



Lao PDR
RESILIENCE FRAMEWORK
2022-2025

Ministry of Planning and Investment

Supported by the Multi-stakeholder Taskforce on COVID-19

November 2022

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Acknowledgements

The Resilience Framework was developed under the lead of the Development Research Institute (DRI) of the Ministry of Planning and Investment (MPI). On technical level, Director General, Dr Sitthiroth Rasphone, and Deputy Director General, Ms Sisavanh Didaravong, steered the formulation process. The drafting of the Resilience Framework and the consultative meetings were supported by Dr Grace-Ann Cornwall, International Consultant. The process was facilitated by the UN country team with contributions from ADB, GGGI and WB. Additionally, line ministries, private sector representatives, CSOs and NGOs provided valuable inputs throughout the two years', which lead up to the finalisation of the Resilience Framework.

Acronyms

ABD	Asian Development Bank
ACRF	ASEAN Comprehensive Recovery Framework
AF	Adaptation Fund
BOL	Bank of Lao PDR
CRPD	Convention on the Rights of Persons with Disabilities
DCDC	Department of Communicable Diseases Control
DHHP	Department of Health and Hygiene Promotion
DPC	Department of Planning and Coordination
DRI	Development Research Institute
ECE	Early Childhood Education
FAO	Food and Agriculture Organization
FDD	Food and Drug Department
GCF	Green Climate Fund
GDP	Gross Domestic Product
GEF	Global Environment Facility
HRBA	Human Rights Based Approach
IFI	International Finance Institutions
ILO	International Labour Organization
IYCF	Infant and Young Child Feeding
Lao PDR	Lao People's Development Republic
LASES	Lao Academy of Social and Economic Sciences
LSB	Lao Statistics Bureau
LDC	Least Developed Country
LFTU	Lao Federation of Trade Unions
LSSO	Lao Social Security Organization
LNCCI	Lao National Chamber of Commerce and Industry
LWU	Lao PDR Women's Union
LYU	The Lao People's Revolutionary Youth Union
MAF	Ministry of Agriculture and Forestry
MDA	Ministries, Departments and Agencies
MEM	Ministry of Energy and Mines
MoLSW	Ministry of Labour and Social Welfare

MoES	Ministry of Education and Sports
MoF	Ministry of Finance
MoFA	Ministry of Foreign Affairs
MoIC	Ministry of Industry and Commerce
MoICT	Ministry of Information, Culture and Tourism
MoNRE	Ministry of Natural Resources and Environment
MoPS	Ministry of Public Security
MoTC	Ministry of Technology and Communication
MPI	Ministry of Planning and Investment
MPWT	Ministry of Public Works and Transport
MSME	Micro, Small, and Medium Enterprises
NCAWMC	National Commission for the Advancement of Women, Mothers and Children
NDVP	National Deployment and Vaccination Plan
NHI	National Health Insurance
NSEDP	National Socio-Economic Development Plan
NSPS	National Social Protection Strategy
NUoL	National University of Laos
ODA	Official Development Assistance
OSPP	Office of the Supreme People's Prosecutor of Lao PDR
PoE	Port of Entry
RCEP	Regional Comprehensive Economic Partnership
SDGs	Sustainable Development Goals
SEZs	Special Economic Zones
STS	LDC Graduation Smooth Transition Strategy
TFR	Total Fertility Rate
TVET	Technical and Vocational Education and Training
UHC	Universal Health Coverage
UN	United Nations
UNFPA	United Nations Population Fund
UNRCO	United Nations Resident Coordinator's Office
WASH	Water, Sanitation and Hygiene
WHO	World Health Organization

1 Preamble

Lao PDR's development progress has been disrupted by major shocks and crises during past years. In early 2020, COVID-19 emerged as a threat to public health, and quickly spread to a risk to socio-economic progress as well as countries around the world raced to put in place measures to control the pandemic. In the course of 2021, it became evident that the impacts of COVID-19 would not be a short-term challenge, but rather have consequences that play out over the years to come. Moving towards 2022, the world faces new and unexpected shocks. The ongoing conflict in Ukraine, rapidly increasing prices for food, fuel, fertiliser, and a tightening financing situation are leading to a severe 'cost of living crisis' in Lao PDR.

Accelerating recovery and strengthening resilience is therefore an imperative for the Government of Lao PDR. The Resilience Framework's objective is to mitigate the negative impacts of current shocks and disasters on people in Lao PDR, and to better equip the country to be resilient to future challenges. A key focus of the Framework lies on the protection of the most vulnerable and marginalised groups as they are particularly exposed to the harmful impact of crises.

The ambition of creating a resilient country cannot be realised by a single actor alone but instead needs the joint support of all stakeholders involved. Following this, the Resilience Framework was formulated in an inclusive and participatory process. The steps leading up to the finalisation of this document included jointly drafted background papers, bilateral discussions, and several rounds of multistakeholder consultations.

It is important to note that the Framework does not constitute a new national plan. It rather aims to contribute towards existing national strategies - first and foremost the 9th National Socio-Economic Development Plan (2021-2025) and its financing strategy. The Framework's proposed actions are closely aligned with other key documents such as national sector plans or regional frameworks.

The success of the Resilience Framework will crucially depend on the implementation of the outlined actions by the Ministries and Departments, which were identified as a lead for one or several actions as well as a coherent and coordinated support from Development Partners.

We take this opportunity to thank all stakeholders, which contributed towards the Lao PDR Resilience Framework over the past two years. We are committed to maintain the same participatory approach in implementing the Framework that was used for its formulation process.

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2 Introduction

The Resilience Framework is an evolution of previous work addressing the socio-economic impact of COVID-19 with an updated assessment of the consequences posed by the more recent fuel, financing, and food crisis, and the aim of prioritizing actions of the National Socio-Economic Development Plan (NSEDP) and associated existing frameworks that in the current context will make the greatest contribution to building resilience to future crises. The Framework was developed in a consultative process under the lead of the Ministry of Planning and Investment (MPI) supported by a Multi-stakeholder Taskforce consisting of line ministries, private sector and labour representatives, development partners as well as UN agencies, funds and programmes.

In May 2020, seeing the early impact of the COVID-19 pandemic bringing society much to a standstill and lowering the expectations of productive capacities MPI commissioned the Multi-Stakeholder Taskforce on to advise on recalibrations to the then-draft 9th NSEDP. The Taskforce developed 5 thematic background papers including recommendations for changes to reflect the consequences of the pandemic effectively lowering the targets of the NSEDP. In 2021 MPI reactivated the Multi-Stakeholder Taskforce with a focus on priority setting and practical recommendations to reflect the further impact of the pandemic over the intervening year of early recovery efforts in NSEDP implementation. Presenting the work on COVID-19 recovery at the 2021 High-Level Round Table Meeting, the Vice Minister of MPI suggested a further step and forward focus announcing the development of this Recovery Framework (later renamed to Resilience Framework).

Since February 2022, the multidimensional factors of the recent crisis on top of the pandemic fallout and longstanding pre-COVID macroeconomic challenges have severely affected the cost of living for people in Lao PDR. The country is hit by rising inflation and a rapidly depreciating value of the national currency. These developments in turn have led to rising prices for food, fuel and fertilisers and increased financial and socio-economic challenges (see **chapter 2.2**). This changing context has underlined the need to develop a national Resilience Framework that broadens Lao PDR's response to new shocks by *Building Back Better*.¹

The Lao PDR Resilience Framework is structured along the five pillars established under the Multi-Stakeholder Taskforce and each pillar comprises 3 to 6 thematic components as presented during the Round Table Meeting 2021. The objective of the Resilience Framework is the prioritisation of actions (see **chapter 3**), which have been informed by the above process, an additional multi-stakeholder consultation in September 2022 and a ministerial consultation in October 2022.

To ensure the Resilience Framework's added value, it is embedded in national processes and has thorough monitoring and evaluation structures in place (see **chapter 4**). More specifically, the Resilience Framework will inform the:

1. upcoming mid-term review of the 9th NSEDP in summer 2023; and
2. development of the 10th NSEDP.

The annual roundtable process will provide an opportunity to report on progress and highlight challenges about the implementation of actions.

This introductory chapter provides a definition of resilience, an outline of the approach of selecting the actions of the Resilience Framework and a discussion on the alignment with other national strategies and plans and relevant linkages to international frameworks and commitments, including legal instruments, as well as an overview of the monitoring and evaluation framework.

¹ United Nations. 2020. *A UN Framework for the Immediate Socio-Economic Response to COVID-19*, <https://unsdg.un.org/sites/default/files/2020-04/UN-framework-for-the-immediate-socio-economic-response-to-COVID-19.pdf>

2.1 Definition of resilience

According to the UN Common Guidance on Helping Build Resilient Societies²:

“Resilience is the ability of individuals, households, communities, cities, institutions, systems and societies to prevent, resist, absorb, adapt, respond and recover positively, efficiently and effectively when faced with a wide range of risks, while maintaining an acceptable level of functioning without compromising long-term prospects for sustainable development, peace and security, human rights and well-being for all.”

The focus of the Resilience Framework is to increase the resilience capacities of Lao PDR, which is done:

- **By appraising risks**, which is understood as *“the consequence of the interaction between a threat or hazard, the characteristics that make people and places exposed and vulnerable to that threat or hazard, and the capacities available to manage the risk”*
- **By addressing risk drivers**, *“(…) or risk factors, stressors – [which] are processes or conditions, often related to development and inequality, that influence the level of risk by contributing to exposure and vulnerability or reducing capacities”*.
- With a **broad definition of risk drivers**, which include *“natural, human-induced and technological hazards, epidemics, economic, shocks, conflicts, insecurity, and human rights violations”*
- With **consideration of the multiplicity of stakeholders**, as *“resilience-building cuts across multiple risks, sectors and systems”*
- With a systemic approach, with varying lenses and scales, as *“with increasing complexity and interaction of human, economic, political and natural systems, risk becomes increasingly systemic”*

A resilient society is therefore defined by *“systems, institutions and people [with] a set of distinct capacities and resources that are crucial to cope with, withstand or bounce back from adverse events and shocks”*. These capacities include:

- Absorptive capacity
- Adaptive capacity
- Anticipative capacity
- Preventive capacity
- Transformative capacity

2.2 Identifying actions for the Resilience Framework

The objective of the Resilience Framework is to develop a broadly consulted prioritization and consolidation of short to medium-term actions to sustainably recover from the so called 4F crises, e.g. fuel, food, fertilizers and finance, the current economic challenges, and the COVID-19 pandemic as well as actions to build resilience for future crises. The development of the Resilience Framework was guided by an extensive and elaborated multi-stakeholder process.

More specifically, broadly consulted with ministries, UN agencies, development partners, private sector, CSOs, and NGOs the Lao PDR Resilience Framework is geared towards:

- supporting the implementation of the 9th NSEDP and the further guidance provided by its financing strategy and sector plans as well as the National Agenda on addressing economic-

² <https://unsdg.un.org/sites/default/files/2021-09/UN-Resilience-Guidance-Final-Sept.pdf>

financial difficulties issued by the Office of the Prime minister and other existing documents addressing urgent national priorities;

- aligning with other key documents including ASEAN Comprehensive COVID-19 Recovery Framework and its Implementation Plan, and the Smooth Transition Strategy for LDC Graduation (under development);
- focusing on short to medium-term actions (period from now to ~2025) that may also transition into the next 10th five-year NSEDP;
- focusing on actions with leverage and comparatively low implementation costs as well as strengthening of already existing projects and programmes;
- taking into considerations the lessons learned from other countries; and
- building on current data collection efforts such as the “high frequency data Joint Programme” led by the Lao Academy of Social and Economic Sciences (LASES) with support from the UN as part of the SDG Fund Emergency call, which aims at better understanding how people’s wellbeing, especially of the most vulnerable, is being affected by the 4F crisis.

The Development Research Institute of MPI supported by the UNRCO convened virtual meetings with international development partners and government representatives from across the five thematic groups, which informed selection of actions for the Resilience Framework. The virtual discussions along the five pillars further helped to (i) identify new priority actions, where necessary; (ii) providing recommendations for increased resilience for each pillar; and (iii) ensuring that each pillar is aligned with the 9th NSEDP, the National Agenda and sector plans.

Each thematic group completed a matrix aligned with the purpose of the meetings to represent and accurately collate the information. In September and October 2022, a multi-stakeholder consultation followed by a ministerial consultation provided an additional opportunity for feedback and inputs into the Resilience Framework.

2.3 Alignment with existing strategies and plans

The Resilience Framework is grounded in key international and regional commitments, and nation plans and sector strategies. This is an important factor to avoid duplicative or competing strategic goals and ensure alignment to international and regional targets supporting the 2030 Sustainable Development Agenda with the overall objective of leaving no one behind. Further to this, the Framework is tailored towards identifying steps to ensure that existing national plans and strategies account for the principles of resilience, which are stated in chapter 1.1.

Table 1 details the alignment of the SDGs and recent developments in crisis affecting food, fertilisers, fuel, and finance, e.g. the 4 Fs.

Table 1: Impact of the 4 Fs on the 2030 Sustainable Development Agenda

Pillars	National situation caused by the COVID-19 pandemic	Alignment to SDGs
Food	<ul style="list-style-type: none"> • 49% of families had reduced spending on, or reduced food consumption during the COVID-19 crisis.³ • 15% of households were unable to pay for basic food due to loss of jobs and reduced household income.⁴ 	<p>SDG1: End poverty in all its forms everywhere.</p> <p>SDG2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture</p>

³ Southichack, M., Siliphong, P. Inthakesone, B. *Socio-Economic Impact Assessment Of COVID-19 On Lao PDR*. Vientiane. UN Lao PDR, 2020

⁴ *Ibid.*

	<ul style="list-style-type: none"> around 70% of respondents reported that the increase in food prices had affected their households. The shock intensified the incidence of food insecurity. While about 1/3 of affected households used additional income from alternative sources and savings, or hunted and gathered wild food to cope with this shock.⁵ 36.5% of households affected by rising food prices responded by reducing their food consumption.⁶ 	<p>SDG3: Ensure healthy lives and promote well-being for all at all ages.</p> <p>SDG4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p>
Fertilisers	<ul style="list-style-type: none"> prices of pesticides and herbicides increased significantly, and, in July 2022, they were well above 2021 levels, severely constraining their affordability. High prices of agrochemicals resulted in low application, particularly among vulnerable smallholder farmers, which is likely to have a negative impact on 2022 yields of main “wet” season crops⁷ supply chains were impacted, though unevenly across provinces causing disruption to the flow of essential material inputs, such as seeds, fertilizers, and equipment⁸ 	<p>SDG2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture</p> <p>SDG3: Ensure healthy lives and promote well-being for all at all ages.</p>
Finance	<ul style="list-style-type: none"> unemployment rate increased from 16% in 2018 to 25% by July 2020 with a greater impact among young women standing at 32.6% in 2020, much higher in comparison to 19.2% of men access to health services was further compromised due to minimal health insurance. Rural households also experienced reduced access to healthcare services due to local travel restrictions and the ability to pay out-of-pocket expenses such as registration fees. jobs associated with travel and tourism decreased by 18.5% in 2020 youth aged 18-24 years are at greater risk of unemployment, affecting their ability of stable livelihoods and incomes significant losses recorded in revenue for micro and small enterprises in 2020 forecasted to face further challenges in the short to medium term. the economic crisis has had a substantial impact on SDG 4: as livelihood and incomes of families reduce, the likelihood of withdrawing children from school increase, especially from secondary grade and upward. The World Bank COVID-19 Rapid Assessment Phone Survey (April/May 2022) showed that 65% of households reduced their spending on education and health to cope with inflation.⁹ 	<p>SDG1: End poverty in all its forms everywhere.</p> <p>SDG2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture</p> <p>SDG3: Good health and wellbeing</p> <p>SDG4: Quality Education</p> <p>SDG5: Achieve gender equality and empower all women and girls.</p> <p>SDG8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.</p> <p>SDG11: Make cities and human settlements inclusive, safe, resilient and sustainable.</p>
Fuel	<ul style="list-style-type: none"> there has been an increase in domestic and international demand for and use of electricity since the beginning of the COVID-19 pandemic. increasing fuel prices and fuel shortages (reference needed) fuel shortage at the time of planting season also contributed to the challenges faced by smallholder not being able to plough and prepare their fields 	<p>SDG7: Ensure access to affordable, reliable, sustainable, and modern energy for all.</p> <p>SDG8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.</p>

The Resilience Framework is further aligned with and in support of the following regional and national strategic documents.

⁵ World Bank Group. *Monitoring COVID-19 Impacts on Households in Lao PDR*, June -July 2020, <https://openknowledge.worldbank.org/bitstream/handle/10986/34741/Results-Snapshot-from-a-Rapid-Monitoring-Phone-Survey-of-Households.pdf?sequence=5&isAllowed=y>, accessed on October 27, 2022

⁶ Ibid.

⁷ Food and Agricultural Organization, GIEW Update, *The Lao People’s Democratic Republic Soaring prices and reduced availability of agricultural inputs curb 2022 agricultural production prospects, increasing risks for acute food insecurity*, <https://www.fao.org/3/cc2094en/cc2094en.pdf>, accessed October 27, 2022

⁸ United Nation. 2020. *Socio-Economic Impact Assessment of COVID-19 on Lao PDR* https://laopdr.un.org/sites/default/files/2021-04/UN%20Lao%20PDR%20SEIA%20COVID-19_EnglishFA2web.pdf

⁹ World Bank Group. *Monitoring the Impact of COVID-19 in Lao PDR*. <https://www.worldbank.org/en/country/lao/brief/monitoring-the-impact-of-covid-19-in-lao-pdr>, accessed October 27, 2022

9th Five-Year National Socio-Economic Development Plan [NSEDP] (2021-2025)

This strategy is the key reference for the formulation of a national Resilience Framework. The Five-Year Plan sets out the pathway for creating a new direction in socio-economic landscape and is organized into six (6) outcomes. They are: (a) continuous quality, stable and sustainable economic **growth** achieved; (b) Improved quality of **human resources** to meet development, research capacity, science and technology needs, and create value-added production and services; (c) enhanced **well-being** of the people; (d) **environmental protection** enhanced and disaster risks reduced; (e) engagement in regional and international **cooperation** and integration is enhanced with robust infrastructure and effective utilisation of national potentials and geographical advantages; and (f) public **governance** and administration is improved, and society is equal, fair and protected by effective rule of law. These outcomes constitute the strategic basis for the actions of the Resilience Framework. The language of the NSEDP is referenced in several sections of the Resilience Framework.

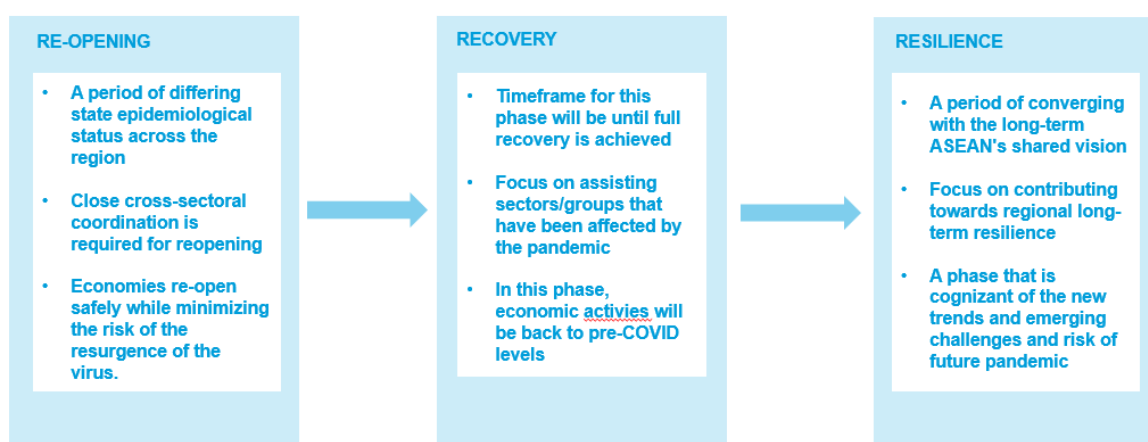
LDC Graduation Smooth Transition Strategy (STS)

Following a 2021 Triennial Review by the UN Committee for Development Policy, considering considerable progress across the key criteria reviewed over the last decade, Lao PDR was recommended for graduation from LDC status. The Ministry of Foreign Affairs (MoFA) is leading an inter-ministerial process to develop an STS specifying specific steps to support the achievement of 9th NSEDP goals through the graduation process and beyond. The STS is geared towards achieving three objectives namely, (a) ensuring sustainable graduation from the least developed country (LDC) status; (b) mitigating potential negative impacts; and (c) contributing towards the sustainable development goals.

ASEAN Comprehensive Recovery Framework (ACRF)

The ACRF and its Implementation Plan are intended to address both ASEAN's immediate need, during the reopening stage, for a successful transition to the 'new normal' as well as medium- and long-term need through the stages of COVID-19 recovery and for longer-term resilience. Proposed initiatives and programmes implemented for this phase must be forward-looking, contributing to longer term objectives, and may provide some references for ASEAN's next phase of regional integration (ACRF 2020 p.16-17).¹⁰ The implementation of the ACRF is governed by a three-pronged approach that the Lao PDR framework mirrors (see **Figure 1**).

Figure 1: The Three Phases of Recovery (3 Rs)



¹⁰ ASEAN Comprehensive Recovery Framework https://asean.org/wp-content/uploads/2020/11/2-FINAL-ACRF_adopted-37th-ASEAN-Summit_12112020.pdf, accessed August 4, 2022

Vientiane Declaration on Partnership for Effective Development Cooperation (2016-2025)

The Vientiane Declaration on Partnership for Effective Development Cooperation represents a shared recognition between the Government and development partners on enhancing the partnership for effective development cooperation in the Lao PDR. In so doing, it aims to support the fulfilment of SDG 17 and the realisation of 9th NSEDP aspirations.

2.4 Risk management and the coordination of the Resilience Framework

The risk identification and mitigation framework (see **Chapter 4**) identifies the international recovery from the two-year COVID-19 pandemic amid a global recession as a major risk affecting the implementation of the resilience framework. The Ministry of Planning and Investment (MPI) will be required to effectively manage the monitoring and evaluation framework with the support of key focal points from ministries.

3 Context

Leading up to 2020, Lao PDR was one of the fastest growing economies in south-east Asia and attained lower middle-income status in 2011. In 1992/1993 the poverty rate was at 46%, declining to 23.2% and 18.3% in 2012/2013 and 2018/2019 respectively.¹¹ The outbreak of COVID-19 triggered a global crisis of unprecedented scale, and now risks undoing much of the progress made towards reducing poverty, achieving the SDGs, and therefore also concerns over the prospects for sustainably graduating from LDC status. The prolonged impact has led to concerns becoming even more pressing.

Following this, in February 2022, the reverberating effects of the conflict in Ukraine, with rising global inflation and rapidly depreciating value of the national currency as well as Lao PDR's longstanding macroeconomic challenges have severely affected the cost of living.

This section will provide a snapshot of the effects of the pandemic (see **chapter 2.1**) and the effects of the food, fertilizers, fuel and finance shocks (see **chapter 2.2**).

3.1 Impact of COVID-19

COVID-19 and restrictions to contain the spread of the pandemic have exacerbated many of Lao PDR's long-standing structural vulnerabilities and created new ones along a broad range of areas. The Resilience Framework analyses this across 5 thematic pillars:

COVID-19 and the macro-fiscal environment

COVID-19 slowed down economic growth and has possibly even to some extent reversed past development gains. Growth began to decelerate before the pandemic: declining from 6.3% in 2018 to 5.5% in 2019, before falling further to 3.3% in 2020, the lowest level in three decades. Meanwhile, public health measures succeeded in slowing the spread of the pandemic, but also resulted in job losses and income reductions as many sectors were severely obstructed. Declining economic activity pushed the unemployment rate to 23.4%, while the return of large numbers of migrants led to a substantial loss in remittances (a major source of income for nearly 10% of households)¹², and an increase in the poverty rate. The ADB (2022) projects that the Lao economy will grow by 2.5% in 2022 and 3.5% in 2023.¹³ According to the Asian Development Outlook (2022), most businesses returned to normal operations in the first half of the year, and international tourist arrivals have increased. Volatile prices, particularly for petroleum products, have increased the cost of living, resulting in a softening of domestic consumption. Sharp increases in the prices of fertilizers, animal feed, food, and fuel discouraged activity in agriculture and manufacturing. These trends delay economic recovery.

COVID-19 and its effects on trade and private sector, value chains, and tourism

The complex and somewhat opaque business environment and barriers to regional trade and integration limit the attractiveness of Lao PDR as an investment destination. The COVID-19 pandemic exacerbated trading challenges with international supply chain disruptions, contraction in private consumption, and a reduced external demand. The garment industry was heavily impacted with a growth rate decreasing by 14.3%; beverage industry by 12.7% and furniture manufacture by 9.8%. Women working in the garment and electronics industries have been disproportionately affected. The tourism sector was deemed

¹¹ United Nations Department of Social and Economic Affairs. *Developing the strategic guidelines for climate financing, considering possible linkages between climate financing and post COVID-19 agricultural development in Lao PDR*, <https://www.un.org/development/desa/dpad/wp-content/uploads/sites/45/DESA-Intdiv-LAO.pdf>, accessed on August 4, 2022

¹² Background Paper of the Multi-Stakeholder Taskforce to Study the Impact of COVID-19: Financing for Sustainable Development and Effective Development Cooperation (Macro-Fiscal Framework). November 2021.

¹³ Asian Development Bank. *Supply Disruptions, Rising Prices Delay Lao PDR's Economic Recovery* <https://www.adb.org/news/supply-disruptions-rising-prices-delay-lao-pdr-economic-recovery-adb#:~:text=News%20Release%20%7C%202021%20September%202022&text=The%20update%20of%20ADB%27s%20flagship,%25%20from%203.7%25%20for%202023>, accessed October 4, 2022

a major contributor to the Lao PDR economy before 2020, generating over USD900 million in foreign exchange revenue in 2019. The pandemic brought this development to a sudden halt— businesses in the accommodation sector (hotels) have suffered the largest loss in sales.

COVID-19 and its effects on enhanced policy preparedness for decent work

COVID-19 affected the most disadvantaged and vulnerable disproportionately, particularly individuals in the informal economy and in insecure work, those working in low-skilled jobs, migrants and those belonging to ethnic groups (ILO 2021).¹⁴ There is a high dependence upon remittances. Most migrants sending remittances prior to COVID-19 had either stopped entirely or significantly reduced the amounts. In 2020, the World Bank estimated that remittances declined with up to USD125 million, or 0.7% of GDP. The pandemic heightened the risk of vulnerability among major demographic groups—women and youth. Women experienced disproportionate job and income losses, combined with increased unpaid domestic care responsibilities. Many youths experienced disruptions to their schooling, training, and work.

COVID-19 and its impact on human capital

The education and health systems were greatly impacted by the COVID-19 pandemic. Like in other countries, school closures led to learning losses and likely worsened already low learning outcomes which may have irreversible long-term consequences if learning recovery is not prioritized. A 2019 Grade 5 assessment of learning outcomes showed Lao children are lagging behind those in neighbouring Southeast Asian countries with majority of Grade 5 students still performing at the level expected to be achieved in the early years of primary education for math, reading and writing.¹⁵ The shift to remote learning entailed learning loss for many. The pandemic situation exacerbated pre-existing education disparities by reducing the opportunities for many of the most vulnerable children, adolescents, and youth to continue their learning. National budgetary allocations for health and education services were reduced because of the economic and social demands of the pandemic. National lockdown measures and social distances protocols caused cancellation of outreach services, suspension of services at health centres/clinics, and a reduction in the coverage of essential nutrition services. Data from WHO revealed declining health outcomes during the pandemic. Firstly, the country experienced a decline of 4 percentage points in its measles and rubella vaccination coverage, from 83 % in 2019 to 79 % in 2020. Secondly, there was a reduction in contraceptive prevalence. Thirdly, abortions increased by 2 % and an increase in maternal deaths for women aged 15-24 to 48% of all maternal deaths, up from 35% in 2019.¹⁶ These impacts were greatest within the poorest consumption quintiles, persons residing in the most remote areas and those most vulnerable including those with disabilities.

COVID-19 and Green Growth, Resilience to Climate Change and Disaster Risk Management

Lock down measures implemented globally to restrict the transmission of the coronavirus resulted in positive effects for the environment. According to Verma and Prakash (2020)¹⁷ minimal activity from industrial sites, factories and construction sectors improved air quality. Moreso, aviation emissions, which accounted for 2.4% of global CO₂ emissions in 2018, dropped significantly. Furthermore, following the lesser demand of power in industries, use of fossil fuels or conventional energy sources were lowered considerably. The pressure on ecosystems was also lowered. In several large cities,

¹⁴ International Labour Organization. *Global call to action for a human-centred recovery from the COVID-19 crisis that is inclusive, sustainable and resilience*, https://www.ilo.org/wcmsp5/groups/public/---ed_norm/---relconf/documents/meetingdocument/wcms_806092.pdf, accessed August 15, 2022

¹⁵ UNICEF. (2022). SEA-PLM 2019 Main Regional Report Children's learning in 6 Southeast Asian countries, <https://www.unicef.org/eap/media/7356/file/SEAPLM%202019%20Main%20Regional%20Report.pdf>, accessed October 29, 2022

¹⁶ UN, COVID 19 Recovery Background papers

¹⁷ Verma, Ashok K. and Prakash, Sadguru (2020). *Journal of Global Biosciences*. DOI: www.mutagens.co.in/jgb/vol.09/05/090506.pdf

inhabitants experienced a clear sky and clear river water and a variety of birds were again seen in the localities. Additionally, the pollution level in tourist spots such as forests, sea beaches were reported lessened.

In Lao PDR, there are different observations pertaining to improved air quality because of the lockdown measures implemented during the pandemic. USAID (2020, p.21)¹⁸ reported that there was a reduction in slash-and-burn agriculture and reduced vehicle emissions, resulting in better air quality (USAID 2020, p. 21). There has however also been evidence that COVID-19 actually increased local pressures on the environment, as travel restrictions on traders and loss of remittances from returning migrant workers increased communities' reliance on natural resources to meet food and income needs.¹⁹ Additionally, both domestic demand and export demand for electricity increased during the second half of 2020 and an overall increase of 33 % was expected by the end of 2020. This resulted in an interest in diversification of the energy mix to increase non-hydro renewable energy sources. This has also been associated with the need to mitigate the effects of lower rainfall resulting from climate change which has led the government to incorporate a different energy mix and supply diversification into Lao PDR's Integrated Resource and Resilience Planning process. Such a diversification in Lao PDR can however reversely also increase resilience to COVID-19 effects due to operating costs and tariffs governing renewable energy (USAID 2020).²⁰

The 9th NSEDP requires macro-economic and fiscal stability to achieve resilient, green, inclusive, and sustainable growth. Investing in green growth, climate change resilience and disaster risk management will require substantial financial resources, both public and private. Environmental implications from COVID-19 in the medium to long-term could be detrimental. In the wake of drained government coffers to contain the pandemic and economic slowdown resulting in further reduction in government revenue which in turn affect the ability to service debt and other vital spending needs, the government has again turned to natural resources extraction and upfront payments for mining concessions as a short to medium term coping mechanism. In this context, the rapid implementation of measures to improve the business environment for private sector investment assumes heightened importance.

3.2 '4F' crisis (food, fertilisers, fuel, and finance)

Since May 2022, when Lao PDR fully reopened its borders and ended most the COVID-19 restrictions improvements have been reported in the economy. According to the World Bank (2022)²¹ there has been a number of improvements including:

1. proportion of people reporting being out of work declined from over 30 to 12% from late 2021 to May 2022;
2. majority of family businesses have resumed operations in 2022. By May, almost 90% of family businesses had resumed their pre-pandemic operations or started a new venture;
3. farming is recovering faster than other sectors, with 93% of farm households interviewed reporting normal farm operations in 2022, despite most farm households being affected by rising fuel and farm inputs; and

¹⁸ USAID. Final Report USAID/LAO PDR COVID-19 Assessment https://pdf.usaid.gov/pdf_docs/PA00XS7K.pdf accessed August 8, 2022

¹⁹ Rieger, Ricarda (2020) *Covid-19: Cleaner Air, well not in Laos*, <https://www.undp.org/laopdr/blog/covid-19-cleaner-air-well-not-laos> *October 6*, 2022

²⁰ Ibid

²¹ World Bank. As impacts of COVID-19 recede, Lao PDR faces new challenges, <https://www.worldbank.org/en/news/press-release/2022/07/06/as-impacts-of-covid-19-recede-lao-pdr-faces-new-challenges>, accessed August 8, 2022

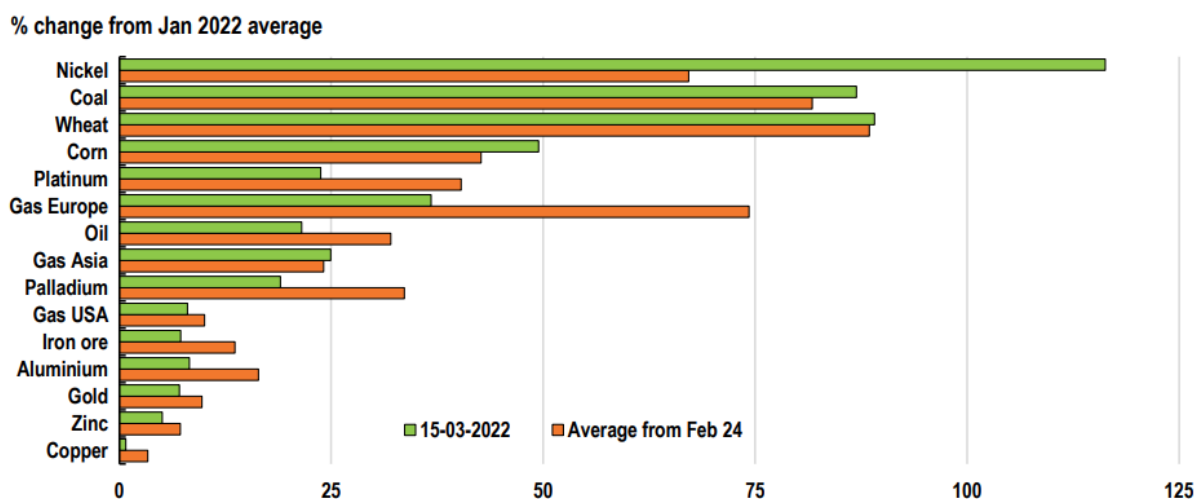
4. nearly three-quarters of wage-earning households (73%) reported earning as much or more than at the same time last year, when the second lockdown was imposed. Poorer households are benefitting from the return of both wages and remittances.

Notwithstanding, the gradual progress from the economic slowdown two years ago, new challenges are now being experienced. These realities coupled with pre-COVID structural weaknesses have resulting in the following:

1. 86% of respondents reported their households being affected by inflation since the beginning of this year, with 52% citing a significant impact. 65% of households have reduced education and health spending to cope with inflation;
2. 64% of households responded to fuel price increases by limiting mobility or using bicycles etc. In response to food inflation households reported reducing food consumption, switching to cheaper food, hunting and gathering, or resorting to self-production.
3. despite a slight decline in aggregate food insecurity, the share of households experiencing severe food insecurity rose to 23% in April/May 2022; and
4. the impact of COVID-19 on learning is significant in Laos. Over the past 12 months, 42% of children stopped attending classes either temporarily or permanently, with the proportions higher among rural households.

Neither the Russian Federation nor Ukraine are major trading and investment partners for ASEAN members, including for Lao PDR. However, the conflict and its global economic implications have troubling consequences for national and regional economic activities in Southeast Asia. One observed effect is increased prices for agricultural goods, energy supplies, and other commodities. On a global level, the conflict in Ukraine continues to pose a hindrance to global growth and exacerbate inflationary pressures in key commodities such as wheat, oil, mineral fertilisers and natural gas (OECD 2022).²²

Figure 2: Prices of the principal export commodities of Russia and Ukraine have risen sharply



Source: OECD 2022

3.3 Vision

COVID-19 and the new realities of the post pandemic era have resulted in several socio-economic challenges. As Lao PDR continues to recover from the pandemic and grapple with the effects of the

²² OECD. Economic and social impacts and policy implications of the war in Ukraine, <https://www.oecd.org/economy/Interim-economic-outlook-report-march-2022.pdf>, accessed August 8, 2022

ongoing global macroeconomic challenges, it is important to review and revise the recommended actions outlined in the COVID-19 Recovery Background papers to facilitate an enabling environment for various sectors such as agriculture, tourism, manufacturing, education and health services to become adaptable and responsive to the *new normal*. In this regard, the vision of the Lao PDR Resilience Framework will be guided by the main objective and the 9 outcomes of the 9th NSEDP:

To fully focus on socio-economic development based on the existing potentials in order to help the country effectively achieve the LDC's criteria through quality, inclusive and green growth and achieve the SDGs by 2030. Its achievement will result in the attainment of 9 outcomes, which are to provide: (a) quality, inclusive and sustainable growth; (b) improve human resources, research and apply science; (c) technology and intellectual to promote diversified and value-added production and service; (c) improve the living conditions of the people to raise the well-being at individual and social level; (d) green and environmental friendly development; (e) enhance strong and modern regional and international cooperation, integration and connectivity; and (f) effective Government administration and rule of law.

The Lao PDR Resilience Framework articulates the following mission:

Lao PDR is committed to undertaking the necessary actions to strengthen its institutions, develop the infrastructure and improve the capacity of its human resource to promote and achieve sustained economic growth and inclusive development for all Lao PDR citizens throughout their life span.

4 Pillars of the Resilience Framework

The Resilience Framework comprises 73 priority actions identified by key stakeholders in Government and development partners and organised across five pillars, and a set of cross-cutting considerations.

Cross-cutting factors for consideration in implementing the Lao PDR Resilience Framework

Gender equality, demographic transitioning and institutional convergence are essential cross-cutting factors of the Resilience Framework. All three factors are linked to the 2030 sustainable development agenda and form the basis of ensuring that actions in each of the five pillars are inclusive and sustainable.

Gender equality

Gender equality is both an enabler and driver of the five pillars of the Resilience Framework. Failure to consider gender equality compromises the vision of the 9th NSEDP. Increased responsibilities associated with unpaid work in the household and unemployment resulting from sectors hardest hit by the pandemic results in increased poverty and other vulnerabilities. At the same time, limited sex disaggregated data accessible to policy makers further challenges the identification and articulation of necessary course corrections. It is therefore important that the private and public sector, international development partners as well as civil society collaborate with government partners in addressing barriers that militate against gender equality and equity. **Table 2** details disparities between women and men in selected areas in each pillar.

Table 2: Gender disparities in each pillar of the Resilience Framework

Pillars	Gender considerations
Pillar 1: Macro-Fiscal Framework	45.6% of women and girls who are employed are unpaid family workers compared to 31.9% of men and boys ²³
Pillar 2: Trade and Private Sector, Value Chains, and Tourism	<p>There is need to encourage and employ women to work in sectors such as energy, construction, manufacturing, logistics, and others that are stereotypically associated as “men’s work”. It is important to improve and diversify their skills, increasing their competitiveness within the Lao PDR labour market or abroad.</p> <p>Globally, women are at risk of suffering more than men from trade disruptions generated by the COVID- 19 pandemic. One of the reasons for this is that a larger share of women work in sectors and types of firms that have been particularly hard-hit by the pandemic. In the Lao context, these findings have for example been confirmed in the COVID-19 Business Impact survey conducted by the Lao National Chamber of Commerce and Industry (LNCCI), which found that women are more likely to suspend business operations than men. A recent assessment of the Lao tourism sector found that indeed a larger number of female employees (40%) were laid off compared with male employees (34%).²⁴</p>
Pillar 3: Manage changes and enhance policy preparedness for decent work	<p>Women represent 70% of the country’s migrants. An increasing number of women are migrating to Thailand as workers mainly in the service sector and as domestic workers. A UNODC study estimates that 35% of women migrants to Thailand are victims of sexual exploitation²⁵</p> <p>The loss of livelihoods due to COVID-19 can push households into poverty and subject children and adolescents, especially from poor families and ethnic backgrounds to multiple deprivations that can have long-term consequences for productivity and human capacity development. Women are also disproportionately represented among the poor and the vulnerable. They tend to be confined to more</p>

²³ Luxembourg Development Corporation Agency. Gender equality in Lao PDR , https://luxdev.lu/files/documents/Genre_LAO_vF.pdf, accessed August 15, 2022

²⁴ Source: COVID 19 Recovery Background papers, p.22.

²⁵ Ibid.

	casual, insecure, and hazardous forms of work and self-employment, particularly in the informal economy, with no or limited access to social protection ²⁶
Pillar 4: Human Capital	<p>35% of adult women have reached at least a secondary level of education compared to 46% of men²⁷</p> <p>EMIS data from before the pandemic has shown that at country level, Lao PDR has virtually no significant gender disparity in terms of dropout rate, with girls having slightly lower dropout rates across education levels. Boys and girls face different gender specific barriers to education, though both are most impacted by economic factors. Since the pandemic the same data has shown increased dropouts for both girls and boys at all levels of education and the EMIS data from 2021/22 is showing higher dropout rates for boys at primary and lower secondary levels and higher for girls in at upper secondary.</p> <p>The COVID-19 pandemic and the accompanied economic shock and health concerns caused the disruption of education, and closure of essential services. This increased the vulnerability of children, particularly girls, to various forms of violence – teenage pregnancy, early marriage and child labour. Dropout rates for boys are also increasing and they are more likely to go into child labour, while girls are pushed to early marriage. It is important to acknowledge this, and that gender is not always just about girls’ education</p> <p>Estimated 70% of front-line health-care workers (including medical doctors, nurses and midwives) are female, are more likely to be exposed to the virus, and will have a double burden of care and require specific support to simultaneously take care of their children during the school closures.²⁸</p>
Pillar 5: Green Growth, resilience to climate change and disaster risk management	<p>Adaptation to climate variability and climate change depends on such factors as wealth, levels of infrastructure resources and technology, and social capital and access to information, all of which are underscored by gender dynamics in the household, economy, and society</p> <ul style="list-style-type: none"> - Women have less access to farming inputs and credit, which affects their productivity despite playing a significant role in agriculture²⁹ - Natural resource-based economic activities like mining and hydropower that have made important contributions to economic growth also result in new risks like landlessness, resource loss, food insecurity and changes in social capital. All these risks have important gender dimensions - Women and men experience the impacts of floods and droughts differently. Given women’s roles in the home, their responsibility for family care and the nature of their employment, they are likely to bear the brunt of the impacts of floods and droughts

Demographic or people centred resilience and shock responsive social protection systems

Lao PDR’s total fertility rate (TFR) is the second highest in ASEAN region, estimated at 3.2 in the 2015 census.³⁰ The 9th NSEDP reports that the young population in Lao PDR account for 60% of the population. A young population is usually regarded as an asset in attracting future investment based on building workforce readiness by optimising investment in the development of human resources. The potential benefits for the economy to be derived from this cohort will depend on the Government’s implementation of the economic, health and education policies that support the realisation of young people’s potential.

Climate change has already begun to affect livelihoods and economic growth in Lao PDR. Issues of concern relating to climate change impacts are food security, water supply and population health. These conditions impact the GDP and the livelihoods of many households involved in the agriculture-based economy.

²⁶ United Nations. Developing a shock-responsive national social protection system to respond to the COVID-19 crisis in Lao PDR, https://laopdr.un.org/sites/default/files/2021-01/covid-19%20Laos_revised.pdf, accessed August 15, 2022

²⁷ Luxembourg Development Corporation Agency. Gender equality in Lao PDR https://luxdev.lu/files/documents/Genre_LAO_vF.pdf, accessed August 15, 2022

²⁸ United Nations. Developing a shock-responsive national social protection system to respond to the COVID-19 crisis in Lao PDR, https://laopdr.un.org/sites/default/files/2021-01/covid-19%20Laos_revised.pdf, accessed August 15, 2022

²⁹ Global Green Growth Initiative. Gender Inclusive Green Growth in Lao PDR, <https://www.greengrowthknowledge.org/sites/default/files/downloads/resource//Gender-and-Green-Growth-Policy-Brief-Lao-PDR-1.pdf>, accessed August 15, 2022

³⁰ Luxembourg Development Corporation Agency. Gender equality in Lao PDR https://luxdev.lu/files/documents/Genre_LAO_vF.pdf, accessed August 15, 2022

The Resilience Framework therefore seeks to firmly establish a life span approach to the implementation of social protection geared especially towards poverty eradication and social development. This life span approach coincides with the demographic transitions being experienced at this time.

Available Data

The availability and use of high-quality data is an important aspect of evidence-based decision making and the implementation of the sustainable development agenda. Equally, important reliable, accurate and disaggregated data is also critical to measuring the progress of the Framework and identifying bottlenecks. Table 3 details potential data sources required for each pillar.

Policy Convergence

Policy convergence within the Government of Lao PDR and the international development stakeholders is vital to the success of actions that are to be implemented in the Resilience Framework.

Official Development Assistance (ODA) is an important resource in facilitating for Lao to achieve the targets outlined in the 9th NSEDP. It is therefore important that strategic transitions, coordination, and communication remain at the centre of the engagement with the Government and international development partners in executing the actions of the Resilience Framework.

4.1 Pillar 1: Financing for sustainable development and effective development cooperation

This pillar adopts verbatim the resilience-related actions of the 9th NSEDP Financing Strategy, which has been developed under a whole-of-government platform led by MPI together with other relevant ministries and supported by a broad coalition of development partners. They reflect inputs from the 2020 and 2021 COVID-19 Background Papers and a diagnostics phase which took place between April and October 2021.

The actions of the 9th NSEDP Financing Strategy have been extensively discussed in technical workshops across June and August 2022, have been reviewed in a dedicated *writeshop* of government entities in September, and validated by a ministerial level Structured Dialogue followed by a multistakeholder endorsement and now awaits the highest government approval.

Component 1: Fiscal Sustainability	Pillar 1: Financing for sustainable development and effective development cooperation	Leading Entity: Department of Fiscal Policy and Law, MoF
<p>Description of the component (9th NSEDP Financing Strategy policy objective 1.1.1, under Policy Area 1.1: Revenue Mobilisation):</p> <p>State revenues primarily increase through a fiscal policy shift to broaden the tax base, in line with inclusive growth priorities</p>		
<p>Priority actions</p> <ol style="list-style-type: none"> 1. The assessment of fiscal costs and review, harmonisation, and update of the laws, regulations, and processes, to broaden the tax base and abolish and renegotiate CIT and other fiscal exemptions 		

Component 1: Fiscal Sustainability	Pillar 1: Financing for sustainable development and effective development cooperation	Leading Entity: Department of Fiscal Policy and Law, MoF
<p>2. The harmonisation of tax rates to optimise revenue generation while fostering private sector development and investments in priority sectors and green growth, including the assessment of expected revenues generated, business registrations, administrative feasibility, and impacts on livelihoods of a potential restoration of the VAT rate to 10%</p>		
<p>Justification: The State of Lao PDR does not currently have enough revenues to finance its development priorities. The tax to GDP ratio, in 2020, was the lowest of 28 selected Asia-Pacific economies, at 8.9% according to the OECD, more than 6 points below the IMF-expected level for developing countries. The achievement of priorities in many critical sectors (human capital, climate change, environmental protection, governance) is dependent on the State’s ability to rapidly increase fiscal space, primarily through contributions from the private sector, which have been extremely limited by tax exemptions.</p>		
<p>Link to 9th NSEDP:</p> <p>Outcome 1: Continuous quality, stable and sustainable economic growth achieved; Output 4: Better quality, robust and regionally and internationally competitive micro, small and medium enterprises.</p> <p>Outcome 6: Public governance and administration is improved, and society is equal, fair, and protected by the rule of law.</p>		
<p>Partnering entities: Investment Promotion Department (MPI), Tax Department (MoF), SME Fund and Enterprise Registration and Management Planning (MoIC), Macroeconomic SWG</p>		

Component 2: Debt Management and Transparency	Pillar 1: Financing for sustainable development and effective development cooperation	Leading Entity: Debt Management Department, MoF
<p>Description of the component (9th NSEDP Financing Strategy policy objective 1.3.1, under Policy Area 1.3: Debt Management)</p> <p>Immediate debt relief is needed to free fiscal space for development investments</p>		
<p>Priority actions:</p> <ol style="list-style-type: none"> 1. The continuation of debt consolidation through renegotiations to (1) cancel or reduce debt repayments and/or lengthen the maturity of loans to the second half of the 2020s without losing access to future loans and (2) explore debt swaps with major creditors 2. The study and exploration of multilateral debt alleviation and suspension initiatives to free fiscal space in support of development investments and provide Lao PDR with sufficient time to increase the revenue to GDP ratio 		
<p>Justification: Debt repayments and services are weighing considerably on the budget’s ability to finance development. In 2022 for the first time, the cost of debt service will exceed resources available for health and education combined. With the credit rating downgrades of Lao PDR, making the country the lowest sovereign rating in Asia without being in default, appetite for bonds is limited, making new bond issuance costly, therefore limiting prospects for debt consolidation. A thorough assessment of the debt payment schedule, identification of potential substitution of commercial loans with high interest rates with more concessional loans, negotiations with foreign creditors, and careful consideration of SOEs (the Agricultural Promotion and Lao Development Banks were recently reformed) are therefore pressing.</p>		
<p>Link to 9th NSEDP:</p> <p>Outcome 1: Continuous quality, stable and sustainable economic growth achieved; Output 4: Better quality, robust and regionally and internationally competitive micro, small and medium enterprises.</p>		
<p>Partnering entities: MoFA, MPI, Macroeconomic SWG</p>		

Component 3: Financial Sector Stability	Pillar 1: Financing for sustainable development and effective development cooperation	Leading Entity: Commercial Banks Supervision Department, BoL,
<p>Description of the component (9th NSEDP Financing Strategy policy objective 3.2.2, under Policy Area 3.2: Financial inclusion):</p> <p>The acceleration of projects to strengthen financial risk management regulations and procedures and consolidate the banking sector, considering current macroeconomic and monetary risks</p>		
<p>Priority actions:</p> <ol style="list-style-type: none"> 1. The acceleration of projects to strengthen financial risk management regulations and procedures and consolidate the banking sector, considering current macroeconomic and monetary risks 2. Prepare a centralized database on all concessional agreements 		
<p>Justification: The sustainability of the financial sector has been a long-lasting challenge – and has justified the reforms of the Lao Development and Agricultural Promotion Banks – but COVID-19 exacerbated this challenge. The WB noted that the NPL ratio increased from 3 to 3.2% and that bank profits declined. However, the Capital to Risk-Weighted Assets Ratio increased from 11.8% in Q4 2019 to 13.2% in Q4 2020, following updated risk regulations, demonstrating the necessity to strengthen financial regulations considering current global financial trends.</p>		
<p>Link to 9th NSEDP:</p> <p>Outcome1: Continuous quality, stable and sustainable economic growth achieved; Output 4: Better quality, robust and regionally and internationally competitive micro, small and medium enterprises.</p>		
<p>Partnering entities: Lao Business Forum, Macroeconomic SWG, Monetary Policy Department (BoL), MEM</p>		

4.2 Pillar 2: Trade and Private Sector, Value Chains, and Tourism

This pillar addresses improvements in the business and investment environment. Specific actions that have been identified in the Resilience Framework are aligned to those main Action/Recommendation outlined in the COVID-19 Background Papers, which are: (a) investment and business environment, (b) tourism, (c) agriculture, and (d) digital transformation-

Component 1: Investment and Business Environment	Pillar 2: Trade and Private Sector, Value Chains, and Tourism	Leading Entity: Investment Promotion Department (MPI), MoIC
<p>Description of the component: Creating an attractive environment for domestic and global flows of foreign direct investment to support macro-fiscal stability, social spending and advance activities promoting the green economy and climate change resilience as well as making use of different funding models including public-private partnerships³¹.</p>		
<p>Prioritised actions:</p> <ol style="list-style-type: none"> 1. Leveraging the public-private dialogue under the Lao Business Forum as a platform to address the issues affecting business operations³². 2. Continuing efforts to encourage an efficient business environment and comprehensive FDI attraction and promotion strategy³³. This will incorporate: <ol style="list-style-type: none"> a. simplification of operating licences, certificates and permits (as supported under the Lao Competitiveness and Trade Project) and extending their validity b. Reforming the business environment, notably for facilitated entry and increased investor protection, all guided by international standards. c. providing a FDI policy statement that clarifies Lao PDR’s strategic vision for FDI promotion and attraction, d. promoting local processing of raw materials through local industrial chains, to capture additional value for Lao PDR economy [links with pillar 5], e. Review of the Investment Promotion Law and SEZ regulations f. Undertaking cost-benefit analysis and proposed reforms of the current incentive regime’s laws and regulations, prioritising targeted fiscal incentives for priority sectors (social sectors and green growth) and non-fiscal incentives and (5) 3. Establishing dialogue with the MoPWT and private sector to ensure that the quality of roads and infrastructure are improved to deliver business efficiently as well as improve the integration into regional value chains by making use of modern logistics and infrastructure such as the motorway and the railway between Lao PDR and China 4. Strengthening the capacity of SMEs to improve their resilience to future shocks (economic, environmental, health, etc) as well as investing in the country’s human capital to meet the demand for skilled workers (see pillar 4). 		
<p>Justification: Lao PDR faces complex and opaque business environment as well as barriers to regional trade and integration. This limited the attractiveness of Lao PDR as an investment destination. The COVID-19 pandemic further reduced global flows of foreign direct investment.</p>		
<p>Link to 9th NSEDP:</p> <ol style="list-style-type: none"> 1. Outcome 1: Continuous quality, stable and sustainable economic growth achieved; Output 4: Better quality, robust and regionally and internationally competitive micro, small and medium enterprises. 2. Outcome 2: Improved quality of human resources to meet development, research capacity, science, and technology needs, and create value-added production and services. 		

³¹ This policy direction is related to policy objective 4.1.1 of the 9th NSEDP Financing Strategy: quality FDI contributing to national development priorities increase through a focused investment promotion strategy based on non-fiscal incentives and reforms of the business environment

³² This action is inspired and specifying a key action under the 9th NSEDP Financing Strategy’s Policy Area 3.1: Business Environment for MSMEs, policy objective 3.1.1: improve the business environment to unlock domestic private finance flows in priority sectors, untitled: A public-private dialogue to increase research and policies on an enabling environment and incentives for MSME (1) development in priority sectors, (2) integration with regional and international value chains, and (3) responsible business practices (for which the Lao Business Forum is the coordination mechanism)

³³ This action is inspired and specifying a key action under the 9th NSEDP Financing Strategy’s Policy Area 4.1: FDI, policy objective 4.1.1: quality FDI contributing to national development priorities increase through a focused investment promotion strategy based on non-fiscal incentives and reforms of the business environment, untitled: *The multi-stakeholder formulation of a comprehensive FDI attraction and promotion strategy, which would contain (1) a FDI policy statement that clarifies Lao PDR’s strategic vision for FDI promotion and attraction, (2) the review of the Investment Promotion Law and SEZ regulations (3) the cost-benefit analysis and proposed reforms of the current incentive regime’s laws and regulations, prioritising targeted fiscal incentives for priority sectors (social sectors and green growth) and non-fiscal incentives and (4) reforms of the business environment, notably for facilitated entry and increased investor protection, all guided by international standards*

Component 1: Investment and Business Environment	Pillar 2: Trade and Private Sector, Value Chains, and Tourism	Leading Entity: Investment Promotion Department (MPI), MoIC
3. Outcome 5: Engagement in regional and international cooperation and integration is enhanced with robust infrastructure and effective utilisation of national potential and geographic advantages.		
Potential partnering entities: MoF, MPI, BoL, MoPWT, MoFA, Development Partners		

Component 2: Tourism	Pillar 2: Trade and Private Sector, Value Chains, and Tourism	Leading Entity: Department of Planning and cooperation (MoICT)
Description of the action: The revitalization of the tourism sector to its position as one of the main contributors to the economy and employers in Lao PDR is an important aspect of poverty reduction and socio-economic progress.		
Prioritised actions:		
<ol style="list-style-type: none"> 1. Strengthening the tourism sector in Lao PDR for the growth market segments of Korea and China and other countries (market intelligence, product and destination development, skills development). 2. Strengthening the tourism supply chain to respond to the trends of the green economy and sustainable consumption (purchasing environmentally friendly products, protection of non-renewable tourism resources, protection of ecosystems, diversify products into green consumption). 3. Strengthening public, private partnerships in the tourism sector through collaboration platforms such as the Destination Management Network (DMN). 		
Justification: COVID-19 paralyzed the tourism industry globally, with a decline of international tourism arrivals globally around 74%. Tourism businesses experienced a huge drop in revenue of somewhere between 70 to 80%. Government of Laos then endorsed the Lao PDR Tourism Recovery Roadmap 2021-2025, which lays out a series of actions to be taken in the short, medium and long term for recovery of the tourism sector post-COVID. For nearly 2 years many tourism businesses have not been in operation and their number one priority for the near future is restoring core business (meaning, reinstate cash flow from tourism products that generated the majority of their turnover pre-COVID). The private sector has requested support in 3 areas: cash flow, training to gain LaoSafe Accreditation and preparing for the new opportunities presented through the newly opened China – Laos train link. Additionally, there is likely a huge opportunity for tourism, once China re-opens – prepare the tourism and hospitality sector for the likely influx of Chinese travellers and the ‘overlander’ niche market segment is the significant action to be taken.		
Link to 9th NSEDP:		
<ol style="list-style-type: none"> 1. Outcome 1: Continuous quality, stable and sustainable economic growth achieved 2. Outcome 4: Environmental protection enhanced, and disaster risks reduced 		
Potential partnering entities: MPI, MPWT, MLSW, MONRE, MOIC, LNCCI, BoL, MoTC, MoH, Development Partners		

Component 3: Agriculture	Pillar 2: Trade and Private Sector, Value Chains, and Tourism	Leading Entity: Department of Planning and Finance (MAF)
Description of the component: Promote environmentally friendly and safe agricultural practices geared towards increased yields and greater diversification of products, which leads to reduced rural poverty and strengthened resilience. The COVID-19 adversely affected the sector. In response smallholder farmers were supported to restore agricultural production and transformation towards resilient food systems through strengthening value chains and market access. According to the Food and Agricultural Organization (2022) there has been reduced supplies and soaring prices of most agricultural inputs that affected the production of the 2022 main “wet” season crops, including paddy, the country’s main food staple. Additionally, prices of livestock inputs surged since April 2022 as well as prices of most food items have increased considerably since July 2022. ³⁴		

³⁴ Food and Agricultural Organization 2022. Soaring prices and reduced availability of agricultural inputs curb 2022 agricultural production prospects, increasing risks for acute food insecurity, <https://www.fao.org/3/cc2094en/cc2094en.pdf> accessed October 4, 2022

Component 3: Agriculture	Pillar 2: Trade and Private Sector, Value Chains, and Tourism	Leading Entity: Department of Planning and Finance (MAF)
<p>Prioritised actions:</p> <p>Strengthen the production value chain in the agro-processing sector to meet national and external food demands. Priority should be placed on accessing inputs such as fertilizers and seedlings as well as improving infrastructure such as roads, storage and cooling systems, marketing, retailing, and distributing logistics</p> <ol style="list-style-type: none"> 1. Support opportunities for youth innovation and entrepreneurship in climate resilient agriculture given their natural advantage of being more technological savvy and potential opportunities for research and development. 2. Promoting improved agricultural techniques/crops for reducing emissions - can also provide co-benefits including increased crop resilience, crop production and potential carbon credits (links with pillar 5; component 2) 3. Supporting the production of local goods and agricultural products to shorten supply chains, reduce transport emissions and boost local employment and income generation. 		
<p>Justification: In Lao PDR rural communities dependent heavily on agriculture are also at risk of economic decline. During the COVID-19 pandemic restrictions on movement have affected transportation of domestic agricultural products from fields to the major local markets while disrupting the export of certain agricultural products, such as watermelons, to China and Thailand. Investors who left their agricultural holdings could not return to Lao PDR due to border closures, which led to the closure of their agriculture operations, putting many people in rural communities out of work and reduced domestic consumption. Several initiatives were conducted to support smallholders negatively affected by the pandemic, such as raising risk awareness about COVID-19 and strengthening local capacities to manage these risks in a multi-hazard approach. Issues of food insecurity and reduced agricultural production for export and domestic consumption may have implications for malnutrition and sustainable rural development.</p>		
<p>Link to 9th NSEDP:</p> <ol style="list-style-type: none"> 1. Outcome 1: Continuous quality, stable and sustainable economic growth achieved 2. Outcome 2: Improved quality of human resources to meet development, research capacity, science and technology needs, and create value-added production and services 3. Outcome 3: Enhanced well-being of the people 4. Outcome 4: Environmental protection enhanced, and disaster risks reduced; Output 3: Capacities for disaster prevention, management and recovery enhanced 		
<p>Potential Partnering entities: MoNRE, MPI, MPWT, MOIC, LNCCI, LYU, MoTC, Development Partners</p>		

Component 4: Digital Transformation	Pillar 2: Trade and Private Sector, Value Chains, and Tourism	Leading Entity: MoTC
<p>Description of the component: Digital transformation refers to ways digital technology is integrated into the delivery of goods and services for consumers. It comprises six main features. They are collaboration, experience, innovation, infrastructure modernization, operational expertise as well as information and insights.</p>		
<p>Prioritised actions:</p> <ol style="list-style-type: none"> 1. Strengthen the environment for digital commerce with considerations such as: <ol style="list-style-type: none"> a. enforcing the Agreement on Electronic Commerce and of the Regional Comprehensive Economic Partnership (RCEP) Agreement. These agreements are geared towards promoting the growth of e-commerce in the region and strengthening the capacity for implementation b. defining the scope of e-commerce and its sector connection in the Lao PDR. The scope and its connections should be promoted by a national policy, strategy, and regulatory framework in line with the regional strategic framework set out in the “Accelerating Inclusive Digital Transformation” as defined in the ASEAN Comprehensive Recovery Framework. This will allow for comparability with other countries in the region. c. developing an IT-BPO road map outlining emerging technology opportunities, skill requirements and infrastructure requirements 2. Development of a sound e-commerce policy and governance framework, through the elaboration of a national e-commerce strategy and an implementation plan supportive of the domestic e-commerce players and consumers, 		

Component 4: Digital Transformation	Pillar 2: Trade and Private Sector, Value Chains, and Tourism	Leading Entity: MoTC
<p>focused on the potential of e-commerce in different economic subsectors. A holistic and multi-stakeholder approach will be used, looking at key interconnected policy areas, such as ICT infrastructure and services, trade facilitation and logistics, payment solutions, the legal and regulatory framework, skills development and access to financing³⁵. The resulting framework would contribute to broader development goals of Lao PDR, such as economic diversification, job creation (including for groups such as women, youth and MSMEs) and increased exports.</p> <p>3. Promote digital transformation in the basic services sector like education and health. For example, the introduction of ICTs can help leapfrog the quality of education and health services (Aligned with pillar 4; components 1 and 2).</p>		
<p>Justification: Underdevelopment of the telecommunications infrastructure, low availability of digital payments solutions as well as low literacy and limited understanding of technology represent major challenges to stymies the of ICT services in Lao PDR, particularly in rural areas. Further growth is constrained by the lack of a full set of e-commerce laws and regulations, a situation that keeps e-commerce in the realm of informal trade.</p> <p>The COVID-19 pandemic has further boosted digital transformation around the world. However, the global expansion of e-commerce and the digital economy during the pandemic has fallen short of delivering the same benefits for countries at low levels of income and digital readiness, resulting in the widening of already existing inequalities between and within countries³⁶. Furthermore, the multi-dimensional crisis triggered by the conflict in Ukraine in the first half of 2022 threatens MSMEs in developing countries – in particular LDCs – out of business, prompting a downward spiral of socio-economic repercussions and further aggravating existing inequalities, with a particularly negative impact on women, youth and traditionally marginalized population groups such as persons with disabilities (PwD)³⁷. E-commerce has the potential to reaffirm the role of MSMEs in LDCs, as an engine of growth and employment by enabling access to new markets as well as regional and global value chains. In Lao PDR, despite efforts toward strengthening the legal framework for e-commerce³⁸ and growing participation of Lao PDR in several initiatives at the regional and international level, more capacity building is needed to consolidate ongoing efforts done by ‘eTrade for all’ and other partners³⁹, to build an enabling environment for a thriving digital economy.</p>		
<p>Link to 9th NSEDP:</p> <ol style="list-style-type: none"> Outcome 1: Continuous quality, stable and sustainable economic growth achieved Outcome 2: Improved quality of human resources to meet development, research capacity, science, and technology needs, and create value-added production and services; Output 4: Promoting and utilising scientific research, technology, innovation and knowledge to drive socio-economic development. 		
<p>Potential partnering entities: MOIC, LNCCI, MoFA, LWU, LYU, Development Partners</p>		

4.3 Pillar 3: Manage changes and enhance policy preparedness for decent work

This pillar focuses on measures concerning wage, social protection and inclusion, labour, migration, and border management. Priority actions have been organized around six components.

Component 1: Social dialogues, legislation on wage, labour and migration governance and integrated border management	Pillar 3: Manage changes and enhance policy preparedness for decent work	Leading Entity: Department of Planning and International Cooperation (MoLSW)
<p>Description of the action: Economic and social disruption threatens the long-term livelihoods and wellbeing of Lao people inside and outside of the country. This recommendation focuses on actions and processes required to lessen those disruptions and safeguard the well-being of the society and its institutions in recovery from the COVID-19 pandemic.</p>		

³⁵ This action specifies an action under the 9th NSEDP Financing Strategy, Policy Area 3.1 Business Environment for MSMEs, Policy Objective 3.1.1: improve the business environment to unlock domestic private finance flows in priority sectors, untitled: *A public-private dialogue to increase research and policies on an enabling environment and incentives for MSME (1) development in priority sectors, (2) integration with regional and international value chains, and (3) responsible business practices*

³⁶ E-Commerce and the Digital Economy in LDCs: At breaking point in COVID-19 times (unctad.org)

³⁷ Ukraine in focus | UNCTAD

³⁸ Laos Adopts New E-Commerce Regulation | ZICO Law

³⁹ Socialisation Workshop on the RCEP E-Commerce Work Plan for Lao PDR | eTrade for all

Component 1: Social dialogues, legislation on wage, labour and migration governance and integrated border management	Pillar 3: Manage changes and enhance policy preparedness for decent work	Leading Entity: Department of Planning and International Cooperation (MoLSW)
<p>Prioritised actions:</p> <ol style="list-style-type: none"> 1. Enhance access to regular and safe migration pathways by migrant friendly admissions and stay procedures in Lao PDR and countries of destinations including the provision of necessary information for migration at pre-migration stage. 2. Strengthen system for dispatching Lao workers to work abroad to reduce irregular labour migration, including develop/revise MoUs with labour receiving countries such as Thailand, Malaysia, Korea and Japan 3. Ensure that returning migrants and their households receive benefits of remittances 		
<p>Justification: Employment and businesses in Lao PDR has been profoundly affected by COVID-19 pandemic. Many people were forced to leave their jobs because of business closure, with many businesses are disrupted by economic recession. A survey conducted by the UN Lao PDR among 350 SMEs (mainly in the retail sector) in six provinces in June 2020 revealed that 95% of firms were adversely affected by the crisis, of which 71 % of the surveyed firms had to stop their operations. This finding highlights to the immediate fiscal challenges experiences by households and reduced revenues collected by the state.</p>		
<p>Link to 9th NSEDP:</p> <ol style="list-style-type: none"> 1. Outcome 1: Continuous quality, stable and sustainable economic growth achieved; Output 1: Quality and sustainable economic growth; Output 2: Robust and stable macroeconomic management ensured; Output 3 Investment quality and effectiveness enhanced 		
<p>Potential partnering entities: LTU, LNCCI, MoPS (immigration), MoHA, MoFA, MoES, LWU, Development Partners</p>		

Component 2: Social protection system and essential services	Pillar 3: Manage changes and enhance policy preparedness for decent work	Leading Entities: Department of Planning and International Cooperation (MoLSW), Department of Planning (MPI)
Description of the action: Increasing access to and strengthening social protection aimed at protecting workers and their households from contingencies threatening basic living standards (social insurance, social assistance and labour market regulation).		
<p>Prioritised actions:</p> <ul style="list-style-type: none"> • Strengthen social protection to support universal child grant through: (a) providing ongoing cash transfer to expectant mothers and children aged 0–2 years as well as vulnerable households so they can get additional support to ensure children remain in school (b) extending the National School Meal Programme to guarantee adequate nutrition for children and households, and gradually expanding as the need arises, (c) prioritizing of budgets for the delivery of essential health and nutrition services including vitamin A supplementation, vaccination, IYCF counselling, identification and treatment of acute malnutrition etc, (d) providing the necessary psycho-social support and life-skills management to normalize development and coping with adversities as well as (e) providing safe school spaces . • Prioritize the inclusion of other vulnerable groups such as women and persons with disabilities as beneficiaries of social protection services • Promote well-being of migrant workers during recruitment and re-migration and through comprehensive IEC and accurate information on migration policies /requirements • Align activities of social protection with those outlined in the ASEAN comprehensive COVID-19 recovery framework • Promote capacity building in technical interventions and piloting offered by international development partners to state agencies • Implement international standards for occupation health and wellbeing for all categories of work to promote decent work and healthy lifestyles 		
<p>Justification: Amidst the situation of poverty and deep-rooted economic-financial challenges social protection coverage in Lao PDR is relatively low. Only 16.7% of the 4.76 million people of working age are covered by a scheme.⁴⁰ The majority of the Lao workforce is in informal sector, which represents 82.9% of total employment. The incidence of informal employment among employed youth of 15-24 years is 90.1%, compared to 81.2 % of those older than 25 years of age.⁴¹ Most of the population resides in the rural area, 70.5%, of which one-third (35.8%) of its labour force works in work in agriculture, forestry, and fishing.⁴² Experiences of irregular income earned within the informal and agricultural sectors as well as low levels of registration on national social security schemes, these groups of persons are least likely to benefit from social protection in periods of natural disasters or a pandemic such as COVID-19. Based on the high number of job losses in the tourism, manufacturing and closures in the MSME sector social protection coverage is vital in addressing inequalities and economic challenges in households.</p>		
<p>Link to 9th NSEDP:</p> <ol style="list-style-type: none"> 1. Outcome 3: Enhanced well-being of the people; Output 5: Expand access to more efficient social protection services for the people, including workers and self-employed individuals 		
<p>Potential partnering entities: LWU, LTU, MoES, MoH, LNCCI, MoPS, MoFA, Lao Red Cross, MoF, MAF, MoHA, LFTU, LWU, MoPS, OSPP, Development Partners</p>		

⁴⁰ USAID. *USAID/LAO PDR COVID-19 Assessment (Final Report)*, https://pdf.usaid.gov/pdf_docs/PA00XS7K.pdf, August 5, 2022

⁴¹ United Nations. The situation of children and women of Lao People’s Democratic Republic, <https://www.unicef.org/laos/reports/situation-children-and-women-laopdr>, accessed , August 18, 2022

⁴² United Nations. Developing a shock responsive national social protection system to respond to the COVID-19 crisis in LAO PDR, https://laopdr.un.org/sites/default/files/2021-01/covid-19%20Laos_revised.pdf, accessed August 6, 2022

Component 3: Public-private partnership on digital skills, reskilling and upskilling, employment services	Pillar 3: Manage changes and enhance policy preparedness for decent work	Leading Entity: Department of Planning and International Cooperation (MoLSW)
Description of the component: Promoting and strengthening public-private partnership on digital skills, reskilling and upskilling, employment services and labour market information system to displaced workers.		
<p>Prioritised actions:</p> <ol style="list-style-type: none"> 1. Develop and implement skills standards and curricula for different target groups to meet the needs of the labour market reflecting the local context. 2. Develop and implement policy and mechanism for quality skilled labour development and its matching with decent job opportunities, including internship and apprenticeship learning opportunities (see Pillar 4). 3. Promotion of digital literacy and 21st century skills from primary education is also crucial (see Pillar 2; component 4) 4. Promote opportunities for skill upgrading and retooling for the labour, especially to women, who represent the majority of the country’s migrants and who gain employment predominantly in the service sector and as domestic workers. This is likely to result in having better knowledge and expertise to accept jobs in higher paying sectors. 		
<p>Justification: Many workers left their jobs because of the lockdown measures and economic recession caused by COVID19. Job losses in key sectors were (i) wholesale and retail trade, repair of motor vehicles and motorcycles – 65,000; (ii) manufacturing – 46,000; (iii) construction – 24,900. Majority of those who lost their jobs were women. Additionally, approximately more than 200,000 migrants had to return in 2021 without sufficient livelihood opportunities available, increase in unemployment and loss of income. The unemployment rate was estimated to rise to more than 20 per cent in 2020. Thus, the risks of informality and working poverty is expected to rise considerably. Recovery in the labour market generally takes longer than recovery in the economy. The heightened risks of decent work deficits will likely persist (Source: COVID -19 Background papers).</p>		
<p>Link to 9th NSEDP:</p> <ol style="list-style-type: none"> 1. Outcome 2: Improved quality of human resources to meet development, research capacity, science and technology needs, and create value-added production and services; Output 2.3: Workforce skills and productivity improved, and job diversification, security and income opportunities increased to meet the demands of socio-economic development 2. Outcome 3: Enhanced well-being of the people; Output 3.4: Promote and develop youth to improve human capital and participation in the workforce 		
<p>Potential partnering entities: MAF, MPI, MoIC, LNCCI, LTU, MoES (TVET), LYU, MoTC, skill development institutions, Development Partners</p>		

Component 4: Food security and income generation, formal and decent employment and climate change resilience	Pillar 3: Manage changes and enhance policy preparedness for decent work	Leading Entity: Department of Planning and Cooperation (MAF)
<p>Description of the component: Strengthen the implementation of the national rural employment promotion strategy for food security and income generation that facilitates greater access to formal and decent employment and climate change resilience.</p>		
<p>Prioritised actions:</p> <ol style="list-style-type: none"> 1. Promote food security and safety to reduce malnutrition through household garden food production 2. Access to finance, production systems, markets, personnel, resources (land, forests and non-timber forest products), agricultural information, social services (education and health, clean water and sanitation), and rural finance 3. Promote skills development and advanced technical capacities to increase productivity amongst other areas.(See Pillar 2; component 1) 		

Component 4: Food security and income generation, formal and decent employment and climate change resilience	Pillar 3: Manage changes and enhance policy preparedness for decent work	Leading Entity: Department of Planning and Cooperation (MAF)
Justification: According to UNICEF (2019) ⁴³ households dependent upon agriculture are twice as likely as non-farm households to remain in poverty because they are highly vulnerable to shocks from fluctuations in farm produce price, loss of land and adverse weather, including the growing impact of climate change.		
Link to 9th NSEDP:		
<ol style="list-style-type: none"> 1. Outcome 3: Enhanced well-being of the people; Output 3.1: Poverty alleviated in rural and remote areas, and people's livelihoods, cultural values, and media work improved 2. Outcome 4: Environmental protection enhanced and disaster risks reduced 		
Potential partnering entities: MPI, MoIC, MoF, MoES, MoH, MPWT, MoLSW, Financial institutes, LNCCI, MoNRE, BoL, Development Partners		

Component 5: Local SMEs promotion, employment, migration and resource transfer	Pillar 3: Manage changes and enhance policy preparedness for decent work	Leading Entity: Department of Planning and Cooperation (MOIC)
Description of the component: Harmonizing policies that will improve the benefits of foreign direct investment to local SMEs promotion, employment, migration, and resource transfer.		
Prioritised actions:		
<ol style="list-style-type: none"> 1. Develop and implement policy to secure the employment of migrant workers in Special Economic Zones (SEZs) and development projects along Belt and Road Initiative with the guarantee of their decent works. 2. Develop new product to facilitate remittance accessibility, especially for people in rural communities to easily access. 3. Support SME promotion and strengthening through: (see Pillar 2; component 1) <ol style="list-style-type: none"> a. Developing a clear policy and legislation framework for investment, trade and industrial development to promote local SMEs as avenues of production and employment b. Develop policy framework and action plan that enable SMEs to be resilient in times of crisis 		
Justification: Recovering towards a better labour market requires Lao PDR to prioritize amendment of the labour related laws, compliance with labour standards and supportive (decent) employment and wage policies. If this is not done, the gap between wages and productivity and inequalities in general will continue to increase along with growth in the Lao economy. Additionally, a lot of migrant workers across the country leave their residence to work in Special Economic Zones (SEZs), development projects and urban areas with the risk of exploitation. The challenges of poor job quality have been linked to the limited adoption and enforcement of national and international labour standards (COVID-19 Background Paper).		
Link to 9th NSEDP:		
<ol style="list-style-type: none"> 1. Outcome 1: Continuous quality, stable and sustainable economic growth achieved; Output 1: Quality and sustainable economic growth; Output 2: Robust and stable macroeconomic management ensured; Output 4: Better quality, robust and regionally and internationally competitive micro, small and medium enterprises 		
Potential partnering entities: MPI, MoLSW, MoF, MAF, LNCCI, LTU, LWU, MoPS, BOL, MoNRE, Development Partners		

⁴³ UNICEF. The situation of children and women of Lao People's Democratic Republic, <https://www.unicef.org/laos/reports/situation-children-and-women-laoprd>, accessed August 18, 2022

Component 6: Strengthen evidence-based decision-making through data	Pillar 3: Manage changes and enhance policy preparedness for decent work	Leading Entities: MPI (LSB)
Description of the component: Use of qualitative and quantitative data to support post-COVID-19 recovery initiatives on mobility and people on the move. Evidence based decision making supports accountability and transparent use of resources as well as impactful programming for beneficiaries.		
Prioritised actions:		
<ol style="list-style-type: none"> 1. Establish partnership with data collection entities external to Lao PDR to collect data on Lao citizens working overseas 2. Strengthen migration data gathering systems to ensure continuity of data collection, enhancement of analysis and forecasting capacities of governments and other partners for COVID-19 recovery as well as the impact of ongoing inflation. The areas of data collection and analysis include: <ol style="list-style-type: none"> a. impact of the pandemic on migrant protection and assistance, including return and reintegration, migration patterns, criminal networks, cost for services, incidents of violence, exploitation, and abuse, and apply learning in programming and future crises b. inflow and outflow mapping using flow monitoring operations with an emphasis on movements within, to and from countries and regions with higher prevalence of COVID-19 c. impact of COVID-19 on decent work including the employment creation, social protection, rights at work 		
Justification: There is a need for relevant and better-quality employment data. The data of vulnerable people including migrant workers with disaggregation of working sectors, income, gender, age, race, ethnicity, migratory status, disability, geographic location and other characteristics relevant in national contexts needs to be prioritized. There is need to assess the actual problems and needs faced as well as understand other vulnerabilities they hold; categorizing the employment effects identified will be essential in ensuring that evidence-based policy responses really help (COVID-19 Background Paper).		
Link to 9th NSEDP:		
<ol style="list-style-type: none"> 1. Outcome 2: Improved quality of human resources to meet development, research capacity, science and technology needs, and create value-added production and services; Output 3: Workforce skills and productivity improved, and job diversification, security and income opportunities increased to meet the demands of socio-economic development 2. Outcome 3: Enhanced well-being of the people; Output 5: Expand access to more efficient social protection services for the people, including workers and self-employed individuals 		
Potential partnering entities: MoPS, BoL, LNCCI, NUOL, LASES, MoF, MoLSW, Development Partners		

4.4 Pillar 4: Human Capital

The context and actions required for strengthening human capital and increase resilience to be better equipped for future crises are addressed in this pillar.

Component 1: Education	Pillar 4: Human Capital	Leading Entity: Department of Planning and Cooperation (MoES)
Description of the component: Education is a powerful instrument in the reduction of poverty, improving health, gender equality, peace and social stability. The COVID-19 pandemic disrupted education systems globally, affecting not only the learning but also the health and well-being of children and young people. Prolonged school closures are likely leading to “learning loss” for students across all levels, which comes on top of the country’s existing “learning crisis” (Source: COVID-19 Background papers).		
Prioritised actions:		
<ol style="list-style-type: none"> 1. Safeguard the education budget from further cuts and where possible increase allocation in cost-effective interventions with the highest impact on learning and skills development starting from early childhood education⁴⁴. 		

⁴⁴ This action is specifying a key action of the 9th NSEDP Financing Strategy, under 1.2 Expenditure Management, Policy Objective 1.2.1: 2023-2025 budget allocations and public investments, at the national and local level, and in all sectors, support the achievement of the 9th

Component 1: Education	Pillar 4: Human Capital	Leading Entity: Department of Planning and Cooperation (MoES)
<ol style="list-style-type: none"> 2. Promote the application of the RAPID Framework⁴⁵ geared towards addressing learning Recovery from the pandemic. UNICEF, UNESCO and World Bank are urging countries to apply the approach 3. Address learning loss and support vulnerable groups (poorest quintiles, disabilities, secondary students, girls at high risk of early marriage and pregnancy). One important medium is to accelerate learning recovery efforts and ensure children stay in school, particularly disadvantaged children is by working with parents and communities. 4. Improve the alignment of the curriculum to address the digital, technical and soft skills required by the labour market (see Pillar 2; component 1) as well as improving access to digital and flexible learning approaches so as to transform the education system to be more resilient and responsive in light of disruptions caused by COVID-19 and future disasters 5. Enhance the apprenticeship programme with the required skills and knowledge for adolescents so that they can transition into the demands of the modern workforce. The exploration of specific changes required to the laws, regulations, processes, and charts of accounts to facilitate centralised planning, prioritisation, and budgeting of the education sector and improved allocative efficiency of public funding, in the context of limited fiscal space⁴⁶ 6. The exploration of specific changes required to the laws, regulations, processes, and charts of accounts to facilitate centralised planning, prioritisation, and budgeting of the education sector and improved allocative efficiency of public funding, in the context of limited fiscal space 		
<p>Justification: The pandemic situation exacerbated pre-existing education disparities by reducing the opportunities for many of the most vulnerable children, adolescents, and youth to continue their learning. Prolonged school closures due to the pandemic could result in further worsening of already low learning outcomes of Lao children and young people with limited access to online learning. According to the ADB, the present value of these losses is estimated at US\$1.25 trillion for developing Asia (including Lao PDR), equivalent to 5.4 per cent of the region’s 2020 gross domestic product (GDP). Globally, the World Bank also estimated a loss of US\$17 trillion in earnings over time for this generation of students whose learning has been disrupted by the pandemic.⁴⁷ In addition to the loss in learning the country’s education sector is affected by deterioration of the national budget and the share allocated to the education sector. This undoubtedly has implications for further deterioration of the quality of education as it impacts budgets for teacher professional development as well as budgets for schools.</p>		
<p>Link to 9th NSEDP:</p> <ol style="list-style-type: none"> 1. Outcome 2: Improved quality of human resources to meet development, research capacity, science and technology needs, and create value-added production and services 2. Outcome 3: Enhanced well-being of the people 		
<p>Potential partnering entities: MPI, MoF, BoL, MOLSW, MoTC, NUoL, LNCCI, Development Partners</p>		

Component 2: Health and nutrition	Pillar 4: Human Capital	Leading Entity: Department of Planning and Cooperation (MoH)
<p>Description of the component: Health care delivery in Lao PDR is predominantly a public system, with health centres and district and provincial hospitals owned and operated by the Government. The government’s overall focus is to achieve universal health coverage and address triple disease burden in the health sector (mother and child health, communicable diseases, and non-communicable diseases).</p> <p>MOH’s efforts to achieve Universal Health Coverage (UHC) can be summarized into their efforts to improve equitable access to quality health services with strong focus on reaching the hard-to-reach population in the country, while ensuring the financial protection under the strategic direction of the Health Sector Reform Strategy and key priorities of the 9th Health Sector Development Plan. As part of the efforts and the government’s strong commitment, the tax-based National Health Insurance (NHI) scheme was introduced in 2016 and expanded to integrate the formal scheme. In the journey towards UHC,</p>		

NSEDP, untitled: *The simultaneous mid-term review of the 9th NSEDP, update of the Public Investment Plan currently being developed, and alignment of the medium-term expenditure framework, reviewing 2024 and 2025 budget ceilings and yearly allocations*

⁴⁵ <https://www.unicef.org/reports/where-are-we-education-recovery>

⁴⁶ This action is taken verbatim from the 9th NSEDP Financing Strategy’s Policy Area 5.2: Education Finance, Policy Objective 5.2.1: education priorities are financed through sustainably increasing budget allocations, the enhanced allocative efficiency of all public funding, and the regulated mobilisation of private resources.

⁴⁷ World Bank (2022). *Learning Loss Must be Recovered to Avoid Long-term Damage to Children’s Wellbeing and Productivity*, New Report Says, <https://www.worldbank.org/en/news/press-release/2022/01/26/learning-loss-must-be-recovered-to-avoid-long-term-damage-to-children-s-wellbeing-and-productivity-new-report-says>, accessed October 29, 2022

Component 2: Health and nutrition	Pillar 4: Human Capital	Leading Entity: Department of Planning and Cooperation (MoH)
<p>the government is making great efforts to strengthen primary health care to build the sustainable and resilient health system under the government’s Sam Sang (decentralization) policy and the direction of health sector reform.</p>		
<p>Prioritised actions:</p> <ol style="list-style-type: none"> 1. Strengthen governance for enhanced multi-sectoral coordination in the health sector and beyond to meet the current and future health needs based on lessons from the pandemic. A resilient and sustainable health system will address key priorities reflected in the 9th NSEDP from the health sector side, specifically building resilient society. E.g., green growth and environment health can be a good example through close collaboration between the health sector (MOH) and the environment sector (MoNRE). 2. Safeguard investments and progressively increase allocations from the State budget to the health sector⁴⁸. 3. Prioritize mental well-being and mental health issues as important aspects of optimal health and well-being. These have been highlighted more than ever during the pandemic, and there have been a good progress including the development of the Mental Health and Psychosocial Support Guidelines and capacity building activities 4. Strengthen the capacity for the prevention as well as identification, referral and treatment of acute malnutrition in priority provinces with the highest burden, including training, roll out of monitoring and reporting tools, and invest in increased early case finding 5. Coordinate closely with bilateral and multilateral partners (e.g. Gavi) for continued ODA and/or budget support during the 9th NSEDP cycle, conditioned to marked improvements to fiscal policy and public financial management, which would generate fiscal space for co-financing in the next planning cycle⁴⁹ 6. Incorporate topics on climate change and adaptation in the review of the multisectoral action plan on nutrition 7. Promote knowledge in changing hygiene behaviour (using toilets and washing hands with soap) to communities and schools to reduce the spread of COVID-19 in Luang Namtha, Luang Prabang, Xay Sambon, Khammouan, Sekong, Attaphu, (2 districts in each province) and other infectious or airborne diseases. 		
<p>Justification: Ensuring healthy lives and promoting well-being for all genders, abilities, and at all ages is an important aspect of building resilient countries. Therefore, strengthening primary healthcare so that people take the initiative to stay healthy; and coordinating healthcare initiatives pertaining to hygiene, disease prevention, health promotion related to treatment and rehabilitation, and implementing modern and traditional healthcare delivery, will aid Lao PDR to realise UHC goals by 2025⁵⁰</p> <p>Lao PDR is preparing to graduate from least developed country (LDC) status by 2026 with a transition to domestic financing for health. It requires a much higher level of domestic funding for health in the context of Gavi and Global Fund donor transition, with a significant gap currently projected. As Lao PDR is experiencing multiple programme transitions and rapidly changing epidemiological, demographic, and health financing contexts, further vision and direction involving private sector contribution is required. It is a critical to mobilize domestic funding and seek support of private sector contribution in funding the vaccine procurement at least in the short term before the government reach its self-reliance.</p>		
<p>Link to 9th NSEDP:</p> <ol style="list-style-type: none"> 1. Outcome 1: Continuous quality, stable and sustainable economic growth achieved 2. Outcome 3: Enhanced well-being of the people 		
<p>Potential partnering entities: BOL, MPI, MoLSW, MoNRE, MoF, LNCCI, Development Partners</p>		

Component 3: Gender Equity	Pillar 4: Human Capital	Leading Entity: Cabinet Office (LWU)
<p>Description of the component: Gender equity addresses the provision of fairness and justice in the distribution of benefits and responsibilities between women and men. In addressing fairness, it means that rights, responsibilities and opportunities will not depend on whether one is a female or male.</p>		

⁴⁸ This action is specifying a key action of the 9th NSEDP Financing Strategy, under 1.2 Expenditure Management, Policy Objective 1.2.1: 2023-2025 budget allocations and public investments, at the national and local level, and in all sectors, support the achievement of the 9th NSEDP, untitled: *The simultaneous mid-term review of the 9th NSEDP, update of the Public Investment Plan currently being developed, and alignment of the medium-term expenditure framework, reviewing 2024 and 2025 budget ceilings and yearly allocations*

⁴⁹ This action is taken verbatim from the 9th NSEDP Financing Strategy’s Policy Area 5.1: Health Finance, Policy Objective 5.1.1: health priorities are financed through sustainably increasing budget allocations for quality and inclusive essential health services, enhanced allocative efficiency of all public funding, and the regulated mobilisation of private resources.

⁵⁰ 9th NSEDP Financing Strategy

Component 3: Gender Equity	Pillar 4: Human Capital	Leading Entity: Cabinet Office (LWU)
<p>Prioritised actions:</p> <ol style="list-style-type: none"> 1. Allocate budget for the Gender Equality Plan and EVAW plans. 2. Protect Sexual and Reproductive Health /Family Planning budgets, and Sexual and Reproductive Health /Family Planning workforce especially midwives. 3. Invest to reduce disparities in sectors where women and girls are left behind or which disproportionately affect women and girls: digital divide, prevention of teenage pregnancy, secondary school dropouts were supported by local data, and monitor Noi framework within provincial plans. 4. Improve access to social security, childcare, parental leave, measures to address unpaid care burden. 		
<p>Justification: The pandemic showed that in many instances men and women do not have equal valuing and conditions for realizing their full human rights and for contributing to, and benefiting from, economic, social, cultural and political development regardless of gender. For example, the pandemic exacerbated barriers for women and girls’ access to essential life-saving services such as counselling and justice resources, and legal advice; sexual health and other crucial medical assistance; and the provision of refuge. In this context, as victim-survivors are further isolated from assistance and social support networks, the negative health and well-being impacts worsen, and the risks of more lethal and extreme violence increase. Vaeza (2020)⁵¹ revealed women who face greater vulnerability to multiple forms of violence and discrimination, includes older women, those living with disabilities, ethnic groups, and rural women, suffer even higher risks and additional obstacles in accessing essential services. In Lao, during the periods of national lockdowns, gender -based violence increased against women and girls. This was supported by increased requests for counselling about these issues. For example, hotline data showed 3-5 times increase in calls to the Lao Women’s Union (LWU).⁵²</p>		
<p>Link to 9th NSEDP:</p> <ol style="list-style-type: none"> 1. Outcome 3: Enhanced well-being of the people 		
<p>Potential partnering entities: MoLSW, NCAWMC, LTU, LYU, CSO, LNCCI, Development Partners</p>		

Component 4: Demography and Data	Pillar 4: Human Capital	Leading Entity: MPI (LSB)
<p>Description of the component: Promoting human capital through effective investment in young population and especially those women in working and reproductive age, will be an effective solution to avert the impacts of rapid demographic transition and harness the potential demographic dividend. Strengthening human capital through generation of demographic intelligence and data, development of evidence-informed population policies, and promoting knowledge exchange. Developing mechanisms to identify and anticipate the impacts of population dynamics on socio-economic development and individuals’ well-being, aiming for political and socio-economic stability and security especially during the crisis and emergency situations.</p>		
<p>Prioritised actions: (to be validated during the upcoming ministerial consultation)</p> <ol style="list-style-type: none"> 1. Provision of technical and financial support to LSB and relevant institutions to ensure that 2025 census and relevant statistical surveys i.e. LSIS III are of high quality, uphold international standards, and produce baseline disaggregated data that are widely disseminated and utilised for planning and response to the needs of the most vulnerable groups. 2. Provision of technical support to improve register-based data sources especially Civil Registration and Vital Statistics. 3. Technical support in production of demographic assessments in response to specific health, socio-economic or environmental emergencies and crises by strengthening national capacities to produce population projections and use new analytical application such as National Transfer Accounts (NTA) to assess the impact of age structural transition and its effect on economic growth. 4. Technical support for the establishment of monitoring mechanisms/systems with SMART and gender sensitive indicators for tracking of implementation related to population and development policies and response plan i.e. National Population and Development Plan. 		
<p>Justification: As Lao PDR faces the challenges and opportunities of dealing with its ongoing demographic transition, it needs to focus on maximizing human capital development. Declining fertility rates, combined with a growing proportion of people of working age, opens potentials for reaping the demographic dividend. The population growth in Lao PDR and its changing structure and regional distribution will have decisive impacts on health and social services in the years to come. With current trends, the total population of Lao PDR is projected to increase by almost 1 million people to reach 8.1 million in 2030. One out of ten people will be older than 65 years of age, however those in the working age and females of</p>		

⁵¹ Vaeza-Noel, María. “Addressing the Impact of the COVID-19 Pandemic on Violence Against Women and Girls,”

<https://www.un.org/en/addressing-impact-covid-19-pandemic-violence-against-women-and-girls>, accessed August 6, 2022

⁵² disproportionate impact of COVID-19 on women and girls, will you collaborate on the solutions, eng_impact-ofcovid-19_era-LAO.pdf

Component 4: Demography and Data	Pillar 4: Human Capital	Leading Entity: MPI (LSB)
reproductive age will remain dominant population groups in the next decade. Therefore, limiting the adverse socio-economic and health effects of rapid demographic transition, and ensuring good health, economic welfare for those entering the working age are necessary pre-conditions for harnessing the chances for demographic dividend.		
Link to 9th NSEDP:		
1. Outcome 2: Improved quality of human resources to meet development, research capacity, science, and technology needs, and create value-added production and services.		
Potential partnering entities: MPI (DRI, DOP, DIC), MoHA, LWU, MOLSW, LYU, MOH, University of Laos (NUOL), Development Partners		

4.5 Pillar 5: Green Growth, Resilience to Climate Change and Disaster Risk Management

This pillar addresses opportunities to strengthen green growth, build resilience and manage risks to bring Lao PDR on track towards its development goals. This pillar has synergies with the previous four pillars. Ensuring that green growth, responsiveness to climate change and community resilience are key in propelling the vision of Lao PDR (see Section 1.2). Specific actions for the Resilience Framework were in line with the main areas of this pillar. They are: (a) green growth, (b) resilience to climate change, and (c) disaster risk management.

Component 1: Green growth	Pillar 5: Green Growth, Resilience to climate change and Disaster Risk Management	Responsible Entity: Department of Planning and Finance (MoNRE)
Description of the component: Pursuing green growth is directed towards having a low carbon economy; accelerating clean energy transition; promoting green bonds for renewable energy; promoting green budgeting and expenditure tagging ⁵³ ; promoting sustainable waste management; encouraging green infrastructure and transitioning of industry, supporting the ASEAN Comprehensive Recovery Framework; and exploring sources of green finance for Micro, Small, and Medium Enterprises (MSMEs).		
Prioritised actions:		
<ol style="list-style-type: none"> 1. Develop a strategic approach or roadmap for green financing such an approach could potentially include: developing a taxonomy for sustainable investments; a framework for issuance of green debt instruments; and specific incentive measures for SMEs to access green finance. 2. Enhancement of local capacity to support the green growth agenda: <ol style="list-style-type: none"> a. Enhancement of local capacity and implementation of relevant green finance plans, for implementation by MOF, MPI and BOL b. The capacity development of national funds. Inclusion of the Forest Protection Fund (under DOF/MAF) which has responsibility for financing the management of forested areas and requires further capacity development to reach appropriate fiduciary and accounting standards that would enable (for example) accreditation to the GCF. c. The establishment of the Environment Protection Fund as the first Accredited Entity for Lao PDR, combined with strengthened collaboration between development partners currently accredited to vertical funds, for strategic green ODA programmes and projects⁵⁴ 3. Explore debt for nature swap⁵⁵ 		

⁵³ This component is directly inspired from the 9th NSEDP Policy Area 5.3: Green and Climate Finance, Policy Objective 5.3.1: green growth and climate-resilient development are financed through sustainably increasing budget allocations, improved green budgeting, strategic mobilisation of ODA, and increasing private investments in an enabling business environment.

⁵⁴ This action is taken verbatim from the 9th NSEDP Financing Strategy.

⁵⁵ This action is specifying the second part of the 9th NSEDP Financing Strategy action under Policy Area 1.3: Debt Management, Policy Objective 1.3.1: immediate debt relief is needed to free fiscal space for development investments, untitled: *The continuation of debt consolidation through renegotiations to (1) cancel or reduce debt repayments and/or lengthen the maturity of loans to the second half of the 2020s without losing access to future loans and (2) explore debt swaps with major creditors*

Component 1: Green growth	Pillar 5: Green Growth, Resilience to climate change and Disaster Risk Management	Responsible Entity: Department of Planning and Finance (MoNRE)
<p>4. Promoting sustainable tourism, as guided by implementation of the Lao Tourism Development Strategy⁷. This includes emphasis on environmentally friendly / sustainable tourism, improving the sector capacity to adapt, such as through climate resilient infrastructure; support on implementation of ASEAN Tourism Standards, etc).</p> <p>5. The formulation of policy recommendations to incentivise investments in green growth and to create a clear taxonomy for sustainable activities, which would inform policies and actions to improve the business environment and investment promotion regime⁵⁶</p>		
<p>Justification: Promotion and development of renewable energy is one of the country’s priority policies to stabilize energy supply and to support the sustainable socio-economic development of the country. Lao PDR is well-positioned to capitalize on the growing demand for sustainable forestry products and energy sources, if international standards can be met. A modern forestry sector has the potential to drive Lao PDR’s new green economy if facilitated by an enabling environment characterized by good governance, sustainability, inclusivity, and profitability</p>		
<p>Link to 9th NSEDP:</p> <ol style="list-style-type: none"> 1. Outcome 2: Improved quality of human resources to meet development, research capacity, science, and technology needs, and create value-added production and services 2. Outcome 4: Environmental protection enhanced, and disaster risks reduced; Output 1: Natural resources sustainably used and managed; Output 2: Green growth promoted, and actions taken towards climate change mitigation; and Output 3: Capacities for disaster prevention, management and recovery enhanced; 		
<p>Potential partnering entities: BoL, MEM, , MoICT, MoTC, LNCCI, NUOL, Research institutes, GGGI, MOIC, MOF, MPI, MONRE, MAF, MPWT, LNCCI, Development Partners</p>		

Component 2: Resilience to climate change	Pillar 5: Green Growth, Resilience to climate change and Disaster Risk Management	Leading Entity: Department of Climate Change (MoNRE)
<p>Description of the component : Requires investing in local communities to protect ecosystems; strengthening biodiversity and wildlife protection and conservation; empowering women and build community resilience to disaster risks and climate change; strengthening private sector resilience and pandemic recovery; investing in resilient infrastructure and supply chains; implementing actions from the National Food Systems Summit Consultations; promoting climate resilient agriculture and nature-based solutions, good agricultural practices, and organic production systems.</p>		
<p>Prioritised actions:</p> <ol style="list-style-type: none"> 1. Support legislation, regulation, and processes for the future implementation of natural resources extraction projects 2. Invest in systems and tools to support monitoring, forecasting, analysis, early warning and preparedness to natural hazards, integrated within regional decision-support systems and platforms⁵⁷ 3. Improve cross-sectoral governance and coordination structures, drawing on international best practice and lessons learned; Promote climate-resilient agriculture, nature-based solutions, and good agricultural practices⁵⁸ 4. Implementing the ‘green and sustainable agriculture and risk management plan’ 5. Build collaborative mechanisms for forest management, including addressing forest encroachment, protection of national protected areas, and watershed management, to maintain ecosystem service provision and local livelihoods. 6. Increase electrification (particularly in rural areas) as much as possible - will contribute to overall carbon reductions for the country (net-zero targets), improve energy efficiency and increase local revenue. 		
<p>Justification: Climate change adaptation has been integrated into high-level policy frameworks, including the 8th National Socio-Economic Development Plan (2016 – 2020), National Green Growth Strategy to 2030, and sectoral strategies such as the Ten-Year Natural Resources and Environment Strategy 2016 – 2025, a draft Urban Development Strategy to 2030, Agriculture Development Strategy to 2025 and Vision to 2030, and Strategy on Climate Change and Health Adaptation</p>		

⁵⁶ Actions b and c are taken verbatim from the 9th NSEDP Financing Strategy, Policy Area 5.3.1: green growth and climate-resilient development are financed through sustainably increasing budget allocations, improved green budgeting, strategic mobilisation of ODA, and increasing private investments in an enabling business environment.

⁵⁷ Lao People's Democratic Republic. 2021 Nationally Determined Contribution (NDC)

⁵⁸ Ibid.

Component 2: Resilience to climate change	Pillar 5: Green Growth, Resilience to climate change and Disaster Risk Management	Leading Entity: Department of Climate Change (MoNRE)
<p>2018 – 2025 and action plan 2018 – 2020. The 2019 Decree on Climate Change set out principles, measures and regulations to prevent, protect and reduce potential impacts of climate change on lives, properties, environment, biodiversity and infrastructure.⁵⁹ Lao PDR is especially at risk from disasters triggered by climate related hazards. The country’s vulnerability from climate change is increased by the heavy reliance on natural resources and this growth model makes it even more vulnerable to climate change. The country is seeing an increased frequency and intensity of extreme weather events, such as droughts and floods, with consequent negative impacts on its water resources. The impact of disasters in Lao PDR generates large costs for the Government, businesses, and households, with estimated losses for Lao PDR from flood events ranging from 2.8% to 3.6% of GDP.⁶⁰ 1)⁶¹ .</p>		
<p>Link to 9th NSEDP:</p> <ol style="list-style-type: none"> 1. Outcome 1: Continuous quality, stable and sustainable economic growth achieved 2. Outcome 3: Enhanced well-being of the people 3. Outcome 4: Environmental protection enhanced, and disaster risks reduced; Output 1: Natural resources sustainably used and managed; Output 2: Green growth promoted, and actions taken towards climate change mitigation; and Output 3: Capacities for disaster prevention, management and recovery enhanced; 		
<p>Potential partnering entities: MAF, MOIC, MLSW, MoPWT, MEM Bank of Lao PDR (BOL), MPI, LNCCI Development Partners</p>		

Component 3: Disaster Risk management	Pillar 5: Green Growth, Resilience to climate change and Disaster Risk Management	Responsible Entity: Department of Planning and International Cooperation (MoLSW)
<p>Description of the component: Disaster risk management is the application of disaster risk reduction policies and strategies to prevent new disaster risk, reduce existing disaster risk. It involves collaboration among Government, private sector, communities, and other partners to reduce disaster risk and losses and to ensure a safer and sustainable future.</p>		
<p>Prioritised actions:</p> <ol style="list-style-type: none"> 1. Strengthen and mainstream DRR and climate resilience across ministries and sectors 2. Provide greater attention climate change and financing the agricultural sector⁶² 3. Build capacities for disaster-responsive social protection and agriculture 4. Increased community-district level capacity building in disaster management 5. MAF in collaboration with MoNRE must develop a land zoning plan throughout the country to clearly delineate different areas for production of crops appropriate for the environment protection and climate resilience, areas for concessions for agricultural production for exports, for mining and for hydropower projects, protected areas for mitigation of natural hazards and risk management, areas for local communities’ resilience production, and residential areas for better planning and risk management. 		
<p>Justification: Lao PDR is facing an increasing number of disasters that are costing the country more, and with the impacts of climate change. Disaster risk management is vital as poorer farmers and communities are least able to afford disaster insurance, local water storage, irrigation infrastructure, and technologies for adaptation. Additionally, women accessing less access to land and credit, having limited involvement and access to policy discussions and decision making as well as the absence of sex-disaggregated data for policy change of makes women more vulnerable to the impact of the absence of risk</p>		

⁵⁹ Ibid.

⁶⁰ UNICEF. The Situation of Children and Women: Lao People’s Democratic Republic [https://www.unicef.org/laos/media/4516/file/The%20Situation%20of%20Children%20and%20Women%20of%20Lao%20PDR%20\(2020\).pdf](https://www.unicef.org/laos/media/4516/file/The%20Situation%20of%20Children%20and%20Women%20of%20Lao%20PDR%20(2020).pdf), accessed August 15, 2022

⁶¹ World Bank and Asian Development Bank, *Climate Risk Country Profile: Lao PDR*, <https://reliefweb.int/report/laos-peoples-democratic-republic/climate-risk-country-profile-lao-pdr>, accessed August 14, 2022

⁶² This action is specifying a key action of the 9th NSEDP Financing Strategy, under 1.2 Expenditure Management, Policy Objective 1.2.1: 2023-2025 budget allocations and public investments, at the national and local level, and in all sectors, support the achievement of the 9th NSEDP, untitled: *The simultaneous mid-term review of the 9th NSEDP, update of the Public Investment Plan currently being developed, and alignment of the medium-term expenditure framework, reviewing 2024 and 2025 budget ceilings and yearly allocations*

Component 3: Disaster Risk management	Pillar 5: Green Growth, Resilience to climate change and Disaster Risk Management	Responsible Entity: Department of Planning and International Cooperation (MoLSW)
management prior to, during and after natural disasters. Limited budget allocations to environment, climate change, and DRR affect progress in these areas.		
Link to 9th NSEDP: 1. Outcome 4: Environmental protection enhanced, and disaster risks reduced; Output 1: Natural resources sustainably used and managed; Output 2: Green growth promoted, and actions taken towards climate change mitigation; and Output 3: Capacities for disaster prevention, management and recovery enhanced;		
Potential partnering entities: MPI, MoF, MAF, MPWT, BoL, MoNRE, MEM, LNCCI, CSO, Development Partners		

5 Monitoring, Evaluation and Risk Management

Following a whole of Government approach, this chapter was discussed and endorsed during the Validation Event of the Resilience Framework on 26 October among line Ministries. The Resilience Framework's Monitoring, Evaluation and Risk Management approach is guided by the objectives (1) to strengthen accountability by assigning clear responsibilities and (2) to build on existing structures to avoid duplicative reporting structures and obligations.

5.1 Duration of the framework and alignment with national processes

The Lao PDR Resilience Framework has a duration of three years starting at the end of 2022 through to 2025. The Resilience Framework is going to be presented at the Annual Roundtable Meeting towards the end of the year. Future Annual Roundtable Meetings can serve as platform to report on progress and necessary adjustments on the Resilience Framework.

The Resilience Framework will be used to inform the mid-term review of the 9th NSEDP due to take place in 2023, which further guides the implementation of the national plan for the remaining years through to 2025. Additionally, it will feed into the Smooth Transition Strategy (STS) for graduation from LDC status, which is currently being developed by MoFA.

The key elements and principles of the Resilience Framework will also inform the development of the 10th NSEDP, supporting full integration of resilience considerations in the new national plan that will take effect from 2026.

An assessment of the capacity of organizations is an important consideration in the implementation of the M & E framework. Organizations responsible for leading pillars and/or components should assess their institutional, human and fiscal capacity to deliver based on agreed timeframes. The findings from the assessment should inform key performance indicators that will support the tracking of indicators in the work programme developed by ministries and departments.

5.2 Coordination and responsibilities for monitoring targets

The Ministry of Planning and Investment retains the role as the central entity for coordinating with all parties for the 2022-2025 Resilience Framework as in the case of the 9th Five-Year Plan. Specifically, the Ministry of Planning and Investment provides secretariat functions such as organising meetings, bringing relevant actors together and ensure overall coherence among involved entities to ensure a successful implementation.

Regular monitoring and evaluation of progress is directly undertaken by the leading entities for the actions as outlined in chapter 3. This means that ministries and departments are expected to integrate these policies and actions within their workplans. Additionally, the entirety of partnering entities under each of component is encouraged to meet regularly to take stock of implementation progress and discuss challenges.

5.3 Risk, level of risk and mitigation strategy

Table 3: High level risks and mitigation strategies

Risk	Risk mitigation (as aligned to prioritized actions)
Ongoing devaluation of national currency; high levels of debt servicing	<ul style="list-style-type: none"> Implementation of all actions identified in Pillar 1 Strengthening tourism sector for the growth market segments of Korea and China and other countries (Pillar 2; component 2)
Increased household poverty and attrition in income among Lao PDR residents negatively affects consumption and saving patterns	<ul style="list-style-type: none"> The harmonisation of tax rates to optimise revenue generation while fostering private sector development and investments in priority sectors and green growth, including the assessment of expected revenues generated, business registrations, administrative feasibility, and impacts on livelihoods of a potential restoration of the VAT rate to 10% (Pillar 1; component 1) Develop new product to facilitate remittance accessibility, especially for people in rural communities to easily access (Pillar 2; component 5) Promote food security and safety to reduce malnutrition through household garden food production (Pillar 3; component 4) Improve access to social security, childcare, parental leave, measures to address unpaid care burden, (Pillar 4; component 3)
Many migrants working in informal settings do not have access to social security schemes	<ul style="list-style-type: none"> Ensure that returning migrants and their households receive benefits of remittances (Pillar 3; component 1) Implement international standards for occupation health and wellbeing for all categories of work to promote decent work and healthy lifestyles (Pillar 3; component 2)
Increase in violence—Interpersonal violence; various types of violence against children;	<ul style="list-style-type: none"> Allocate budget for the Gender Equality Plan and EAW plans. Protect Sexual and Reproductive Health /Family Planning budgets, and Sexual and Reproductive Health /Family Planning workforce especially midwives. Invest to reduce disparities in sectors where women and girls are left behind or which disproportionately affect women and girls (Pillar 4; component 3)
Data to support monitoring and evaluation could be unavailable	<ul style="list-style-type: none"> Establish partnership with data collection entities external to Lao PDR to collect data on Lao citizens working overseas Strengthen migration data gathering systems to ensure continuity of data collection, enhancement of analysis and forecasting capacities of governments and other partners for COVID-19 recovery as well as the impact of ongoing inflation (Pillar 3; component 6) <p>Prioritised actions aligned to Pillar 4; component 4</p> <ul style="list-style-type: none"> Provision of technical and financial support to LSB and relevant institutions to ensure that 2025 census and relevant statistical surveys i.e. LSIS III are of high quality, uphold international standards, and produce baseline disaggregated data that are widely disseminated and utilised for planning and response to the needs of the most vulnerable groups. Provision of technical support to improve register-based data sources especially Civil Registration and Vital Statistics. Technical support in production of demographic assessments in response to specific health, socio-economic or environmental emergencies and crises by strengthening national capacities to produce population projections and use new analytical application such as National Transfer Accounts (NTA) to assess the impact of age structural transition and its effect on economic growth. Technical support for the establishment of M & E mechanisms/systems with SMART and gender sensitive indicators for tracking of implementation related to population and development policies and response plan i.e. National Population and Development Plan <p>Other mitigation strategies</p> <ul style="list-style-type: none"> Sharing available indicators and data with MPI to consolidate and identify gaps Explore sustainability and environmental indicators to measure the cost of fiscal development

Risk	Risk mitigation (as aligned to prioritized actions)
Continued reduction in spending on health and education services as a share of GDP	<ul style="list-style-type: none"> • The continuation of debt consolidation through renegotiations to (1) cancel or reduce debt repayments and/or lengthen the maturity of loans to the second half of the 2020s without losing access to future loans and (2) explore debt swaps with major creditors (Pillar 1; component 2) • Safeguard the education and health services budgets from further cuts and where possible (Pillar 4; components 1 and 2)

Table 4: Medium and level risks and mitigation strategies

Risk	Risk mitigation (as aligned to prioritized actions)
Low rate of implementation of infrastructure projects	<ol style="list-style-type: none"> 3. The acceleration of projects to strengthen financial risk management regulations and procedures and consolidate the banking sector, considering current macroeconomic and monetary risks (Pillar 1; component 3) 4. Increase electrification (particularly in rural areas) as much as possible - will contribute to overall carbon reductions for the country (net-zero targets), improve energy efficiency and increase local revenue (Pillar 5; component 2) 5. Establishing dialogue with the MoPWT and private sector to ensure that the quality of roads and infrastructure are improved to deliver business efficiently as well as improve the integration into regional value chains by making use of modern logistics and infrastructure such as the motorway and the railway between Lao PDR and China (Pillar 2; component 1)
Limited disposal income among global tourists	<p>Prioritised actions from Pillar 2; component 2</p> <ul style="list-style-type: none"> • Strengthening the tourism sector in Lao PDR for the growth market segments of Korea and China and other countries (market intelligence, product and destination development, skills development). • Strengthening the tourism supply chain to respond to the trends of the green economy and sustainable consumption (purchasing environmentally friendly products, protection of non-renewable tourism resources, protection of ecosystems, diversify products into green consumption). • Strengthening public, private partnerships in the tourism sector through collaboration platforms such as the Destination Management Network (DMN).
Limited understanding of the migration process, especially for first time migrants seeking work in neighbouring countries	<ul style="list-style-type: none"> • Promote well-being of migrant workers during recruitment and re-migration and through comprehensive IEC and accurate information on migration policies /requirements (Pillar 3; component 2)
Knowledge and competence gaps (digital, technical) are not being sufficiently replaced to meet the new labour market (internal and external) demands	<p>Prioritised action for Pillar 4; component 1:</p> <ul style="list-style-type: none"> • Improve the alignment of the curriculum to address the digital, technical and soft skills required by the labour as well as improving access to digital and flexible learning approaches so as to transform the education system to be more resilient and responsive in light of disruptions caused by COVID-19 and future disasters • Enhance the apprenticeship programme with the required skills and knowledge for adolescents so that they can transition into the demands of the modern workforce. The exploration of specific changes required to the laws, regulations, processes, and charts of accounts to facilitate centralised planning, prioritisation, and budgeting of the education sector and improved allocative efficiency of public funding, in the context of limited fiscal space • Promote opportunities for skill upgrading and retooling for the labour, especially to women, who represent the majority of the country’s migrants and who gain employment predominantly in the service sector and as domestic workers. This is likely to result in having better knowledge and expertise to accept jobs in higher paying sectors (Pillar 3; component 3)
Vaccinate rates exist for key vulnerable groups-pregnant and	<ul style="list-style-type: none"> • Promote knowledge in changing hygiene behaviour (using toilets and washing hands with soap) to communities and schools to reduce the spread of COVID-19 in Luang

Risk	Risk mitigation (as aligned to prioritized actions)
lactating women, residence in remote communities, ethnic groups	<p>Namtha, Luang Prabang, Xay Sambon, Khammouan, Sekong, Attaphu, (2 districts in each province) and other infectious or airborne diseases (Pillar 4; component 2)</p> <ul style="list-style-type: none"> • Prioritize mental well-being and mental health issues as important aspects of optimal health and well-being. (Pillar 4; component 2)
Low level of endorsement of the Resilience Framework from key stakeholders	<ul style="list-style-type: none"> • Disseminate information in accessible and concise formats to the media, CSOs, and NGOs as well as within the public and private sectors to enhance awareness and public endorsement. The Framework has its basis in the COVID-19 plan and has earmarked key implementable actions. The Framework was endorsed as an important strategic framework for recovery planning in the validation meeting held on October 26, 2022.

6 Annex

6.1 Strategic documents relevant to the 5 pillars

Specific strategic documents associated with macro-fiscal framework (Pillar 1)

- *Strategic Plan for External Debt toward 2035 has been targeted for completion in 2022*
[placeholder]
- *The Law on Commercial Banks*

This law (amended in 2019) authorizes BOL to supervise commercial banks including applying early intervention measures. Overall, the law is geared towards improving the legal and regulatory framework for the monetary and financial sectors

Strategic documents associated with Trade and private sector, value chains and tourism (Pillar 2)

- *Tourism Recovery Roadmap 2021-2025*

The main objective recovery roadmap is to economically revive the sector while adhering to necessary health measures. The roadmap foresees a strengthening of domestic tourism to compensate the loss at least partially from the halt in international arrivals. It comprises three areas: (a) support to domestic tourism, (b) possibility of travel bubble, and (c) greening of the tourism. The roadmap provides comprehensive policy options for government, development partners, and the private sector to work together for better and more inclusive recovery.

Strategic documents associated with manage changes and enhance policy preparedness for decent work (Pillar 3)

- *Lao PDR Social Protection Strategy*

The National Social Protection Strategy 2025 (NSPS) seeks to strengthen and complement the Government's previous international commitments and national strategic objectives. The NSPS seeks to promote, expand and improve the implementation of social protection policies and to contribute to human capital development in Lao PDR, while also contributing to the goals and objectives of other relevant sectoral and socio-economic development plans. Social protection can significantly help to stabilize the wider economy and instil social stability through swift and strong social and economic policies. It is increasingly recognized as a critical strategy for poverty reduction and inclusive growth.

Strategic documents associated with human capital including health and education (Pillar 4)

- *Education COVID-19 Response Plan*

The Ministry of Education and Sports (MoES) developed the Education COVID-19 Response Plan in May 2020 and updated the document in June 2021. The aim of the document was to describe the response of the education sector to continue learning throughout the pandemic and its approach managing the process of face-to face learning.

- *The National COVID-19 Strategic Preparedness and Response Plan for the Health Sector 2020-2025*

This document was finalized in 2020 with ten pillars including. Key interventions identified were establishing a screening and triage system across all levels of service delivery, including timely referrals, as well as the review and redesign of service delivery of essential health services among others.

- *MoH Nutrition Response Plan*

The Nutrition Response Plan incorporates the activities in the National COVID-19 Strategic Preparedness and Response Plan. The plan includes preventive measures for continuation of nutrition activities and therapeutic programmes for the treatment and management of children with severe acute malnutrition.

Other relevant strategic documents associated with pillar 4 and are aligned with the resilience framework includes :The 9th Health Sector Development Plan (2021- 2025); Health Sector Reform Strategy 2021-2030 (draft); MOH finalized and endorsed the Health Financing Strategy 2021-2025; RMNCAH Strategy and Action Plan for 2021-2025; Community Health Systems Strengthening Action Plan; National Plan of Action on the Prevention and Elimination of Violence Against Women and Violence against Children (2021-2025); National Plan of Action on Gender Equality (2021-2025) were finalised.

- *National Deployment and Vaccination Plan (NDVP)*

The strategy details the vaccination programme for state of Lao PDR. The aim was to cover 50% of the total population by the end of 2021. The named priority target groups including front line workers, elderly, and persons with co-morbidities. Increasing vaccination rates is an important risk mitigation in reducing the rate of spread of the pandemic and returning to routine economic and social operations.

Strategic documents associated with green growth, resilience, and risk management (Pillar 5)

- *National Green Growth Strategy of the Lao PDR*

The National Green Growth Strategy is earmarked to develop the potential to integrate green growth into the formulation and implementation of sector and local strategies and plans to ensure achievement of long-term goals of national socioeconomic development. Its alignment with the Resilience Framework reinforces the importance of incorporating resilience, sustainability and adaptability in the country's recovery and rebuilding efforts.

The strategic documents identified in this section indicate that the Resilience Framework and the process of Build Back Better requires various partnerships—international development partner, public and private sectors and civil society entities as well as a cross-sectoral approach in the implementation of priority actions in each pillar.

- *National Climate Change Strategy*

This is being updated and finalized by the Ministry of Natural Resources and Environment (MoNRE).

- *National DRR Strategy*

This strategy is geared towards improving risk management. Several disaster risk management recommendations have been shared in support of the new strategy.

- *Net Zero Emission 2050 Strategy (To be finalized)*
- *National Clean Agriculture Strategy (To be endorsed)*

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