Mid-Term Review Report (2017-2019)

Decent Work Country Programme for Lao PDR (2017-2021)

Prepared by DWCP Tripartite M&E Task Force
Ministry of Labour and Social Welfare, Lao Federation of Trade Unions, Lao National Chamber of Commerce and Industry

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Abbreviation and Acronym

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<tr>
<td>ABND</td>
<td>Assessment based national dialogue</td>
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<tr>
<td>DWCP</td>
<td>Decent Work Country Programme</td>
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<tr>
<td>FDI</td>
<td>Foreign Direct Investment</td>
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<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>GNI</td>
<td>Gross National Income</td>
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<td>ILO</td>
<td>International Labour Organization</td>
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<tr>
<td>LDC</td>
<td>Least Developed Country</td>
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<tr>
<td>LFS</td>
<td>Labour Force Survey</td>
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<tr>
<td>LFTU</td>
<td>Lao Federation of Trade Unions</td>
</tr>
<tr>
<td>LNCCI</td>
<td>Lao National Chamber of Commerce and Industry</td>
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<tr>
<td>M&amp;E</td>
<td>Monitoring and Evaluation</td>
</tr>
<tr>
<td>MoES</td>
<td>Ministry of Education and Sports</td>
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<tr>
<td>MoLSW</td>
<td>Ministry of Labour and Social Welfare</td>
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<tr>
<td>MOU</td>
<td>Memorandum of Understanding</td>
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<tr>
<td>MPI</td>
<td>Ministry of Planning and Investment</td>
</tr>
<tr>
<td>MRC</td>
<td>Migrant Resource Center</td>
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<tr>
<td>MSMEs</td>
<td>Micro, Small and Medium Enterprises</td>
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<tr>
<td>NPA</td>
<td>National Plan of Actions</td>
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<tr>
<td>NSPS</td>
<td>National Social Protection Strategy</td>
</tr>
<tr>
<td>NSEDP</td>
<td>National Social and Economic Development</td>
</tr>
<tr>
<td>NSSF</td>
<td>National Social Security Fund</td>
</tr>
<tr>
<td>OSH</td>
<td>Occupational Safety and Health</td>
</tr>
<tr>
<td>TRIANGLE</td>
<td>Tripartite Actions to Protect the Rights of Migrant Workers</td>
</tr>
<tr>
<td>UNPF</td>
<td>United Nations Partnership Framework</td>
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</table>
I. Introduction

1.1. Scope of Mid-Term Report

This report covers key development trends and captures the results made during 2017- July 2019 under the Decent Work Country Programme (DWCP) for Lao People’s Democratic Republic (2017-2021). The report also contains key challenges and issues, lessons learned and recommendations for the implementation of the programme for the remaining period till 2021 toward its contribution to the 8th National Socio-Economic Development Plan (NSEDP) 2016-2020 and the SDGs 2030.

The Mid-Term review is conducted by the tripartite plus constituents together with the ILO, as an internal review and as part of the ‘monitoring’ function of the DWCP implementation exercise. The national DWCP M&E Task Force members developed a DWCP mid-term progress report to obtain inputs on the DWCP related achievements, challenges, lessons learned, recommendations and 2020 key priorities. These inputs have been contributed from the tripartite organizations that have engaged with DWCP implementation, along with detailed comments and inputs from other partners and ILO Country Office, ILO’s supported development cooperation projects’ staff and regional specialists, for the preparation of this Report. The DWCP M&E Task Force then met during September and November 2019 to review and validate the report with the ILO team based in Lao PDR.

The DWCP for Lao PDR 2017-2021 was endorsed on 30th May 2017 and signed by the tripartite organizations (Ministry of Labour and Social Welfare, Lao Federation of Trade Unions, and Lao National Chamber of Commerce and Industry) together with the Ministry of Planning of Investment and the ILO. This DWCP was developed based on the final evaluation of the first DWCP (2011-2015), the country diagnostic analysis and through multiple rounds of consultations between the ILO, tripartite organizations, and development partners in Lao PDR and based on the ownership of the national tripartite organizations.
This is the 2nd DWCP for Lao PDR, continuing to providing the thematic and programmatic basis for the ILO’s and tripartite contribution to the UN Partnership Framework (UNPF) 2017-2021, the government’s current 8th NSEDP (2016 to 2020), the SDGs 2030, and its vision to graduate from the Least Developed Country (LDC) by 2020 and now 2024. The DWCP 2017-2021 focuses on four priority areas, which also reflects the ILO’s commitment to the UNPF in Lao PDR. These areas are:

1. Priority 1: Promote employment and technical/vocational skills development in line with market demand
2. Priority 2: Promote ratification and implementation of international labour standards
3. Priority 3: Strengthen and expand social protection
4. Cross-cutting priority 4: Strengthen tripartite cooperation and social dialogue

These priorities reflect both the main concerns of the tripartite organizations in Lao PDR and the ILO’s technical expertise, value proposition and comparative advantages within the UN system and other development partners. Through its implementation, the DWCP supports ILO’s global objectives to promote Decent Work as a mean to achieve sustainable development, poverty reduction and social justice. Against this background, this mid-term review has the following main objectives:

1. To review achievements made during 2017-2019 implementation of DWCP
2. To identify adjustment(s) if any, to be made in the following year and the remaining DWCP period till end 2021, based on issues, challenges, and lessons learnt identified
3. **To agree on priorities for 2020 and the remaining periods**

1.2. **Key Development Trends**

2019 marks the 4th implementation year of the 5-year 8th National Social and Economic Development (NSEDP) of Lao PDR. 2019 is also the preparation period of the next 5-year sectoral plans and the 9th NSEDP. During 2017-2019 Lao PDR reached a number of important social and economic development milestones and yet key challenges remain. Some highlights as the followings:

**On its effort to achieve LDC graduation**, Lao PDR passed the thresholds for GNI per capita and the Human Assets Index at the Committee for Development Policy’s Review in March 2018, thus becoming eligible for Least Developed Country graduation for the first time. The country came close to passing the third criterion, the Economic Vulnerability Index. For Lao PDR to graduate from Least Developed Country status, the graduation threshold must be met for two of the three criteria. The country will be recommended to graduate in 2024, following a three-year transition period if it sustains progress until the 2021 review.

With strong commitment to the **SDGs implementation**, Lao PDR continues to make significant progress on the localization of the Sustainable Development Goals. In July 2018, it presented its first Voluntary National Review to the UN High-Level Political Forum in New York. SDGs indicators will be further integrated into the 9th NSEDP (2021-2025), currently being prepared.

**A number of new regulations and laws** were developed and existing ones revised. The Investment Promotion Law was amended, resulting in the establishment of a one-stop-shop service centre for investors. The Lao Statistics Law, the Social Security Law and the TVET law were also revised and a new Health Insurance Law was passed. New decrees on the occupational safety and health (OSH), and on labour dispute resolution were endorsed. The decrees on migration and on special economic zones were also amended.

Significant steps have been taken to achieve **social protection floor**. For example, the development of the first national social protection strategy; the revision of social security law; the endorsement of the health insurance law, the issuance of the new decree no. 385 on education scholarship and allowance for compulsory education; the endorsement of the national health insurance strategy in 2017 that will help to accomplish the goal of Universal Health Coverage by 2025.

Lao PDR has seen **strong economic growth**, which has contributed, albeit from a low base, to

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reduced poverty levels and improved living standards. The strong economy-wide growth performance remains driven primarily by expansion of the industrial sector, mainly hydropower mega-projects, which grew an average of 11.8 percent per year from 2016-17. However, the growth of the manufacturing sector and services has been limited. The agriculture and forestry sector, which is the main source of livelihoods, grew at an average rate of only 2.8 percent over this period.

Lao PDR has further dropped on the World Bank's 2018 and 2019 Ease of Doing Business Index to ranking at 154 of 190 countries, down from 141 in 2017 and 134 in 2016, despite several measures have been taken on improving the private sector environment and supporting SME development, especially the endorsement of the amended Law on Investment Promotion, the setting up of One-Stop-Service Office, initiatives to promote access to finance and streamlining business start-up procedure.

While witnessing positive social and economic development during 2017-2019, the growth has been accompanied by an ongoing but still fragile development of labour market institutions. Significant decent work challenges remain, particularly those related to high levels of vulnerability and informality, as well as to low skill levels in an economy still dominated by the agricultural sector, despite recent (slow) expansion of the industrial and service sectors.

The 2017 Labour Force Survey (LFS) highlights the enormous challenges facing the Lao workers, including a large proportion of workers who are out of labour force and undertake own-use production activities. The LFS 2017 applied the new concept of work, employment and labour underutilization that was adopted by the 19th International Conference of Labour Statisticians (ICLS) in 2013. The survey result provides a new perspective on the labour market of Lao PDR. The key difference from the previous such survey in 2010 is that those who live on a subsistence basis, who are working solely or mainly for own final use during the reference period, are no longer considered to be in employment but are categorized as outside the labour force.

Informal and vulnerable employment remains high. The 2017 labour force survey reveals that 35 per cent of total employment took place in the informal sector while the formal sector accounted for 27 per cent of total employment. When including informal employment outside the informal sector (in the formal sector and in households), the total informal employment rate was 83 per cent. The rate was higher among women and in the rural areas.
The following summary highlights the main features of the world of work in Lao PDR.

**Key Summary of 2017 Lao Labour Force Survey.**

<table>
<thead>
<tr>
<th>Category</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Working age population (15+)</td>
<td>4,758,031</td>
</tr>
<tr>
<td>Labour force</td>
<td>1,940,230</td>
</tr>
<tr>
<td>Employment</td>
<td>1,757,733</td>
</tr>
<tr>
<td>Labour force participation rate (%)</td>
<td>40.8</td>
</tr>
<tr>
<td>Unemployment rate (%)</td>
<td>9.4</td>
</tr>
<tr>
<td>Composite rate of labour underutilization (%)</td>
<td>25.8</td>
</tr>
<tr>
<td>Youth unemployment rate, aged 15-24 (%)</td>
<td>18.2</td>
</tr>
<tr>
<td>Share of wage workers in total employment (%)</td>
<td>32.4</td>
</tr>
<tr>
<td>Average gross monthly income, employees (Laotian Kip)</td>
<td>2,480,806</td>
</tr>
</tbody>
</table>

Sources: Lao PDR LFS 2017

**Labour mobility remains complex,** including both inbound and outbound flows of migrant workers. Wage differentials and language similarity make Thailand still the largest destination country for Lao migrants, mostly low and non-skilled workers. As part of the Government’s effort to protect the rights of migrant workers working in Thailand, the Governments of Lao PDR and Thailand have cooperated on a register campaign and upgrading the status of migrant workers in Thailand. Despite this effort, in 2017, only minimum number of migrants responded to the campaign. At the same time, the Government also carried out registration of foreign workers working in Lao PDR.

Lao PDR was severely affected by floods throughout the country in 2018 and 2019, including flash flooding caused by a breach in the Xe pien-Xe Nam Noy hydropower saddle dam in 2018. The floods caused widespread damage, destroying livelihoods and disrupting economic activity and social conditions in all provinces. The overall value of the estimated disaster affects the country amounts to 2.01 percent of Lao PDR’s projected GDP for 2018, representing 9.6 percent of the country’s annual budget. The impact of the 2018 flood adversely affects the fiscal balance in 2019 as well due to the impacts in 2019 and the ongoing reconstruction efforts throughout the years.

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3 The government of Lao PDR (2018), Post-disaster needs assessment 2018 floods, Lao PDR
II. Key Achievements during 2017 – 2019 Implementation of DWCP

The tripartite plus organizations in Lao PDR have utilized their internal resources together with the technical assistance and support from the ILO to deliver results during 2017-2019. Specifically the technical assistance from the ILO is amounted around US$ 4,629,373 during 2017 - 2019. The support from international partners such as Australia, Canada, the European Union, Japan, Republic of Korea, Luxembourg, Switzerland, China, World Bank and others have been crucial for the partnership between the tripartite constituents and the ILO, which remain funding providers to make all technical cooperation under the DWCP possible and a success.

The DWCP related Technical Cooperation projects (Annex 3. List of development cooperation projects) and technical support based on requests have been implemented mainly, but not limited to, by the following national implementing partners under the following offices:

1. Ministry of Labour and Social Welfare
2. Lao Federation of Trade Unions
3. Lao National Chamber of Commerce and Industry and its relevant associations
4. Ministry of Health
5. Lao Women’s Union at central and provincial levels of target provinces
6. Provincial authorities and relevant departments, workers’ and employers’ organizations in Sekong, Champasack, Savannakhet, Louangprabang and Xayaboury provinces.

During the period 2017-2019, resources utilized through the ILO’s technical development cooperation projects and the internal ILO resources are interconnected and contributed to all outcomes.

<table>
<thead>
<tr>
<th>DWCP Outcomes</th>
<th>2017 Expenditure</th>
<th>2018 Expenditure</th>
<th>2019 Expenditure</th>
<th>Total Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outcome 1.1</td>
<td>646,102</td>
<td>1,172,545</td>
<td>520,976</td>
<td>1,972,494</td>
</tr>
<tr>
<td>Outcome 1.2</td>
<td>155,065</td>
<td>205,259</td>
<td>209,893</td>
<td>570,217</td>
</tr>
<tr>
<td>Outcome 1.3</td>
<td>15,494</td>
<td>5,068</td>
<td>20,562</td>
<td>20,562</td>
</tr>
<tr>
<td>Outcome 2.1</td>
<td>49,287</td>
<td>267,000</td>
<td>360,736</td>
<td>677,023</td>
</tr>
<tr>
<td>Outcome 2.2</td>
<td></td>
<td>17,495</td>
<td>15,000</td>
<td>32,495</td>
</tr>
<tr>
<td>Outcome 3.1</td>
<td>75,903</td>
<td>13,370</td>
<td>20,000</td>
<td>109,273</td>
</tr>
<tr>
<td>Outcome 3.2</td>
<td></td>
<td>675</td>
<td>114,990</td>
<td>115,665</td>
</tr>
<tr>
<td>Outcome 4.1</td>
<td>36,928</td>
<td>2,453</td>
<td>39,865</td>
<td>79,246</td>
</tr>
<tr>
<td>Outcome 4.2</td>
<td></td>
<td>311,017</td>
<td>725,779</td>
<td>1,036,796</td>
</tr>
<tr>
<td>Outcome 4.3</td>
<td>316</td>
<td>18,471</td>
<td>6,814</td>
<td>25,601</td>
</tr>
<tr>
<td>Total</td>
<td>639,720</td>
<td>2,008,285</td>
<td>2,019,121</td>
<td>4,629,373</td>
</tr>
</tbody>
</table>

2.1. Summary of Key Results
2017-2019 saw significant achievements made by the tripartite plus constituents, which include the following but are not limited to:

- Implementation plan of the ASEAN Declaration on transition from informal to formal employment in ASEAN was developed and adopted in 2017.
- A number of new regulations and laws were developed and existing ones revised. The endorsement of the amended Social Security Law in 2018; the revision of the trade unions law 2018, decrees on occupational safety and health, and on labour dispute resolution were developed and endorsed; amendment of the decree on sending Lao labour is being finalized.
- The first national strategy on social protection, and first national rural employment strategy have been developed and are being finalized. These two key strategies will contribute importantly in developing the next 5-year sectoral plan and 9th NSEDP.
- A suitable set of the “Laos in Business” training materials, consisting of (1) Business Planning for SMEs, (2) Financial Planning for SMEs and (3) Cash Based Accounting for SMEs, were developed for access to finance capacity building, benefiting around 63 local trainers representing 12 Business Development Service providers and more than 500 enterprises throughout the country.
- A revised minimum wage, increasing from 900,000 LAK to 1,100,000 LAK, was announced and effective from May 2018.
- A revised ministerial agreement on labour inspection system of Lao PDR, together with the country’s first national labour inspection plan developed.
- A tripartite working group on international labour standard was established to monitoring the implementation of the International Labour Standards by Lao PDR, followed by series of capacity building on implementation and reporting of the international labour standards.
- Development of labour market information system has gained important attention to promote employment opportunity. The government launched and disseminated its 2nd national labour force survey results in 2018 and has committed to plan its annual survey.
- During 2017-2019, employment placement domestically and abroad was done for 493,310 workers (women were 42.63% at 210,307)
- The forth Migrant Worker Resource Centre (MRC) was opened in Louangprabang province, where workers can find out information and advice about their rights and support services in destination countries, as well as in accessing to legal counsel and referral support.
- Together with the ILO, the tripartite constituent organized high level national dialogue on the future of work discussing the recommendations from the “Work for a Brighter Future” report, a
health walk and a labour advisory event to mark the ILO’s centenary in Lao PDR together with the social partners and the ILO.

### 2.2. Summary of Challenges, Lessons learned and Recommendations

- The implementation of the DWCP so far has been relevant and consistent with the development situation and needs of the tripartite constituents, and more or less effective in responding to the needs and to achieving the intended results as per the DWCP. The efficiency of the utilization of available financial and human resources could have been greater, to better ensure the sustainability of the national programme and ILO’s technical assistance to it.

- Lao PDR has implemented an annual Lao PDR-Development Partner Roundtable Process, including the ten thematically-focused Sector Working Groups as core platforms for assessing progress of NSEDP implementation, mobilising resources and strengthening coordination. However, there is no dedicated sector working group focusing on labour and employment related issues. Establishment of Labour, Employment and Skills development related Sector or Sub-Sector Working Group under the National Round Table process will play important role in strengthening coordination and resource mobilization contributing to creation of decent and sustainable employment.

- The national ownership and leadership are crucial to the successful implementation and effectiveness of the partnership and receive results and should continuously be enhanced through regular dialogues, information sharing and documentation of good practices and lessons learned. It is necessary to make a more explicit linkage, institutionally, and individually as well from the top management to desk officers of the constituents’ offices, that the DWCP constitutes part of their offices’ work plans, and not an addition or separate work.

- ILO has provided continued support to intervention planning and implementation, often complementing national capacities. National capacity development requires continuous support. It is thus important that capacity development as a long-term process is owned and driven by the national partners, in particular on planning, monitoring, reporting and evaluation.

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4 Health, Education, Governance, Macro Economics, Trade and Private Sector Investment, Infrastructure, Mine Action, Illicit Drug Control, Agriculture and Rural Development, Natural Resources and Environment
It was observed that where national budget allocations to interventions is provided, commitment and ownership of implementing partners is significantly high. Continued advocacy for national budget allocations towards the ILO’s supported interventions will therefore be important and ensure sustainability.

Given the nature and modality of ILO’s development cooperation, its assistance to the DWCP implementation has been limited in financial terms, but there seems a great deal of expectation and need for a substantially greater commitment and assistance from ILO. Additional resources, if/when successfully mobilized jointly by the constituents and ILO, will pay dividends in the medium to longer terms, especially in the form of tangible results for capacity development of constituents and ultimately in better lives and livelihoods of the Lao people.

The absence of an ILO office and impress system in Lao PDR meant that the modality of ILO’s technical assistance (based on a separate contract for each individual activity) sometimes makes ILO support appear as ‘ad hoc’, with seemingly high transaction costs and time loss due to the distance between Lao PDR and the Country Office in Bangkok where contracts are approved and funds is disbursed. Activities are not able to begin until wired funds are received by project staff or implementing organizations with no possibility of drawing funds locally for timely initiation of activities.

It is necessary for the DCWP M&E Task Force to meet more regularly, at least once a quarter, to discuss all DWCP related monitoring issues and as an opportunity for capacity building for the results based planning and monitoring.
III. Key achievements, challenges and lessons learned at outcome level

During 2017 – 2019 implementation of the DWCP, with technical support from the ILO, the Lao tripartite constituents have achieved a number of remarkable results, contributing to the implementation of their respective sectoral plans and the 8th NSEDP. Some major achievements of the 10 outcomes under 4 priorities of the DWCP are summarized as below:

**Priority 1: Promote employment and technical/vocational skills development in line with market demand**

**Outcome 1.1: Increased number of relevant policy frameworks, strategies and regulations for creating jobs in rural areas.**

**Targets and Indicators**

This outcome is to be achieved through 4 targets and contributed by “National Rural Employment Strategy in Lao PDR towards increasing opportunities for decent and productive employment in rural areas project”.

- **Target 1.1.1.** National Rural Employment Strategy and action plan developed, adopted and coastsed through an inclusive national process, drawing on lessons from pilot activities in two provinces, with (i) initial implementation underway by 2021 and (ii) reflected in considerations of gender, ethnicity, disability and environmental sustainability considerations.

- **Target 1.1.2.** At least one gender-responsive measure taken to address identified policy or service gaps in each province by 2019.

- **Target 1.1.3 (a)** Five-year action plan adopted to implement Vientiane Declaration by 2018; includes focus on rural jobs and taking account of gender, ethnic community and disability considerations.

- **Target 1.1.3 (b)** At least three South-South Cooperation activities related to rural employment elements of the Vientiane Declaration implemented by Lao PDR and ASEAN counterparts by 2019.

**Key achievements and results**

This outcome has been contributed mainly by the on-going project on “National Rural Employment Strategy in Lao PDR towards increasing opportunities for decent and productive employment in rural areas”, currently being implemented in Sekong and Savannakhet province. With the support of the project, the interventions aim to increase decent employment opportunities of women and men in rural areas through the development and implementation of
a National Rural Employment Strategy (NRES). Implementation at the provincial level serves to inform how such a strategy may be formulated based on reality and how the strategy may be implemented by government officials and the private sectors. During the implementation period 2017-2019, results have been achieved as the followings:

The National Rural Employment Strategy is being finalized and planned for endorsement in 2020. The strategy was developed through a highly consultative multi-stakeholder process under the cross sectoral advisory committee and the appointed drafting team, led by the Ministry of Labour and Social Welfare (MoLSW). The Drafting Committee met several times in 2018, including two learning workshops to enhance understanding of how rural employment is impacted by (1) climate change and (2) whether foreign investments are able to create jobs and link with SMEs. Consultations with all of Lao PDR’s 18 provinces through three workshops organized in June-August 2018 in Luang Prabang (for Northern provinces), Pakse (for southern provinces) and Thakhek (for central provinces). The Strategy reflects the feedback, insights and advice provided by provincial representatives.

2017-2019 also saw the strengthened capacity of provincial and district authorities in Sekong and Savannakhet provinces and rural workers benefited from the rural employment creation interventions. Particularly, the Government extension workers in coffee promotion in Sekong were trained to learn private sector requirements and provide consistent messages and support. During the reporting period, around 53 households producing coffee in the model villages in the poorest areas in Dak Cheung of Sekong province have increased income at least fivefold through introduction new business model of better buyers and intermediaries at the high quality end of the spectrum with a new market structure introduced, giving farmers greater involvement throughout the supply chain. The introduction of the Zero waste technology produces feeds and fertilizers to support livestock for more income, given seasonality and price fluctuation of coffee. By the end of 2019, it is estimated that around 100 households will benefit from this intervention. Farmers say that they will quit slash-and-burn if such incomes are sustained.

Motorcycle services are provided to ethnic communities where this skill and service had been absent. Around 45 villagers have benefited from basic motorcycle training held in villages and 15 villagers were in the advanced course in training centre. The trainees recently earned an average of $175 per week or $575 per month where this livelihood was previously non-existent.

In Savannakhet province, a skills assessment for target districts and villages together with skills needs assessment for pilot companies was conducted to inform skills development interventions. A checklist of skills needs was piloted for annual implementation by the Savannakhet Chamber of
Commerce which identified vacancies and needs of companies. This guided the selection of machine operation and electricity as some of the priority needs in the industrializing town. Rural workers will be recruited, counselled and trained through improved employment services and skills training. Skills training courses are to be developed with close collaboration of companies.

Government is piloting collaboration through inter-agency teams and market assessment tools supporting the commercialization of subsistence farm products. Target villages in Sepon and Atsaphon are facilitated by an inter-agency technical team (consisting of agriculture & forestry, commerce & industry, labour & social welfare and investment departments) providing extension services. Market assessment tools were applied through the project’s intervention, which attuned villagers and government to market needs, leading to more focused government services, improved production techniques, and increased volumes, in order to meet market demand. Around 100 households who had not participated in value chains the districts are well known for, such as Xeno chicken, Sepon piglets, Vilabuly vegetables, are now being introduced and integrated into these supply chains.

Based on the adopted implementation plan of the Vientiane Declaration on “Transition from Informal Employment to Formal Employment towards Decent Work Promotion in ASEAN”, Lao PDR successfully led the implementation of 2 actions: (1) a regional capacity building on “Promoting rural development: sustainable tourism and short rural supply chains” and (2) “the regional workshop on decent work promotion in rural economy through productivity growth, local employment promotion and transition from informal employment to formal employment”. These result in the agreement between the ASEAN delegates the scope of the regional research to focus on rural employment. The technical workshop was organized in June 2019 to shape the agreed ILO-ASEAN study on "Decent Work Promotion in Rural Economy through Productivity Growth, Local Employment Promotion, and Transition from Informal to Formal Employment”.

Efforts has been made on the development of quality labour market information to facilitate the employment opportunity and employment growth. The government released the results of the 2nd National Labour Force Survey in early 2018. The 2nd Labour Force Survey is meant to update information on the country’s labour market based on current international standards from the 19th ICLS (International Conference of Labour Statisticians) on work and labour force statistics. The LFS contributes to providing the needed indicators to monitor SDGs decent work related Targets. It is significant that Lao PDR implements the LFS on a more frequent (quarterly or even monthly) basis.

**Challenges and lessons learned**
• Policy development requires participations and involvement from various and cross sectors and different levels, implementation and coordination remain a challenge. However, tripartite cooperation is vital.

• Intervention at provincial level were noted by all parties to have been seriously delayed/where most ground-level activities require approval and coordination from central level to the provinces to the districts. Various reasons attribute to this.

• There are limited range of partners in rural areas, resulting in difficulties in creating synergies or complementing with other development agencies. The local authority’s technical departments are keen to engage but usually need both technical and financial support to deliver their technical mandates.

• The adoption of a market-based approaches to implement interventions for rural employment ensures sustainability beyond the short lifespan of the ILO’s development cooperation support. While replication is slowly taking place, achieving scale will require large scale copying by other beneficiaries and crowding in by other market actors, which is not possible for a short duration intervention.

• Rural job creation requires ongoing dialogue among departments or ministries concerned with investment, employment, industry and commerce as well as with companies. The support of the development partners, including the ILO’s support may be used to test modalities. The intervention’s learnings and capacities can be sustained only if there are public budgets to allow continuation of service delivery. Where budgets are available, government officials have the opportunity to exercise their mandates/ test methods, build on mistakes and continuously improve.

**Planned deliverables for 2020**

1. Looking ahead, the integration of the developed national rural employment strategy into the 9th NSEDP is an important priority. The strategy, after endorsement, will be annexed with an implementation plan and costing of the implementation.

2. The joint ASEAN study on the "Decent Work Promotion in Rural Economy through Productivity Growth, Local Employment Promotion, and Transition from Informal to Formal Employment” is set to be finalized and disseminated for ASEAN labour leadership for policy formulation and implementation to address employment promotion in rural economy.
3. With continuous implementation of the “National Rural Employment Strategy in Lao PDR towards increasing opportunities for decent and productive employment in rural areas” currently being implemented in Sekong and Savannakhet provinces, followings are the expected results for the following year:

   a. Results monitoring and documentation of intervention strategies, achievements and lessons learned.
   
   b. Resource mobilization for scaling up of demonstrable activities in Sekong and Savannakhet provinces and for NRES implementation.
   
   c. Value chain promotion and public private partnership in Sekong through coffee development; labour advice and OSH in plantations and rural workplaces
   
   d. Company links to rural economy in Savannakhet through (a) skills development and jobs placements and (b) through corporate purchases (vegetable and livestock value chain)

Outcome 1.2: Increased decent and productive employment through (i) improved matching of jobseekers and labour market requirements; (ii) entrepreneurship development for women, men and youth and (iii) development of policy and legal instruments to support safe labour migration.

Targets and Indicators

This outcome is to be achieved through the following six targets and contributed by 3 on-going development cooperation projects (1) TRIANGLE in ASEAN, (2) Safe & Fair: Realizing women migrant workers’ rights and opportunities in the ASEAN region, and (3) Capacity Building for Small and Medium Enterprises.

Target 1.2.1 (a). National strategy and action plan for development of Public Employment Services and Labour Market Information developed and adopted by 2018, including the following: (i) establishment of legal bases for public employment services in line with C88; (ii) enhanced MoLSW role in regulating and monitoring standards for employment services (public and private) within Lao PDR in line with C181; and (iii) greater integration of services provided by employment service job centres (ESJCs) and Migrant Resource Centres (MRCs).

Target 1.2.1 (b) MOUs developed between MoLSW and the LNCCI and the LFTU respectively for cooperation in implementing PES/LMI strategy by 2018.
**Target 1.2.1 (c).** Employer skills need surveys conducted annually from 2018 (with pilot project initiated by 2018 to gather such data on a sector and/or specific geographic basis).

**Target 1.2.2.** At least three Labour Force Surveys conducted by 2021.

**Target 1.2.3.** By 2021, 60% of registered jobseekers per annum placed in formal employment, at least 50% of whom are women and 2.8% are people with disabilities in line with national disability statistics.

**Target 1.2.4.** At least one piece of legislation, policy and/or MOU adopted or revised to better reflect international standards by 2021.

**Target 1.2.5.** MRCs operational and working in liaison with ESJCs in at least five provinces by 2021, including at least two MRCs managed by the LFTU.

**Target 1.2.6.** By 2021, at least two employers’ organizations, workers’ organizations or business service providers have received training and other support to increase their technical capacity to deliver entrepreneurship leadership and skills training to women, men and youth, including in the informal economy.

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### Key achievements and results

**Labour Market Information**

Efforts have been made on the development of quality labour market information to facilitate the employment opportunity and employment growth. The government has allocated national budget to the 2nd National Labour Force Survey in 2017 and the result was released in early 2018. The LFS contributes to providing the needed indicators to monitor SDGs decent work related Targets. Series of capacity development trainings on labour statistics and survey were provided through the ILO’s technical support. It is significant that Lao PDR implements the LFS on a more frequent (quarterly or even monthly) basis.

The 2nd Labour Force Survey is meant to update information on the country’s labour market based on current international standards from the 19th ICLS (International Conference of Labour Statisticians) on work and labour force statistics. It also provides information on informal economy, labour migration, occupational safety and health, persons involved in activities of production for own-use consumption by households, as well as other current major policy concerns in the country’s decent work agenda.
The key difference in the definition of employment according to the 19th ICLS is the application of the criteria (1) did farming or other agricultural activity only or mainly for sale, for at least one hour, and (2) helped unpaid in agricultural business owned by a household member, with output only or mainly for sale, for at least one hour. If a person reported to have engaged in agricultural activities with output only or mainly for own household consumption, this person is not in employment. This amounted to 1.0 million persons in 2017. In the 2010 definition, people who reported working including activities for own household consumption (and not students, house husbands/wife or retired/elderly) were counted as employed.

- **Safe Labour migration**
  The Government in collaboration with LFTU and LNCC have continued implementing the TRIANGLE in ASEAN project (2015-2025), and launched, in 2018, the new regional project on “Safe & Fair: Realizing women migrant workers’ rights and opportunities in the ASEAN region” 2018-2022. Several important achievements were made during 2017-2019. Particularly, annual national consultations for preparation of the AFML (ASEAN Forum on Migrant Labour) was organized and the tripartite constituents attended the 10th, 11th and 12th AFML in the Philippines, Singapore, and Thailand respectively during 2017-2019 The consultations brought together representatives from government, workers’ and employers’ organization, UN agencies, NGOs and CSOs to discuss the issues and agreed on proposed recommendations that the Lao delegation brought to the annual regional AFML.

The 4th migrant resource centre (MRC) in Lao PDR was established in Louangprabang province in 2018. The MRC, managed by LFTU, provides support and services where workers in Louangprabang and its neighbouring provinces can find out about their rights and support services in destination countries, including financial management for migrants, legal counsel service and referral support. All four MRCs have benefited from capacity development support continuously in providing information and counselling services to potential migrants. The MRCs work in close collaboration with the job centers of the provincial Departments of Labour and Social Welfare. During 2017-2019, the MRCs conducted their outreach advocacies to communities and provided services to potential migrant workers at the centers and through telephone calls. Records at the MRCs provided as follows:

**MRC Savannakhet:** During Aug 2017- April 2018 there were 98 visits of migrant workers (56 were women) to the MRC; and around 202 people called to use services (67 were women). During April - Sep 2018 there were 185 visits (63 were women) and 136 calls received (104 were women).
Sep-Dec 2018, there were 20 visits (14 women); and 78 calls (30 women). During Jan-July 2019, around 106 visits of migrant workers (71 women) and 214 calls (78 women).

**MRC Xayaboury:** During Feb- Sep 2018, there were 56 visitors to the MRC (27 women) and 39 calls (9 women) registered to use the services.

**MRC Champasack:** During Feb-Sept 2018, there were 88 visits of migrant workers (30 women) to the MRC Feb-Sep, and 15 calls (5 women).

**MRC Luanprabang:** There were 25 migrant workers (5 women) visited MRC and 12 calls for services (2 women) during August 2018 to July 2019.

In addition, more than two thousand workers (1,784 were females) in 21 garment factories in Vientiane capital benefited from regularly awareness raising exercises on safe migration and risks of human trafficking conducted by the LFTU.

Annual migration day is marked on the International migration day in December of every year through national event organized in partnership between the tripartite constituents, ILO and IOM. National and international organization partnership on migration has been strengthened through a quarterly migration networking meeting.

In 2018, the Prime Minister’s Decree No. 68 on sending Lao workers to work abroad and the Ministry of Labour and Social Welfare’s Decision No. 43 on recruitment agency establishment and management have been revised and the final draft was submitted to the government for endorsement in 2019. The regulations for the protection of migrant workers have also been developed. This was accompanied by capacity development to better put into practice the International Conventions No. 97 on Migration for Employment and No. 143 on Migrant Workers. As part of gender strategy implementation, the ILO supported capacity building of representatives from the Ministry of Labour and Social Welfare, LFTU, LNCCI, Lao women’s unions and Youth’s union, focusing on gender awareness and gender responsiveness.

- **SME and entrepreneurship development**

Enterprise development is a national agenda for Lao PDR and an important area of work delivered during 2017-2019. Through the implementation of the “technical assistance for capacity building for Small and Medium Enterprises (SMEs)” project from 2018, the support has contributed to sustainability of SME capacity building mechanism with link to access to finance. A suitable set of the “Laos in Business” training materials is developed for access to finance capacity building. The materials were developed in close consultation and collaboration with the Business Development
Service (BDS) providers, business associations, the Micro Finance Association, the Lao Chamber of Professional Accountants and Auditors (LCPAA) and commercial banks. These developed materials include (1) Business Planning for SMEs, (2) Financial Planning for SMEs and (3) Cash Based Accounting for SMEs.

Although, as per bank requirements, and bank agreement, these developed modules are suitable for Micro and SMEs to access finance, the modules were developed for SMEs to support their increased access to finance. The core modules, Business Planning, Financial Planning and Cash Based Accounting modules, are in line with commercial bank requirements for SME loans and have been served as the core materials for capacity buildings to SMEs. The materials were successfully tested with SMEs before the roll out in January 2019. The developed core materials have provided a common set of templates used by BDS as a standard for SMEs. In the future, the modules could be further reviewed, revised and adjusted by the BDS providers and/or relevant authorities/organization of Government as necessary to ensure they respond to the changing condition and the business environment.

Additional sector specific tools aimed at improving productivity and operations have been developed for Tourism, Marketing, Retail, and Agribusiness as well as one focusing on Laos business Regulations.

During the reporting period, around 63 local trainers representing 12 BDS providers have been trained and coached on the core packages. Among the trained BDS providers, at least eleven of these BDS providers have been capacitated and are able to provide the business development services and training for SMEs, following the trainings of facilitators.

The network of BDS providers has been strengthened through regular exchanges of experiences and lessons learned. The BDS providers also benefit from each other on utilizing the experts to support their trainings. The BDS providers have expressed their appreciation for the opportunity to strengthen their collaboration not only within themselves, but also with the LNCCI’s SSC and the SMEs that they have trained.

Trainings and coaching of SMEs has been provided by the BDS providers. This training is a total of 5 days, including 1 day business plan development, 2 days financial management and 2 days coaching concluding with development of a business plan. To date, more than 500 MSMEs have benefited from the trainings using the core modules, with more than 560 beneficiaries, of which 250 are women.
The support from the ILO in 2017 provided to Ministry of Education and Sports in enhancing the capacity of secondary schools teachers and expanding KAB in tourism subject in Vangvieng district of Vientiane province. At least twenty-six teachers, eleven female, were developed capacity and able to roll out KAB in tourism from 2017 academic year, benefiting around 1,207 students in Vangvieng secondary schools, grade 5.

**Challenges and lessons learned**

The established migrant resource centres (MRCs) continue to face significant challenges mainly in relation to their limited human and financial resources, outreach of rural population, limited technical capacities and sub-optimal delivery infrastructure. The strong link between MRCs and job centres has yet to be established so that they are able to obtain and share information on potential job opportunities within the country. Furthermore, not all jobseekers and potential migrants are aware of the services provided by the MRCs in their location. Many segments of the Lao labour force do not even know that job centres exist nor the services they provide.

No significant support from the ILO to job centres during the reporting period. The dedicated support to the country is under the support from the Asian Development Bank (ADB). It has been observed that there is critical need to implement a range of labour market adjustment programmes, beginning with relevant employment, vocational and career counselling programmes. Providing high quality labour market information to jobseekers, employers and potential migrants as well as returned migrants is central to the mandate and services to be provided by a responsive public employment services system.

Further, as Lao PDR is a country with a large rural and informal economy, as part of an effort to reduce illegal migration, in addition to a strong partnership between the MRCs and the job centres, it is important that the job centres should be able to provide a menu of labour market programmes that will allow jobseekers a multiplicity of advisory services ranging from the provision of traditional wage employment or self-employment including provision of new business within the community. Such services and advisory roles should be part of functions of job centres.

On SME development, for sustainability of BDS services in a long term, it is important that SME and MSMEs cover as much as possible of the total service cost. This would allow the Government of Lao PDR to facilitate continued BDS services to support SME development with the scarce resources available. Furthermore, the SMEs and MSMEs have been more committed to complete the trainings when they have had to pay a participation fee. During the reporting period, the total
cost to attend a 5-day training and coaching is 300US$ per SME/MSME. Each SME/MSME attending a training is required to pay 50US$ while the remaining 250US$ has been subsidized through the ILO development cooperation’s support directly to the BDS providers. The cost of the training was calculated based on the services required to provide by the BDS providers on the basis of training between 15-20 participants. The cost is inclusive of the training fee, materials and venue, refreshments and lunches.

**Planned deliverables for 2020**

Looking forward, the main deliverables for 2020 will be as followings, contributed from the continuous implementation of the development cooperation projects of (1) TRIANGLE in ASEAN, (2) Safe & Fair: Realizing women migrant workers’ rights and opportunities in the ASEAN region, and (3) Capacity Building for Small and Medium Enterprises.

**Safe Labour Migration**

- Increased awareness on safe migration through outreach intervention campaigns
- Developed policy on safe and fair migration into certain sectors, specifically domestic work
- Developed tools for national and subnational government on risks of exploitation and violence, and available responses, for women throughout migration; and how the existing policy and legislation can be implemented to mitigate risks
- Organized capacity building to Recruitment Agency's on gender-responsive implementation of regulations.
- Continued support to MRCs, including on strengthening the response to the needs of women throughout migration
- Continuous support to Migration Networking meetings

**MSME development**

Continue implementing the capacity building for SME project in partnership with BDS providers. The expected deliverable in 2020 are (i) reviewed and assessed the core developed modules if adjustment is required to be made to ensure access to finance, (ii) further strengthen the access-to-finance capacity of those MSMEs that have gone through the trainings so far by assisting them in completing/improving their business plans and by guiding them in bank-discussions, (iii) expand the outreach of the additional MSME capacity building, and (iv) support the institutionalization of the approach where BDS providers coordinated by LNCCI are systematically linked and support the implementation of financial resources for MSME investments.

**Outcome 1.3: Increased policy capacity, competency standards and accreditation arrangements to support promotion of technical/vocational skills for women, men and youth.**
**Targets and Indicators**

This outcome is to be achieved through four targets and contributed by ILO-Korean partnership programme. ILO-China project on skills development, begins in 2019, will also contribute to this outcome.

**Target 1.3.1.** At least two initiatives to strengthen National Training Council and MoLSW technical capacity for national technical/vocational skills policy and systems development by 2021.

**Target 1.3.2.** At least five new technical/vocational skills/competency standards promulgated at national level by 2021, with special attention to addressing skills/competency standards in non-traditional occupations for women.

**Target 1.3.3 (a).** At least two additional technical/vocational skills areas developed/completed for standards, certification and accreditation of institutions by 2021, with special attention to female-dominated occupational areas.

**Target 1.3.3 (b).** At least 50% of trainees in the additional technical/vocational skill areas are assessed and certified by 2021.

**Target 1.3.4.** At least three new technical/vocational skills areas developed under ASEAN MRS by 2021.

**Key achievements and results**

Lao PDR is implementing the mutual recognition of skills (MRS) programme together with other ASEAN countries. As a result of the country’s participation to the Regional Skills Technical Working Group (RSTWG), established as a technical-level working group that supports all skills-related activities supported by the ILO, in 2018, Lao PDR continued its actions to develop the national skills standards through curriculum and assessment tool standards in bricklaying and plastering to align with Thailand. The development focused on principles and good practices in competency-based on curriculum development and assessment to competency standards. The MRS benchmarking process contributes of the interest referencing towards a more rational mobility of Lao skilled workers and the ASEAN nationals in the region.

2019 also saw a launch of the ILO-China partnership project on “Strengthening Skills Development through South-South and triangular cooperation”. The project, covering Cambodia, Lao PDR and Myanmar, will support a study on the country’s context to validate skills development priorities. Base on the identified priorities, effective skills development strategy for the country will be developed and implemented which could be building or improving qualifications, training packages, delivery modalities of selected priority. The intervention will also support the priorities in strengthening Public Employment Services.
During the reporting period, development of 3 national skills standards in agriculture was completed. In addition, the draft agreement on the scope of skills development (level 1-5) based on the national skills standards and the draft agreement on skills testing and certifying regulations were developed. During 2018-2019, there were around 8,226 workers (2,647 women) certified their skills based on the national skills standards.
Priority 2: Promote ratification and implementation of international labour standards

Outcome 2.1: Increased quality of labour standards and protection through Labour Law implementation

Targets and Indicators
This outcome is to be achieved through five targets and contributed by three main Development Cooperation Projects (1) on Occupational Safety and Health in Lao PDR supply chains - a Vision Zero Fund project, (2) ILO-Korea partnership on Occupational Safety and Health (OSH), and (3) the “Improving the Garment Sector in Lao PDR: Compliance through Inspection and Dialogue” project, ended in mid-2017.

Target 2.1.1. At least two gender-sensitive regulations prepared in consultation with the social partners and promulgated by 2019 to strengthen implementation of the 2014 Labour Code, with the principles enshrined in C100 and C111, and the outstanding comments of the CEACR respecting those Conventions, taken into consideration as appropriate.

Target 2.1.2. By 2018 annual action plans for labour inspection developed and implemented in line with international labour standards, e.g. C81, including OSH components and measures to increase number of female inspectors; at least two actions taken annually to implement action plans

Target 2.1.3. Action plan for implementation of Prime Ministerial Decree on OSH by National Constituents developed by 2018, with at least two actions taken annually to implement the plan by 2021.

Target 2.1.4. National mechanism established and related capacity developed for sex-disaggregated reporting of workplace accidents by 2018.

Target 2.1.5. By 2018 annual reports by national constituents developed and disseminated on implementation of the NPA in their respective areas of responsibility

Key achievements and results

- Implementation of National Labour Standards

As part of national legislation reforms, 2017 - 2019 saw a number of new labour and social protection related legislations developed and existing ones were revised. Specifically, the social security Law was revised and effective from 2018, making compulsory enforcement for the private sectors to enroll their workers into the national social security fund with strengthened inspection
system to be taken place. The decrees on labour dispute resolution and occupational safety and health were also developed and effective from 2018 and 2019 respectively.

- **Labour Inspection system**

  Through the intervention of the above mentioned projects, the *country's labour inspection system* has been strengthened. In 2017, the Ministerial Decision on the Organization and Functions of Labour Inspectors was endorsed, leading to a restructuring of the labour inspectors’ roles and mandates. The *first ever national Labour Inspection Plan* was developed to provide national strategic direction on priorities and budget allocation. A labour inspection data management system was set up and a labour inspection checklist tested and in use, giving one of important inspection tools to labour inspectors. The work place improvement committees have been set up in some garment factories, offering a forum for bilateral discussion and exchange between workers and employers at the workplace level. As a result, two-thirds of pilot scheme factories initiated workplace improvement measures and confirmed the benefits on improving labour-management relations.

- **Occupational Safety and Health (OSH)**

  The tripartite organizations together with Association of the Lao Garment Industry, Coffee Association and provincial authority of Champasak province have implemented Development Cooperation projects on Occupational Safety and Health in Lao PDR supply chains - a Vision Zero Fund project, and ILO-Korea partnership on Occupational Safety and Health. The projects aim to support the implementation of the national regulations, contributing to reducing work-related accidents, injuries and diseases through improvement of health & safety in the workplace; target sectors of coffee and garments. Followings are the key results achieved:

  - The first Decree on OSH was developed and effective from 2019. The OSH decree was developed through series of consultations at national and provincial level, with technical and financial support from WHO Country Office in Lao PDR and ILO.

  - As part of the OSH Decree implementation, a Training of Trainers (TOT) on Work Improvement in Small Construction Site was organized to selected labour inspectors from the central and provincial authorities.

  - As part of the new OSH Decree dissemination and implementation, the training on bipartite OSH Committees was organized to officials of Lao Federation of Trade Unions and representatives of garment factories to set up OSH committee and improve OSH
management in garment factories. Currently 10 garment factories and 1 footwear factory are preparing to establish a factory OSH committee;

- OSH training materials for coffee farmers and coffee plantation have been developed and tested in Champasack province;
- Communication materials have been developed to disseminate OSH knowledge and good practices in coffee and garment sector;
- Capacity building to the labour inspectors were conducted to assisting factories to develop OSH improvement plans and implementing improvement measures at garment factories.
- Work place improvement trainings have been organized for garment industry and coffee producers and cooperatives, based on the results of the OSH risk assessment and intervention design conducted in these two sectors.
- Analysis of the OSH risk compensation and benefit claim mechanism of Lao PDR’s Social Security Scheme is being conducted to identify constraints and develop recommendations on how to make claim procedures more effective and user-friendly, and compensation benefits more valued by social security members.

- **Child labour**

Despite the target 2.1.5 was set in the currently DWCP that “By 2018 annual reports by national constituents developed and disseminated on implementation of the NPA in their respective areas of responsibility”, the achievement has been delayed. Also during this current DWCP, there is no development cooperation project contributing to this target and there is also limited resources from the tripartite organizations allocated to implement the activities to achieve this target.

The national cross-sectoral child labour focal points have been appointed at different ministries to ensure child labour issues are mainstreamed in their respective sectoral development plan, programme and projects. However, capacity of these appointed focal points need further strengthened on monitoring and reporting on results of the implementation. The M&E framework of the implementation plan requires further revision.

Progress, thought limited, has been made at the national level to implement the NPA. Particularly, compulsory education has been lifted from primary to lower secondary education and stated in the Law on Education. As part of implementation of the national action plan on elimination and protection of child labour, in mid-2017, the national committee discussed and launched the 2016
survey report on child labour in agriculture in two provinces of Laos – Savannakhet and Saravan. The report provides important data source for the government to plan and response to challenges.

Although the implementation framework for the NPA has been developed, the government the implementation has been struggling due to (1) the insufficient financial allocation; (2) limited national technical expertise; (3) the lack of tools and materials for combating child labour. Therefore, further technical and financial support is required to ensure the NPA’s objectives are fully achieved by 2020 as specified in the NPA, the National 8th Five-Year Socio-Economic Development Plan, and contribution to SDG 8.7 on elimination of the worst forms of child labour. The tripartite plus committee, in 2019, started the review and revision of the NPA to extend it until 2030.

During the 108th ILC, Lao PDR was called before the Committee on the Application of Standards on the Individual Case on the Worst Forms of Child Labour Convention, 1999 (No. 182), requiring the responses from the tripartite organizations to consult relevant ministries and organization to prepare a statement to report on the implementation status of the National Plan of Action on the elimination of child labour and efforts to address the issue.

As a followed up, in July 2019 the technical workshop was organized to provide opportunity for the national tripartite committee on standards and the committee on NAP on the worst form of child labour to share the results from the CAS’s recommendations from the ILC and discuss on the reporting obligations together with other pending reporting requirements of the other conventions, together with the ILO.

**Challenges and lessons learned**

Ensuring that the national Laws and associated regulatory reforms are promoted and applied at all levels remains a challenge. Capacity development in labour inspection requires further enhancement both human resource and national budget allocations.

Lao PDR has no database system in place to record or monitor workplace accidents and occupational diseases. Thus, there is no available data to inform how many workers per year are affected from workplace accidents and diseases. Currently, the only available data is from the data of the National Social Security Fund office on the benefits to the members.

The implementation of the NPA on child labour requires increased active planning, coordination, monitor and reporting among the committee members. MoLSW capacity to lead the implementation and monitoring of the implementation of the NPA requires to be further
strengthened. Additional resources are needed to support tripartite partners to implement the NPA in their respective spheres.

To date, similar to workers in other sectors, strengthening the capacity of coffee farmers on OSH knowledge and good practices are greatly required to help them manage workplace hazards and risks for the improvements their health and promote productivity and production increases. The majority of the farm workers are seasonal workers and not covered under the national social security fund. Most initiatives and interventions that have provided support to the coffee value chain in Lao PDR have focused on improving coffee growing, harvesting and post-harvesting techniques, the quality of beans, and marketing channels. Limited attention has been paid to the health and safety of coffee farm workers and the particular workplace risks they are exposed to.

Lessons learned on workplace improvement committee and the implementation of OSH improvement measures should be documented and replicated to larger intervention and to other sectors.

Sectoral collaboration and strong partnership with private sectors are significant on the success of the law implementation and improvement of OSH for Lao workers. OSH improvement should be mainstreamed into the strategies, policies and work plans for all relevant sectors and partners if zero occupational accident and disease are to be realized.

**Planned deliverables for 2020**

Looking forward, this outcome will be benefited from the results of the implementation of the ongoing cooperation projects of (1) on Occupational Safety and Health in Lao PDR supply chains - a Vision Zero Fund project, and (2) ILO-Korea partnership on Occupational Safety and Health (OSH). Planned deliverables in 2020 will be the followings

- Continued support to the implementation of the OSH Decree;
- Developed national OSH profile and revised OSH national action plan;
- Developed and support the application of the Basic Occupational Health Services (BOSH) in coffee sector in Champasak province;
- Developed and disseminated OSH awareness and learning materials in coffee and garment sectors;
- Continued support to capacity development of the labour inspection system in agriculture;
• Capacity building on the monitoring and coordination of the reporting on the NPA on elimination of child labour.

It is also planned to finalize the revised NPA on the prevention and elimination of child labour

**Outcome 2.2: Increased ratification and application of International Labour Conventions**

**Targets and Indicators**
This outcome is to be achieved through four targets.

**Target 2.2.1.** Lao PDR has ratified at least one additional international labour Convention by 2021.

**Target 2.2.2 (a).** By 2021, at least five actions taken to implement international labour Conventions, with particular attention to C100 and C111.

**Target 2.2.2 (b).** At least one initiative by 2019 to strengthen national constituent capacity to implement, monitor and report on ratified Conventions.

**Target 2.2.3.** All reports requested by the ILO supervisory bodies, pursuant to Articles 19 and 22 of the ILO Constitution, are submitted by 2021.

**Key achievements and results**
The national committee on international labour standards was established in 2017 amongst the tripartite partners for effective and active engagement in discussing and considering conventions for ratification and contributing to the reporting and follow-up. However, capacity of the committee needs further strengthening to ensure that the required reports are submitted on time. Benefiting from the ILO’s technical support, in 2018 the national tripartite committee benefited from the capacity building on the international standards, reporting and implementation requirement of the ILO conventions. The Convention 155 on occupational safety and health (1981) and convention 187 on promotional framework for occupational safety and health convention (2006) were discussed at a tripartite capacity development meeting held in December 2019 for possibility of ratification by Lao PDR.

During the 108th International Labour Conference in Geneva, Lao PDR was called before the Committee on the Application of Standards on the Individual Case on the Worst Forms of Child Labour Convention, 1999 (No. 182), requiring the responses from the tripartite organizations to consult relevant ministries and organization to prepare a statement to report on the implementation status and effort to address the issue.
As a follow up to the commitment, ILO provided technical assistance to tripartite plus organizations to discuss the requirement for implementation and reporting which need to be submitted.

**Challenges and lessons learned**

The capacity for timely and efficient reporting on ratified conventions requires further strengthening. Necessary focused attention and resources need to be allocated, including with regard to capacity building to study the content of the conventions, addressing legislative gaps and ensuring that institutional arrangements and capacity are in place for implementation, monitoring and reporting.

There is not existing strategy or roadmap on potential conventions for consideration by Lao PDR to guide the planning and implementation.

**Planned deliverables for 2020**

- Developed a tripartite strategy for international labour standards
- Required reports of the conventions are submitted on time
Priority 3: Strengthen and expand social protection

Outcome 3.1: National Social Protection Strategy and new social transfer tax-funded programme(s) developed, adopted and implemented

Targets and indicators
This outcome is to be achieved through three targets.

**Target 3.1.1 (a).** ABND on social protection completed by 2017 as basis for formulation of NSPS and prioritizing government social protection initiatives, with active engagement by national constituents and including gender, ethnicity and disability considerations.

**Target 3.1.1 (b).** NSPS including gender, ethnicity and disability considerations developed, adopted and costed by 2020 through an inclusive national process involving national constituents that (i) draws on outcomes of ABND process and (ii) uses costings from the rapid assessment basic protocol developed under the ABND.

**Target 3.1.2.** At least one new social transfer tax-funded programme designed based on the ABND recommendations and (i) implemented by 2021 and (ii) at least 50% funded by domestic resources.

Key achievements and results
The National Social Protection Strategy (NSPS) together with its implementation plan has been developed and finalized in 2019. The strategy aims to be a guiding document for implementing social protection policies in the Lao People’s Democratic Republic (PDR) until 2025. The NSPS benefits from the results obtained in the Assessment-Based National Dialogue on Social Protection (ABND) process developed by the United Nations and previously held in the country. The ABND is a participatory assessment methodology that identifies policy gaps and implementation issues in social protection systems and facilitates a national dialogue to define priorities and draw up policy recommendations with the objective to achieve a comprehensive national social protection floor. The ABND report was endorsed by 2017.

The consultation process to develop both the ABND and the NSPS documents was developed under the established national drafting committee on social protection. It is a tripartite plus committee, facilitated by the Ministry of Labour and Social Welfare (MoLSW), with the technical assistance from the ILO, and involved the participation of government officials from several ministries and the consultation of development partners and relevant stakeholders. The NSPS has defined three major goals aiming to ensure effective universal access to social protection services, and higher levels of protection for those more in need. These goals are (1) the Health Insurance system has been further developed and strengthened; (2) the Social Security system has been...
further developed and strengthened; and (3) the Social Welfare system has been further developed and strengthened.

**Challenges and lessons learned**

The development of the National Social Protection Strategy (NSPS) and the Assessment-Based National Dialogue on Social Protection (ABND) took several years to complete the exercise. This is due to the fact that Social Protection is a relatively new topic, but required involvement and participation from cross sectors. It is also the first time that Lao PDR is putting in place an integrated approach to social protection and the first time that social protection will be in the national agenda.

National ownership and commitment is vital to achieve the planned results. The role of the MoLSW in national leadership on social protection ensure cross sectoral and ministerial cooperation and coordination.

A general lack of resources for the longer term government budget commitments to social protection is observed. Capacity at all levels, from national to district, both institutionally and in terms of numbers and quality of staff in key parts of the overall social protection / social welfare system need further developed.

**Planned deliverables for 2020**

It is important priority to mainstream the social protection strategy into the 9th National social and economic development plan.

The NSPS relies on the use of both internal and external funding sources for the consecution of its activities. It is important to continue exploring additional sources to fund the social protection system and to develop resource mobilization proposals to advocate for the government to increase the budget allocation to social protection.

Start implementation of the UN joint programme support on social protection to be funded from the SDG fund on social protection to implement the NSPS.

*Outcome 3.2: Increased access for workers and families to social protection benefits, including social health protection*
Targets and indicators
This outcome is to be achieved through four targets and contributed by the “Support to the extension of Social Health Protection in South-East Asia” project.

**Target 3.2.1.** At least 300,000 formally employed women and men workers (excluding armed forces and police officials) enrolled in NSSF by 2021.

**Target 3.2.2.** At least 95% of poor women and men covered by social protection schemes by 2021, with people with disabilities comprising at least 2.8% of social protection beneficiaries.

**Target 3.2.3.** At least two initiatives to complete harmonization of social health insurance benefits and information technology (IT) systems by 2020.

**Target 3.2.4** Social Security Law revised, approved and disseminated by end of 2018, with active engagement of national constituents and input of ILO-produced actuarial valuations.

**Key achievements and results**

Significant steps have been taken to achieve the extension of the social security coverage. In 2017, there were 288,647 people enrolled in National Social Security Fund (NSSF) from private sectors, of which 135,221 were female, and 5,769 were self-employed people (female: 2,674). In 2018, the number increased to 299,998 people, female were 140,036, and 8,080 were self-employed (3,714 females). As part of the Government’s efforts to enhance access to social protection, an actuarial analysis on the social security fund finalized in 2017 contributed to the revision of the national Social Security Law. The social security law was then amended and endorsed in 2018.

The National Health Insurance Fund (government subsidies from tax based system with low co-payment) established in 2016 under the National Health Insurance Bureau, Ministry of Health, steadily expanded to 17 provinces across the country in 2018, except Vientiane capital. Today the overall coverage of health insurance from all schemes (including national health insurance scheme, national social security fund, and military and police schemes) covered 94%. This will help to accomplish the goal of Universal Health Coverage by 2025.

Under the support from the regional social protection facility involving Lao PDR, Vietnam and Myanmar project, technical assistance has provided to the Ministry of Health and the Ministry of Labour and Social Welfare on the merging of the statutory health insurance schemes under National Social and Security Fund (NSSF) and National Health Insurance (NHI), through the design of the institutional, technical, financial and operational features of the merged scheme with a monthly supervision of the implementation of the merged scheme in the two provinces where the
merging is being piloted. The support also includes the costing of the health benefit package and health facilities, in collaboration with other Development Partners.

**Challenges and lessons learned**

National ownership and commitment is vital to achieve the planned results. Partnership between the Government and development partners ensure the success of the intervention.

**Planned deliverables for 2020**

With continued implementation of the regional social protection facility involving Lao PDR, Vietnam and Myanmar project, the planned key deliverables for 2020 are the following:

- Completion of costing of the health benefit package and health facility costing study
- Development of NHI unified public financial management (PFM) guideline
- Development of sub-legislations under the newly promulgated NHI law
- Review of experiences to learn NHI merger/unified scheme management experiences from selected countries
- Scale up the merger NHI unified scheme to other provinces including Vientiane capital
- Continuous monitoring and supervision of the merger in new expanded provinces
Cross-cutting priority 4: Strengthen tripartite cooperation and social dialogue

Outcome 4.1: Increased quality of mechanisms and procedures for tripartite cooperation and social dialogue

Targets and indicators
This outcome is to be achieved through four targets

**Target 4.1.1.** National Tripartite Committee and at least two associated sub-committees established by end of 2018; subcommittees include one on gender equality and non-discrimination at work, with at least 30% female members.

**Target 4.1.2.** National constituents (i) agree on procedures and criteria for more regular minimum wage reviews; (ii) agree on measures to ensure that gender considerations are addressed in this context and (iii) hold at least two reviews under revised approach by 2021.

**Target 4.1.3.** Ten per cent increase in number of collective bargaining agreements negotiated between employers and workers by 2021.

**Target 4.1.4.** Thirty per cent of recorded industrial disputes resolved through social dialogue or statutory procedures by 2021.

Key achievements and results

Little progress has been made under these outcome and more works need to be done.

**National Tripartite Committee and subcommittee**

The tripartite constituents have intention to establish a National Tripartite Committee (NTC) and specified sub committees. The draft TOR has been developed and are being reviewed by tripartite organizations.

**Minimum wage**

In 2018, Lao PDR revised its national minimum wage, increasing from 900,000 LAK to 1,100,000 LAK. This was a results from national survey led by LFTU, and series of tripartite consultations and discussions at national and provincial levels in 2017 until early 2018.

So far there is no national strategy to guide the review and revision of the country’s minimum wage, causing challenges in the implementation of the approved minimum wage.
LNCCI members have since expressed concerns at the arbitrary approach to minimum wage setting in Laos and noted the failure to account for smaller firm’s capacity ability to pay.

In 2019, the ILO is providing the support to develop the capacity of the tripartite organization to discuss a possibility on setting up a national minimum wage setting mechanism.

**Labour dispute resolutions**

A labour dispute database has not been available in Lao PDR. As part of the labour law implementation, in 2018 Lao PDR issued a dispute resolution decree. The decree sets out procedures and authorities in resolute labour disputes from labour unit to the court. However, capacity development requires to labour dispute resolution authorities to ensure that a dispute is effectively and fairly resolved.

**Outcome 4.2: Increased capacity of employers to advance Decent Work Agenda and social dialogue**

**Targets and indicators**

This outcome is to be achieved through four targets and contributed by the capacity building for Small and Medium Enterprises (SMEs) project, Occupational Safety and Health in Lao PDR Supply Chains – A Vision Zero Fund project, and ILO-Korean partnership project on OSH.

**Target 4.2.1.** At least two LNCCI initiatives annually to influence national laws, policies, laws, strategies and plans.

**Target 4.2.2** At least two initiatives annually (averaged over five years) to strengthen member capacity to (i) engage in tripartite cooperation and/or (ii) serve member interests in line with the LNCCI National Strategic Policy Framework.

**Target 4.2.3.** Twenty per cent increase in MSME membership of LNCCI by 2021.

**Target 4.2.4.** At least 30% of leadership and management positions held by women by 2021.

**Key achievements and results**

The LNCCI has participated and contributed actively in the **Technical Tripartite Committee on Industrial Relations** which meets quarterly to discuss labour related issues and industrial relations. In May 2018, LNCCI in partnership with the government and the LFTU was supported the official increase of the minimum wage in Lao PDR from 900,000 LAK to 1,100,000LAK.
In addition to its active roles in all national policy formation related to labour and employment issues in Lao PDR, LNCCI coordinated the views of its members to the revision of the social security law and development of labour dispute resolution decree and the OSH decree, and skills development related regulations, etc.

In 2018, with the ILO’s technical support, the board of the LNCCI met at the technical workshop to discuss on strengthening the process of minimum wage setting in Lao PDR. The LNCCI’s board was also benefiting from the sharing of good practices from other countries in how employers participate effectively in the minimum wage setting process.

LNCCI also supported 11 pilot garment factories initiated workplace improvement measures and confirmed the benefits on improving labour-management relations. Five factories received training on productivity improvement and on how to address high labour turnover rates. The LNCCI’s Association of Lao Garment Industry and Association of Coffee have actively implemented and contributed in conducting risks assessment and implementing interventions on OSH improvement in these two sectors. In 2019, around 10 garment factories and 1 footwear factory in Vientiane are preparing to establish their OSH committee at the factory level.

- **SME and entrepreneurship development**

The LNCCI, led by the SME service centre (SSC), and in partnership with its business development providers Enterprise development and with technical support from the ILO, has implemented the development cooperation project on “capacity building for Small and Medium Enterprises (SMEs)” from 2018. LNCCI’s SSC led and coordinated to develop a suitable set of the “Laos in Business” training materials for access to finance capacity building, in close consultation and collaboration with the Business Development Service (BDS) providers, business associations, the Micro Finance Association, the Lao Chamber of Professional Accountants and Auditors (LCPAA) and commercial banks. These developed materials include (1) Business Planning for SMEs, (2) Financial Planning for SMEs and (3) Cash Based Accounting for SMEs.

In addition to the strengthened capacity of the LNCCI’s SSC, around 63 local trainers representing 12 Business Development Service providers have been trained and coached on the core packages. Among the trained BDS providers, at least eleven BDS providers have been capacitated and are able to provide the BDS service and training for SMEs, following the TOT. These BDS providers are (1) EDC, (2) MFA, (3) TACDO, (4) LJI, (5) FML, (6) YEAL, (7) ACCMIN, (8) AAS, (9) Toh Lao, (10) LNCCI’s SSC, and (11) WEC.
LNCCI’s SSC facilitated and strengthened the network of BDS providers through regular exchanges of experiences and lessons learned. The LNCCI’s SSC also benefits from utilizing the pool of trainers from this BDS’s network and vice versa.

Series of trainings and coaching of SMEs have been provided by the trained BDS providers. To date, more than 500 MSMEs have benefited from the trainings using the core modules, with more than 560 beneficiaries, of which 250 are women.

Challenges and lessons learned

Active engagement and participation from private sectors is significant to the success of the intervention. The leadership of the LNCCI is significant to promote the success of interventions and measures for increased decent work in Lao PDR.

Planned deliverables for 2020

Looking forward, the LNCCI continues contributing to the Technical Tripartite Committee on Industrial Relations to discuss labour related issues and industrial relations for promotion of decent work in Lao PDR, particularly, producing proposal for the setting up of a national minimum wage mechanism.

Continue implementing the capacity building for SME project in partnership with BDS providers. The expected deliverable in 2020 are (i) reviewed and assessed the core developed modules if adjustment is required to be made to ensure access to finance, (ii) further strengthen the access-to-finance capacity of those MSMEs that have gone through the trainings so far by assisting them in completing/improving their business plans and by guiding them in bank-discussions, (iii) expand the outreach of the additional MSME capacity building, and (iv) support the institutionalization of the approach where BDS providers coordinated by LNCCI are systematically linked and support the implementation of financial resources for MSME investments.

Outcome 4.3: Increased capacity of Workers to advance Decent Work Agenda and social dialogue

Targets and indicators

This outcome is to be achieved through four targets and contributed by three development cooperation projects: TRIANGLE in ASEAN, “Safe & Fair: Realizing women migrant workers’ rights and opportunities in the ASEAN region”, Occupational Safety and Health in Lao PDR Supply Chains – A Vision Zero Fund project, and ILO-Korean partnership project on OSH.
**Target 4.3.1.** At least two LFTU initiatives annually to influence national laws, policies, laws, strategies and plans, including revision of Trade Union Law in 2017.

**Target 4.3.2.** At least two initiatives annually (averaged over five years) to strengthen member capacity to (i) engage in tripartite cooperation and/or (ii) serve member interests in line with LFTU priorities, including in implementation of the Trade Union Law and LFTU action plan on protection of migrant workers.

**Target 4.3.3.** At least 50% increase in number of private sector formal workers and 100% increase in the number of informal workers (disaggregated by sex) covered by unions by 2021.

**Target 4.3.4.** At least 30% of leadership and management positions held by women by 2021.

### Key achievements and results

The LFTU has participated and contributed actively in the **Technical Tripartite Committee on Industrial Relations** which meets quarterly to discuss labour related issues and industrial relations. In May 2018, LFTU successfully influenced to increase officially the minimum wage in Lao PDR from 900,000 LAK to 1,100,000LAK.

LFTU played an active role in the revision of the social security law and development of labour dispute resolution decree and the OSH decree. The LFTU influenced the government to revise legislation on labour migration, which is a major issue for the union.

**On labour standards and collective bargaining,** the LFTU’s members have benefited from capacity development assistance from the ILO’s technical support regarding the implementation of the international labour standards and collective bargaining. In 2017, training of union officials on collective bargaining and the roles and responsibilities of union officials as per labour law was provided to build the capacity of the unions how they can engage in organising and collective bargaining more successfully when they pursue a pro-active approach and how this can contribute to improving workplace compliance. In 2018, more than 90 LFTU’s members from the almost all provinces benefited from capacity building exercise on the international labour standards and collective bargaining.

**On safe labour migration,** the LFTU, with the support from the TRANGLE in ASEAN project, launched its 2nd Migrant resource centre (MRC) in Louangprabang province in 2018, making it the 4th MRCs in Lao PDR. The LFTU’s staff operating the MRCs have benefited from capacity development continuously in providing information and counselling services to potential migrants. LFTU has continued to provide safe migration information and counselling to migrant and
potential migrant workers, including management of migrant resource centres in Savannakhet and Louangprabang provinces.

**On Occupational Safety and Health (OSH),** LFTU has been supported capacity development on industrial relations related to OSH Committees and Decent Work at work place level, a Training of Trainers (TOT) on Work Improvement in Small Construction Site, OSH risk assessment and intervention design in garment and coffee sectors.

### Challenges and lessons learned

Capacity development needs further strengthening on project proposals for development cooperation activities.

### Planned deliverables for 2020

Looking forward, the LFTU continues contributing to the Technical Tripartite Committee on Industrial Relations to discuss labour related issues and industrial relations for promotion of decent work in Lao PDR.

Continue implementing the ILO’s supported development cooperation projects aiming to achieve the followings in 2020:

- Continued strengthening the capacity of the MRC staff in Louangprabang and Savannakhet provinces
- Produced sample case study (story of migrants) writing for evidence and communication
- Set up and operationalized a Peer to Peer migrant workers.
- Created space for dialogues for migrant workers, potential workers and their family, piloted in Vientiane and Savannakhet province.
- Exchange visits between the LFTU and Thai unions to strengthen collaboration on the protection of Lao migrants working in Thailand
- Continued Outreach activity on awareness raising to factories’ workers and educational institutions in Vientiane
- Regular visit and meeting with workers at labour units
References:


- ILO (2019), Project progress report for Jan-Dec 2018 of the national rural employment strategy in Lao PDR towards increasing opportunities for decent and productive employment in rural areas

- ILO (2019), Project Progress report for July – December 2018 of the technical assistance for capacity building for SMEs and other stakeholders

- ILO (2017), Decent Work Country Programme for Lao People’s Democratic Republic

- Ministry of Planning and Investment, Lao Statistics Bureau (2018), Lao PDR Labour Force Survey 2017

- Ministry of Planning and Investment (2018) Mid-term review report of 8th NSEDP for Lao PDR

- The government of Lao PDR (2018), Post-disaster needs assessment 2018 floods, Lao PDR


Annex 1: Monitoring and Evaluation Plan
Annex 2: List of ILO’s supported Development Cooperation Projects under current DWCP
Priority actions to strengthen the implementation of the remaining DWCP priorities

As a result of the National Tripartite Meeting on Mid-Term Review (2017-2019) organized on 18 December 2019 at Settha Palace Hotel, Vientiane Capital

1. Continue the implementation of the remaining priorities of the DWCP

2. Develop tripartite agreement on the strategy and roadmap on the potential conventions that Laos need to study and study on the feasibility

3. Following up on the establishment of the national tripartite committee

4. Organize tripartite technical meeting more regularly and to discuss on all labour related areas

5. Strengthen bipartite discussion and collaboration to design and exchange cooperation between LNCCI and LFTU on the expansion of the LFTU’s members via showing the benefits related to productivity to the employers

6. Continue to push for the labour statistics and labour market information

7. Continue to implementation the laws, regulations, strategies and ensuring translating them into actions

8. Pay attention to the capacity building and capacity building should be applied by the trained officers

9. Tools developed and supported by the ILO should be used continuously to exercise the tripartite mandates

10. Request the ILO for follow up support to the signing of the MOU between the LFTU and the unions of Thailand

11. Propose that the ILO supports the capacity of all sectors to have better understanding on collective bargaining and agreement