
UN Lao PDR Socio-Economic Response Framework to COVID-19

Proposed Offers prepared by the UN Country Team in Lao PDR

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List of Acronyms

ADB	Asian Development Bank
ART	Antiretroviral Therapy
ASEAN	Association of Southeast Asian Nations
BMS	Breast-Milk Substitute
COVID-19	Coronavirus Disease 2019
DHIS2	District Health Information Software
DP	Development Partner
EOC	Emergency Operations Centre
ESDP	Education Sector and Sports Development Plan
FAO	Food and Agriculture Organisation
GBV	Gender-Based Violence
GDP	Gross Domestic Product
IEC	Information, Education and Communication
IFC	International Finance Corporation

IFI	International Financial Institution
ILO	International Labour Organisation
IMAM	Integrated Management of Acute Malnutrition
IMF	International Monetary Fund
IOM	International Organisation for Migration
IPC	Infection, Prevention and Control
ITC	International Trade Centre
IYCF	Infant and Young Child Feeding
LDC	Least Developed Country
LGBTIQ+	Lesbian, Gay, Bisexual, Transgender, Intersex, Queer and Other Orientations
LNCCI	Lao National Chamber of Commerce and Industry
LSB	Lao Statistics Bureau
LSIS	Lao Social Indicator Survey
LWU	Lao Women's Union
LYU	Lao Youth Union
MAF	Ministry of Agriculture and Forestry
M&E	Monitoring and Evaluation
MHPSS	Mental Health and Psychosocial Support
MoES	Ministry of Education and Sports
MoF	Ministry of Finance
MoFA	Ministry of Foreign Affairs
MoH	Ministry of Health
MoHA	Ministry of Home Affairs
MoIC	Ministry of Industry and Commerce
MoICT	Ministry of Information, Culture and Tourism
MoLSW	Ministry of Labour and Social Welfare
MoPWT	Ministry of Public Works and Transport
MPI	Ministry of Planning and Investment
MSEs	Micro and Small Enterprises
MSMEs	Micro, Small and Medium sized Enterprises
MTEF	Medium-term Expenditure Framework
NCLE	National Centre for Laboratory and Epidemiology
NSEDP	National Socio-Economic Development Plan
NSPS	National Social Protection Strategy
NSSF	National Social Security Fund
ODA	Official Development Assistance
ODS	Official Development System
PFM	Public Finance Management
PLWH	People Living With HIV/AIDS
PoEs	Point of Entries
PPE	Personal Protective Equipment
PPP	Public-private Partnership
PrEP	Pre-exposure Prophylaxis
PWD	People with Disabilities
SARI/ILI	Severe Acute Respiratory Illness/Influenza Like Illness
SERP	Socio-Economic Response Plan
SEZ	Special Economic Zone
SDG	Sustainable Development Goal

SMEs	Small and Medium-sized Enterprises
SOP	Standard Operating Procedure
SRH	Sexual and Reproductive Health
TTC	Teacher Training College
UNAIDS	Joint United Nations Programme on HIV/AIDS
UNCDF	United Nations Capital Development Fund
UNCITRAL	United Nations Commission on International Trade Law
UNCT	United Nations Country Team
UNCTAD	United Nations Conference on Trade and Development
UNDESA	United Nations Department of Economic and Social Affairs
UNDP	United Nations Development Programme
UNDS	United Nations Development System
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFPA	United Nations Population Fund
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organisation
UNODC	United Nations Office on Drugs and Crime
UNRCO	United Nations Resident Coordinator Office
UXO	Unexploded Ordnance
VMM	Vulnerability Mapping Model
WASH	Water, Sanitation and Hygiene
WASHFIT	Water and Sanitation for Health Facility Improvement Tool
WFP	World Food Programme
WHO	World Health Organisation
WTO	World Trade Organisation

Map of Lao PDR



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Executive Summary

The outbreak of the novel coronavirus, COVID-19, has triggered a global crisis of unprecedented scale, and risks undoing decades of progress made by developing countries, including Lao PDR, towards reducing poverty and the achievement of the Sustainable Development Goals (SDGs) more broadly.

The Lao government was swift in enacting a nationwide lockdown early in the outbreak, meaning there have only been 22 recorded cases to date.¹ Therefore, the impact of COVID-19 on Lao PDR has so far been largely socio-economic as domestic and regional supply chains collapsed, along with economies and with them household incomes and consumer demand. With a total population of 7.1 million², almost half a million people are estimated to have lost their jobs, and roughly 383,000 people are expected to fall back into poverty, further exacerbating pre-existing inequalities. Food security, already an issue, is becoming critical, with people in the northern provinces already lacking rice seven months ahead of the new harvest. 1.7 million children have had their education disrupted, which could lead to substantial learning losses in a country already facing a learning crisis. In short, COVID-19 puts at risk Lao PDR's hard-won development gains of the last decade and hinders its progress towards the SDGs and its ambitions for middle income status. In overcoming these challenges, it will be critical to ensure that no one is left behind, and that priority is placed in reaching those furthest behind first in our recovery efforts to avoid disproportionate humanitarian consequences and intensifying inequalities.

This UN Socio-Economic Response Plan (SERP) has been prepared by the United Nations Country Team in Lao PDR using its extensive experience of diverse development challenges globally and of the country context, as well as its strong partnership with government, development partners, civil society, and the private sector. It is built around four streams of work – based on the global UN Framework for the Immediate Socio-Economic Response to COVID-19³ – constituting which are considered to constituting an essential package of support offered by the UN Development System (UNDS) in Lao PDR over the next 18 months to contribute to Lao PDR's recovery effort and to protect the needs and rights of people living under the duress of the pandemic, with a particular focus on the most vulnerable people and groups, who are at risk of being left behind.

The first chapter is about the **macroeconomic response and multilateral collaboration** and highlights the need for tailored decisions for the short and long term with regards to planning and the creation of fiscal space to allow a scaled-up response across all sectors. This SERP lists the following priorities: 1) planning, with decisive action tailored for immediate needs and the country's long-term trajectory; 2) repositioning the economy to take advantage of new business opportunities; and 3) creating the fiscal space to enable a scaled-up response.

The second chapter builds on the themes and priorities highlighted in the macroeconomic chapter, focusing on bolstering the **economic response and recovery**. It focuses on making improvements to key sectors of the Lao economy, setting groundwork for a revitalised and greener return to business, while

¹ Figure correct as of 30th August 2020.

² Lao Statistics Bureau (LSB), 2019.

³ A UN framework for the immediate socio-economic response to COVID-19, April 2020.

exploiting new opportunities for inclusive growth. This chapter specifies the following priorities: 1) rejuvenating the agricultural sector; 2) greening key employers, including the return of more sustainable tourism; and 3) seizing and creating new business opportunities.

The third chapter begins to narrow down the focus from the broad-based economic recovery to the health sectoral interventions, specifically focused on **protecting the health system during the crisis** and preparing the health systems and the public for future COVID-19 outbreaks, in tandem with maintaining essential health services and delivery. This SERF outlines the following priorities: 1) strengthening coordination and governance for the COVID-19 response; 2) flattening the epidemiological curve and improving IPC; 3) establishing safe, clean and green healthcare facilities suitable to treat COVID-19 cases; 4) WASH in quarantine/isolation centres, communities, schools and workplaces; 5) Restoring essential health services; 6) Safeguarding continuity of essential nutrition services; 7) Ensuring implementation of public health and social measures; 8) Strengthening risk communication and community engagement practices; 9) Building resilient health systems to respond to COVID-19 and future public health emergencies.

The final chapter aims to extend the UN commitment to work alongside diverse populations, civil society and local authorities through a people-centred approach by highlighting the challenges faced by those most vulnerable to the effects of the pandemic, and proposes intersectional, gender responsive priorities designed for **protecting people, building resilience and fostering social cohesion**. The chapter draws out five key areas of intervention under this heading; education, food security, and social protection, psychosocial wellbeing and gender-based violence (GBV) prevention; which together and individually underpin the fulfilment of individuals' potential in the long term and Lao PDR's continued progress towards the 2030 Agenda. It is essential that all basic services and support mechanisms are designed, implemented, and reviewed in partnership with communities and local authorities, building on the diversity and intersectionality that is reflected across the Lao society. Inclusive and flexible service delivery models are an essential design component in building community and household level resilience and establishing an enabling environment that advances social cohesion, providing often marginalised, discriminated, and vulnerable groups opportunities to fully participate in their own recovery.

In addition, the economy is an important component of any recovery. The COVID-19 pandemic poses a raft of new challenges to Lao PDR's development path, both immediately and in the longer-term. It also presents a prime opportunity for the government and society to advance structural change to transform the country economically, socially, and environmentally. Lao PDR sits in a unique geographical position, one that it can use to become vital to the region's trade, which in turn could help it exploit the vast potential of e-commerce to boost its micro and small businesses that characterise its economy. By addressing the needs of the most vulnerable portions of the population, empowering their recovery, giving all persons a greater stake in society, and reducing inequality. Moreover, in drawing the links between the economic and the social, support to the greening of key sectors can allow further steps to be taken towards addressing one of other biggest challenges to the country's successful development: its vulnerability to climate change.

The UNDS in Lao PDR stands ready to support the government, through this SERP and the National Socio-Economic Development Plan (NSEDPP) which it complements, in taking the necessary steps and actions towards building back better and stronger, for a more equal, prosperous and green future.

Methodology

The Socio-Economic Response Plan is the culmination of the collective workstreams, priorities and approaches that is reflective of the diversity and breath of programming across the Lao PDR UN Country Team. It was agreed by the UNCT that responsibility for each of the chapters – themselves modified slightly to suit the context and capacities – be devolved to different agencies within the Country Team that were considered best placed to lead the formation of each respective chapter. Each then undertook extensive consultations within their field from a range of stakeholders, including, respective line Ministries; other national bodies and organisations; relevant UN agencies, funds, and programmes; development partners; and the private sector. This enabled each group to build an understanding of the key priorities and synthesise the proposed UN technical assistance and interventions into a chapter, which then fed into a shared drafting process.

The result of this approach is a set of chapters that benefit from specialised expertise and experience. Consequently, the differential methodologies employed by each have led to subtle variations in the approaches in responding to the COVID-19 pandemic. Therefore, while all will contribute to Lao PDR's recovery effort, some priorities are notably systematic and longer-term in nature, while others identify the need for short-term programming, providing direct assistance to the most vulnerable.

Most notably, the chapter on 'Protecting People, Basic Services, Social Cohesion and Resilience' has been developed utilising a people-centred approach to ensure that services are tailored to the needs of the most vulnerable. It is aimed to articulate the complexity that underpins the development aspirations of the Leave No One Behind principles, outlining the intersectionality that individuals and households often face in confronting poverty, inequality, and discrimination. Whereas the chapter on 'Economic Response & Recovery: Protecting Jobs, Small and Medium-Sized Enterprises, and Informal Sector Workers' focuses the proposed interventions and technical advice on repositioning the growth strategy and economic opportunities in key sectors to stimulate meaningful jobs and economic performance. Both approaches are essential in responding swiftly to the multi-dimensional shocks caused by the COVID-19 pandemic, leaving no one behind.

Introduction

Lao PDR has so far reported 22 confirmed cases of COVID-19, the last three imported cases which were reported on 10th and 24th July 2020, three months after the previous cluster of cases. As yet, no deaths from COVID-19 have been recorded. All the cases have a known epidemiological link or travel history from an affected country. The Lao government had already started to prepare and implement restrictions on mass gathering and school closures before the first cases were detected in March, while making efforts to prepare health systems for large scale community transmission of COVID-19. Soon after the first case, the government implemented a nationwide lockdown, restricting international borders and closing traditional border crossings. The lockdown measures have gradually been lifted since 18th May and the government is assisting the public in adopting new preventative practices.

To reduce the severity of the COVID-19 outbreak in Lao PDR, preventative measures to reduce the spread of transmission needs to be at the forefront of the national COVID-19 response strategy, allowing the health system valuable time to better prepare facilities and train staff for any outbreaks. Movement restrictions and the promotion of social distancing, stemming the level mass gatherings and closely monitoring points of entry and arrival quarantine strategies are essential steps in slowing the virus and protecting the limited health system.

However, the public health risk driven approach to gradually reduce the lockdown measures has slowed economic activity and it is now apparent that government services, businesses, supply chains and communities will need to adapt practices to the 'new normal' of living with the COVID-19 virus. It is now critical that the UN assists multiple sectors, ministries and industries adjust to the new normal, incorporating and adapting the health sector learnings in infection prevention and control to ensure that people can return to work and public spaces in a low risk environment. This complemented with the presented economic repositioning and emerging opportunities may provide the necessary platform to bring some short-term stability to the local economy.

The UNDS's rapid impact assessments and more in-depth reviews conducted between April and July 2020 have highlighted the considerable human, social and economic impacts of the pandemic in Lao PDR. Thousands of people have been pushed deeper, or back into, poverty. Large portions of the population, especially in rural areas, are facing food insecurity. 1.7 million schoolchildren have had their learning set back. Fragile businesses, supply chains and remittance inflows are collapsing, particularly in key sectors of the Lao economy that have previously accommodated large percentages of the labour force. Huge numbers have lost their jobs and their livelihoods, not least migrant workers inside and outside of the country. Furthermore, this unprecedented crisis compounds previous shocks Lao PDR has experienced in recent years, such as severe flooding, drought, animal diseases and pest outbreaks. The situation has revealed and exacerbated pre-existing inequalities and past development failures, with vulnerable groups disproportionately affected.

To meet the considerable and multifarious challenges posed by COVID-19, both in health and socio-economically, a strong and ambitious response from the Lao government and its partners is needed. This

UN Socio-Economic Response Plan (SERP), prepared by the UN Lao PDR Country Team builds on the global UN Framework for the Immediate Socio-Economic Response to COVID-19. It asserts the need to build back better, stronger and greener, while leaving no-one behind and fostering social cohesion. This SERP seeks to outline the key priorities that are required to provide immediate relief and lay the foundations for an inclusive and sustainable recovery. Longer-term development challenges will continue to be addressed through the forthcoming 9th NSEDP 2021-2025, which this offer is designed to complement.

A strong, sustainable, and inclusive recovery relies on the Lao government, supported by its development and private sector partners, embarking on a new sustainable development pathway, simultaneously combining recovery actions with new longer-term directions to provide equitable opportunities, enhance resilience, and pursue a carbon-free future. The UNDS in Lao PDR therefore encourages a response based on the priorities outlined in this document, and offers its support, while also emphasising that the current and looming economic challenges brought by the COVID-19 pandemic be treated with similar urgency and decisiveness as the health crisis was at the start of the outbreak.

The impact of COVID-19 in Lao PDR

Healthcare. During the lockdown and in the time since, demand for regular healthcare and essential health services has dropped. For example, a declining trend in antenatal care visits, births at health facilities, and assisted births has been identified compared to the previous three years. Despite the success in controlling the spread of the virus thus far, the pandemic has created both temporary and potentially long-term setbacks to key healthcare indicators. The negative impact on nutritious food consumption by pregnant and lactating women with children under two years of age, could have a long-term permanent effect on children's mental and physical development, as well as the mother's overall health. The loss of other forms of support, such as school feeding programmes and a drop in immunizations could also have a lasting impact on health outcomes.

More people will fall into poverty and inequality will rise. The COVID-19 pandemic will worsen poverty and inequalities. It has cut economic opportunities that help people out of poverty. Overall, 383,000 more people could fall back into poverty, translating into a five-percentage point increase in the national poverty rate.⁴ Given the increased poverty rate, the COVID-19 pandemic may exacerbate inequality because many unemployed individuals are daily workers living in rural areas or migrant workers domestically and from abroad. In addition, the lack of jobs will increase poverty rates and will widen the poverty gap between urban and rural areas. The pandemic is likely to cause more hardship for women than men in Lao PDR as its impact is concentrated in industries where women form most of the workforce, such as tourism and related services, retail trade, and manufacturing.

The COVID-19 pandemic has also led to manifestations of structural inequalities and vulnerabilities in society. There is a risk of increased tension within society, including gender-based violence, threatening to reinforce the social exclusion of disadvantaged groups. Some of the specific challenges include the increased vulnerability of migrants working in urban informal conditions, with limited access to basic services and discrimination.

⁴ UNDP, Socio-economic impact assessment, July 2020. The estimate is higher than the World Bank's (June 2020) that estimates in its "downside scenario" as many as 214,000 people could be pushed into poverty, adding 3.1% to the national poverty rate.

Loss of livelihoods leading to food insecurity. Food insecurity is a direct consequence of unemployment and reduced income. The increase in both has put many young children and adolescents in low-income and poor households at risk of food insecurity and malnutrition as families are pushed to the edge of poverty. In a survey of 1,200 households, 48.9% of the families have reduced spending on food or simply reduced food consumption; 15.2% are unable to pay for basic food. Among a sample of 232 who took out loans during the period March-May, 78% stated the main purpose of their new debts was for buying food.⁵ The impact on food security is likely to be more severe in remote and isolated areas commonly inhabited by ethnic minorities. Food insecurity goes beyond the impact of COVID-19; food production is vulnerable to extreme weather conditions and hydrological hazards, with droughts and floods in 2019 already putting roughly 76,000, mostly rural poor people, at high risk of food shortages by March 2020.⁶

Education. As part of the measures to prevent the spread of the virus, all schools and educational institutions were closed from 19th March 2020. This disrupted the learning of over 1.7 million children and young people who were entering the last two-and-a-half months of the school year.⁷ 86% of parents from the 1,200 households surveyed believed the disruption had a major impact.⁸ The World Bank, in its analysis of the impact of COVID-19 on learning and schooling outcomes, estimated that five months of school closures due to the virus will result in an immediate loss of 0.6 years of schooling adjusted for the quality of learning. The Ministry of Education and Sport (MoES) has responded to this gap by providing a new TV and radio teaching and learning programme to reach out to children. However, the reach between urban and rural areas is unequal; the proportion of households owning a TV in urban areas is 94% while in rural areas it can be as low as 49%.⁹ If further temporary school closures are enforced due to COVID-19, the learning loss gap will only widen with access to TV, radio and the internet as it is unequal across the country. The loss of household income caused by COVID-19 could also have knock-on effects for children and their education. For instance, more children and young people could be pulled out of school, leading to increased dropouts, increased child labour, and child marriage. Further budget cuts due to the economic fallout could impact the delivery of education and worsen an already deepening learning crisis.

Sharp rise in unemployment. By mid-August Lao PDR will have an expected unemployment rate of around 25% based on Ministry of Labour and Social Welfare (MoLSW) data. Given that in 2017 the labour force comprised an estimated 1.9 million people, the total number of unemployed will be roughly 475,000, including those who were looking for jobs, those who lost their jobs due to COVID-19, and over 100,000 migrant workers who returned from abroad. The impact of over 100,000 returned migrant workers will result in an estimated loss of around \$125 million in remittances in 2020 or 0.7% of GDP.¹⁰

Supply chain disruption in the agriculture sector. The sector, which accounts for 62.4% of total employment and 15.3% of GDP¹¹, also faced supply chain disruptions, affecting both exports and production inputs, especially during the lockdown. Luang Namtha province, which has an international

⁵ UNDP Survey on SMEs and household in six provinces: Luangnamtha, Oudomxay, Luangprabang, Vientiane Capital, Savannakhet, and Champasak, (16-30th June 2020).

⁶ WFP and FAO, May 2020.

⁷ According to MoES official data there are 1,708,501 students enrolled in the pre-primary, primary, secondary, tertiary, technical-vocational schools and other educational institutions throughout the country for the school year 2019-2020.

⁸ UNDP, Household survey, June 2020.

⁹ LSB, 2018.

¹⁰ World Bank Lao PDR Economic Monitor, June 2020.

¹¹ World Bank, 2019.

border crossing with China, is reported to have been the most severely affected.¹² Immediate negative impacts have centred on cash crops linked to the exports and tourism industries.

Micro-and small enterprises and the informal economy. Micro and small enterprises (MSEs), including those in the informal sector, are an important part of the economy. MSEs make up more than 80% of enterprises in Lao PDR and rely on daily sales to survive and support the household of the owner. Workers, typically engaged in MSEs informally, are the most exposed in the current crisis, often lacking basic social protections while facing accelerated downward adjustments in enterprise operations and therefore owner and worker incomes.

MSMEs have, during the COVID-19 crisis, faced both direct demand shocks from reductions in direct business purchases of goods and services from larger firms as well as drops in domestic demand more generally. The results of the MSEs survey¹³ of six provinces conducted in June 2020 shows that out of the 350 surveyed, 95% were adversely affected. The imposed lockdown caused sales to drop for 81% of enterprises; other main impacts were a lack of customers (66%) and a lack of supply of raw materials (41%). At the same time, with formal sector businesses closing or reducing operations, there could be a substantial uptick in unemployed or underemployed workers attempting to either earn more or transition to earning a living through informal micro-business ownership.

The travel and tourism industry most visibly and severely affected. During the lockdown, most hotels and restaurants were completely or partially closed. Those that have reopened still suffer income losses, and all must still bear varying levels of maintenance costs, including COVID-19-related costs. Hotels, resorts, tour agencies, and operators are attempting to pivot towards domestic tourists, even weekenders, after the halt of international tourism. On average, tour operators and hotels have laid off around 42% of workers, with some up to 80%. Special economic sectors and zones that are tourism-oriented have been affected more severely. During January-June 2020, Lao Airlines suffered a 66.5% decline in passenger number and 66.3% in revenue, compared to same months in 2019.¹⁴

Lowest growth in decades. The COVID-19 pandemic is expected to cause the biggest economic slowdown in Lao PDR in nearly three decades. The World Bank estimates that the country's economic growth in 2020 is likely to be negative, unless an adequate intervention takes place early in the second half of the year.¹⁵ The IMF has projected economic growth of 0.7% for 2020¹⁶, while the ADB forecasts a contraction of 0.5%.¹⁷ The Lao National Institute for Economic Research (NIER) is more optimistic, projecting growth of 3.3% this year, although this is still a marked slowdown compared to recent years. As a result of COVID-19, up to 65% of formal businesses have reported a high risk of needing to terminate at least part of their operations.¹⁸

Fiscal impact. The Government estimated in May that 30% of revenue in 2020 would be lost, causing budget deficits – which were already widening – to increase to nearly 7% of GDP.¹⁹ The Lao National

¹² Border closures between Lao PDR and China, and the closure of food markets, has led to agricultural products due for export to China being stored in warehouses, impacting both livelihoods and the quality of the produce.

¹³ UNDP Survey on MSEs and household in six provinces: Luangnamtha, Oudomxay, Luangprabang, Vientiane Capital, Savannakhet, and Champasak, (16-30 June 2020).

¹⁴ UNDP Socio-economic impact assessment, July 2020.

¹⁵ World Bank, Lao PDR Economic Monitor: Lao PDR in the time of COVID-19, June 2020.

¹⁶ IMF, World Economic Outlook, April 2020.

¹⁷ ADB, Asian Development Outlook Supplement, June 2020.

¹⁸ LNCCI, The Impact of COVID-19 to Lao Businesses: Survey and Recommendation, May 2020.

¹⁹ MPI Report to the Government on COVID-19 Impact on Economy, May 2020.

Chamber of Commerce and Industry (LNCCI) has estimated that a budget allocation equivalent to 2% of GDP (\$380 million) would be required to support the recovery, including \$152 million in support to businesses.²⁰ UNCDF meanwhile, has estimated that investments of \$528 million would be required to achieve GDP growth of 1% in 2020, or \$3.7 billion to return to growth rates seen over the course of the 8th NSEDP (2016-2020).²¹

Lao PDR has extremely limited fiscal space to respond on a large scale. Thus far, the response has been concentrated on deferrals and postponements of tax obligations, which themselves further limit the fiscal space. Income tax exemptions were put in place for three months (April-June) for some public and private sector workers, some microenterprises were exempted from income taxes, tax collection for businesses in the tourism sector have been deferred, and mandatory contributions to social security have been postponed. As of July, only around 3,000 affected workers have received the unemployment benefits, with more than 9,000 applications still pending. Eligibility criteria suggests that up to 86,000 people could be entitled to receive benefits, and the UN stands ready to assist the Government in raising awareness to citizens and delivering the support to those who need it most.²²

Leaving no-one behind and human rights

Leaving no one behind (LNOB) is the central, transformative promise of the 2030 Agenda and the SDGs. The 2030 Agenda is committed to leaving no one behind at the national level and reaching the furthest behind first. At its core, it incorporates the principles of equality, non-discrimination, and a human rights-based approach to sustainable development, operationalised through a shared UN vision and framework for action.

Leaving no one behind means ending extreme poverty in all its forms and reducing inequalities among both individuals and groups. The key to 'leaving no one behind' is the prioritisation and fast-tracking of actions for the poorest and most marginalised people, known as progressive universalism. In addition to supporting and prioritising the most vulnerable, a rights-based approach built on strong community development principles is central to ensuring that our efforts go beyond basic assistance but rather enable individuals to fully participate in society. Inclusive programming enhances development outcomes, strengthens local resilience, and enables a cohesive society where people are protected against life risks, trust their neighbours and institutions, and can work towards a better recovery. Fostering social cohesion is about striving for greater inclusiveness, more civic participation and creating opportunities for upward mobility.²³

Charged by the normative role of the UN and the 2030 Agenda for Sustainable Development, the UNCT in Lao PDR advocates for human rights and the rights-based approach to programming. The UN's normative role can be identified in four distinct areas focusing on the development of, and agreement on, norms, as well as on support for their implementation: 1) development of global norms and standards, from conventions and treaties to soft law and outcomes of world conferences, to technical standard-setting; 2) support to Member States to integrate and align national legislation and policies to agreed norms; 3)

²⁰ LNCCI, The Impact of COVID-19 to Lao Businesses: Survey and Recommendation, May 2020.

²¹ UNCDF, Capital Investments the Centre for post-COVID Recovery Policy: A Policy Dialogue Paper, July 2020.

²² MoLSW news, 24 July 2020: <http://molsw.gov.la/news/detail/N740640>

²³ Perspectives on social cohesion – the glue that holds society together <https://www.un.org/en/development/desa/news/policy/perspectives-on-social-cohesion.html>.

support to countries to implement such legislation and policies; 4) provision of monitoring and review mechanisms to encourage compliance with norms.

To this end, the UNCT has collectively engaged in supporting reporting for, and implementation of, the recommendations of several human rights instruments including the Universal Periodic Review (UPR), the Convention on the Elimination of all Forms of Discrimination Against Women, and the Convention on the Rights of the Child, amongst others. That collective effort utilises census and Lao Social Indicator Survey II (LSLSII) data, which allows for a disaggregation and analysis by various dimensions including, age, sex, income, education, access to roads, to safe water as well as ethnicity. The data facilitates the mapping of those most at risk of being left behind. In addition to the use of existing data and analysis, the geospatial vulnerability mapping undertaken immediately following the first COVID-19 cases in Lao PDR analyses vulnerability across two dimensions; the highest risks of being exposed to the COVID-19 virus and socio-economic vulnerability. The interagency and cross sector work also facilitated the use of the LNOB approach through disaggregated data and analysis in the rapid response surveys. The chapter on Protecting People has taken an LNOB and human rights-based approach by focusing on the multiple dimensions of vulnerability by groups most at risk.

With the lifting of the lockdown, interventions are being discussed at the local level in districts and villages to ensure the views of communities are reflected in the design, especially the views of women for GBV-related interventions. Youth have been engaged through social media from the outset of the pandemic, including as actors that can prevent the spread of the virus. COVID-19 has made clear that new ways of working are required, such as having civil society and LGBTIQ+ groups at the table. The latter face multiple vulnerabilities and require space to voice their needs. Telehealth, mobile clinics, 24/7 hotlines, and communications in ethnic languages and sign language are some of the approaches already actioned to maximise inclusivity.

All dialogue with the Government has included multiple facets of respecting, protecting and promoting human rights, including advocacy to protect patient confidentiality and ensuring that COVID-19 quarantine facilities maintain basic WASH standards and protection measures for migrants, women and other vulnerable groups. Learning from the COVID-19 pandemic is happening on multiple fronts, with the aim of building back better, stronger, and greener, in recognition of the fact that resources may be even more limited and innovation, value for money and people centred approaches are now non-negotiable options.

The UN in Lao PDR commits to implementing the actions outlined in the UN Checklist for a Human Rights-Based Approach to Socio-Economic Country Responses to COVID-19 throughout the COVID-19 response and recovery, particularly when working with vulnerable groups:

- Undertake a mapping of those most at risk of being left behind according to at-risk groups outlined in the target groups above;
- Ensure that programmatic and non-programmatic interventions address human rights concerns and advance human rights and that international norms, standards and principles are integrated in the design and implementation of socio-economic responses;
- Help Lao PDR establish or strengthen inclusive dialogue mechanisms between civil society;
- Establish transparent reporting mechanisms and other means of verification of information related to the COVID-19 response for civil society;

- Advise Lao PDR on how to avoid policies that could aggravate inequalities and human rights grievances for at-risk groups;
- Keep the focus on ‘building back better’ as outlined in the UN Secretary General’s Shared Responsibility, Global Solidarity report.

Target Groups

Older Persons

The results of 2015 population and housing census shows that the elderly (65+ years) in Lao PDR constitutes 4.2% of the total population. The results of 2015 population and housing census shows that the elderly (65+ years) in Lao PDR constitutes 4.2% of the total population. Older people are considered to be among the most vulnerable to COVID-19, especially those with disabilities or underlying health issues. This vulnerability is compounded by a high incidence of poverty, poor mobility, and large gaps in social protection coverage. Many elderly people live in multigenerational households and are dependent on their family members. Others live alone and may face barriers to obtaining accurate information, food, medication, and other essential supplies, thus requiring concerted outreach and monitoring from community services. Furthermore, those who are highly care-dependent need a continuum of practical and emotional support through families, health workers, caregivers, and volunteers.²⁴

Migrants

The lockdown in neighbouring countries led to significant increases in unemployment and a subsequent loss of income amongst the Lao migrant population. Thus, from March, more than 100,000 migrants have returned to Lao PDR. Not only does this place migrant workers themselves at great risk but adds to the distress of poor households that rely on remittances for a large share of their income, and where households lack social protection options, savings, job opportunities, and affordable credit. Lao migrants are less likely to cope with the adverse impacts of the crisis and the country was not prepared for the sudden influx of returnees, although measures are in development to help ensure safe and orderly re-migration if and when the situation allows.

Rapid responses to COVID-19 involving the imposition of travel restrictions, new visa requirements, quarantine, limited internal movement, as well as export restrictions have been central to combatting the spread of the virus. Some travel restrictions may not be lifted, and there are concerns about human rights abuses being reported that relate to COVID-19 responses.

Furthermore, the pandemic exacerbates intersectional vulnerabilities for disadvantaged and marginalised women and girls, including migrants, IDPs, children in care institutions and those with disabilities, and makes them more vulnerable to exploitation and abuse, forced marriage, child labour, and risky migration. Unsafe and irregular migration may lead to situations of trafficking and exploitation and may increase as the COVID-19 situation continues.

Identification and structural inequalities: The identification of victims of trafficking is difficult because of the underground criminal nature of trafficking. The pandemic risks further curtailing identification efforts due to measures of confinement, priorities of law enforcement shifting from the apprehension of traffickers to the monitoring of confinement and other measures against COVID-19, and the closure of social services which play an important role in identifying trafficking victims. The protection of victims of

²⁴ UNFPA Global Technical Brief: ‘Implications of COVID-19 for Older Persons: Responding to the Pandemic’, April 2020

trafficking may also be impacted by the pandemic, especially when they experienced pre-existing socio-economic difficulties. Their living conditions may put them at increased risk of infection. They have also higher risks of re-exploitation when they cannot benefit from assistance and care because of the suspension of services or the impossibility to practice preventive measures in victims' shelters.

The COVID-19 pandemic has also led to manifestations of structural inequalities and vulnerabilities in society. As the pandemic continues, there is a likelihood of increased tension and conflict within society, threatening to reinforce social exclusion of disadvantage groups including migrants. Some of the specific challenges are: i) increased vulnerability of internal and international migrants in urban communities living and working in informal conditions at risk of eviction, exploitation and termination of contracts; ii) disproportionate representation among the urban poor with limited access to basic services such as education and healthcare; and iii) discrimination/language/cultural barriers to access COVID-19 responses.

Stigmatisation: Often, migrants are also reluctant to access or avail counselling-related services due to stigma or are unable to receive such support due to language barriers and/or exclusionary policies and social protection measures of their host countries. Aside from being excluded from these services, migrant earnings and remittances are also adversely affected, increasing their exposure to family tensions, as well as their worry and sense of guilt towards those left behind in their countries of origin. The situation is even worse for those migrants in vulnerable conditions, including those stranded, those in detention, identification, and transit centres, as those living in camps and camp-like settings. Victims of human trafficking and migrants in conditions of servitude also at higher risk of mental distress as they often do not have full control over their bodies, movements, social interactions, and sleep cycles.

The stigmatisation of migrants and instances of discrimination against them have been exacerbated by misinformation and fake news in the media, especially social media, and the politicisation of the issue. In the longer term, stigmatisation and discrimination may negatively impact on migrants' integration. This would not only undermine migrants' well-being, but more broadly that of receiving societies as migrants' exclusion can more generally undermine social cohesion.

The UNCT has collectively engaged in supporting the reporting for, and implementation of, the recommendations of several international commitments towards orderly, safe, and responsible migration, and stands ready to further support well-managed policies and the mainstreaming of migration coherently across all policy domains.

Women and Girls

Impact on Health. Greater exposure to COVID-19 and the need for PPE is at the forefront of the disproportionate impact on women and girls. The greater the caregiving role that women and girls are expected to perform may expose them to higher risks of infection. Women comprise 64% of health workers in Lao PDR, including midwives, nurses, pharmacists, and community health workers on the frontlines. Women healthcare workers at the frontlines have also called attention to menstrual hygiene needs, protection from abuse and stigma, and the need for psychosocial support. Pregnant women and girls, and those who have just given birth, can be particularly vulnerable to infectious diseases, especially if they have existing respiratory illnesses, and are likely to have regular contact with health services, exposing them to potential risks.

The UN System, the Central and Provincial/District authorities, the Lao Women's Union (LWU) and Lao Youth Union (LYU) are working together to ensure that women health workers have adequate access to PPE, menstrual hygiene products, and psycho-social support, and that women and girls have safe access to medical treatment without discrimination, including the continuity and accessibility of sexual and reproductive health services.

Impact on Work and Livelihoods. Economic challenges associated with COVID-19 disproportionately affect women, as they are often occupied in the lower rungs of the labour market and in more vulnerable sectors, including as informal, unpaid family workers and small agricultural producers. Among women in the labour force in Lao PDR, 61% worked as unpaid family workers with no paid sick leave or family leave, no health insurance and social security. Only one in four working women in Lao PDR is reported to be paid into their own individual bank account, which indicates a lack of autonomy and control in the way women earn a living. Similar concerns abound on the direct receipt into bank accounts of social protection. Almost 86% of women (79.9% men) are engaged in the informal sector, and in the rural areas, there is little social protection. Moreover, women in Lao PDR accounted for more than half of the owners of newly registered MSMEs that are often less resilient to economic shocks and less able to take advantage of digital solutions. The tourism and garment sectors, where women feature prominently, have been amongst the hardest hit sectors.

Closure of schools and day-care centres during the COVID-19 outbreak also has a differential impact on women parents, who take on most of caregiving responsibilities, further restricting their work and economic opportunities.

In light of the commitments to gender development and gender equality set in the 8th NSEDP²⁵ and the UN System is committed to supporting the Government and Mass Organisations to promote equal caregiving responsibilities of all parents, and ensure that economic incentives and social safety nets are gender-sensitive and reach and empower all women and girls.

Impact on Gender-Based Violence. The first Lao National Survey on GBV, released in 2016, revealed that one in three Lao women in a relationship had experienced physical, sexual or emotional violence at the hands of their partner. The survey showed that 28.6% of women who encountered physical and/or sexual violence sought help from local authorities, 18.9% from local leaders, and 11.7% from a Village Mediation Unit. Only a handful of women approached the LWU, police, or healthcare facilities.

Quarantine and isolation policies, coupled with financial stress on families, individuals, and communities, will exacerbate the conditions for women already vulnerable to domestic violence. Moreover, care and support to GBV survivors may be disrupted when health service providers are overburdened.

Following the Lao national commitments under the Convention on Eliminating All Forms of Discrimination Against Women (CEDAW), the UNCT continues to support the Government and the LWU in adopting and implementing the Essential Services Package for Women and Girls Subject to Violence (ESP), as well as in maintaining the existing and setting-up new structures and psychosocial services for both women and girls affected by the COVID-19 outbreak and victims of GBV.

Moreover, the UNCT is committed to assisting the Central and Provincial/District Governments, LWU and partner CSOs to ensure women's full and meaningful participation, representation and leadership in local

²⁵ 8th NSEDP (2016-2020), Lao PDR https://rtm.org.la/wp-content/uploads/2017/08/8th_NSEDP_2016-2020.pdf

and national COVID-19 policy spaces and decision-making, including concerning preparedness, response and recovery as well as funding and assistance allocation.

Children

While children seem to be less likely to become severely ill from COVID-19, child protection risks have been exacerbated as a result of the measures taken to prevent and contain the virus. 1.7 million children have been directly affected by nationwide school closures and might become vulnerable due to: 1) an increase in school drop-outs; 2) the loss of protection and other forms of support that schools provide, including school-based health services and school meals; ; 3) interrupted learning processes and possible impact to children's mental health; and 4) an increased risk of violence against children or exposure to domestic violence at home; reduced family income heightened the risks of child labour and child marriage, which make girls and boys more vulnerable to human trafficking.

Involvement of children in employment remains common in Lao PDR. While relevant data is scarce, the results of the 2010 Labour Force and Child Labour Survey reveal that out of the child population of 1,767,109 children (857,962 girls) aged 5-17 years, 178,014 (96,368 girls) are in child labour. Amongst these are children under 14 years of age, those who work longer hours than stated in the labour law and those who work in hazardous conditions prohibited by the law.

As most children in Lao PDR are multidimensionally poor, with only 12% of children experiencing no deprivation at all, and 50% of children suffering from three or more deprivations at the same time, the COVID-19 health crisis and its socio-economic implications pose threats to children in poverty and subject children and adolescents, especially from poor families, to multiple deprivations that can have a long-term impact on their growth and development including consequences for productivity and human capacity development.

In light of the Lao Generation 2030 Declaration to Advance the Rights of Child²⁶, the UNDS is committed to working with the national education authorities to ensure continuity of learning, including developing innovative online resources such as the "My Village TV", mitigating the effects of COVID-19 on food and nutrition of schoolchildren and those in poverty, as well as strengthening psychosocial support and protection services for children.

Ethnic Communities

Out of the total population, the Lao ethnic group accounts for 53%, followed by Khamu (11%), Hmong (9%), and other ethnic groups (27%). Whilst the isolation may at first be protective, COVID-19 when first exposed poses a health threat to minority ethnic groups as a higher proportion of those populations reside in remote areas, significant distances from basic services and government support structures, and often without access to modern technologies and communications. Language barriers also limit the access and comprehension of information. Ethnic communities are often further marginalised by higher poverty rates and a reliance on traditional practices that are threatened by the reduction of natural habitats, biodiversity, and climate change.

In line with the Lao national targets of promoting solidarity and equality between multi-ethnic people set in the 8th NSEDP, the UNCT is committed to assisting the Government include specific needs and priorities

²⁶ Lao Generation 2030, Declaration to Advance the Rights of Child <https://www.unicef.org/laos/sites/unicef.org/laos/files/2019-11/Lao%20Generation%202030%20Declaration.pdf>

of the Lao ethnic communities, especially those living in remote rural areas, in programming and communications on the COVID-19 response and recovery. The UN Communications Group is currently supporting the translation of key messages into Lao ethnic languages such as Akha, Hmong, Khmou, Souay, Thaidam, broadcasted through the Community Radio stations in five Provinces and displayed on distribution trucks traveling to 2,000 villages.

Persons with Disabilities

Many of the 690 million people living with disability in the Asia-Pacific region often require ongoing healthcare support and face environmental, institutional and societal barriers. Low quality or inaccessible healthcare services, as well as a lack of resources to cover their basic needs, increases their vulnerability and further reduces their capability to fully participate in society. The COVID-19 pandemic increasingly threatens the access to these limited services due to overburdened health systems and mandatory lockdown measures.

In Lao PDR, among the population over five years, the overall prevalence of disabilities is 2.8%; 2.5% in urban areas, 2.9% in rural areas, and 3.3% in rural areas without roads. However, with the estimated global average being approximately 15%, it is likely that these figures are underreported. Over 1,100 rural villages in Lao PDR – one in six villages – are affected by the presence of unexploded ordnance (UXO) and other explosive remnants of war (ERW), with accidents most often occurring during farming and collection of forest products. Children are mostly affected (58% in 2010) and males (81% of all cases).

Through the amplification caused by gender, poverty, ethnicity and language, women with disabilities in rural Lao PDR is often a more complex issue to address. While the vast majority of people with disabilities coexist with obstacles that hinder their access to basic rights and social participation on an equal basis, the reality for girls and women with disabilities is usually considerably more difficult.²⁷ The UN has documented that women, girls and adolescent girls with disabilities face a range of barriers to social participation and inclusion, which results in a disproportionate number of them living in a situation of poverty, exclusion and exposure to mistreatment and gender-based violence, as will be discussed later.

The UNDS is committed to assisting the Lao government ensure that the dissemination of information on COVID-19, planning, response and recovery measures, as well as health and social protection interventions are disability-inclusive and accessible, and that persons with disabilities are the best placed to advise the Central and Provincial/District authorities on the specific requirements and most appropriate solutions when providing accessible and inclusive services.

People Living with HIV

46% of people living with HIV in Lao PDR who did not have access to antiretroviral therapy (ART) before the COVID-19 outbreak, and who have compromised immune systems, might face a significant risk of developing a severe or even deadly COVID-19 infection. Those 54% that have access to ART might still become vulnerable during the COVID-19 crisis, including if there are disruptions to routine care and drug delivery, with a potential risk of health services being diverted to fight the pandemic.

Following the Lao national targets on HIV preventions, treatment and control, set in the 8th NSEDP, UNCT and the Government are working together to ensure that HIV-essential services continue to be made available for people living with, and who are at risk of HIV during the COVID-19 crisis. This includes

²⁷ United Nations Special Rapporteur on Persons with Disabilities, 2017

ensuring the availability of condoms, sterile needles and syringes²⁸, harm reduction measures, HIV testing, and ART drug supplies.

People living with HIV can often be subject to discrimination and the continued awareness raising among communities to address stigma is critical in building community resilience to ensure that people living with HIV are not left behind in the response to COVID-19.

LGBTIQ+ group

Like other groups in the society, stress and worries are also affecting the mental health of LGBTIQ due to unemployment, lack of income, and fear of COVID-19 transmission. In addition to the issues faced by other groups in society, LGBTIQ can be marginalized by stigma and discrimination, especially in rural communities. [include sentence on working with LGBTIQ population to ensure that they are involved in decision making and community processes and that networks exist that can provide relevant support]

People with psychosocial support needs

Moments of crisis and uncertainty are known to create or exacerbate pre-existing mental health conditions or vulnerabilities. The pandemic has generated stress, anxiety and fear among the world's populations. While the measures to prevent further spread of the pandemic apply to everyone, migrants and their families are immensely impacted.

Rates of mood disorders, mental health issues and stress have increased significantly over the last decade, and the situation of COVID-19 is inducing more stress, family tensions, anxiety, confusion, and potentially domestic violence. In Lao PDR few people report and subsequently access psychosocial or mental health support.

The constant fear, worry and stressors in the population during the COVID-19 outbreak can lead to long-term consequences within communities and families, including:

- Deterioration of social networks, local dynamics, and economies.
- Stigma towards surviving patients resulting in rejection by communities.
- Possible anger and aggression against government and frontline workers, Possible mistrust of information provided by government and other authorities.
- People with developing or existing mental health and substance use disorders experiencing relapses and other negative outcomes because they are avoiding health facilities or unable to access their care providers.

Vulnerable communities and their location

Clusters of settlements can be identified across the country, mostly concentrated on peri-urban areas that can be accessed through primary roads. These areas are at higher risk, as the disease may spread faster because of the high population number, density, and connectedness. This is also true for transit routes across Lao PDR between neighbouring countries. A total of 31 districts in 12 provinces are highly vulnerable to the COVID-19 virus considering the analysis criteria.²⁹ Almost a third are concentrated in Vientiane Capital, while three other clusters are located in the southern provinces of Attapeu, Champasak,

²⁸ According to information from to MoH and UNAIDS, Lao PDR does not currently have a sterile needle service or needle exchange programme.

²⁹ The Vulnerability Analysis Model mapping criteria includes: population distribution; settlements' connectedness; population movement; healthcare system; and socioeconomic factors.

Saravane and Sekong (nine vulnerable districts), at the centre in Khammuane and Savannakhet provinces (six vulnerable districts), and at the south of Luang Prabang province (three districts).

Displaced families and informal settlements are at higher risk of COVID-19 transmission because of: 1) their dense and often unsanitary living environment, which can lead to the multiplier effect in case of disease outbreak; 2) inadequate access to proper Water, Sanitation and Hygiene (WASH) and health facilities; 3) their residents' engagement in informal economic sectors that require daily commute and interaction with other people; and 4) the lack of legal rights to the land they live on and/or legal residency.

Macroeconomic Response and Multilateral Collaboration

The COVID-19 pandemic is having a profound macroeconomic impact globally and regionally, with projections expecting the deepest global recession in almost a century. Lao PDR is not immune to the global economic crisis. This chapter explicitly addresses the implications of the pandemic at a macroeconomic scale, recognising that there are some aspects of the response that require this broader, systemic approach. The following chapter outlines the expected implications of COVID-19 on economic activity, and proposes steps to support a faster, more sustainable, and inclusive recovery.

The Macroeconomic Impact of COVID-19

Lao PDR has achieved remarkable GDP growth rates in recent years, averaging around 7% since 2010³⁰, driven in large part by investment in the resources sector and major infrastructure projects. By 2019, this long run of consistent growth had taken GDP per capita to over \$2,500, well into the lower-middle income category³¹, and helped to meet the criteria to begin the process to graduate from its Least Developed Country (LDC) status.

However, in tandem with this progress, structural economic vulnerabilities have also taken root. Fiscal risks were already heightened before the impact of COVID-19, owing to increasing levels of foreign currency denominated debt and growing government contingent liabilities.³² As of 2018, amongst ASEAN member states, Lao PDR was estimated to have the second highest external debt stocks as a percentage of GDP (second only to Singapore), and the lowest foreign currency reserves relative to external debt.³³ The IMF and World Bank have considered Lao PDR to be at high risk of debt distress since 2016.³⁴

Critically, the structure of the economy has remained very narrow with the main drivers being financial services, mining, construction and tourism. The informal sector remains large, and across most sectors productivity has remained low. The agricultural sector that accounts for the majority of work has remained heavily reliant on external processing of harvests. Industry is dominated by capital-intensive mining, creating few employment opportunities, as well as presenting considerable environmental challenges. Public initiatives to attract needed investment have tended to lead to large-scale capital-intensive projects, which in themselves have not generated sufficient volumes of decent employment nor built the tax base to support improved public services. Growth has not benefitted all parts of the population equally, and much of the population, particularly non-Lao-Tai ethnic families, remain close to or below the poverty line.

³⁰ IMF World Economic Outlook data, accessed July 2020.

³¹ World Bank Databank, accessed July 2020; 2019 threshold for lower-middle income status is \$1,026.

³² Joint Policy Research and Dialogue Program for Fiscal Stabilization in Lao PDR: Report on Fiscal and Debt Management by Working Group 1, January 2019.

³³ ASEAN Policy Brief, Economic Impact of COVID-19 Outbreak on ASEAN, April 2020.

³⁴ IMF, Staff Report for the 2016 Article IV Consultation- Debt Sustainability Analysis, January 2017.

The economic shock from COVID-19 is exposing these vulnerabilities. The World Bank has projected that GDP growth in 2020 is likely to fall to its lowest rate since 1990, with estimates ranging from growth of 1%, to a contraction of 1.8% depending on domestic and regional developments and policy responses in the remainder of the year.³⁵ The IMF has projected 2020 economic growth of 0.7%.³⁶ The ADB forecasts a contraction of 0.5% in 2020.³⁷ The NIER is more optimistic, projecting 2020 growth of 3%, although still representing a marked slowdown from recent years. As a result of COVID-19, up to 65% of formal businesses have reported a high risk of needing to terminate at least part of their operations.³⁸ With this scale of economic disruption, an additional 383,000 people could fall into poverty as a result of the pandemic.

As is the case in most countries, the economic shock from the crisis has been most acute for those sectors linked to international value chains, travel, and dependent on face-to-face contact. The sectors reporting the highest risk of suspending operations are hospitality, transport, and trading.³⁹ Relatively large exporters have reported the greatest disruption to their activities.⁴⁰ As of May 2020, 90% of hospitality businesses remain closed due to lack of demand.⁴¹

The pandemic has also hit key regional economies hard. The economies of the traditionally fast-growing ASEAN-5 of Indonesia, Malaysia, the Philippines, Thailand, and Viet Nam are expected to contract by 2% in 2020. Thailand's GDP is expected to decline by 7.7%. China is expected to be one of a very small group of countries recording annual growth, although by only 1%.⁴² ITC has estimated that the macroeconomic implications of COVID-19 on Lao PDR and trading partners will lead to a 6.5% decline in export potential.⁴³

The return of over 100,000 migrant workers to Lao PDR from neighbouring countries has been projected to lead to a decline of up to \$125 million in remittances in 2020, equivalent to 0.7% of GDP.⁴⁴ This, combined with lower tourism incomes, is putting further downward pressure on the Lao Kip, and making repayment of foreign currency-denominated debt ever more challenging.

Lao PDR met the LDC graduation criteria on GNI per capita and human assets to begin the process of potentially graduating from LDC status for the first time in 2018. Should the criteria continue to be met at the next triennial review in March 2021, it can be recommended for graduation as early as 2024. By the time of the next review, the most up-to-date data on the criteria will most likely be for 2019 – not reflecting the macroeconomic impact of COVID-19. Therefore, whilst the Committee for Development Policy (CDP) is fully aware of the global impact of the pandemic and would seek to take this impact into account, the default expectation without the provision of contrary evidence is likely to be a progression in the graduation process.

³⁵ World Bank, Lao PDR Economic Monitor: Lao PDR in the time of COVID-19, June 2020.

³⁶ IMF, World Economic Outlook, April 2020.

³⁷ ADB, Asian Development Outlook Supplement, June 2020.

³⁸ LNCCI, The Impact of COVID-19 to Lao Businesses: Survey and Recommendation, May 2020.

³⁹ Ibid.

⁴⁰ UNIDO, Firm-level survey on the impact of COVID-19, preliminary results for Lao PDR.

⁴¹ LNCCI, The Impact of COVID-19 to Lao Businesses: Survey and Recommendation, May 2020.

⁴² IMF, World Economic Outlook Update, June 2020.

⁴³ Ibid.

⁴⁴ World Bank, Lao PDR Economic Monitor: Lao PDR in the time of COVID-19, June 2020.

Fiscal Space to Respond

Across emerging and developing economies, policy responses required to cope with the pandemic are testing and reducing the limits of government fiscal capacity.⁴⁵ The IMF has estimated the global fiscal policy response to date to be close to \$11 trillion, taking global public debt to the highest level in history, at more than 100% of GDP.⁴⁶

The LNCCI has estimated that a budget allocation equivalent to 2% of GDP (\$380 million) would be required to support the recovery, including \$152 million in support to businesses.⁴⁷ UNCDF has estimated that investments of \$528 million would be required to achieve GDP growth of 1% in 2020, or \$3.7 billion to return to growth rates seen over the course of the 8th NSEDP (2016-2020).⁴⁸

The actual fiscal response in Lao PDR to date has been only a fraction of the suggested need, concentrated primarily on deferrals and postponements of tax obligations. Thirty billion kip (\$3.3m) has been allocated to COVID-19 health prevention and control. Income tax exemptions were put in place for three months (April-June) for some public and private sector workers, some microenterprises have been exempted from income taxes, tax collection for businesses in the tourism sector have been deferred, and mandatory contributions to social security have been postponed. Around 80,000 workers currently participating in the Social Security Scheme could potentially benefit from exceptional payments of 500,000 kip (\$55).⁴⁹ However, as of July only around 3,000 affected workers had received unemployment benefits, with more than 9,000 applications still pending.⁵⁰

Lao PDR has extremely limited fiscal space to respond on a larger scale. There are few options for additional borrowing given the already high debt levels, limited domestic market, and declining access to regional capital markets.

The Ministry of Finance (MoF) has estimated that revenue loss in 2020 as a result of COVID-19 will be equivalent to between 3-4% of GDP. This is expected to drive an increase in the fiscal deficit from 5.2% in 2019 to between 7.5-8.8% in 2020, with public debt increasing to between 65-68% of GDP.⁵¹ The annual external debt servicing burden alone is expected to reach \$1.1 billion, equivalent to 55% of domestic revenue.⁵²

In May 2020, credit rating agency Fitch Ratings downgraded the outlook for Lao PDR's foreign currency debt rating from 'stable' to 'negative' (whilst retaining the below-investment-grade B- overall rating), in particular citing the challenging repayment profile, with \$900 million in payments due in the remainder of 2020.⁵³ Similarly, Thailand-based TRIS Rating⁵⁴ downgraded Lao government from BBB+ to BBB in June. In August, Moody's downgraded Lao PDR's government issuer rating from B3 to Caa2 with a negative outlook, citing severe liquidity stress, constrained financing options, and weak external and fiscal buffers-

⁴⁵ UNCDF, Capital Investments the Centre for post-COVID Recovery Policy: A Policy Dialogue Paper, July 2020.

⁴⁶ IMF, Fiscal Policies for a Transformed World, Vitor Gaspar and Gita Gopinath, July 2020.

⁴⁷ LNCCI, The Impact of COVID-19 to Lao Businesses: Survey and Recommendation, May 2020.

⁴⁸ UNCDF, Capital Investments the Centre for post-COVID Recovery Policy: A Policy Dialogue Paper, July 2020.

⁴⁹ IMF, Policy Responses to COVID-10- Policy Tracker, accessed July 2020.

⁵⁰ MoLSW news, 24 July 2020: <http://molsw.gov.la/news/detail/N740640>

⁵¹ World Bank, Lao PDR Economic Monitor: Lao PDR in the time of COVID-19, June 2020.

⁵² World Bank, Lao PDR Economic Monitor: Lao PDR in the time of COVID-19, June 2020.

⁵³ Fitch Ratings, Rating Action Commentary: Fitch Revises Laos' Outlook to Negative, Affirms Rating at B-, 15 May 2020.

⁵⁴ TRIS is a strategic partner of S&P Ratings in the region.

indicating a material probability of default in the near term. In particular, the assessment noted that the lack of a credible financing strategy to meet debt repayments contributed to the decision.

The global nature of the economic shock means that all countries and potential investors are affected, making it that much harder to raise investment resources from regional and global markets. Investors once at the frontier of emerging markets are retreating to safer investments in more developed economies. Around one quarter of the stock market values in Indonesia, the Philippines, Thailand, and Viet Nam were wiped out during the first quarter of 2020.⁵⁵

Amongst traditional donor countries, unprecedented spending domestically in response to the crisis may potentially crowd out investments in ODA over the coming years, making concessional international support harder to secure.

Given the disruption to economic activities, banks are likely to have to contend with increasing numbers of non-performing loans, limiting their capacity to step up investments in the recovery. The Bank of Lao PDR has reduced reserve requirements for both local and foreign currencies and requested to support affected businesses with loan restructuring.⁵⁶

Response and Collaboration

There are important actions that the UNDS can support the Government in with the potential to make a meaningful difference to the speed, trajectory, and sustainability of the recovery. These will not only support the economy of Lao PDR in coping with the economic damage caused by COVID-19, but also lay the foundations to seize the economic opportunities for accelerated progress toward the SDGs as circumstances change over the coming months and years.

These can be organised into three related groups: planning, financing, and repositioning, the third of which is covered in detail in pillar 4.

Planning

The impact of COVID-19 creates a clear imperative for rapid and decisive action. However, such action must be taken with due consideration of the longer-term trajectory, working to get on track to deliver against national development priorities and the SDGs. Lao PDR is part-way through the development of the 9th NSEDP, that will serve as the master planning document for 2021 through to 2025, creating an opportunity for strategic consideration of appropriate changes in policy in light of the pandemic.

Under the coordination of the UN Resident Coordinator, drawing on expertise from across the UNDS and other development partners, and working closely with key national institutions, the MPI and the UN are co-convening a Multi-Stakeholder Task Force to study the impact of COVID-19 to support a determination of the 9th NSEDP and SDG localization. This will support strategic consideration of the implications of the pandemic across sectors, helping to identify key changes in context, identify synergies as well as potential trade-offs between key policy areas and make recommendations on appropriate priorities over the coming five years, including addressing the need for further diversification and economic transformation.

⁵⁵ ASEAN Policy Brief, Economic Impact of COVID-19 Outbreak on ASEAN, April 2020.

⁵⁶ IMF, Policy Responses to COVID-10- Policy Tracker, accessed July 2020.

Similarly, the COVID-19 pandemic has occurred during the initial stages of development of a smooth transition strategy for graduation from LDC status, potentially in 2024. Reflection of the implications of COVID-19 in the development of the strategy, including for necessary and possibly extended transition periods, would help to ensure that sustainable development momentum can be maintained through the graduation process.

The UNDS will work closely with the Government, under the leadership of the Ministry of Foreign Affairs (MoFA), to support analysis of the expected impact of COVID-19 with respect to LDC graduation, and the design of appropriate management strategies.

Financing

As outlined, Lao PDR faces a tight fiscal environment, making scaling-up the response to COVID-19 more challenging, and creating pressure to take steps to stabilise the fiscal situation. However, making best use of the available fiscal space and potential sources of finance, and in parallel optimising public sector financial management is clearly imperative to supporting economic recovery through this critical, fragile phase.

Options for Lao PDR to raise additional financing to mount a larger response to COVID-19 from domestic, regional, or global sources are limited. This, combined with the challenging sovereign debt repayment profile, creates a strong incentive for Lao PDR to consider proactive steps to renegotiate debt repayment terms with creditors. The G20 initiative offers the potential to negotiate suspension of official bilateral credit payments, subject to agreement of an IMF programme, to increase fiscal space available for social, health, and economic spending in response to the crisis. The World Bank has estimated that taking part in the initiative could potentially yield savings of \$270 million, equivalent to 1.4 per cent of GDP.⁵⁷ Lao PDR's development partners, in particular the International Financial Institutions (IFIs), stand ready to provide technical support toward this, and in the design of appropriate policies to effectively invest created fiscal space to support economic recovery. UNCDF could support in the development of capital market financing instruments to raise capital.

The UNDS will work closely with MPI and MoF, on a number of related initiatives aimed at strengthening national systems for the management of development finance. In particular, this will include careful examination of options for the financing of the 9th NSEDP (in light of COVID-19), budget tagging to better track expenditure against development priorities, and development of a model investment case in the health sector. Public sector finance reform will come under more pressure as public budget deficits increase and additional debt is incurred. The UN will work closely with the MoF and MPI to provide policy and technical initiatives to optimise public sector budget formulation processes, revenues and expenditure processes aligned to the 9th NSEDP.

*Repositioning*⁵⁸

Globally, the crisis will change the nature of economies as consumption and production patterns change and demand and supply chains are reconfigured. Many jobs that were destroyed may never return, and equally many new sectors and professions (especially digital services) may play a permanently larger role

⁵⁷ <https://www.worldbank.org/en/topic/debt/brief/covid-19-debt-service-suspension-initiative>

⁵⁸ See the next chapter on Economic Recovery and Response for a further discussion on these areas.

in the economy. This disruption will create challenges, but also opportunities for those that are able to rapidly refocus on growth opportunities and make the necessary strategic investments to seize them.

E-commerce is emerging as a major area of opportunity, with the pandemic prompting significant shifts in consumer habits and an increased willingness to explore it. The UNDS can bring their global expertise and finance solutions to assist the Government to develop a distinct e-commerce and logistics strategy, and a financing plan as a key transitional policy for the 9th NSEDP and develop with MPI and the Ministry of Public Works and Transport (MoPWT) a coherent investment pipeline to implement the strategy.

ITC is already working closely with the MoIC and other line ministries towards increased regional economic integration, increased awareness on preferences for exporters, and enhanced participation in global value chains in the wood processing and coffee sectors, aiming towards inclusive growth, mitigation of vulnerability and job creation. Detailed analysis to understand and respond to the 'new normal' is under way, and should also include a trade assessment focused on the impact of COVID-19 to inform and complement the 9th NSEDP.⁵⁹ Furthermore, it is proposed to implement a training programme aimed at policymakers responsible for e-commerce-related legislation and multilateral negotiations, as well as initiatives to raise awareness on the implications of digital trade, and to establish dialogues with private sector firms. The UN can provide technical assistance on the development of commercial law reforms relating to MSMEs, e-commerce, digital trade, insolvency, and dispute resolution, both in-country and online. In addition, the UN can provide access to transaction advisory services and capital funds for both SMEs and municipal sectors to support the Government and private sector in taking advantage of existing mega-investments in transport and energy to support economic diversification and structural transformation.

This would need to be delivered against the backdrop of the pressing need for broad improvements in the investment climate to attract greater investment and greater competition to drive improvements in productivity. The World Bank and the International Finance Corporation (IFC) work to provide support in taking this forward.

⁵⁹ For the wood processing and coffee sectors so far.

Economic Response & Recovery: Protecting Jobs, Small and Medium-Sized Enterprises, and Informal Sector Workers

Whilst a major public health crisis is still a possibility, evidence collected suggests that the impact of the virus is currently set to be largely socio-economic. As a landlocked, and now largely closed LDC, the swift move to end lockdown measures by the Government has not been met with a dramatic rebound in economic activity in Lao PDR. As a landlocked, and now largely closed LDC, the swift move to end lockdown measures by the government has not been met with a dramatic rebound in economic activity in Lao PDR. Fragile businesses, supply chains and remittance inflows are collapsing, particularly in key sectors of the Lao economy that have previously accommodated large percentages of the labour force. Overall, the lockdown has caused a sharp rise in unemployment to around 25%, with women disproportionately affected.⁶⁰ On top of that, the abrupt return of over 100,000 migrants, who themselves have lost their livelihoods, brings significant pressures in terms of higher household expenditures at a time when household incomes are reduced as a direct consequence of the loss in the flow of remittances, as well as additional spill over impacts associated with indebtedness.⁶¹

For businesses and employment to recover, and in turn for the country to return to the previously high levels of growth, a new development pathway is needed. By adopting a pathway that is able to respond to the post-COVID-19 challenges in a changed regional and global environment, the country can induce structural reform that: 1) reduces exposure to exogenous shocks; 2) drives the establishment of domestic and cross-border neighbourhood value chains; 3) takes advantage of Lao PDR's unique geographical position; 4) creates new equitable business opportunities; and 5) maximises the potential of Lao PDR's young and diverse population.

All three of the below priority areas for expanding the economy – rejuvenating the agricultural sector, greening the return of tourism, and repositioning to new opportunities like e-commerce – are built on inclusion, specifically designed to open the labour market and harness the potential of anyone with an internet connection or a promising business idea, to give more people a stake in their economic futures and in turn spur the wider recovery of the country. They are ideally placed to reinforce LNOB principles as part of the economic recovery, particularly where priority actions target key groups, such as women, young people, people with disabilities and migrants among others.

⁶⁰ UNDP Socio-economic impact assessment's findings: overall unemployment rate of 1,200 respondents is 27% (20% among men and 30% among women); MoLSW estimates unemployment to rise from 2% to 25% in 2020)

⁶¹ The World Bank estimates a reduction of \$125m in remittances and 83% of respondents to the FAO's survey report a reduction, with the southern provinces disproportionately affected.

Rejuvenating the agricultural sector

The agricultural sector has been multi-dimensionally impacted by the COVID-19 containment measures. Specifically, the pandemic aggravated an already existing food crisis due to drought, with many villages in the northern regions of Lao PDR already lacking rice seven months ahead of the new harvest⁶². Food security is impacting at least, 31.8% of households, roughly equating to 2.2 million people.⁶³ Moreover, the COVID-19 crisis has led to a drop in demand for food in urban markets (meat by 30%, vegetables by 40%⁶⁴) that has reduced incomes for smallholder farm producers. The demand for these products – as well as others such as in the coffee and wood processing sectors – is expected to decline further as the slowdown in the economy and trade continues. Other examples include the effects of supply chain disruptions for imported goods, leading to short supply among wholesalers, price increases as well as with middlemen facing loss of margins and being cut out or not delivering at all.

Agricultural productivity (value added per worker) for 2019 based on the 2010 constant price was \$827 which is 1.5 times lower than that of Cambodia, twice as low as that of Myanmar, and nearly four times lower than that of Thailand.⁶⁵ Other issues of value addition include limited diversification of products (dominance of rice cultivation in lowland areas), post-harvest processing (produce is often exported for processing and imported back again), a lack of innovation and technology, under-employment (complicated by Lao PDR's highly informal workforce, estimated at 82.7%⁶⁶), and a reliance on imported agricultural inputs. In the case of the latter, some inputs have been found to cause extensive and adverse environmental impacts and offer an opportunity for import substitution policies and new domestic value chain activity. These issues are compounded by underdeveloped infrastructure, especially in rural areas. Its road system is suboptimal, both external and internal land-line telecommunications are limited, and although electricity is available to 84% of the population, high tariffs restrict consumption.⁶⁷

Lao PDR has limited financial and institutional capacities to overcome such complex challenges, with a persistent current account deficit, falling foreign currency reserves, and growing public debt all weighing heavily. Therefore, the following measures, supported by the UNDS and wider development partners, are needed to tackle these challenges.

Short term measures – crisis response and strengthening protection systems for food security

- Designate food production and markets as essential services to open space for policies facilitating the easier movement of goods under 'lockdown' conditions to ease financial burden on producers and consumers.
- Supporting domestic food chains alongside local governments and entrepreneurs e.g. through improved access to markets for rural communities, such as mobile market services and online fresh markets, and aligning all marketplaces with COVID-19 prevention requirements.

⁶² FAO/WFP, Rapid Assessment: Impact of COVID-19 on agriculture and food security in Lao PDR, June 2020.

⁶³ Food Insecurity Experience Scale.

⁶⁴ FAO/WFP, Rapid Assessment: Impact of COVID-19 on agriculture and food security in Lao PDR, June 2020.

⁶⁵ World Bank: Agriculture Value Added Per Worker (Constant 2010 US\$).

⁶⁶ LSB and MPI, Survey Finding Report: Lao Labour Force Survey 2017.

⁶⁷ LSB Population and Housing Census, 2015.

- Support to strengthen smallholder farmer groups and processors to improve productivity and ensure food safety, including investment irrigation and drainage, and in cold storage to preserve produce to reduce post-harvest losses.
- Broad support to self-employed and migrant entrepreneurs in terms of direct support measures and policy advocacy to government.
- Support vulnerable communities from opium growing areas with establishing links to national and international markets for legal commodities, in order to prevent a resurgence of opium cultivation due to a disruption of licit value chains.

Medium-long term measures – investing in a sustainable future

- Comprehensively protecting the most vulnerable population groups, especially women, through support for small-holder farmers and other operators along the supply chain e.g. investments into post-harvest processes, destructive farming practices, and crop diversification, including diversification away from opium cultivation.
- Policy advisory and piloting investments to support circular agriculture investments and to improve rural-urban connectivity using PPPs via the development of Lao produced inputs and domestic value chains, and existing projects such as the Kunming-Vientiane rail network.
- Development of policy frameworks for an agriculture insurance scheme that includes products for small holders, large scale producers, processors, and traders.
- Support LNCCI and the Ministry of Agriculture and Forestry (MAF) to promote Lao branded products through national quality standards, marketing, and global certification.
- Laying the foundations for a more inclusive, green, and resilient recovery through macroeconomic and trade policies and a sector strategy and related SME/processor support services. This would increase productivity (to align to the neighbouring economies), assure quality and food safety (to comply with regulatory requirements and customer demand) and diversification of production, including blockchain digitisation and investment pipelines.
- Establish mechanisms with local governments to introduce and monitor prices of food basket items and basic household commodities through FinTech solutions.
- Assess and mitigate climate change risks facing agri-businesses.
- Promoting quality and food safety standards with related skills training and support, agri-processing, and agro-industry, that simultaneously add value and create jobs.
- Support the MoLSW and Lao Federation of Trade Unions to promote the hiring and training of women, youth, and people with disabilities, as well as raising awareness of grievance mechanisms for employees to address issues that arise out of COVID-19 related measures.
- Support the addition of migrants into existing employment support and labour market inclusion schemes, including training/retraining and skills and competency recognition.

Strengthen government and private sector capacity in the agriculture sector to reduce supply chains' vulnerability to forms of abuse and exploitation, including identification and referral to protection services.

Greening and ethical return of tourism

Prior to the COVID-19 pandemic, the tourism sector was experiencing a positive upturn, fuelling rapid economic growth, and providing at scale domestic semi-skilled jobs. Tourism had become a key driver of the Lao economy, accounting for 13.7% of total GDP in 2017 alone.⁶⁸ In 2019, Lao PDR received over 4.79 million visitors, a 14.4% increase on the previous year⁶⁹, generating over \$900 million in estimated direct revenue. The number of tourists from Thailand was the largest, accounting for more than 45% of total visitors in 2019, followed by China 21.3%, Viet Nam 19%, and Republic of Korea 4.2%.⁷⁰ Arrivals from these countries are less seasonal than the fewer long-haul arrivals from Europe and North America, and are often built around group tours; this highlights a key area of the tourism business where there is potential for the enhancement of the sector's green credentials as a unique selling point to facilitate a transition towards higher-value tourism, and in turn a fertile area for creating green employment in the longer-term.

While businesses across all sectors have been affected, the measures taken to restrict travel by the Lao government and its international counterparts have affected the tourist businesses in particular. According to an ADB survey, three-quarters of tourism establishments were closed during the lockdown period, with 70% having laid off staff.⁷¹ According to an LNCCI survey, as of May 2020, 90% of hospitality businesses remain closed due a lack of clients.⁷² Business owners report that they could go out of business by the end of the year if there is no upturn. Indeed, around 55% of enterprises surveyed by the ADB reported that they could stay in business for another five months, though crucially, relying on credit from friends or relatives, and not through formal financial transactions with domestic financial institutions.⁷³

The scale of the impact and the unpredictable outlook for the sector means that urgent action is required to help safeguard struggling businesses, and workers (both informal and formal) taking the opportunity to facilitate the sustainable return of tourism in a greener fashion that is locked into domestic value chains. COVID-19, however, also presents the tourism business with an opportunity to green the sector and use this as a critical driver for returned growth, creating more decent green jobs in the process.⁷⁴ The adaptation to new markets and applying the greening factor can help foster stronger links to domestic value chains, promoting Lao produce at the same time, as part of a wider green economy strategy.

Critical to the recovery of the sector is ensuring business continuity in the short term. Lao PDR is in an advantageous position, due to the propensity for tourist businesses to consist of family investments with limited debt liabilities. Nevertheless, a lack of working capital is a 'major obstacle', the root causes of which need to be addressed. For instance, small businesses struggle to secure new loans or deferrals on existing repayments, instead relying on friends or relatives. This is an issue compounded by banks' own constrictions such as non-performing loans is also making access to finance even more difficult for small- and medium businesses. The provision of working capital for any businesses should be conditional on

⁶⁸ IMF Article IV 2008.

⁶⁹ ADB Briefs, 'The Impact of COVID-19 on tourism enterprises in Lao PDR: an initial assessment', June 2020.

⁷⁰ Cited in ADB brief 2020; GoL, MoICT 2019.

⁷¹ ADB Briefs, 'The Impact of COVID-19 on tourism enterprises in Lao PDR: an initial assessment', June 2020.

⁷² LNCCI, The Impact of COVID-19 to Lao Businesses: Survey and Recommendation, May 2020.

⁷³ Ibid, p5.

⁷⁴ According to the UNEP, green jobs are defined as 'positions in agriculture, manufacturing, R&D, administrative, and service activities aimed at substantially preserving or restoring environmental quality'.

guaranteeing minimum working conditions and a commitment to avoid or reduce layoffs. Support towards aiding the continuity of cultural heritage will also be crucial, to avoid the fading of traditional festivals and gatherings, as well as markets, that are often the lifeblood of small communities.

Adaptation to tourism in the COVID-19 era is also vital for the sector's survival, starting with the availability of protective equipment and application of physical distancing and hygiene measures both for employees and visitors. Beyond this, the World Tourism Organisation recommends "stimulating travel among locals" who will naturally be among the first to travel when lockdown measures are lifted. The private sector, assisted by the Ministry of Information, Culture and Tourism (MoICT), is already active in adapting its consumer offers promoting green values and products, staff training to retain capacity in the sector, and marketing to various aspects of domestic tourism scene, and will need extensive further support in achieving sustainable results. The nature of Lao PDR's tourism model – i.e. not based on high volume low cost – lends itself to specially designed travel programmes and agreements with neighbouring countries, who already comprise the majority of the country's foreign visitors, and which can take advantage of the nearly-completed railway connection with China. This model, furthermore, lends itself to specialised tours that go beyond the 'tourist trail' and offer a glimpse of protected areas, and the lives of indigenous communities and ethnic groups.

Short-term measures

- Support the development of a new green tourism strategy that provides links to local value chains, expands specific tourist segments, and helps to define a new tourist space for the COVID-19 era, including raising awareness regarding COVID-19 prevention measures. This includes collaborating with businesses – both in tourist hotspots and more remote areas populated by other ethnic groups for instance – to identify their new value proposition, to reimagine their offers to cater for new customers and markets, and to ensure the occupational safety of staff.
- Explore interventions and funding opportunities that support the tourism business sector universally, such as a relief fund or measures to ensure the continuity of tourist-attracting traditional festivals.
- Help create stronger multilateral regional linkages and explore possibility of a travel bubble within ASEAN, as well as provide technical support at policy level for coordination among countries.
- Provide technical/financial support to the government to enhance online tourist centre for international visitors.
- Provide broader marketing support to help companies promote their adapted offers, encouraging more domestic tourism to travel within the country.
- Support a regulatory assessment of the tourism sector in Lao PDR to identify bottlenecks and areas ripe for reform to enhance the profitability of the sector.

Medium-long term measures

- Seek potential collaboration with development partners with established networks in terms of hospitality trainings to help recover the skills lost during lockdown and train more staff.

- Support the MoICT on the development of the Ministry's COVID-19 Strategy and Response Plan, and on the creation and implementation of the Tourism Promotion Board to improve coordination and partnerships across ministries and the sector.
- Encourage and foster closer collaboration between the MoICT and the private sector, namely the hotel and restaurant associations, travel agency associations, and the LNCCI.
- Support the MoLSW to formalise recruitment processes for employment in the tourism and service sectors that often rely on informal migration as a source of labour.

Repositioning to seize and create new business opportunities

The IMF predicts that whilst the world's GDP will contract by 3% in 2020, Lao PDR will possibly manage to maintain positive GDP growth of 0.72%, but will experience a drop of 6.5% in export potential due to sharp drops in its main export markets and drastically interrupted supply chains.⁷⁵ That said, it is generally acknowledged that a looming global downturn in manufacturing and services, coupled with the potential for inflation of basic commodities and the impact of the pandemic on neighbouring economies with which Lao PDR is closely interlinked will result in a contraction of the real economy. Many of the jobs that were lost might never return. Therefore, as discussed in the last chapter, it is key that Lao PDR seizes new opportunities to strengthen its position within the region through greater integration and drives economic growth to reduce its high import dependency through new developmental pathways.⁷⁶

First, turning Lao PDR's position on the map to its **advantage using infrastructure and logistics**. Geographically, the country is well-positioned to provide the main arteries between landlocked western China and ASEAN countries and transition to a well-integrated partner in the region. Lao PDR has invested heavily in the construction of infrastructure to better connect to its neighbours, including the \$5.9 billion investment in the construction of the Lao-China Railway under the Belt and Road Initiative.⁷⁷ The transition requires that the government place a strategic focus on logistics, building onto existing large-scale public sector investments, to create far-reaching opportunities for job creation. This will in turn help the country diversify sustainably and reshape its economy away from resource dependency and capital-intensive industries that have yet to generate broad employment and are both simultaneously environmentally unsound and vulnerable to climate change. The UN is already working closely with the Lao government towards increased regional economic integration, increased awareness on preferences for exporters, and enhanced participation in global value chains with a focus on the wood processing and coffee sectors, aiming towards inclusive economic growth, mitigation of vulnerability and job creation.

Second, **boosting the demand for Lao products and services** through domestic value chains will be required, with a focus on providing green employment and improving production quality. Currently, Lao PDR is dependent on imports, running a negative trade balance with neighbouring Thailand, China, and Viet Nam. The creation of domestic production and value chains can strengthen resilience by inducing

⁷⁵ ITC Export Potential Map: <https://exportpotential.intracen.org/en>

⁷⁶ Based on ITC's global COVID-19 Business Impact Survey which gathered evidence on how the pandemic affected 4467 companies in 132 countries, four main characteristics were identified to prepare for the new normal: 1) resilience, 2) digital, 3) inclusive, 4) sustainable (source: ITC SMECO 2020, p. 42).

⁷⁷ World Bank, From Landlocked to Land-Linked: Unlocking the Potential of Lao-China Rail Connectivity, 2020.

structural transformation, revitalising the manufacturing sector, resulting in the promotion of environmentally conscious alternatives that can give Lao products a unique selling point and quality. This requires the development of regular training in technical skills, quality management, food safety assurance and business development and management.

Third, and in tandem with the above, is **e-commerce**, which has emerged as a **major area of opportunity** during the pandemic. The ‘lockdown’ measures enacted in response to COVID-19 have driven a shift in consumer habits and a willingness to embrace e-commerce; a trend seen in neighbouring Cambodia for instance.⁷⁸ In Myanmar, e-commerce and the digital economy has been included as part of the COVID-19 Economic Relief Plan.

In Lao PDR, development of e-commerce has traditionally been constrained by the lack of access to affordable and reliable internet services.⁷⁹ However, there are some signs that this could be changing and that the right policy decisions could unlock potential, with for example a 6.5% increase in the number of active internet users in the year to January 2020, and a 12% increase in average speed of mobile internet connections.⁸⁰ Coupled with the need to diversify livelihoods, value chains domestically and trade internationally, Lao PDR may have the perfect mix of ingredients to seize this opportunity and use e-commerce to sell its high-quality, environmentally conscious products to the region and the world.

Development partners have previously undertaken diagnostics to assess the strategic needs for the development of e-commerce in Lao PDR.⁸¹ A sound e-commerce strategy would benefit from a holistic approach, incorporating several key interconnected policy areas, such as ICT infrastructure and services, trade facilitation and logistics, online payment solutions, the legal and regulatory framework, skills development for policymakers and practitioners, and access to financing.⁸² This would create the space for private investment and innovation to respond to the crisis and the changed environment. The UN system can bring its global expertise, such as the ‘eTrade for all’ platform⁸³, to the MoIC, MoF, and MoTPW, as well as strengthening broader inter-ministerial coordination with other ministries and regulatory agencies relevant to e-commerce, to develop a clear strategy over the coming months, which could be crucial for the development of the sector. Importantly, given the challenges in raising additional public investment finance, addressing many of these interconnected policy areas do not necessarily require large-scale financial investments, but instead concerted policy reform and inter-ministerial coordination efforts, as well as strengthening public sector capacities to deal with the complex issues that would need to be discussed and negotiated at the regional and multilateral levels, such as through ASEAN and the WTO.⁸⁴

⁷⁸ UNCTAD, Blog: Cambodia’s digital startups help blunt the economic impact of COVID-19, June 2020.

⁷⁹ World Bank, Digital Connectivity in Lao PDR, 2018.

⁸⁰ We Are Social and Hootsuite, Digital 2020: Laos, February 2020.

⁸¹ UNCTAD, Lao PDR Rapid eTrade Readiness Assessment, 2018; World Bank, Taking Advantage of e-Commerce: Legal, Regulatory, and Trade Facilitation Priorities for Lao PDR, 2018.

⁸² UN Economic and Social Commission for Asia and the Pacific, ‘Leveraging e-commerce for graduation of least developed countries’, December 2018, ESCAP/CTI/2019/4 https://www.unescap.org/sites/default/files/CTI_4_item%205%20-%20Leveraging%20e-commerce_E.pdf

⁸³ eTrade for all is an online information hub bringing together 32 development partners towards strengthening the e-commerce readiness of developing countries and LDCs, <https://etradeforall.org/>

⁸⁴ For example, the ASEAN Work Programme on E-Commerce 2017-2025, and the signing of the [ASEAN E-Commerce Agreement 2018](#), or the ongoing discussions within the WTO Work Programme on E-Commerce and Joint Statement Initiative.

Fourth, the **revitalisation of special economic zones (SEZs)**. The SEZs that have been established in recent years are an emerging issue, being impacted at all levels by COVID-19. The effects on these zones are differentiated from the rest of the economy, and it will be important to understand these nuances over the next 18-24 months. It could be necessary to explore a number of targeted policy measures due to the considerable change in environment and government revenues since their inception, such as amending the practice of ‘tax holidays’. The revitalisation of the SEZs, framed by a ‘revitalisation master plan’ that the UN system can support, could help recreate fiscal space and the ongoing functionality of the zones so that they provide maximum employment and benefit to the economy.

Fifth is **investment in the circular economy** through functioning waste management and recovery. Large steps are being taken by the government, supported by the UN, on the issue of waste management to green the Lao economy. For example, initiatives are being developed on reducing open burning and promoting upcycling and composting can yield environmental improvement throughout the country whilst creating new business models. For instance, by converting organic waste generated by the tourism sector to agricultural inputs, the collection and processing of glass (in the main tourism generated) and examining the re-use of plastics. Lao PDR’s larger urban centres could act as a hub for the smaller ones, linking more closely subnational authorities and local communities. Further, a shift towards greener waste management can empower local citizens, communities, and governments, and drive a new wave of green jobs in the sector.

Short-term measures

- Provide targeted financial management, planning, environmental sustainability, and consumption training for business owners, including online.
- Draft a concept policy note on logistics corridors to inform future action.
- Support the LNCCI and other business support organisations to coordinate collective actions and provide a platform for sharing business best practices and adaptation techniques.
- Clarify policy attributions and support the set-up of an e-commerce development agenda working group, with a focal point in the leading ministry in charge of e-commerce and a network of “champions” in line ministries and regulatory agencies.
- Carry out an assessment on fiscal space in relation to ‘SEZ Holidays’ and on employment opportunities for returning migrants in SEZs.
- Inclusion of migrants and displaced populations in national employment and other economic support schemes/furlough schemes designed to support workers and entrepreneurs.

Medium to long-term recommendations

- Support the development of a policy plan and investment framework (PPPs and PSI) – based on an assessment of the transport and logistics sectors, and customs procedures – to help grow Lao PDR’s logistics sector.
- Develop a national e-commerce strategy building on enhanced policy coordination arrangements and a sound public-private cooperation process. The strategy will define a clear action plan to guide implementation of policy reforms and investments in all relevant policy areas, including the possibility of an independent regulator for e-commerce.

- Strengthening the e-commerce regulatory framework, from legislation to land borders.
- Capacity building regarding e-commerce utilisation, e-commerce policy development at the national and regional levels, as well as marketing, branding, and other relevant skills.
- Conduct an analysis of circular economies and development pathways for Lao PDR.
- Developing a National Industry/manufacturing Recovering Plan and Strategy for promotion of employment, investment, resilient and inclusive and green growth
- Assist the creation of a plan to revitalise the SEZs as engines for transformative growth.
- Training in technical skills, quality management, food safety assurance, business development and management.
- Maximise the potential of Lao's youth by establishing a digital social and economic innovation platform, entrepreneurship mentoring, and encouraging social engagement.
- Devise an 'e-strategy', with a focus on the ICT sector (and Boosting demand for Lao products and services through domestic value chains).
- Sustaining and strengthening the resilience of livelihoods through MSME participation in local, regional and global value chains.
- Strengthening resilience of MSMEs through digital transformation, skills development, and business environment improvements in the context of the SDGs.

Protecting Health Services and Systems during the Crisis⁸⁵

The Government of Lao PDR started to prepare at an early stage of the COVID-19 pandemic and implemented measures to prevent the spread of the virus, including a nationwide ‘lockdown’ and the closure of international borders. Efforts were made to prepare the health system for large scale community transmission. At the time of writing, a national COVID-19 Preparedness and Response Plan is not yet available and therefore the interventions outlined below also incorporates country level priority COVID-19 response actions as well as the measures needed to protect and maintain existing services.

Strengthening the management of points of entry and implementation of quarantine measures have been key strategies of the government, specifically in priority provinces which share borders with neighbouring countries and where migrants often cross borders. All people entering the country are quarantined for 14 days in government facilities or approved hotels. Those entering the country, including migrants, are tested for COVID-19, and confirmed cases receive healthcare services in designated hospitals for free. So far, the government's response activities have focused on containment. If large scale community transmission occurs, the response activities will shift from containment to mitigation. This shift will affect response activities substantially, including shifting the laboratory testing strategy and criteria for hospitalisation of confirmed cases and management of mild cases.

There are ongoing efforts to build surge capacity in preparation for community transmission and prepare systems to minimise disruption of essential health and nutrition services.

Strengthening coordination and governance for the COVID-19 response

It is critical for the government to protect the public from emerging public health threats such as COVID-19 through coordinated operations. Strengthening the Emergency Operations Centre (EOC) is essential to ensure close collaboration and coordination across all the relevant sectors at central and subnational levels. The priorities include the following:

- In partnership with health partners and Lao government, design, implement and monitor the national COVID-19 response plan (2020-2021).
- Strengthen coordination mechanisms, including embracing digital solutions, within the government and with development partners to enhance the efficiency and effectiveness of the COVID-19 response.

⁸⁵ In the absence of a national health sector response plan, Pillar 1 on health first is included in the Lao PDR COVID-19 Response Plan with a focus on both COVID related response and the provision of essential health services more generally.

- Support the government in collecting disaggregated data (at minimum by sex, age, ethnicity, disability, personal status, etc) related to the pandemic in order to inform health responses and identify those most at risk of being left behind.
- Strengthen governance structures, outlining clear roles/responsibilities, technical capacity, infrastructure and equipment of EOCs nationally.

Flattening the epidemiological curve and strengthening IPC

Strengthening national capacity for surveillance and laboratory testing has been one of key strategies throughout the COVID-19 response. Prior to COVID-19, there were just 270 epidemiologists and health staff with the capacity to support contact monitoring in Lao PDR. The UN is currently supporting the Lao government in training over 10,000 individuals (at least one from every village) to support in community surveillance and contact monitoring. So far, over 1000 people have been trained to support surveillance. Lao PDR has also doubled its laboratory testing capacity from 500 to 1,000 tests per day across both central and provincial laboratories, aiming to further this testing capacity to 1,500 by end of 2020. Priorities for this include:

- Strengthen capacity for multi-source surveillance systems, including SARI/ILI, by expanding community participation in event detection, contact monitoring and analysis of hotline calls.
- Strengthening rapid response capacities of infectious disease tracing teams;
- Providing continued support to strengthen and expand COVID-19 testing capacity using RT-PCR at both national and subnational levels.

Implementation of IPC measures in various settings, including points of entry, quarantine centres/isolation facilities, workplaces, markets and schools, is critical to prevent additional COVID-19 outbreaks in the country. The Lao government has developed information materials to assist diverse populations, and industry adapt to operating under the new normal of the COVID-19 pandemic, ensuring that preventive measures are in place and the Lao people can go about their daily activities in a low risk environment. The following priorities have been identified to strengthen it further:

- Develop standard operating procedures, including ill traveller protocols, for all points of entry (POE) nationwide. SOPs will consider passenger flow, check point facility infrastructure and usage of border crossings to maximize disease detection and minimize the risk of transmission. Strengthen public health measures at POEs through multi-ministerial trainings and simulation exercises, documenting learnings to further develop plans and procedures.
- Strengthen quarantine centre management and facilities, following multi-sectorial site assessments and the development of local guidance and checklists for provincial and district authorities.
- Mainstream safe practices, and improve community preparedness (with targeted messaging suitable for diverse populations) through the distribution of Information, Education and Communication (IEC) materials on basic IPC measures and Human Values based Water, Sanitation,
- Providing food assistance to returning migrants staying in quarantine centres to support the management of returning workers and to prevent the spread of COVID-19.

Establish safe, clean and green healthcare facilities suitable to treat COVID-19 cases

Supporting healthcare facilities in improving basic environmental health services, infrastructure and technical capacity for safe, clean, and green health facilities is critical in enabling the implementation of IPC measures and preparedness for future public health emergencies, including natural disasters. Maximising the national healthcare capacity also represents one way to create decent, green jobs for professional and vocational staff. Therefore, COVID-19 has provided an opportunity for the government to address this fundamental challenge to ensure every healthcare facility has basic infrastructure that meets essential standards for safe, clean and climate resilient healthcare facilities and technical capacity. The following priorities have been identified:

- Provide technical assistance in preparing hospitals for surge capacity across all levels of service delivery, including the preparation of non-health isolation facilities for widespread community transmission scenario and future outbreaks.
- Develop a national strategy and specific guidelines for mental health and psychosocial support for COVID-19 patients and other target groups, including health care workers, those in quarantine facilities (migrants), victims of GBV and human trafficking, young people, people who identify as LGBTQI+ and those living with pre-existing mental health concerns.
- Develop clear guidance and train medical personnel, line-ministries at all levels and village administrators on the protection of vulnerable populations at higher risk of infection and severe illness from COVID-19, including the elderly, patients with chronic diseases, pregnant and lactating women, children, migrants, ethnic minorities and people with disabilities.
- Provide technical assistance and investment in improving water, sanitation and hygiene (WASH) infrastructure and strengthen local capacity in implementing essential WASH standards, using an adapted WASH Health Facility Improvement Tool, across priority provincial and district hospitals.
- Enhance the technical and operational capacities for safe medical waste management at the national and sub-national levels.

WASH in quarantine/isolation centres, communities, schools, and workplaces

Proper WASH practices are essential and one of the most cost-effective strategies for protecting human health during infectious disease outbreaks. It is a key vulnerability within Lao settlements, where only 10.8% of the rural population has access to a safely managed drinking water service, approximately 24% of the population still practice open defecation and 54% of the population wash their hands with soap. At a time when appropriate hygiene conditions are crucial, both hard and soft WASH interventions are key to reduce risks of transmission. To improve WASH outcomes across the country, the following immediate priorities have been identified:

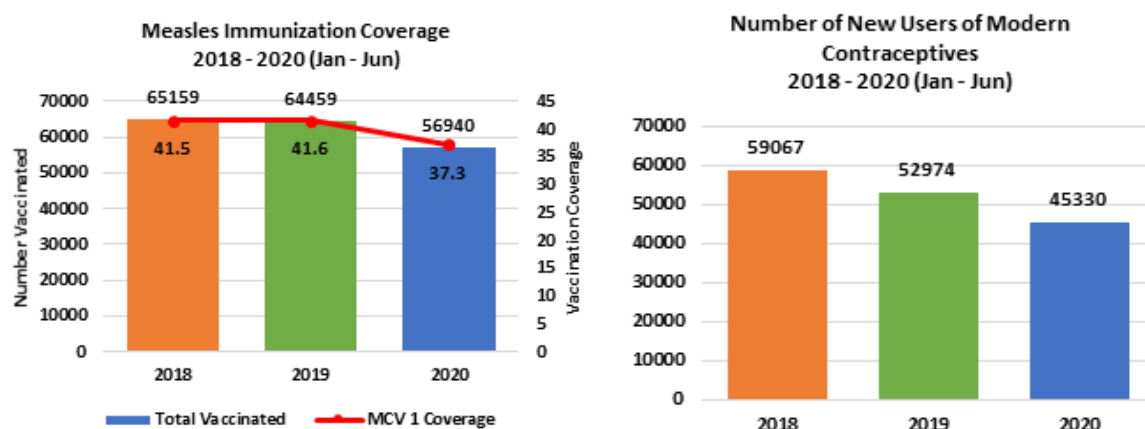
- Improve access to water in 250 schools and handwashing facilities in 580 schools under the Global Partnership for Education project;

- Consolidate any gains in handwashing with soap as a result of the community response to COVID-19 through risk communication and social norms approaches.
- Conduct WASH capacity assessments in all quarantine and isolation centres, considering the specific needs of women, children and people with a disability;
- Improve gender responsive and disability inclusive WASH facilities at the quarantine and isolation centres, by constructing public hand-washing stations and latrines, water points, safe waste disposal, as well as hygiene consumables e.g. soap.
- Identify high risk districts through vulnerability mapping in seven target provinces, analysing demographic trends, gender dimensions and the different impacts on women and men, accessibility/connectivity characteristics, and mobility corridors, among others.
- Undertake rapid community level, gender responsive and disability inclusive WASH assessments in the prioritised areas identified through the COVID-19 vulnerability assessment.
- Raise Awareness promote good WASH practices to reduce transmission.

Restoring essential health services

While preparing the health system for COVID-19, ensuring the continuity of essential health services has been identified as one of the key priorities by the government. However, due to several potential factors, such as anxiety and fear among healthcare workers and people in the community, as well as limited PPE and potentially ongoing lockdown measures, there is evidence of a drop in demand for health services since the outbreak.

Fig. 1: Utilization pattern of selected essential health services during the COVID-19 outbreak



Services like immunisation, which are heavily reliant on delivery through outreach, saw the biggest decline. The measles first dose coverage, which in January to June 2019 was 41.6%, fell to 37.3% during the same period this year. There was also a decline (14%) in the number of new users of modern contraceptives during the first half of this year compared to the same period last year. To restore essential health services, the following priorities have been identified:

- Maximize the use of monthly data of key indicators of essential health services to ensure that priority actions are evidenced based and targeted towards the most at risk, vulnerable and marginalised populations.
- Train and equip primary health care and community health care workers (such as village malaria workers) with PPE to protect themselves and patients.
- Strengthen capacity of immunisation services, including the national cold chain capacity and effective vaccine management, to prepare for COVID-19 vaccines in addition to routine immunisation, including the engagement and training of Village Health Volunteers.
- Prioritise sexual reproductive health products and services and ensure the continued delivery of sexual and reproductive health, maternal health (antenatal care, safe delivery, and postnatal care) and family planning services are maintained throughout the COVID-19 outbreak.
- Redesign service delivery models (Essential Health Service Package) to optimise provision of essential health services during the outbreak. The Essential Health Services Package should incorporate facility readiness, restoring confidence and the training of healthcare workers.
- Coordinate with the government to remove financial barriers in accessing health services through the introduction of financing policies for COVID-19. To ensure free health care for all regardless of place of residence, determine the capability to suspend all user pay services delivered during isolation or quarantine, and provide income support and enablers to all affected people.
- Ensuring availability of secured government budget and funding to support EHS, essential health commodities and vaccines in close collaboration and coordination with development partners.
- Address labour shortages in the health workforce by mobilising diaspora, training/retraining of migrant workers and facilitating labour mobility of new workers to support health institutions particularly affected due to COVID-19 response.
- Develop and implement the community system for home delivery of essential drugs and tele-health services for people living with HIV (PLWH).
- Engaging with communities to promote the use of EHS during COVID-19 outbreak.
- Support health care providers to maintain the continuity of treatment services for people who use drugs, including Community Based Treatment and psychosocial therapies.

Safeguarding continuity of essential nutrition services

Globally it is estimated that there will be a 25% reduction in nutrition services, due to the impact of COVID-19⁸⁶. Maintaining nutrition services during the COVID-19 pandemic is core in achieving national health targets and protecting vulnerable populations from other potential health threats. The following immediate priorities have been identified:

- Ensure that nutrition services are included in COVID-19 risk assessments and well reflected in sectoral response plans. It is recommended that nutritional status is considered when developing vulnerability criteria for COVID-19 related social protection programmes to enable low-income earning families better access to nutritious and healthy food choices, improving the quality of young children's diets.

⁸⁶ <https://www.unicef.org/press-releases/unicef-additional-67-million-children-under-5-could-suffer-wasting-year-due-covid-19>

- Provide immediate support incl. monthly cash transfers to low income households to minimise or prevent rising hunger rates and the deteriorating health of vulnerable groups, including the elderly, pregnant women, children, persons with a disability and people living with HIV.
- Developing subnational guidance to sustain and strengthen the provision of life-saving nutrition services (integrated management of acute malnutrition (IMAM), Vit A, and improving infant and young child feeding (IYCF) counselling) based on global guidance, including recommendations of innovative approaches to address potential challenges of physical distancing.
- Strengthen the capacity of subnational administrations in providing life-saving nutrition services (integrated management of acute malnutrition (IMAM), VitA, and improving infant and young child feeding (IYCF) counselling) based on global guidance, including recommendations of innovative approaches to address potential challenges of physical distancing.
- Develop a national IMAM implementation plan in light of COVID-19 to guide the prioritisation of activities including training, supply distribution and supportive supervision including the projections of the severe acute malnutrition caseload under different scenarios and setting of realistic targets for admission.
- Ensure health workers and potential COVID-19 positive mothers, including in rural and remote locations understand and practice safe breastfeeding protocols based on global guidance.
- Intensify the promotion and public awareness of IYCF practices, including breastfeeding and complementary feeding.
- Strengthen the forecasting of essential commodities and procurement at central and subnational level, by adopting existing systems (mSupply), to ensure that nutrition commodities are available.

Ensuring implementation of public health and social measures

Timely and appropriate policy decisions on public health and social measures are critical to protect public health and mitigate the social and economic impacts of COVID-19. Priorities include:

- Improving coordination and information sharing across relevant government sectors for policy decisions, implementation, and monitoring of public health and social measures (e.g. quarantine, travel restriction, closure of schools/public places and lock down) centrally and at local levels.
- Strengthening national capacity to collect data from multi-sources used for policy decision.
- Ensuring access to COVID-19 vaccines through global mechanisms such as the COVAX facility, to advance market commitment, and plan for the rapid introduction and deployment when the vaccine becomes available.
- Enable access to essential health care for migrants by temporarily granting universal access to essential health care, regardless of health insurance membership status.
- Enable access to free essential health care for all elderly regardless of health insurance membership status. Also, extend a waiver on co-payments to all for whom co-payments apply.
- Strengthen coordination mechanism between the health service providers and decision makers to ensure that resident and Lao migrants living with HIV/AIDS who are still in neighbouring countries or those facing some difficulties to travel back to Laos have full access to ARV drugs and other health services, including reproductive and sexual health.

Strengthening risk communication and community engagement practices

The EOC is supported by the Risk Communication Taskforce, by preparing and disseminating cross-cutting messages for the daily press conference and web telecast. The Ministry of Health (MoH) is the official channel to provide updates on COVID-19 cases, and social media is being utilized to monitor for two-way communication and identify rumours and misinformation. The Risk Communications Taskforce continues efforts to reach vulnerable communities and diverse populations by partnering with different ministries, mass organizations and Lao Buddhist Fellowship Organization to disseminate information widely.

Risk communication is critical in enabling people to take informed decisions and preventive measures to protect themselves and their community. It is also an important tool in building trust in the Lao PDR response, which in turn contributes to the empowerment and engagement of all people in the collective efforts needed to suppress the virus. There will be continued efforts to communicate preventive measures to remind people to remain vigilant, while trying to overcome adherence fatigue as seen in other countries. A strong communication and community engagement strategy is important in protecting people, building resilience and supporting communities recover from the pandemic, particularly at the village level. Priorities include:

- Provide technical assistance in updating the COVID-19 communications strategy to better incorporate inter-ministry coordination, community messaging and two-way communication flows with the general public, with the goal of preventing rumours and misinformation and improving timely and effective dissemination of information.
- Develop risk communication skill sets and available resources at the central and sub-national levels (province and district levels), by establishing a network of risk communication teams interconnected across the country. These teams should be able to work with diverse populations, be gender responsive and capable of reaching rural and remote locations.
- Strengthen partnerships with provincial and district governors, village chiefs and committees, mass organisations, religious groups, workplaces, schools, local health partners and community organisations (e.g. Association for People Living with HIV, Lao Positive Health Association, shelters supporting victims of trafficking and gender-based violence) to ensure that diverse populations understand the risks of COVID-19 and have the capability and resources to implement preventative measures and engage in the whole-of-society response and recovery. By engaging with these networks, communities can implement local solutions to strengthen their readiness to respond to a possible second wave or large-scale community transmission, with a special focus on enabling the participation of disadvantaged groups, including the poor, women, ethnic groups, youth, migrants, people with disabilities and those living in remote areas.

Building resilient health systems to respond to COVID-19 and future public health emergencies

Building resilient health systems through long-term investments is central in responding to COVID-19 and preparing for future public health emergencies. Priorities include:

- Develop a curriculum on infectious diseases and IPC for healthcare workers and residency programmes on emergency/intensive care for doctors, ensuring that staff across the country have the skillsets needed to respond to future infectious disease outbreaks.
- Strengthen the regulatory and quality assurance systems for medical and laboratory equipment, medicines, PPE and other related commodities (including fast-track procurement options during public health emergencies).
- Develop local PPE production and logistics management capacity to reduce Lao PDR's reliance on imported medical consumables and ensure PPE availability, critical equipment, and consumables at every health facility in the country.
- Design and implement a digital monitoring system to capture and manage COVID-19 surveillance data connected to the Health Management Information System platform (DHIS2). This should include a platform to capture COVID-19 health system resources at hospitals designated for COVID-19 treatment of COVID-19 patients in real time.
- Strengthen coordination mechanism between the health service providers and decision makers to ensure that resident and Lao migrants living with HIV/AIDS who are still in neighbouring countries or those facing some difficulties to travel back to Laos have full access to ARV drugs and other health services, including reproductive and sexual health.
- Strengthen the death notification system through data sharing with MoHA.
- Improving strategic health financing to remove financial barriers in accessing treatment for COVID-19 and EHS, specifically for the most vulnerable populations, essential health services by mobilise additional public health funds, managing them effectively, and enabling greater flexibility for health service providers to respond. This must be rolled out targeting the for the most vulnerable populations (women, children, elderly, persons with a disability, low income households) first., mobilise additional public health funds, and
- Strengthen the coordination mechanism between the health service providers and decision makers to ensure that resident and Lao migrants living with HIV/AIDS who are still in neighbouring countries or those facing some difficulties to travel back to Laos have full access to ARV drugs and other health services, including reproductive and sexual health

Protecting People, Social Cohesion and Resilience:

While everyone is affected directly or indirectly from the COVID-19 pandemic, some groups are more impacted than others, especially those who are already socially and economically disadvantaged. In other words, the COVID-19 pandemic is deepening already existing inequalities and is having devastating social and economic consequences on vulnerable groups. For example, the crisis threatens to reverse the limited but important progress made on gender equality and women's rights⁸⁷. To counteract this downward trend, it is essential that the UN works alongside Government and civil society through a twin track approach of stimulating economic growth, while simultaneously enhancing social protection programming and enabling diverse populations to take ownership of their recovery.

This chapter outlines the importance of tailoring basic support services to meet the specific needs of diverse populations, ensuring that often marginalized groups are included in the design, implementation and review of the COVID-19 response and recovery interventions. By engaging a broad cross section of the community, the Lao Government and implementing partners can more effectively utilise their limited resources to develop services that are accessible, safe, and targeted to the specific needs of each individual. Local authorities, community leaders and civil society must be supported in building inclusive governance structures to enable greater representation of vulnerable groups in local decision-making forums. The UN's technical assistance should encourage local authorities to proactively seek the participation of women, youth, elderly, migrants, people with a disability and the LGBTIQ community in all COVID-19 recovery initiatives. This not only ensures that services can be catered to the needs of diverse populations, but also contributes to resilience building and social cohesion.

In the same vein, the UN will work with the central and provincial governments to ensure fair, timely, and inclusive access to basic services, and also justice services, be it for GBV survivors or poorly treated employees. Just and equal access to all the priorities highlighted in this chapter is key to being able to deliver support to those who need it most. Greater steps need to be taken to identify and close gaps in public service delivery for citizens and businesses, such as building on the recent 'service user feedback survey' and creating a digital one-door service portal. These measures in turn require action to narrow the digital divide amongst the population in conjunction with improving operational digital processes at the governmental level.

Just and fair access to legal recourse, meanwhile, is inherent to the principles of the rule of law⁸⁸, and underpins every aspect of the relationship between citizen and government. Enhancing it relies on

⁸⁷ Coronavirus Disease (COVID-19) Preparedness and Response - UNFPA Technical Briefs V March 23, 2020

⁸⁸ Lao PDR is currently working to develop the rule of law under its 'Master Plan', created in August 2009.

addressing any existing financial, geographic, linguistic, ethnic and gender barriers. For instance, the UN in Lao PDR will advocate for the digitalisation of legal aid and other services to improve access and to ensure that levels of justice remain strong across all sectors. Work is already underway to launch a user-friendly and cost-effective digital legal aid platform that is targeted at survivors of GBV, workers affected by COVID-19, and people suffering discrimination.

COVID-19 has also revealed that the policy frameworks aimed at supporting vulnerable groups, such as the elderly and people with disabilities and migrants, still require further reform to ensure that all people are protected throughout the COVID-19 pandemic and beyond. The UN will work with both national and sub-national administrations and civil society to ensure that national legislation and rights based frameworks are integrated into the COVID-19 response, ensuring that often marginalized groups understand and can practice their rights, whilst simultaneously strengthening targeted service delivery models. The following priorities have been identified:

- Raise awareness and provide information for future safe and fair migration.
- Develop a model and policy on how countries-of-origin can roll-out social protection and related support to their own migrant workers abroad to the extent that such support is not provided by countries-of-destination.
- Support a multi-sectorial review of national legislations and policies on elderly people.
- Support review of national legislations and policies to ensure inclusiveness of people with disabilities and realisation of their rights, including sexual and reproductive rights.
- Strengthen sub-national administrations' and village committees' capacity in working with vulnerable groups, particularly people with disabilities, migrants, ethnic groups, women and the elderly.

The UNDS has identified five areas – GBV prevention, psychosocial wellbeing, education, food security, and social protection – that are key to mitigating the impacts of COVID-19 and help Lao PDR safeguard those most exposed to the multidimensional shocks of the pandemic do not fall further behind. Each need immediate investment yet neglect of any could have considerable detrimental effects on Lao PDR's ability to fulfil its potential over the coming decades, be it from stunting in children leading to complications as adults or the learning loss from prolonged school closures. Social protection is increasingly regarded as essential to reduce poverty, but also a multiplier of the spill over effects that that reduction brings. The approach to all must acknowledge the diverse population throughout Lao PDR and be tailored in concert with local communities to better target priority areas to ensure no one is left behind.

Gender Based Violence Prevention

There is already evidence to suggest that GBV is increasing against the backdrop of the COVID-19 outbreak. It is also becoming increasingly clear that many of the measures deemed necessary to control the spread of the disease are not only increasing GBV-related risks and violence against women and girls, but also limiting survivors' ability to distance themselves from their abusers as well as reducing their ability to access external support. In addition, it is clear from previous epidemics that during health crises, women typically take on additional physical, psychological and time burdens as caregivers. As such, it is

critical that all actors involved in the response to COVID-19 embed GBV prevention measures across their programme planning and implementation. The UNDS is committed to reduce the prevalence and impact of GBV, strengthening and scaling support services in partnership with all levels of government and specialist civil society organizations. Priority interventions include:

- Prioritise and implement multi-sectoral coordination and referral pathways for GBV response engaging the health, social, police and justice sectors.
- Accelerate and scale the provision of 24/7 mental health and psychosocial support services, counselling and referral services, capable of catering for the needs of diverse populations and vulnerable groups, including, women, children and adolescents, people with pre-existing mental health concerns, people that identify as LGBTIQ+, and people with a disability, and ethnic groups.
- Conduct national studies on the needs and challenges faced by adolescents and young people with disabilities; on barriers to the exercise of the right to sexual and reproductive health of persons with disabilities; on the situation of women and young women with disabilities living in situations of particular vulnerability.
- Ensure existing awareness-raising and public education campaigns (on sexual reproductive health, GBV, youth participation, comprehensive sexuality education, among others) are accessible to and inclusive of persons with disabilities, including using multiple formats.
- Strengthen the capacities of counsellors and volunteers from LYU, LWU, and National University of Laos for psychosocial support, particularly in working with diverse populations.
- Increase community engagement and risk communication and awareness-raising to counter xenophobia, discrimination and misinformation ensuring that excluded women and girls including those from ethnic communities, people with a disability, people who identify as LGBTIQ+, migrants, and others have equal access to GBV prevention and response during the outbreak.
- Coordinate with implementing partners, such as women's right groups and other organizations representing the most marginalized communities, to ensure that the response to COVID-19 does not reproduce or perpetuate harmful gender norms, discriminatory practices and inequalities, including within the quarantine experience.
- Ensure staff and partners remain aware of mandatory Protection from Sexual Exploitation and Abuse measures.

Psychosocial Wellbeing

Fear, worry, and stress are normal responses to perceived or real threats, and at times when people are faced with uncertainty. It is normal and understandable that people are experiencing such symptoms in the context of the COVID-19 pandemic. Due to the longevity and multidimensional shocks, the impact on mental health and wellbeing is likely to increase in both severity and exposure, affecting households, particularly those most vulnerable, for years. A rise in clinically significant mental illnesses may well follow. Added to the fear of contracting the virus in a pandemic such as COVID-19 are the significant changes to the daily lives of the Lao people as movements are restricted and communities adapt to the new realities of working from home, home-schooling of children, and lack of physical contact with other family members, friends and colleagues. It is important that government services and civil society actively engage

in strengthening mental health, psychosocial and counselling services at both national and sub-national levels. To this end, priority interventions include:

- Accelerate and scale the provision of 24/7 mental health and psychosocial support, counselling and referral services, capable of catering for the needs of diverse populations and vulnerable groups, including, women, children adolescents and ethnic groups, people with pre-existing mental health concerns, people that identify as LGBTIQ+, and people with disabilities.
- Incorporate mental health counselling and psychosocial support into existing mechanisms/ channels by training sub-national authorities and civil society organizations in basic psychosocial support and strengthening referral pathways. This should be targeted to address stress and worries among diverse and often vulnerable populations, including migrants, women, youth, people living with HIV, unemployed persons, people who identify as LGBTIQ+ and the elderly.
- Strengthen the capacities of counsellors and volunteers from LYU, LWU, and National University of Laos for psychosocial support, particularly in working with diverse populations.
- Develop guidelines and information, education and communication materials on psychosocial support and its dissemination at provincial, district and community levels. This should include providing technical assistance to the National University of Laos to implement the revised curriculum having strengthened psychosocial support components.
- Train sub-national authorities, community leaders, civil society organizations and village representatives of diverse populations in basic psychosocial support techniques, whilst establishing linkages with professional services.
- Increase community engagement and risk communication and awareness raising to counter xenophobia, discrimination, and misinformation, ensuring that excluded women and girls including those from ethnic communities, people with a disability, people who identify as LGBTIQ+, migrants, and others have equal access to GBV prevention and response during the outbreak.

Education

COVID-19 pandemic's impact on education and learning

While the number of confirmed COVID-19 cases in Lao PDR has been low compared with neighbouring countries, the 'lockdown' measures taken to prevent the spread of the virus – resulting in the closure of all schools and educational institutions from 19th March 2020 until the completion of a phased reopening on 15th June – disrupted the learning of over 1.7 million children and young people, who were entering the last two-and-a-half months of the 2019-2020 school year.⁸⁹

Temporary school closures exacerbated existing inequalities in education, highlighting that not all girls and boys have access to the internet, TV, radio, books and other education supplies, and in some cases may not have access to some of these resources at all. Some children are not in school in the first place. In addition, the loss of protection and other forms of support that schools provide, including school-based

⁸⁹ According to MoES official data there are 1,708,501 students enrolled in the pre-primary, primary, secondary, tertiary, technical-vocational schools, and other educational institutions, throughout the country for the school year 2019-2020.

health services and meals also compromised children's well-being. Moreover, children and youth may also be missing out on the support of their parents, with several families remaining separated due to the shutting of international borders. With school closures, girls may be more susceptible to GBV and may be more isolated as their school peer support network shrinks. In areas where there is good internet access, learners may be at increased risk of online violence, including cyberbullying and cybersex trafficking.

In a country with schools affected by a surge in natural disasters, COVID-19 has further aggravated the situation. Limited government budget for education and education infrastructure has left an estimated 25% of schools across the country with no clean water making it challenging to practice proper hygiene as part safe school operations for prevention and control of the spread of COVID-19. About half of schools do not have electricity. The use of modern technology in education as such is limited and digital literacy remains low, including among teachers.

The potential learning loss from school closures due to the COVID-pandemic could further exacerbate the learning crisis that Lao children and young people are facing, putting Lao PDR's longer-term development ambitions at risk.⁹⁰ The World Bank, in its analysis of the impact of COVID-19 on learning and schooling outcomes, estimated that five months of school closures due to the virus will result in an immediate loss of 0.6 years of schooling adjusted for the quality of learning.⁹¹ The loss of protection and other forms of support that schools provide could also have a lasting impact and together could have a lasting cost throughout children's lives if unaddressed. Further budget cuts could affect the delivery and improvement of the quality of education that could exacerbate a deepening learning crisis.

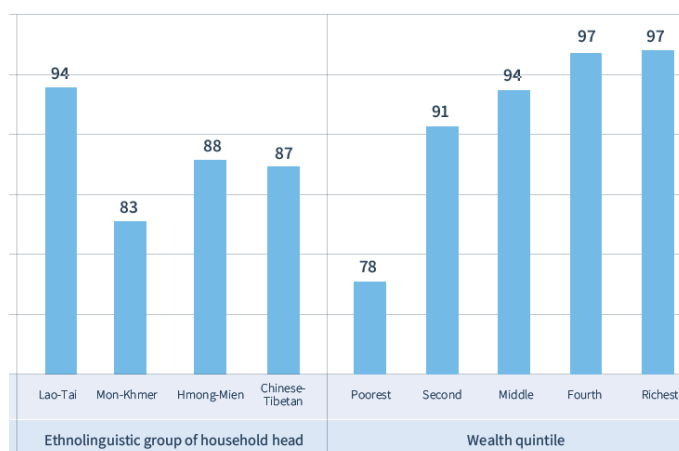


Fig. 2: Primary school net attendance rate by Ethnolinguistic group and wealth quintile (2017)

Who will be most affected?

An analysis of the education-related findings from the LSIS-II shows that access and completion of various levels of education highlights strong, underlying socioeconomic factors with poverty a key factor contributing to inequalities.⁹² Children and young people from the poorest families are less likely to attend school (see Figures 2, 3, 4 and 5). There is also strong inequality across ethnic groups, as children from non-Lao-Tai ethnic groups have lower attendance rates than the Lao-Tai. Most of this inequality across ethnolinguistic groups is explained by socioeconomic differences, such as wealth and place of residence.

⁹⁰ While children in Lao PDR can expect to complete 10.8 years of schooling by age 18, quality-adjusted learning is equivalent to only 6.4 years, implying a learning gap of 4.4 years (World Bank Human Capital Report 2018).

⁹¹ World Bank, June 2020, Simulating COVID-19 impacts on learning and schooling outcomes: A set of global estimates <http://pubdocs.worldbank.org/en/798061592482682799/covid-and-education-June17-r6.pdf>

⁹² UNICEF, Country Report: Lao PDR Social Indicator Survey II 2017 MICS www.unicef.org/laos/reports/country-report-lao-pdr-social-indicator-survey-ii-2017-mics

Rurality also increases the likelihood of children being out of school, especially in the case of upper secondary education, where rural children are five times less likely to attend school than those in urban areas, even when controlling for regional differences and parental wealth. This is due to a myriad of reasons, from accessibility of schools, lack of teachers, to the direct and indirect costs of schooling. National averages show boys have slightly higher dropout rates from primary to upper secondary education, however, in some ethnic groups it is girls who have higher dropout rates, and are also likely to be married at an early age. Children and young people with disabilities also lag behind in access to, and completion of, education.

The socio-economic impact of the COVID-19 pandemic is expected to exacerbate these pre-existing disparities in education. The overlap of these factors also needs to be acknowledged. For example, children and young people with disabilities from the poorest families from the Mon-Khmer ethnic group in remote rural areas will be more vulnerable. With more Lao workers returning, children of migrant workers will also be highly vulnerable if family incomes do not recover and are thus more likely dropout of school. The UN Policy Brief on Education during COVID-19 and beyond notes that in addition to learning loss, the economic impact of the pandemic will widen inequities in educational achievement and will have a ripple effect far beyond the sector.⁹³

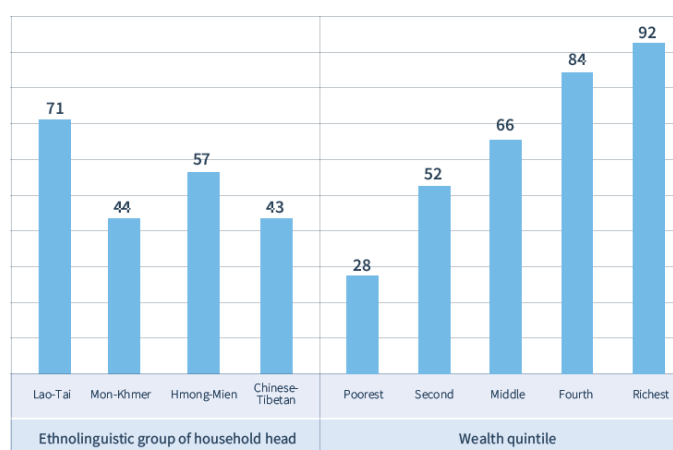


Fig. 3: Lower secondary net attendance rate by Ethnolinguistic group and wealth quintile (2017)

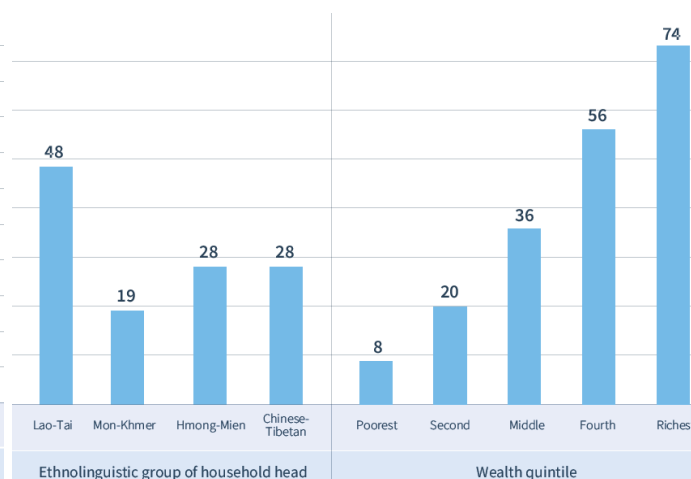


Fig. 4: Upper secondary net attendance rate by Ethnolinguistic group and wealth quintile (2017)

⁹³ Launch of the Policy Brief: Education during COVID-19 and beyond (2020) www.un.org/en/coronavirus/future-education-here



Fig. 5: Dropout rates by sex, area and wealth quintile (2017)

Education response and recovery measures

The MoES and the Education Cluster has prepared an Education COVID-19 response plan to mitigate the impact of the pandemic and support the sector's recovery.⁹⁴ The plan includes the following objectives:

1. Support learners, educators, caregivers/parents and school communities to prevent the transmission and spread of COVID-19 in line with national public health guidance and ensure the well-being of learning and education staff.⁹⁵
2. Ensure continuity of learning through the implementation of diverse/key learning activities/opportunities aimed at quality learning and wellbeing of learners, teachers, caregivers/parents, and school communities considering equity and inclusivity.
3. Support the safe and inclusive return to school/educational institutions for learners, teachers, caregivers/parents, and school communities.
4. Ensure a coordinated government and development partners response to COVID-19 prevention and control measures for the education sector, in coordination with other sectors.

The Education COVID-19 response plan also identifies specific interventions with focus on putting in place a blend of interventions to meet the learning needs of the population, including vulnerable and disadvantaged groups, especially in the 40 priority districts identified by MoES. This includes a combination of take-home printed materials, as well as using TV, radio, and online platforms to support the continuity of learning, accompanied by support to teachers and parents/caregivers so they can facilitate learning at home. Additional support will be provided to students at risk of lagging further behind. Emphasis is given on interventions that are inclusive and sustainable and can continue to be used post COVID-19 or during other emergencies, such as the temporary closure of schools due to floods.

For this socio-economic response plan, key interventions outlined below focuses on three key areas, namely preventing increased school dropout and loss of learning and safe education institutions:

⁹⁴ Education COVID-19 Response Plan www.moes.edu.la/moes/images/Agreement/Lao_PDR_Education_COVID-19_Response_Plan.pdf

⁹⁵ Includes teachers, school principals and staff, pedagogical advisers (PAs), education officials in the districts, provinces, and the central level.

1) Prevent increased school dropout, particularly for the most vulnerable groups, due to the anticipated economic impact of COVID-19 on government budget for education and as well as loss of livelihoods leading to lower family incomes, pushing families to poverty. This will be achieved by:

- Cash transfers for the most vulnerable groups to ensure children and youth stay in school.
- Extending Scholarships and/or stipends to vulnerable families (e.g. families in the lowest wealth quintile, families of returning migrants, families of children/persons with disabilities, families with overlapping vulnerabilities, etc.).
- Proactively engage in high-level advocacy and knowledge generation to protect the budget for Education, whilst assisting the MoES to adopt an equity-based budget allocation approach.
- Strengthen Public Finance Management (PFM) efforts to improve education budget allocative and operational efficiency
- Strengthen PFM efforts to improve education budget allocative and operational efficiency.

2) Schools/educational institutions are safe for learners, teachers, caregivers/parents, and school communities to prevent the transmission and spread of COVID-19. This will be achieved by:

- Learners, educators, parents/caregivers and school communities are provided with the relevant key messages, resources, interactive materials and multimedia tools (videos, infographics, posters and flyers, radio spots, WhatsApp groups, social media, community radio, TV spots) in the appropriate language to access key information on prevention of transmission and know how to control of spread of COVID-19 in line with national public health guidance.
- Learners, teachers and education staff in disadvantaged and COVID-19 high-risk areas have access to water and follow positive hygiene practices through the provision of hygiene items such as soaps, tippy taps and cleaning materials for schools as part of a national hygiene campaign. The UN will also look to target disadvantaged schools with acute water shortages by constructing and/or rehabilitating of boreholes and gravity-fed water systems, ensuring that children have access to handwashing stations (as well as latrines, kitchens and school gardens).
- Ensure schools follow safe operations protocols based on MoH and MoES guidance and have access to the appropriate technical assistance and guidance throughout the evolving COVID-19 crisis. This will include the rollout of the Lao PDR Safe School Operations Guidance where school principals and selected teachers receive training on how to prepare and implement the COVID-19 school level protocols.

Assess risks of especially vulnerable students in the event of school closures (i.e. risk of drop out, loss of school meals, violence, and sexual exploitation) and coordinate with other sectors, where needed, to provide emergency access to essential services.

3) Prevent learning loss due to lack of continuity of learning options and loss of “protection” and other forms of support that schools provide.

- Learning materials/content for ECE/pre-primary, primary (grades 1-5), including children with special educational needs developed and disseminated via various platforms. Promote online learning with offline access to reach learners in remote areas. The platform can be used during the school closure and post COVID-19/other emergencies and cover a range of content for

learners, including life-skills and comprehensive sexuality education. This will also require digital literacy and related trainings for teachers and teacher educators.

- Printing and distributing textbooks and learning materials to students in remote areas. Additional materials for children with special needs and their parents/caregivers will also be developed and distributed.
- Resources, training materials and guidance for teachers to effectively support remote learning developed and rolled out. The rollout will include capacity development for teachers and school principals to support remote learning techniques (later be integrated into broader teacher professional development plan) and the provision of essential resources for digital learning such as TV and satellite receivers and dish sets for selected rural schools.
- Provision of additional catch-up tutorials and remedial support for children lagging behind, including those who could not access online media, radio, or TV.
- Mental health and psychosocial support extended to learners, teachers and education staff to ensure psychosocial wellbeing of children and prevention of violence against children in and around school, in partnership with relevant government and non-government bodies, especially the social services sector.
- Strengthen monitoring, timely reporting and the coordinated delivery of education throughout the COVID-19 response by documenting of good practices, and lessons learned; monitoring returning Lao migrants and assessing if the education needs of children, young people are being met; undertake a detailed study on impact of COVID-19 on student dropout and monitoring the risks associated with child protection issues.

Based on a set of social development and education indicators the MoES has identified 40 “Priority Districts” as the most disadvantaged and therefore in need of additional support. To maximise effectiveness of limited state resources, the MoES has encouraged development partners to prioritise their programme/project support and capital investments in these districts. There is a total of 148 districts in the country and 18 provinces. The 40 priority districts are scattered over the 18 provinces. For the COVID-19 response in particular, MoES has requested development partners to prioritise support for schools in a) high-population density districts; b) near border areas/where are many returning migrant workers; and c) the 40 priority districts. The selection of schools to support will depend on the intervention.

Food security

In Lao PDR, stunting affects 33% of children aged 6-59 months; in eight provinces, prevalence is higher than 40%. Wasting has increased from 6 to 9% between 2012 and 2018, indicating a significant gap in family nutrition.⁹⁶ Food insecurity still affects 14% of the rural population, reaching up to 25% in more remote areas. Rice and subsistence farming account for 72% of total cultivated land, and subsistence farming is still the way of life for 80% of the rural population, supplemented with livestock rearing and collection of non-timber forest products and fish from local water supplies.⁹⁷ Even before COVID-19, Lao PDR was experiencing serious hunger levels according to the 2019 Global Hunger Index.⁹⁸

⁹⁶ LSIS II, 2017.

⁹⁷ FAO, 2019, <http://www.fao.org/laos/fao-in-laos/laos-at-a-glance/en/>

⁹⁸ Global Hunger Index, 2019, <https://www.globalhungerindex.org/laos.html>

The 2018-2019 Laos Expenditure and Consumption Survey (LECS-6) found that 6.2% of households have a “poor” or “borderline” Food Consumption Score, corresponding to approximately 430,000 people. The same survey reported that using the “Food Insecurity Experience Scale”, 31.8% experienced mild, moderate or severe food insecurity which reflects approximately 2.2 million people.⁹⁹

Between November and December 2019, a joint FAO/WFP Crop and Food Security Assessment Mission (CFSAM) was undertaken in Lao PDR at the request of the MAF. The mission found that prolonged drought conditions from May to December 2019 in northern Lao PDR and severe floods in August and September 2019 in the southern and central parts of the country severely affected the 2019 main (wet) season paddy crop, the country’s primary food staple. The impacts of drought and flooding in 2019, combined with the already low baseline levels of household resilience among vulnerable communities, indicated that an estimated 67,800 people would be food insecure from March 2020.

The food insecurity in the country is fuelled by poverty, lack of access to resources, poor livelihood diversification, and low resilience to persistent shocks. Due to its socio-economic impacts, COVID-19 not only presents an additional risk to livelihoods, but indirectly exacerbates existing risk factors.¹⁰⁰

Impact

The emergence of COVID-19 has worsened the situation concerning nutrition and food security in the country, despite not significantly reducing agricultural activity, as farmers have been unable to sell their produce at normal rates to middlemen/traders who have slowed operations as markets have been intermittently closed.

COVID-19 adds to an already existing food security crisis that has been building up over the past two years. Rice yields have been much lower than usual due to exceptional droughts and floods of 2019. These effects now commonly attributed to climate change were made worse by the outbreak of severe pests in northern Laos, notably locusts and army worms.¹⁰¹

With the access to forest foods significantly reducing over the past 20 years and raising livestock remaining predominately beyond the means of poor households, working as hired labour is the single most important source of cash income among many rural households. As COVID-19 reduces employment opportunities for daily laborers in the provinces, many households will face acute rice shortages, hunger and limited access to diversified food. As a result, they are likely to fall back to less diverse diets leading to increased rates of malnutrition.

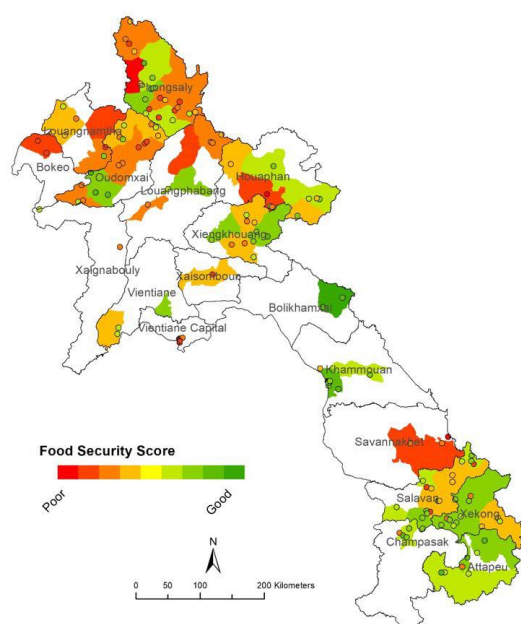


Fig. 6: Food security across Lao PDR (MAF/FAO/WFP)

⁹⁹ LSB, Laos Expenditure and Consumption Survey 2018 – 2019.

¹⁰⁰ MAF/FAO/WFP, Rapid Assessment: Impact of COVID-19 on agriculture and food security in Lao PDR, June 2020.

¹⁰¹ Ibid.

Water shortages are equally urgent in many upland villages. Many streams and wells have dried up, gravity systems do not provide water for drinking, washing or watering gardens. This makes it very hard if not impossible for such communities to observe COVID-19 prevention measures such as washing hands and clean sanitation.

The immediate effect of the national lockdown was a sharp reduction in demand for food products. For the main cities of Luangprabang, Savannakhet and Vientiane Municipality, there has been a drop of 30% in sales of meat and fish and 40% in the sales of vegetables. Prices for main food products have been fluctuating due to lack of supply, for instance the prices of meat have gone up by more than 15%, for rice more than 40% and prices of locally grown vegetables has gone down by almost 50%.

As a result, food prices in food insecure areas have increased, having knock-on effects on households' ability to purchase their usual food consumption. It was reported that the primary constraint on access to food is financial, due to inter-related factors such as higher prices and unemployment. Low income households, those engaged in daily labour, and informal workers are among those most severely impacted. On top of that, one third of the 1,200 respondents to the perception survey jointly conducted by MAF, FAO and WFP in April have also noted changes in the nutritious value of the food consumed, with particularly acute effects on pregnant women and small children. However, as fig. 6 shows, the impact has been felt unevenly across the country; food insecurity is most prevalent in the northern provinces according to collected data.¹⁰²

The primary drivers of new food insecurity due to COVID-19 relate to the disease's impacts on income, namely 1) loss of jobs – particularly for those in the informal sector – and 2) loss of remittances.¹⁰³ New data will be presented in September by the World Bank 2020 Poverty Assessment but according to the most recent MAF/FAO/WFP joint assessment, 83% of labour force is employed in the informal sector in Laos. The loss of livelihood will be a relatively important factor when evaluating the impact of COVID-19. Remittance, mainly from Thailand, accounts for 1.3% of the national GDP. Within the country, every 1 out of 5 people in the south receive remittances and urban and semi urban poorer populations are also heavily depend of augmenting household budgets with the support provided by remittances from migrant family members. Since the outbreak began, more than 100,000 migrant workers have returned¹⁰⁴, which has resulted in an estimated reduction of up to USD 125 million in remittances in 2020.

Critical to prevent additional outbreaks of COVID-19 in Lao PDR, all returning migrants to Lao PDR are required to be tested and stay up to 14 days in government run quarantine centres and require three (3) meals per day. Official requests for support from the MoH to provide life-saving food assistance to these individuals across six (6) large quarantine centres estimates that up to 680 people every day would require immediate food assistance for the next five months as well as basic WASH/hygiene consumable items.

Priorities

Based on the findings from the assessments carried out by the UNDS, the following priority actions are recommended:

- Provide **immediate and life-saving food assistance to returning migrants** in quarantine centres.

¹⁰² MAF/FAO/WFP, Rapid Assessment: Impact of COVID-19 on agriculture and food security in Lao PDR, June 2020.

¹⁰³ WFP, VAM – People in Need Methodology, 2020.

¹⁰⁴ ILO, COVID-19: Impact on migrant workers and country response in Thailand, 2020.

- **Advocate and work with the government to ensure that traders and middlemen can maintain movement to the extent possible**, alleviating the impact on the availability and prices of agricultural and food items, ease the financial burden on households and increase access to food.
- **Support households with insufficient access to food** through in-kind or cash distributions to alleviate immediate food insecurity, while considering Cash or Food Assistance for Assets (FFA) to build longer-term resilience to food insecurity. Cash assistance programming will be targeted at the most vulnerable households, including single parent families, pregnant women, people with a disability, migrant families, ethnic groups and the elderly, amongst others.
- **Provide immediate assistance throughout the agricultural season**, developing household level home gardens, small livestock raising and fish culture. It may also be important to support activities that mitigate other impacts of COVID-19 on the overall agricultural value chain, including the establishment of private input suppliers at the village cluster level, identifying and connecting farmers with alternative markets for fresh produce (which has been disproportionately affected) and supporting food preservation and processing activities. Short-term measures may also include the provision of seed-kits, home gardening equipment, animal healthcare material and technical support through DAFO and local service providers.
- **Nutrition** awareness raising and promoting/supporting the availability of nutritious food (e.g. meats, eggs). Should the situation deteriorate further, supplementary feeding activities should be considered for children aged 6-59 months located in provinces with high food insecurity and high prevalence of malnutrition.
 - Preserve critical food, livelihood and nutrition support to vulnerable groups by distributing grants in kind (rice) and in cash, and grants for women to maintain food production systems that contribute to good nutrition (vegetable gardens, fishponds, toilets etc.);
 - Promote nutrition sensitive agriculture production at household level and scale-up successful support programs that focus on rural poor and women;
- Raise awareness on nutrition and promote Social and Behavioural Change Communication (SBCC) on diet diversification.
- **Food supply chain**
 - Develop a coherent plan to ensure continuous food supply through normal commercial channels as well as special responses to mitigate the impacts of COVID-19 containment measures;
 - Formulate a rescue plan to address the acute rice shortages in rural areas over the next 6-7 months. The plan should resolve the structural rice shortages in many upland communities as a priority;
 - Adopt a food systems approach linking various crisis factors (the rice crisis shows how virus outbreaks like COVID-19 do not stand alone but are connected to other issues such as climate change. A transition to a structured food systems approach will need to happen);
 - Ease the financial burden on households and to increase household access to food;
 - Through in-kind or cash distributions alleviate immediate food insecurity, while considering Cash or Food Assistance for Assets (FAA) to build longer-term resilience to food insecurity;
 - Transform the food system to be more resilient through strategic adjustment of policies in the agricultural sector.
- **Food processing and food safety**

- Expand real-time food security monitoring systems by better data collection and databases on rice balances, outbreaks of crop and animal pests and diseases for rapid response;
- Assure health of food producers, supply chain operators and clients through safety awareness campaigns e.g. on risks and safe use of chemicals;
- Support to vegetable producer groups servicing urban consumers to maintain/scale up safe production mechanism and upgrade safety standards to regional requirements for export;
- **Cross-border and international trade**
 - Develop a "northern corridor" strategy aiming at promoting entrepreneurship, business partnerships and cross-border trade facilitation opening market opportunities for Lao safe food products on domestic and regional markets;
 - Ensure fair contracts with buyer and sellers and coordinate transport checkpoints between provinces and with neighbouring countries.
- **Support smallholders**
 - Ensure relief and stimulus packages reach the poor through support to smallholder farm production and productivity, in particular at the household level through home gardens, small livestock raising and fish culture.
 - Develop delivery mechanisms for food aid that build on existing elements (e.g. village development funds, village rice banks, food for work)

Social protection

The most socially and economically vulnerable have the most limited means of coping at their disposal, thus social protection is essential in responding to COVID-19 and is increasingly recognised as a critical strategy for poverty reduction and inclusive growth. This can take the form of two tracks: 1) Large-scale temporary emergency cash transfer programmes of the type deployed by governments across the globe, can help mitigate the most immediate and acute deprivations caused by COVID-19 and the ensuing drop in economic activity, and 2) Longer-term sustainable allocations of domestic resources to the establishment and expansion of social protection programmes, such as non-contributory cash transfers, can ensure that such programmes are sustainable and help people in need. Moreover, social protection can significantly help to stabilise the wider economy and instil social stability. This calls for swift action and strong economic and social policies, which can have a considerable positive effect on the economy, acting as a powerful economic and social stabiliser.

Social protection systems, designed with a gender perspective, address three main dimensions of the COVID-19 pandemic and its economic and social implications: income security and poverty prevention; stabilising the wider economy and social stability; and containing the pandemic and reducing mortality. A system-strengthening approach to social protection during and after the COVID-19 crisis can have two dimensions. The first is to focus on the development of the social protection system itself to ensure the effective and efficient delivery of the first and second streams of work. The second dimension is on the relationship of social protection with the larger spectrum of policy measures.

Social protection and the COVID-19 response in Lao PDR

Lao PDR is at the initial stages of developing its social protection system. Coverage is extremely low by regional standards. 1.6% of GDP is allocated to social protection – a mere 0.7% if healthcare (0.9%) is excluded. The UN Social Protection Floor Assessment-based National Dialogue identified several

challenges for the further development of the system, including fragmentation, lack of enforcement, limited scope of coverage, lack of coverage for the informal economy and unclear financing of non-contributory schemes.¹⁰⁵ However, recent years have seen important developments. Coverage of the National Health Insurance scheme has expanded significantly. Lao PDR is in the process of establishing its national social protection system with the recently approved National Social Protection Strategy (NSPS) 2025 as the central reference. It states the national vision for 2030 and defines goals, strategic objectives, and activities for developing the national social protection system, including categorising social protection into social welfare (non-contributory benefits), social insurance (contributory benefits), and access to essential healthcare.

Still, when it comes to income security, a large number of people, especially workers in informal employment and households dependent on agriculture, are not protected. They have low incomes, poor income security and working conditions, and little to no social protection in case they lose their incomes or fall sick. The loss of remittances from family members working abroad, documented above, makes the impact more acute. Lao PDR is undertaking a set of measures to deal with the crisis. An amount of 10 billion kip (slightly less than 1% of GDP) has been allocated for prevention and control measures.

Unemployment insurance has been among the instruments used by the Government to support those who have lost their jobs. However, its coverage is limited to those working in the formal sector and enrolled in the Lao Social Security Organisation (LSSO)¹⁰⁶ and unfortunately many of those working in sectors affected by the COVID-19 crisis but not covered by the LSSO do not have any form of protection.

The Government is planning a cash transfer programme to cover expectant mothers and new-born children in poor districts.¹⁰⁷ The programme aims to ensure necessary nutrition during the first 1,000 days of a child's life. This can additionally help the poorest and most vulnerable from the negative effects of the crisis and at the same time, help build the national social protection system. Rapidly implementing this social protection measure as well as immediately provide a monthly allowance to informal economy workers would allow to limit the negative social and economic impacts of the crisis and protect those in need. This measure is dependent on the explicit, strong linkage between social protection and basic service delivery, wherefore social protection should not and cannot be viewed as a standalone measure.

Priorities

The crisis calls for an immediate, large-scale, and coordinated social protection response. This is essential to protect households from income loss due to unemployment and under-employment caused by the pandemic as well as to limit the spread of the virus. It is key to address the needs of those hardest affected, in particular, the large share of the population that is not covered by social welfare or social insurance left highly vulnerable in the absence of income-generating activities. The following priority recommendations focus mainly on establishing the national social protection system which is ready to deal with the current and future crises, as well as undertaking a temporary emergency cash transfer programme to help those hit hardest. The measures proposed below also take into consideration that sufficient institutional and administrative capacities should be in place to deliver assistance, especially in light of the news that less than half of the 9,000 applicants for unemployment benefits have received their money.

¹⁰⁵ ILO, Summary report Assessment-based national dialogue on social protection Lao PDR, 2017.

¹⁰⁶ The National Social Security Fund recently changed its name to LSSO.

¹⁰⁷ At the time of writing, the exact age range for coverage is still to be finalised.

Social welfare:

- Launch a large-scale, temporary, **emergency cash transfer** programme to support as many of those most in need as possible to alleviate the most acute deprivations brought on by COVID-19.
- Provide a cash transfer to expectant mothers and children aged 0-2 years, as well as the elderly, starting in select poor or most-affected districts.
- Extend the National School Meal Programme to guarantee adequate nutrition for children and households, gradually expanding to more districts.
- Conduct a needs assessment of migrant workers. Provide a cash transfer to returning migrant workers linked with re-skilling and job search measures.
- Engage with private sector and recruitment agencies on advocacy for migrant rights protection and ethical recruitment, particularly in the recovery stage. Support the formalisation of recruitment processes for employment in sectors that have relied primarily on informal migration as a source of labour.
- Following the assessment, plan and prepare for large-scale policy efforts to provide income support to prevent demand shock (suppressing consumption among local and migrant workers and their families in the informal sector) due to reduced economic activity or complete stop of economic activity because of the COVID-19 response (quarantine).

Social insurance:

- Extend **unemployment benefits** to active LSSO contributors who have been affected by increasing the amount and duration of benefits and consider eliminating the waiting time of 30 days.
- Provide partial unemployment benefits or wage subsidies to active LSSO contributors (workers on leave-without-pay in temporarily closed companies), particularly in the tourism and garment sectors and create linkages with cash for work in facility upgrades, re-skilling and job search.
- Provide an allowance to inactive LSSO contributors and non-LSSO-members in occupations affected (the allowance should be lower than any benefits for active LSSO members).

Access to healthcare:

- Enable **access to essential health care** for all including migrants by temporarily granting universal access to essential health care, regardless of health insurance membership status. Also, extend a waiver on co-payments to all for whom co-payments apply.
- Intensify prevention messages against COVID-19, including in rural and remote areas.
- Continue to invest in and improve preventive health care services, to deal with normal healthcare challenges (besides COVID-19).

Delivering the UN Response and Estimated Costing

Resource requirements (costing, budgeting, financing gap)

Chapter	Priority Heading	Budget (\$)		
		Funded	Unfunded	Total
Macroeconomic Response & Multilateral Collaboration	Financing	205,000	195,000	400,000
	Repositioning	100,000	3,383,000	3,483,000
	Chapter total	305,000	3,578,000	3,883,000
Economic Response & Recovery	Rejuvenating the agricultural sector	2,300,000	3,610,000	5,910,000
	Greening the return of tourism	120,000	970,000	1,090,000
	Repositioning	2,150,000	2,330,000	4,480,000
	Chapter total	4,570,000	6,910,000	11,480,000
Protecting Health Services	Strengthening coordination and governance	302,857	610,000	912,857
	Flattening the epidemiological curve	1,310,000	9,201,000	10,511,000
	Maximising national capacity (safe, clean, and green facilities)	1,813,509	610,320	2,423,829
	Strengthening management of safe points of entry, quarantine etc.	1,061,291	2,566,000	3,627,291
	WASH in quarantine centres, workplaces etc.	917,060	3,505,940	4,423,000
	Restoring essential health services	1,706,295	1,893,000	3,599,295
	Safeguarding continuity of essential nutrition	460,000	0	460,000
	Ensuring informed policy decisions	0	448,000	448,000
	Risk communication	80,000	352,720	432,720
	Engaging with the community	20,000	1,450,000	1,470,000
	Preparing for future public health emergencies	365,000	1,718,775	2,083,775
	Chapter total	8,036,012	22,355,755	30,391,767
Protecting People	Gender-based violence	1,030,000	1,700,000	2,730,000
	Psychosocial wellbeing	25,000	300,000	325,000
	Social protection and welfare	480,000	1,000,000	1,480,000
	Education	0	150,000	150,000
	Service provision	0	745,000	745,000
	Access to justice	50,000	200,000	250,000
	Chapter total	1,585,000	4,095,000	5,680,000
UN Lao PDR SERP estimated cost		14,496,012	36,938,755	51,434,767

Monitoring and reporting

Actions recommended for NSED