management of short-term negative labour market effects. Importantly, labour standards have been increasingly included in the regional and international trade agreements.
- Tripartite cooperation and dialogue will help to improve the design and implementation of the labour market policies to complement economic and trade policies. This involves consistently cooperating with the private sector and workers organizations on potential impacts on business and workers.

Pillar 3: Protecting migrant workers and leveraging the benefits of migration

- Changes in human mobility due to COVID-19 have highlighted serious migration management challenges. In the longer term, if not properly addressed, stigmatization and discrimination may negatively impact on migrants' integration, and may especially impact women migrant workers.
- Investments and business are and will continue to recruit workers nationally and internationally. It is thus important that Lao PDR prepares itself to facilitate safe and orderly and responsible migration flows once borders open to ensure rights of migrants are protected.
- ASEAN has envisaged measures to facilitate the mobility of high-skilled workers. However, most Lao migrant workers are low-skilled, and many are undocumented. If Lao PDR is to reap the benefits of human mobility, the country needs to manage all types of migration more effectively and provide sufficient protection. It is also essential to recalibrate migration governance and labour market adjustment to ensure the protection of migrant workers' rights and well-managed labour migration. The NSEDP should also prioritise strengthening migration governance that builds on lessons learnt, to ensure that government agencies are able to implement the relevant laws and regulate recruitment agencies.

Pillar 4: Developing a shock-responsive national social protection system

- Despite recent improvements, the social protection system leaves a large part of the population unprotected. The loss of livelihoods due to COVID-19 has pushed many households into poverty with long-term consequences for productivity and human capacity development.
- Shock-responsive social protection systems are an important part of any crisis response strategy and can build household resilience to shocks – including to natural disasters, pandemics, economic crises and conflicts – to reduce their impact and support the recovery. To be ready to respond to the current as well as future crises and natural disasters, it is important to build and strengthen the national social protection system and gradually expand coverage.
- The NSEDP should prioritize the implementation of the recently adopted National Social Protection Strategy 2025. The NSPS seeks to strengthen and complement previous Government's international commitments and national strategic objectives, in particular the Universal Declaration of Human Rights, the International Covenant on Economic, Social and Cultural Rights, the ILO Convention on Social Security Standards, the ILO Recommendation No. 202 on Social Protection Floors and the ASEAN Declaration on Strengthening Social Protection, as well as the Sustainable Development Goals.