



Laos Labor

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Why do Laos faced skilled labor shortage?

Hypothesis

If government emphasizes more on educational policy, then the shortage of labor will be lessen.



Reason that Laos face skilled labor shortage

COUNTRIES WITH **LOW** FREEDOM SCORES

COUNTRY	FREEDOM SCORE	EDUCATION RANK
CONGO	15	119TH
LAO PDR	14	108TH
BURUNDI	14	130TH

* Freedom score = Higher numbers means more freedom

* Education rank = Lower numbers are better ranks

Source: The ASEAN post
Research in 2018-2019

<https://theaseanpost.com/article/sad-state-laos-education-system>

http://factsanddetails.com/southeast-asia/Laos/sub5_3d/entry-2981.html

Lao's freedom ranking as one of the poorest in the world, the Legatum Institute places the country's education ranking at 108 out of 149 countries.

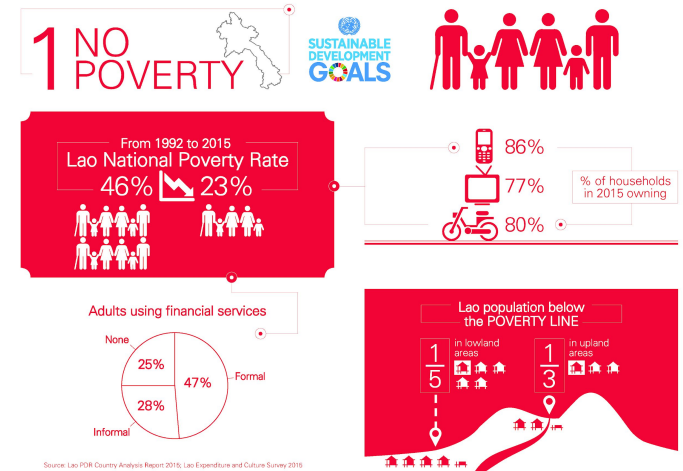
- Government spend so little on education system that lead them to face shortage of human resource.
(They spend only 3.3% of their country' GDP on education)
- Laos is one of the lowest literacy rates in all of Asia

Reason that Laos face skilled labor shortage

- The school is continuously upgrading its services (school is still under developing, and less supply of school)
- Laos is a developing country (still have high poverty and low GDP)

Source: Open Development Lao

Almost a quarter of the Lao population lives in poverty, and an estimated 80 percent of the country lives on less than 80 baht per day. The poverty rate in rural areas is four times higher than urban ones, and many people lack roads, water and electricity.



Education in Laos

- UNICEF points out that Laos still has some of the poorest education indicators in Southeast Asia.

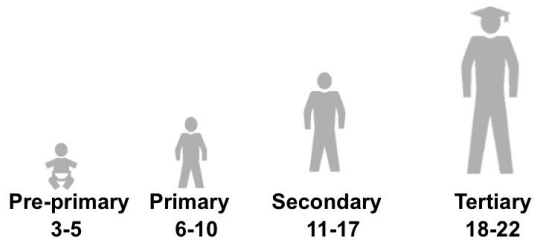
Education Policy

Education Reform Plan and Priority Strategies

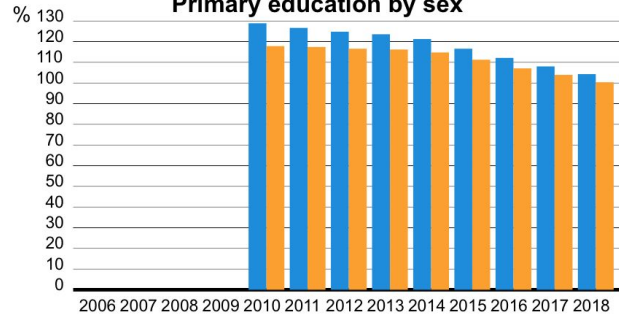
- Implementing 5-4-3 system of schooling constitutes the fundamental challenges
- Assuring expanded Access to early Childhood care and development Opportunity
- Assuring equitable access to quality primary education
- Expansion of life learning opportunities
- Assuring gender parity in accessing education opportunity
- Education sector development Framework

Laos education system

Official school ages by level of education

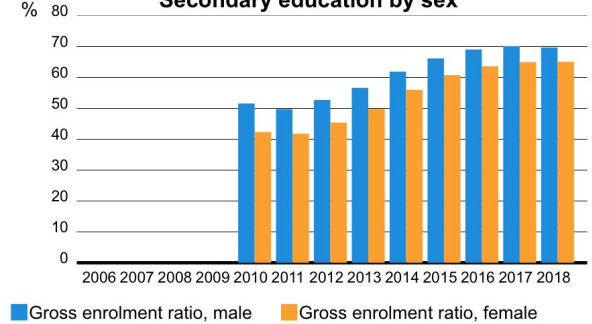


Primary education by sex



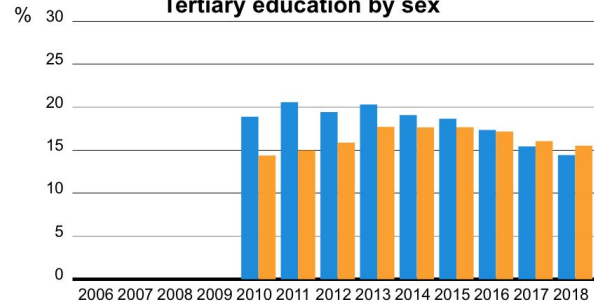
■ Gross enrolment ratio, male ■ Gross enrolment ratio, female

Secondary education by sex



■ Gross enrolment ratio, male ■ Gross enrolment ratio, female

Tertiary education by sex



■ Gross enrolment ratio, male ■ Gross enrolment ratio, female

Problem with Lao's education

- Laos still faces persistent problems related to the significant number of children remaining out of school or leaving primary school early.
 - Many children in Laos' poor districts do not regularly attend primary school
 - Only 82 percent of enrolled children complete their primary education.
 - 70 percent of 5-year-old children in the country are not enrolled in Early Childhood Education programmed.
 - Less than one third complete five years of primary education.
- Girls from ethnic groups have the lowest enrollment and completion rates, and few graduate to secondary school.
- Students' learning outcomes are low.
- the limited capacity of its teacher
- A weak pedagogical support system
- challenges in multi-grade teaching
- the lack of teaching-learning materials.

Demand for Laos Labour



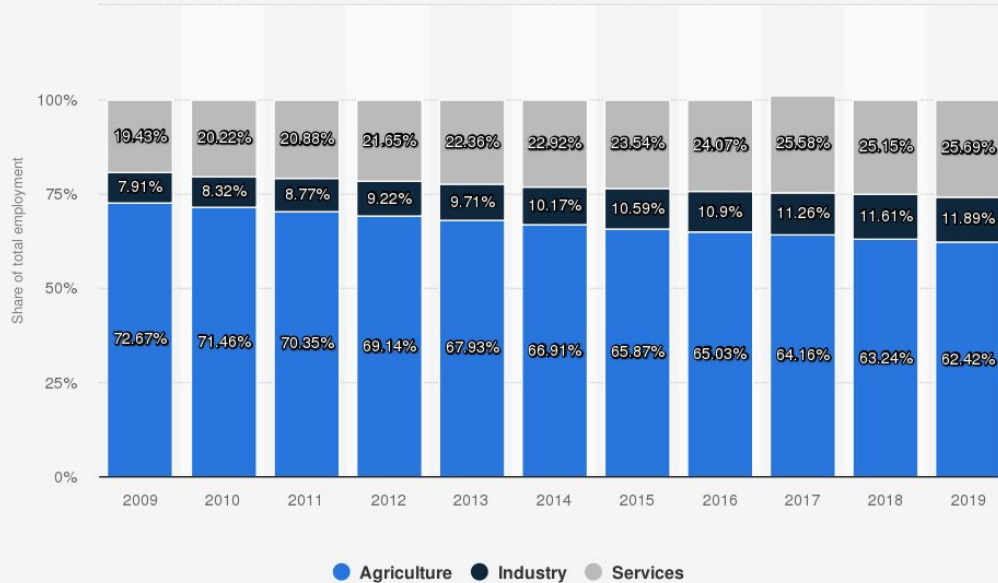
Laos Labour demand is falling as can be seen from the given figure.

WHY?

- The impact of global financial crisis
 - a downturn in the global economy has lead to declining demand for Lao exports; exports of mineral, garments, and agriculture products have been affected.
- Donald Trump election
- Lower FDI

Laos Labour demand from 2012 to 2018

Laos: Distribution of employment by economic sector from 2009 to 2019



Source
World Bank
© Statista 2020

Additional Information:
Laos: World Bank

Employment in Lao PDR is influenced by agriculture, although significant structural transformation toward services is observed.

The statistic shows the distribution of employment in Laos by economic sector from 2009 to 2019. In 2019, 62.42 percent of the employees in Laos were active in the agricultural sector, 11.89 percent in industry and 25.69 percent in the service sector.

Proportions of employment by sector

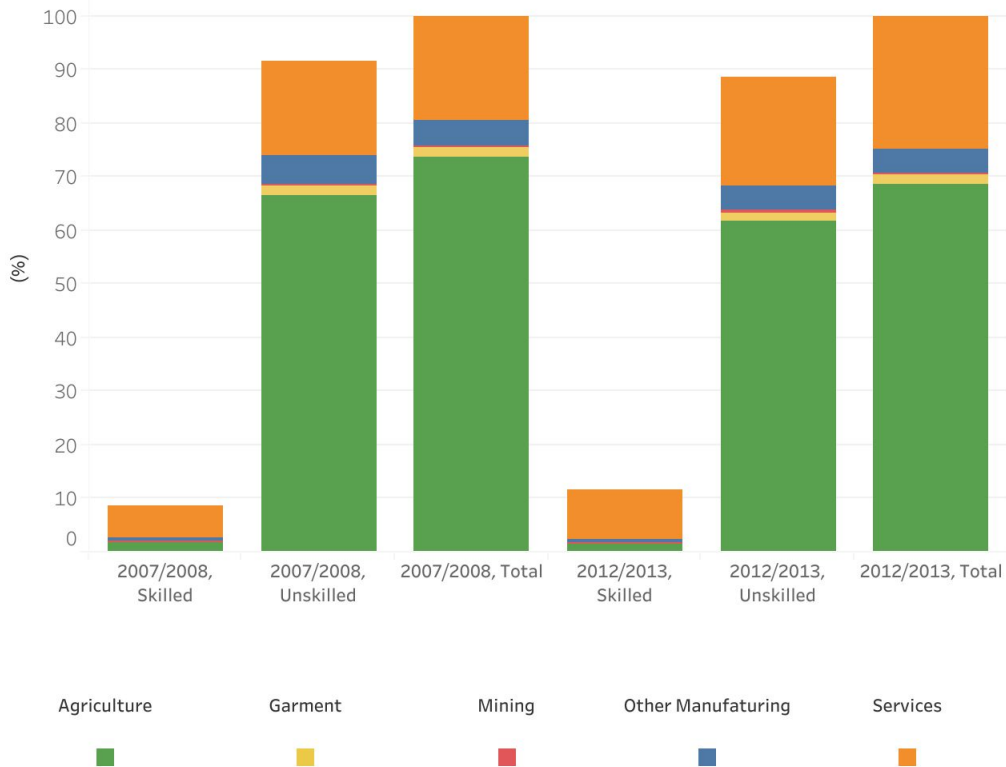
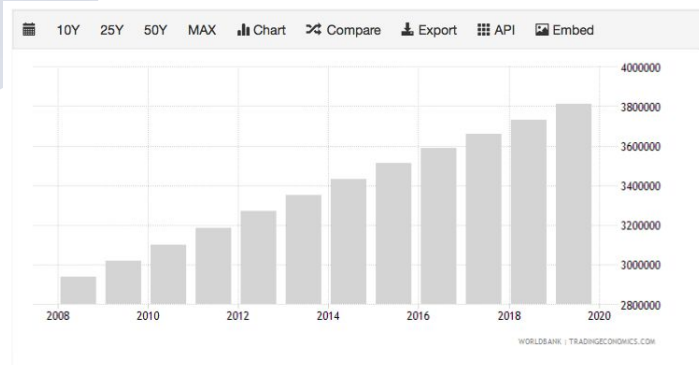


Chart: Open Development Laos. Source: *The Labor Impact of Lao Export Growth*, World Bank Group 2016.

Approximately 70 percent of workers in Lao PDR are in the agriculture and fishery sector. Since the agriculture sector has low productivity, this high percentage has negative implications for decent work and poverty reduction. Emerging sectors include health, tourism, education and extractive industries such as mining.

Supply

- High labor force
- Low unemployment
- Most of them are unskilled labor (work in agricultural and fishery sector)
- Urban participation rates grew slightly faster than rural rates
- Unemployment is slightly higher among more educated workers and those in urban areas
- Excess labor supply
- Only some group people can access to education
 - National University



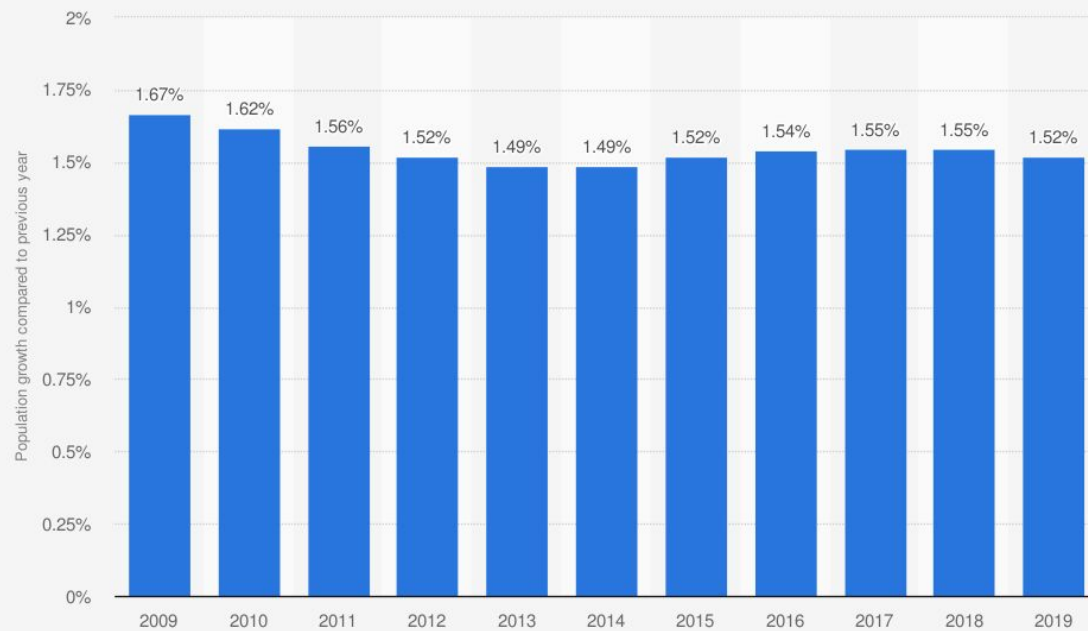
Labor force information

Age: 15+

Total: 3,809,128 (2019)

Population growth in Laos 2019

Laos: Population growth from 2009 to 2019 (compared to previous year)

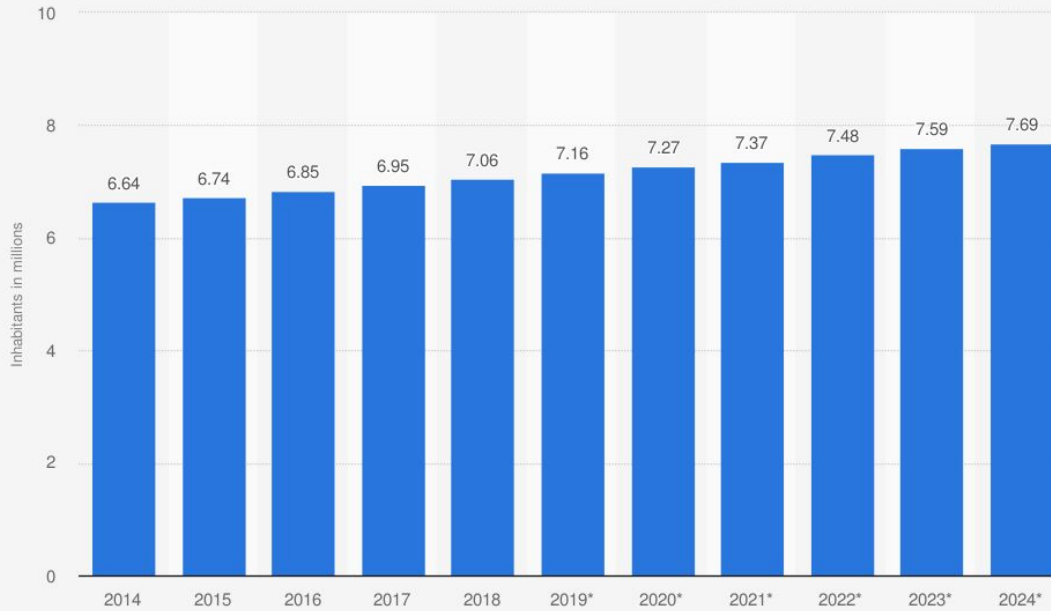


Source
World Bank
© Statista 2020

Additional Information:
Laos

Population trend in the past and prediction

Laos: Total population from 2014 to 2024 (in million inhabitants)

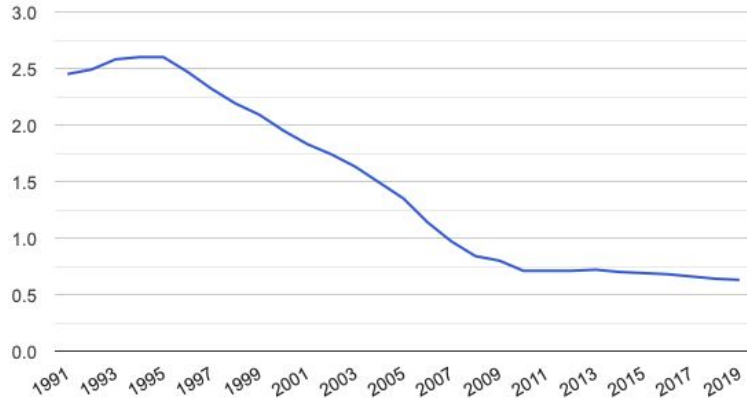


Source
IMF
© Statista 2020

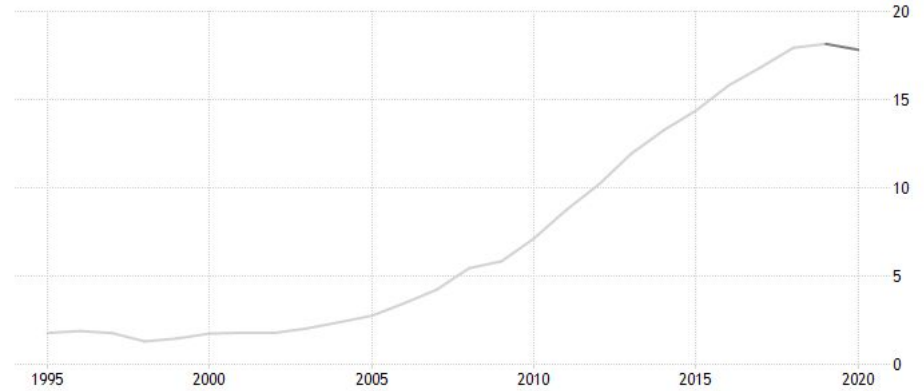
Additional Information:
IMF

How unemployment rate relate to GDP in Laos

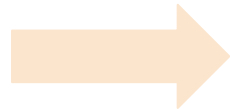
- Lao's unemployment rate



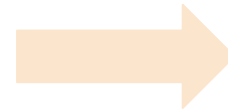
- Lao's GDP



Unemployment
rate decrease



National income
increase



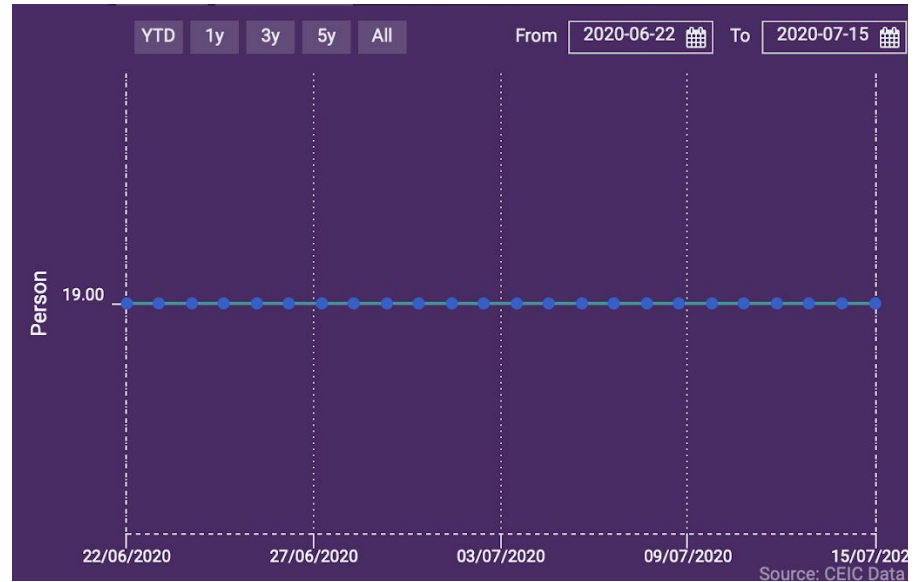
GDP increase

How COVID-19 affects skilled labor?

- Low mobility, low infection rate
- Few Laos' skilled labor
- Disperse living areas
- Lessen the potential of developing workers
- Lower the opportunities to grow
- Work permit restrictions

Post COVID-19

- 11% of rural households severely affected (increasing)
- 140,000 migrants returned home from Thailand
- UN in Lao PDR supports the government on enhancing social protection



Sources

- <https://www.statista.com/statistics/804952/total-population-of-laos/>
- <http://documents1.worldbank.org/curated/en/551421468047786244/pdf/AUS9112-MAIN-REPORT-REVIS-ED.pdf>
- <https://www.macrotrends.net/countries/LAO/lao-pdr/labor-force-participation-rate>
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- <https://asiatimes.com/2017/11/heavy-debt-load-laos/>
- <https://asiafoundation.org/2007/12/12/in-laos-skilled-labor-shortage-and-no-remedy-in-sight/#:~:text=Laos%20is%20facing%20a%20skilled%20labor%20shortage%20with%20no%20remedy%20in%20sight.&text=The%20school%20is%20continuously%20upgrading.economic%20resources%20pose%20constant%20challenges.>



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