

Decent Work Country Programme Lao PDR (2011-2015)

Preface

Lao PDR joined the ILO as a member state in 1965, however due to regional conflict and internal crises the country could not participate actively until the late 1980s. The Ministry of Labour and Social Welfare (MOLSW) was created in 1993 with the ILO as an early supporter, and serves as the basis for policy and programmatic interventions in six core areas: employment promotion and poverty alleviation; human resource development; labour administration, industrial relations and tripartism; workers' organisations, employers' organisations and social security.

Past and existing ILO work in Lao PDR have covered a wide range of employment and labour-related issues. In the early days –the late 1980s and early 1990s- this included the hallmark *Integrated Rural Accessibility Planning* (IRAP) project, which working through the Ministry of Transport (MOT), led the development of participatory local infrastructure planning, as well as support to the establishment of the nascent social security system. More recently, the organisation's work has widened, and has included policies and programmes to tackle child labour and trafficking, better manage labour migration, strengthen labour market information (data and analysis), and improve occupational safety and health in the workplace. Assistance in these areas make important contributions to the country's national development goals, central to which is the expansion of opportunities for all Lao citizens to obtain decent and productive employment for poverty reduction and socio-economic advancement.

The ILO introduced its Decent Work Country Programmes (DWCP) in late 2005. The Decent Work agenda – which forms the ideological basis for individual country programmes- calls for the integration of economic and social objectives and for a well-orchestrated combination of measures (i.e. policies and programmes) in the areas of employment promotion, rights at work, social protection and social dialogue –the four strategic objectives of the ILO. Across all areas, efforts to promote and uphold the principles of gender equality and non-discrimination are recognised as explicit prerequisites for the full realisation of this Agenda, and as such are to be mainstreamed throughout the work of each DWCP.

The coherent approach to socio-economic development set out in the Decent Work Agenda and its related Country Programmes (DWCPs) has proved its relevance to a wide-ranging policy agenda, from the social dimensions of globalisation to the design of national poverty reduction strategies. The focus of the DWCP varies from country to country, reflecting different national priorities and conditions.

The main constituent partners of the ILO in Lao PDR are the Ministry of Labour and Social Welfare (MOLSW), the Lao Federation of Trade Unions (LFTU) and the Lao National Chamber of Commerce and Industry (LNCCI). Through several rounds of tripartite consultation and discussion, these parties have formed the driving force behind the development of this new DWCP. In addition, the ILO has also worked closely with the Ministry of Planning and Investment (MPI), which having initiated the earlier programme review of the ILO's work in the Lao PDR, is also the principal government body responsible for coordinating the work of the UN and development partners in the country. With these relationships, together with extensive consultation in the design and development process, the ILO has been able to design a country programme for Lao PDR that is not only in line with current national development frameworks, but also recognises major politico-economic trends in the country (the country's continued steps toward a market economy, the reliance on external donor support, and the limited institutional capacity within the country's labour administration), and the challenges and opportunities that these create.

The Decent Work Country Programme for Lao PDR has been developed by the International Labour Organization's Country Office for Cambodia, Lao PDR, and Thailand (CO-Bangkok), in collaboration with the Ministry of Labour and Social Welfare (MOLSW), the Lao Federation of Trade Unions (LFTU), the Lao

National Chamber of Commerce and Industry (LNCCI). The ILO would in particular like to thank Mr David Williams for his work in developing this document.

While acknowledging the contributions of all mentioned, any errors or omissions found in the Decent Work Country Programme will remain the responsibility of the International Labour Organization.

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Executive Summary

Lao PDR has been an ILO member state since 1965, however due to regional conflict and internal crises it could not participate actively until the late 1980s. Since then the ILO has played an important role in international efforts to rehabilitate political, economic and social structures in the country, through a combination of policy advice, programmatic interventions, and capacity building of tripartite constituents (government, workers and employers organisations). Thematic areas covered by this work have included employment generation, skills development, data collection and analysis, and child labour and human trafficking. Together, they have made important contributions to national development goals, which importantly include the realisation of decent and productive employment for all Lao citizens.

Lao PDR has undergone dramatic economic changes in the last two decades, foremost of which has been the transition from centrally planned to market-oriented economy. The results of this fundamental restructuring have been impressive: since the 1990s, capital inflows have surged, trade has grown, and infrastructure has sprung up around the country. New sectors have been born, the most visible of which is the now rapidly expanding natural resource industry, while reforms to the business environment have fostered an improved atmosphere for small enterprise development.

With the help of international donors, the country has also made important developmental progress, particularly in terms of education, health and infrastructure. Literacy rates have risen sharply and are now approaching 100 percent for 15 to 25 year olds, while infant mortality rates have fallen to historic lows of around 70 per thousand live births. Meanwhile, the government has now connected nearly three quarters of people to electricity, and nearly two thirds have access to paved roads.

However, despite this Lao PDR remains one of the poorest countries in the world, with more than a quarter of people still living in poverty -mostly in rural areas and mostly tied to subsistence agriculture. Stemming in part from this, the country faces a number of pressing challenges to the improvement of people's life prospects. These include improving job rich growth (rapid economic growth has failed to generate sufficient rates of equivalent employment growth); ensuring a more equitable distribution of wealth (and particularly, narrowing the income gap between urban and rural areas); widening the productive base (through diversification and investments in human capital); improving education and skills in line with labour market needs; and improving sustainable environmental management, particularly in extractive industries. These challenges are in many ways interlinked, and as such require integrated, innovative and coherent policies to overcome.

The following Decent Work Country Programme (DWCP), the first official one of its kind in Lao PDR, provides the thematic and programmatic basis for the ILO's contribution to the government's 7th National Social and Economic Development Plan (2011 to 2015). As the foremost development policy agenda in the country, this NSEDP sets out an ambitious vision for the country, encompassing wide-ranging improvements to growth, economic diversification, education and productivity, and social and economic inclusion. Working with development partners, Lao PDR hopes not only to achieve its 2015 MDG goals, but also raise the country from least developed status by 2020.

Accordingly, the 2011-2015 DWCP addresses a wide range of labour and developmental concerns, including training and skills development, employment generation, entrepreneurship and enterprise development, social protection, local economic development, industrial relations and social dialogue, and labour market governance. The 2011 to 2015 Decent Work Country Programme was developed through multiple rounds of discussion and consultation between the ILO and its tripartite constituents. In this respect, it represents the collective will of these actors to address critical challenges to the achievement of Decent Work for all Laotians.

The DWCP focuses on four priority areas, which also reflect the ILO's commitment to the United Nations Development Assistance Framework (UNDAF) in Lao PDR. These areas are:

- (1) Promoting Employment and Skills Development for more Equitable Growth and Poverty Reduction
- (2) Improving Labour Market Governance
- (3) Improving and Expanding Social Protection
- (4) Improving Constituent Capacities and Strengthening Social Dialogue

These priorities reflect both the main concerns of the tripartite constituents in Lao PDR and the ILO's specific expertise and comparative advantage within the UN and multilateral system. Through its interventions, the DWCP is supportive of the ILO's global objective to promote Decent Work as a means to better secure sustainable development, poverty reduction and social justice worldwide. Decent Work comprises four mutually-supporting components, all of which are embraced in the envisaged assistance of DWCP for Lao PDR: (i) upholding fundamental rights at work; (ii) ensuring adequate livelihoods, and creating more and better jobs for women and men; (iii) providing social protection, (including the right to a safe work environment); and (iv) promoting social dialogue, between employers, workers and government at the sectoral and national level as a framework for good governance. Across all of these areas, efforts to promote and uphold the principles of gender equality and non-discrimination are recognised as explicit prerequisites for the full realisation of this Agenda, and will be mainstreamed throughout the work of this and every DWCP.

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List of Abbreviations

ACTEMP	ILO Bureau for Employers' Activities
ADB	Asian development Bank
ASEAN	Association of Southeast Asian Nations
CB	Collective Bargaining
CBA	Collective Bargaining Agreement
CBHI	Community Based Health Insurance
DWCP	Decent Work Country Programme
EU	European Union
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
ILO	International Labour Organization
ILS	International Labour Standards
IR	Industrial Relations
IRAP	Integrated Rural Accessibility Planning
M&E	Monitoring and Evaluation
MDG	Millennium Development Goals
MOLSW	Ministry of Labour and Social Welfare
MOT	Ministry of Transport
MPI	Ministry of Planning and Investment
MSE	Micro and Small Enterprise
MSME	Micro, small and medium-sized enterprise
MOU	Memorandum of Understanding
OSH	Occupational Safety and Health
PES	Public Employment Services
PWP	Public Works Programme
SME	Small and medium sized enterprise
TOT	Training of Trainers
TU	Trade Union
TVET	Technical and Vocational Education and Training
UN	United Nations
UNDAF	United Nations Development Assistance Framework
WFP	World Food Programme

1. Country Context¹

The Lao People's Democratic Republic (Lao PDR) is a small, landlocked country of around 6 million located in the dynamic Mekong sub-region. It has long borders to with Viet Nam to the east and Thailand to the west, and smaller ones to the north and south with Burma, China, and Cambodia respectively. Under communist party rule since its 1975 revolution, Lao PDR has struggled since then with the legacy of its involvement in the Vietnam War, which caused mass devastation to its human, economic and social infrastructure. Today, it remains one of the poorest countries in the world, with more than a quarter of the population still living below the poverty line (UNDP, 2009: 23; ADB, 2011: 193).



Since late 1980s, Lao PDR has embarked on a process of economic reform and opening, a process which gathered apace in the 1990s amid a growing influx of foreign direct investment. However, while this ushered in a period of robust economic growth (typically around 6 to 7 percent in the last two decades) and the emergence of promising industries in the industrial, service and natural resource sectors, more than three quarters of the population remain tied to agriculture, which for the most part is low wage and low productivity. Owing in part to this, Lao PDR has witnessed a growing mismatch in recent years between the living standards of urban workers and those of the rural majority.²

Table 1: Selected development indicators - Lao PDR

GNI per capita	US\$880 (2009)
Poverty headcount	27.6% (2008)
Infant mortality (under 5 years)	54.1 (per 1,000 live births)
Adult Literacy Rate (15+ years)	
Male	73% (2005)
Female	63% (2005)
% of active population in non-farm activity	
Male	24.3% (2005)
Female	18.7% (2005)
Labour Force Participation Rate (% population, 15yrs +)	65% (2009)
Unemployment rate	1.4% (2005)

Source: World Bank (2009) World Development Indicators³;
UNDP (2009) National Human Development Report;
Population and Housing Census (2005)

Nevertheless, government reforms and foreign aid and investment have resulted in important social and economic strides in the last two decades, particularly in the education, health, and infrastructure fields. Literacy rates have risen sharply and are now approaching 100 percent for those aged 15 to 25 (UNDP, 2009: 23). Infant mortality rates have also fallen, from 104 per 1000 live births in 1995 to

¹ Map graphic source: CIA World Factbook 2011

² Research has shown per capita income in some rural areas to be less than half the national average (UNDP, 2009: 105).

³ Available at: <http://data.worldbank.org/country/lao-pdr>

70 in 2005 (ibid), with particular improvements in the survival of girls. With the help of foreign donors and FDI, the government has connected more households to power and transport links: today around 70 percent of households have access to electricity, and nearly two-thirds have access to paved roads. Numerous other reforms have taken place and have resulted in an improved environment for investment and job growth.

In economic terms, the brightest prospects for Lao PDR in the next decade are the rapidly expanding hydropower and mining sectors, which have grown from next to nothing in the mid-1990s to become major components of national wealth.⁴ The Lao Government has pinned its hopes on utilising export revenues from these sectors (60 percent of mining production, for example, goes for export⁵) to accelerate socio-economic development, and to do so these sectors are being developed in conjunction with major simultaneous investments in roads and other transport infrastructure. However, whilst no doubt promising, the growth of mining and hydropower pose challenges, both in terms of sustainable environmental management and in ensuring the benefits of their growth are equitably shared in society. Until now, despite their growing economic significance, comparably few local jobs have been created by either mining or hydropower, and economic linkages with the rest of the domestic economy remain weak.

The country also faces a number of other pressing development challenges, not least in fighting poverty, addressing social inequities, and in providing decent and productive employment for its young and growing population. Addressing these challenges, together with efforts to build on and sustain the progress made in areas like health and education (which remain weak by regional comparisons), will be key not only to the country achieving its Millennium Development Goals, but of elevating it from “least developed” status as per the government’s plan by 2020.

2. DWCP Links to National and UN Development Frameworks

National Socio-Economic Development Plan (NSEDP)

The Lao Government’s **7th National Social and Economic Development Plan** (2011 to 2015) –the overarching development policy agenda in the country- aims to achieve sustainable economic growth and reduce poverty and inequality in line with the country’s MDGs and the longer term objective of graduating from least developed country status by 2020. To achieve this, the plan sets an annual target of at least 8 percent GDP growth, together with comprehensive reforms to broaden the country’s productive base –to be done through among other things, economic diversification, human capital investment, enhanced labour productivity, and greater inclusion (in development processes and economic activities) of vulnerable and geographically remote groups.

Alongside the MDG commitments, the NSEDP also underscores the importance of ensuring that growth is inclusive and environmentally sustainable, as well as of maintaining peace and political stability, sustaining economic openness and promoting integration both into the ASEAN community and world economy. The 7th Plan is based on the government’s socio-economic development strategy until 2010, and seeks to build on the achievements of the previous (6th) NSEDP (2006-2010). Employment creation, skills development and enterprise development all form integral areas of the NSEDP, and in this regard it can be seen that DWCP outcomes will contribute to the government achieving its objectives in these areas.

UNDAF and the UN Millennium Development Goals

⁴Their contribution to economic growth has also been notable. In the last 3 years, hydropower and mining contributed around 2.5 percent of the 7 percent annual GDP growth in the country (World Bank, 2011).

⁵ADB (2010) “Preparing the Strengthening Technical Vocational Education and Training Project, Final Labour Market Assessment.” Hifab International AB, Sweden, March 2010.

By focusing on the same overarching aims of balanced growth and a fair globalisation, the ILO’s Decent Work Agenda forms an integral part of international and national efforts to achieve the Millennium Development Goals –both in Lao PDR and across the developing world. The importance of the Agenda to the achievement of the MDGs is now widely acknowledged by policymakers and development practitioners, and is most persuasively reflected in the adoption in 2007 of the new target under MDG Priority 1 (referred to as 1b): ***to make the goals of full and productive employment and decent work for all, including for women and young people, a central objective of [our] relevant national and international policies and [our] national development strategies.*** With this target included, the ILO now has strong support to bring the issue of decent and productive work to the forefront of initiatives to meet national MDG targets.⁶

The United Nations Development Assistance Framework (UNDAF) is the common strategic framework of the United Nations system at the country level. It aims to provide an integrated and coherent UN response to national development priorities, including enhancing national capacity and ownership to implement national development strategies and plans, which in the case of Lao PDR centres on the 7th NSEDP (mentioned above). Through its support for the implementation of this Plan, the UNDAF also serves as a vehicle for the implementation of reforms, policies, and programmes to achieve the country’s Millennium Development Goals (MDGs).

In Lao PDR the UNDAF is based on a comprehensive country analysis which has identified ten major development challenges in the country. These challenges, which translate into 10 core outcomes in the UNDAF, are identified as needing special focus in order to meet national development goals and MDG targets.⁷ They comprise the following: (1) Rural poverty; (2) job creation and employability; (3) Basic education; (4) Food and nutrition security; (5) Maternal and infant mortality and health system; (6) Ecosystem changes; (7) Vulnerability to disasters; (8) Empowerment of women and young people; (9) Violence against women, girls and young people; (10) HIV and communicable diseases. In addition, the analysis identified three cross-cutting themes which are recommended as integral considerations throughout the UNDAF programme: (i) governance, (ii) gender equality, and (iii) data and evidence for policy-making.

These outcomes are elaborated by specific outputs under each core priority area, each of which will be measured by a set of indicators specified in the monitoring and evaluation matrix. The content of the UNDAF is designed with a view to capitalising on the UN’s “value added” or “strategic niche,” and is designed to draw not only on collaborative skills and expertise from its constituent members, but also from outside, including multilateral institutions, development banks, civil society and the private sector.

DWCP Alignment with national and UN development priorities

The ILO is a designated partner agency in the achievement of 5 UNDAF outcomes, and within these, is identified as a *lead* or *partner* in a number of the component outputs (*lead or partner status is identified in the table below using the initials “L” or “P”*). These are outlined in the table below, which sets out not only the ILO’s position within the broader UNDAF programme (the activities of which will be implemented through the DWCP), but also how its DWCP outcomes are aligned with national development priorities under the 7th NSEDP. In essence, it can be seen that DWCP outcomes will contribute to the achievement of UNDAF outcomes, which in themselves help to realise progress in the key priority areas of the NSEDP.

NSEDP Priority Areas	UNDAF Outcomes and Outputs to which ILO is assigned <i>(L) = ILO the lead agency for this output</i>	Related ILO DWCP Outcomes
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⁶ The ILO’s work also has an important role to play in efforts to achieve the other MDGs. These are outlined in Annex 2.

⁷See Annex 2 for the full description of UNDAF outcomes.

	<i>(P) = ILO a partner agency for this output</i>	
Develop all aspects of the national economy	<p>OUTCOME 1: By 2015, the government promotes more equitable and Sustainable growth for poor people in Lao PDR</p> <p>Output 1.2 (P): Government and national institutions are better able to enhance sustainable tourism, clean production and export capacity</p> <p>Output 1.9 (L): Government supported to develop capacity for labour market information systems and analysis</p> <p>Output 1.10 (L): Government officials have knowledge on and national policy to eliminate hazardous forms of child labour</p>	<p>Outcome 1.1: Increased opportunities created for decent and productive employment, particularly in rural areas and high potential sectors</p> <p>Outcome 1.2: Increased numbers of workers demonstrate high quality skills in line with labour market demand</p> <p>Outcome 1.3: Effective progress made to enhance enterprise productivity and competitiveness</p> <p>Outcome 2.5: Effective application of ratified ILO Conventions on child labour</p>
Increase enforcement and effectiveness of public administration	<p>OUTCOME 2: By 2015, the poor and vulnerable benefit from the improved delivery of public services, an effective protection of their rights and greater participation in transparent decision making</p> <p>Output 2.3 (L): Labour migration policy and mechanisms developed and adopted to protect Laotian migrant workers from exploitation and abuse during recruitment and employment.</p> <p>Output 2.12 (L): Social dialogue mechanisms to ensure industrial peace and institutionalized.</p>	<p>Outcome 1.4: More effective migration management mechanisms and policies</p> <p>Outcome 2.1: Key areas of the labour law are revised and social dialogue mechanisms are established and functioning</p> <p>Outcome 2.3: Improved mechanisms for preventing and resolving disputes are in place and operational</p>
Educational Reform and Human resource Development <i>(this includes health care)</i>	<p>OUTCOME 3: By 2015, under serviced communities⁸ and people in education priority areas⁹ benefit from equitable quality education and training that is relevant to the labour market</p> <p>Output 3.5 (L): Government and concerned industries have the capacity to develop and approve Skill Standards and Testing modules and certify the upgraded skills of workers</p>	<p>Outcome 1.2: Increased numbers of men, women and youth demonstrate skills in line with labour market demand</p>
	<p>OUTCOME 4: By 2015, people in Lao PDR benefit from more equitable promotive, preventive, curative and rehabilitative health and social welfare services</p>	<p>Outcome 3.1: Social Security System strengthened and expanded</p>
	<p>OUTCOME 6: By 2015, key populations at</p>	<p>Outcome 3.1: Social Security System</p>

⁸ Communities without a school within reasonable walking distance, or with only an 'incomplete' school, offering less than the full five years of primary

⁹ Areas where net enrolment and primary completion rates for girls are lower than the national average (MOE definition)

	<p>higher risk of HIV infection benefit from increased coverage and quality of integrated prevention and treatment, care and support services</p>	<p>strengthened and expanded</p> <p>Outcome 3.2: Social protection mechanisms, including HIV and AIDS policies and programmes, enhanced and coverage widened, particularly among vulnerable groups</p>
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3. Working with tripartite constituents

In Lao PDR, the ILO ensures that the core concerns of the Lao Government –where they pertain to the Organisation’s mandate and technical expertise- together with those of the employers’ and workers’ organisations are reflected in the design and implementation of its Decent Work Country Programme. Both design and implementation of the programme rely heavily on the involvement of these parties (together with other stakeholders and development partners), and their respective partnership toward the achievement of the country’s national development goals.

The ILO works with a number of different ministries in the course of its work in Lao PDR.¹⁰ However, its main partner ministry, and with this its main partner in the design and implementation of the DWCP, is the Ministry of Labour and Social Welfare (MoLSW). The MoLSW’s work is focused on eight core areas, as identified in its most recent Master Plan (2005 to 2010). These are skills development, labour protection, social welfare and social security, labour law reform, migration, employment services, labour administration, and labour statistics. Meanwhile, the ILO’s principal social partners are the Lao National Chamber of Commerce and Industry (LNCCI) and the Lao Federation of Trade Unions (LFTU), both of which play an equally active role in the design and implementation of the DWCP.

The Lao National Chamber of Commerce and Industry (LNCCI) is the leading business organisation in Lao PDR, and serves both as a bridge between state organization and business units, and the main representative of employers operating in the country. The LNCCI’s key functions include organising and uniting the business community toward common goals, lobbying and advocating for their collective interests in policy spheres, providing advice in the drafting of laws and regulations affecting the business sector, promoting exports, negotiating on trade issues and encouraging inward investment, promoting industrial harmony, and upgrading the knowledge and skills of its members through training and other capacity building activities. LNCCI is also responsible for collecting and reporting to the government information about its membership, as well as data and analysis on market and product prices movements in sectors where it is represented. ILO assistance to the LNCCI centres around organizational capacity building for tripartism and social dialogue, labour law reform, and measures to promote enterprise development, job creation, and improved productivity and competitiveness.

The Lao Federation of Trade Unions (LFTU) is the only national workers organization in Lao PDR. Its key functions include participation in national (labour-related) policy formulation through the National Tripartite Consultation Committee (NTCC), enforcement of the Labour Law and Trade Union Law, workers’ education and union capacity building. It works closely with MoLSW and LNCCI through a number of ILO projects and programmes. LFTU also plays an important role in organizing the training of trainers on collective bargaining, OSH and HIV AND AIDS.

¹⁰ These include the Ministry of Planning and Investment, the Ministry of Public Works and Transport, the Ministry of Health, the Ministry of Education, the Ministry of Justice, the Ministry of Foreign Affairs, and the National Assembly.

4. ILO's prior work in Lao PDR

The earlier ILO programme of assistance has delivered important results at both policy and practise levels within Lao PDR over the past five years. The effectiveness in achievement of such is in large part due to strong national ownership, particularly from the Ministry of Labour and Social Welfare (MoLSW) and the Ministry of Public Works and Transport (MoPWT). Highlights of the ILO programme in this regard (by ILO strategic objective) were enunciated in the recent *Lao Country Programme Review (2006-2009)*, and are summarised as follows:

Employment

Labour intensive rural access road construction techniques and participatory planning methods have been mainstreamed by the MoPWT and adopted by a number of other donor programmes seeking to maximise local employment generated through expansion to rural road networks. Through the support of the ILO TICW and WEDGE projects¹¹, **village banks** have been established in some 142 villages with a membership of 31,926 persons. With initial total capitalisation by the ILO of USD70,000, these village banks now have a total capital of USD3.9 million (these figures as of 31/12/09 include ILO supported village banks and replicas). Through the development of strong intra-ASEAN linkages, the MoLSW has successfully developed a number of comprehensive **technical skills standards** in line with its role within TVET. Three pilot state managed **employment service centres** have been recently established to link job seekers with employment opportunities. While this is a new and a challenging area of work, long term prospects appear strong. Within the SME sector, ILO adaptation of global best practice tools within the **SME and entrepreneurship development** sector to the Lao context has resulted in wide scale adoption of such by state and non-state actors.

Rights at Work

ILO has provided progressive and well-structured assistance to the MoLSW to review applicability and progressively put forward **international labour standards** for national ratification, with Conventions Nos. 100 and 111 (equal pay and non-discrimination) ratified over the past four years and studies undertaken on Conventions Nos. 105 and 144. This has been achieved through supporting national research efforts with tripartite constituent involvement and increasing broader awareness of pending Conventions with stakeholders including the National Assembly. The MoLSW has played the lead role and demonstrates a clear commitment to the progressive adoption of such Conventions, as reiterated within the review workshop. The **revised labour law** issued in 2006, incorporates key principles from prior ratified labour Conventions and the ILO has continued to provide support associated with the implementation of C.100 and C.111. The ILO has successfully stimulated debate on rights of domestic workers, in particularly migrant workers within this sector, through the recently established RBSA project.

Social Protection

ILO support to the development of the Lao **social security system** has been significant and is probably the 'flagship' of ILO assistance over the previous four years. Assisted by the ILO Social Security Project, the Social Security Department of the MoLSW has established a broadly effective and comprehensive social security system for private sector employees (SSO) which has obtained coverage of some 50% of eligible workers in Vientiane city. While nationally coverage is much lower, estimated at perhaps 10%, a strong foundation for further development of the system has been established. Despite the absence of ILO support since 2007, the SSD and SSO have continued to progress well, establishing extending coverage to additional provinces and companies.

¹¹ TICW - Trafficking in Children and Women; WEDGE – Women's Entrepreneurship Development and Gender Equality.

Support to Lao PDR in the area of **Occupational Health and Safety** (OSH) has also been provided to the MoLSW's OSH master plan (2005-2010) through support to intra-ASEAN network building (Lao PDR has recently held the secretariat function for ASEAN-OSHNET) and the strengthening of OSH inspection capacities. Key roles have been played by the LFTU and LNCCI within this area of increasing relevance.

As part of the regional TICW project, ILO assistance to Lao PDR has substantially increased public awareness of the risks associated with unsafe **migration and trafficking** reaching an estimated 1.4 million people through mass media awareness raising activities. Support to the process of Lao-Thai MOU on migration is reported by the ILO to have 'regularised' some 58,000 Lao workers in Thailand.

Work associated with **HIV/AIDS in the workplace** is reported to have increased tripartite capacity and profile in this area with a tripartite declaration on HIV/AIDS and practical models for workplace action developed and demonstrated within the hotel sector.

Social Dialogue

Given the ILO's unique tripartite structure, its programme of assistance to Lao PDR has sought to engage tripartite constituents within the full range of its activities. Support to the **engagement of the LNCCI and LFTU in the draft Labour Law review** processes is illustrative in this regard. On-going engagement in support to addressing issues of labour dispute with constituents, and identification of areas where the current labour law may need additional clarification have likewise been identified as important in the coming years.

5. DWCP Priorities and Outcomes

The Decent Work Country Programme (DWCP) reflects the priorities of the tripartite constituents in Lao PDR, as expressed through an independent country programme review of the previous ILO programme (covering the period 2006 to 2009), as well as various rounds of independent, bipartite and tripartite discussion and consultation (since January 2011).

The country programme review was undertaken in late 2010, together with MOLSW and MPI, and was intended to give the ILO and its constituents an opportunity to reflect upon and assess the performance of the Office's support to the country to date. The corresponding workshop (to present the report) was also used as an opportunity to gather constituents to initiate the first stage of consultation toward the formulation of the next DWCP. The results of the review were generally encouraging, as emphasised by the following quote from the review report:

The ILO programme of assistance has clearly contributed to the production of important results at both policy and practise levels within Laos over the past four years, ranging from a significant expansion in social security system capacities and coverage to access to financial services at village levels. The effectiveness of result achievement is in large part due to (a) strong national ownership, (b) high quality and respected technical assistance and (c) in the best cases, combining actions at local levels with wider policy formulation processes.

Three principle operational constraints were highlighted by stakeholders: a) absence of formal in-country presence; b) limited profile of the ILO programme; and c) limited scale of financial resources able to be mobilised. These constraints have hindered wider harmonisation with other development partners and limited the ILO's capacity to contribute within other programmes. Where this has occurred (rural roads) such synergies appear to have been effective.

The review also made a number of recommendations for the improvement of future ILO programmes, all of which have been reflected in the design of the current DWCP, and will be pursued throughout the period of its implementation. The recommendations are as follows:

- ❖ *Ensure that the DWCP Document is designed with the full intention of assisting national stakeholders in achieving key development outcomes. In this regard, the design process should also enable ILO constituents and partners the opportunity to better shape its work.*
- ❖ *Through their early and active involvement in the DWCP design process, build greater awareness of the ILO programme among national constituents*
- ❖ *Develop stronger synergies between the DWCP and the work of other development partners*
- ❖ *Develop structured resource mobilisation strategies for the programme*
- ❖ *Establish strategies to mitigate risks in implementation.*

In November 2010, consultations were also held independently by the unions and the LNCCI and guided by respective ILO specialists, the objective being to explain the role and importance of the DWCP, stimulate group discussions on the main challenges they and the country face, and help the parties identify a broad set of priorities on which to propose for inclusion in the DWCP.

In 2011 the DWCP design process has included a consultation workshop among government ministries on the United Nations CEB Toolkit on Decent Work (organised in by the MoLSW)¹², a tripartite workshop in Vientiane to identify priorities and outcomes (organised by MPI, and also attended by other development partners and local stakeholders), follow-up consultations with constituents in Lao PDR, and extensive internal discussions among ILO specialists in Bangkok, particularly on technical content and programmatic planning.¹³ It is from this collaborative spirit together with the programme’s emphasis on dialogue and consensus-building that much of its strength and legitimacy is derived.

Agreed priorities and outcomes for the Decent Work Country Programme in Lao PDR (2011-2015) are as follows, together with their links to ILO global strategic priorities (in brackets):¹⁴

CP PRIORITY 1: PROMOTING EMPLOYMENT AND SKILLS DEVELOPMENT FOR MORE EQUITABLE GROWTH AND POVERTY REDUCTION	
Outcome 1.1.	<i>Increased opportunities created for decent and productive employment, particularly in rural areas (SPF- 1)</i>
Outcome 1.2.	<i>Increased numbers of men, women and youth demonstrate skills in line with labour market demand (SPF-2)</i>
Outcome 1.3.	<i>Enhanced institutional capacity to support entrepreneurship and enterprise productivity and competitiveness, particularly in sectors with high employment potential (SPF-3)</i>
Outcome 1.4.	<i>Improved migration management mechanisms and policies (SPF-7)</i>
CP PRIORITY 2: IMPROVING LABOUR MARKET GOVERNANCE	
Outcome 2.1.	<i>Labour law is more effective at facilitating social dialogue, resolving disputes, setting wages and preventing misuse of employment contracts (SPF-12)</i>
Outcome 2.2.	<i>More effective ratification and application of fundamental and governance conventions</i>

¹² The CEB toolkit takes its name from the United Nations System Chief Executive Board, which in 2005 asked the ILO to take the lead in developing a Toolkit for Mainstreaming Employment and Decent Work into the programmes of the UN system. This toolkit was officially endorsed in April 2007.

See: <http://www.ilo.org/public/english/bureau/pardev/relation/multilateral/toolkit.htm>

¹³ See Annex 3 for a timetable of the DWCP design and development process

¹⁴ The ILO’s Strategic Priorities Framework (SPF) for the biennium 2010-2011 is an internal programming document not publicly available. It is however available on request from the ILO Country Office in Bangkok (CO-BKK).

	(SPF-18)
Outcome 2.3.	More effective application of laws against gender discrimination (SPF- 17)
Outcome 2.4.	The elimination of child labour receives stronger recognition as an integral part of national development policies, plans and programmes (SPF-16)
CP PRIORITY 3: IMPROVING AND EXPANDING SOCIAL PROTECTION	
Outcome 3.1.	Social protection mechanisms strengthened and expanded, with a particular focus on the expansion of health insurance (SPF- 4)
Outcome 3.2.	HIV and AIDS policies and programmes enhanced and coverage widened
Outcome 3.3.	Improved institutional and legal provisions for the promotion of Occupational Safety and Health (OSH) in the workplace (SPF-5) or (SPF-8)
CP PRIORITY 4: IMPROVING CONSTITUENT CAPACITIES AND STRENGTHENING SOCIAL DIALOGUE	
Outcome 4.1.	Enhanced capacity of Lao National Chamber of Commerce and Industry (LNCCI) (SPF-9)
Outcome 4.2.	Enhanced capacity of Lao Federation of Trade Unions (LFTU) (SPF -10)
Outcome 4.3.	Improved mechanisms for preventing and resolving disputes (SPF- 12)
Outcome 4.4.	Enhanced institutional and legal mechanisms to determine Minimum Wage(s) (SPF-12)

CP PRIORITY 1: PROMOTING EMPLOYMENT AND SKILLS DEVELOPMENT FOR MORE EQUITABLE GROWTH AND POVERTY REDUCTION

The employment challenge in Lao PDR

Employment Structure

The Lao labour market remains predominantly rural and agrarian, with farming and allied activities accounting for more than 75 percent of all employment. Although not a problem in itself, the dominance of agriculture has implications for Decent Work and poverty reduction due to its low productivity (4 to 10 times lower than non-agricultural sectors) and lack of domestic value-added. Furthermore, as the economy has expanded in recent decades and structural transformation has gathered pace, movement of labour out of agriculture has been relatively slow relative to its declining contribution to GDP. Between 1995 and 2005, the total workforce engaged in agriculture fell by just under 7 percent – a lesser decline than that of its GDP share. Meanwhile, growing and high productivity sectors have so far failed to make a significant impact on domestic job creation.

Agricultural work in Lao PDR is also characterised by high levels of underemployment, which together with weak productivity and slow movement of labour out of the sector, constitutes a major drag on poverty reduction and (improved) national competitiveness. With most agricultural work conducted on small plots of land, and with most workers identifying themselves as either “own-account” or “unpaid family” workers, the quality of employment in agriculture is often lower than in other parts of the economy. The bulk of agricultural work in the country is considered “vulnerable employment” owing to its characteristically low wages, poor working conditions, and deficits in access to both social protection and workplace representation.

At the same time, vulnerable employment is not confined to agriculture alone. In Lao PDR as in much of developing Asia, informal employment is widespread and often absorbs a greater proportion of ex-agricultural workers than the formal sector. In these circumstances, movement out of agriculture seldom leads to movement out of “vulnerable employment,” since the jobs these workers often take up are characterised by similarly low pay and poor working conditions to those in agriculture.

At the macro-level, it is clear that recent economic growth in Lao PDR has failed to translate into sufficient rates of decent job creation. This is clear not only from the continued concentration of employment in agriculture (where low productivity and underemployment is rife) but also from national level data on the employment elasticity of growth. According to UNDP (2009), for every 1 percent increase in GDP, employment grows by just 0.4 percent. A key factor in this is the country's narrow economic base (outside of agriculture), which after an earlier focus on low wage, labour intensive industries like garments and wood processing, is now moving increasingly toward one dominated by capital intensive activities with low domestic employment creation. A case in point here is mining, which now constitutes 12 percent of GDP but has generated just 8,000 direct jobs (ibid).

Poor rates of job growth have particular repercussions for young people, who make up a large proportion of the labour force. The country's young population is a potential demographic dividend, with an increasing working age share of the population available to drive economic growth and development. However, this dividend risks becoming a missed opportunity if employment cannot be found to match young people's ambitions and the country's needs. Agriculture, so long the default occupation for most Laotians, remains synonymous with poverty (and, outside of a few months in the year, inactivity) and hence increasingly unpopular among young people. However, at the same time, formal job creation remains weak, and this often leads to young men and women to look beyond domestic borders for economic opportunities. Some 200,000 Lao citizens work in Thailand, the bulk of them young and from rural areas.

Despite opening up to market forces and private enterprise, the MSME sector in Lao PDR has been slow to develop. This is due to -amongst other things- excessive bureaucracy and regulation (it takes 100 days to start a business in Lao PDR, compared with the regional average of 39 days¹⁵), access to finance and business development support, weak business and value chain linkages, and poor infrastructure (UNDP, 2009). Given that the fate of job creation in much of developing Asia is inextricably linked to the performance of the MSME sector, it is intuitive that overcoming these obstacles would be a significant step forward for both inclusive growth and poverty reduction in Lao PDR.

Alongside supporting government efforts to diversify the country's economic base, development partners in Lao PDR also have a role to play in boosting productivity and decent work creation in key economic sectors, particularly agriculture and MSMEs. In the former, reforms are needed expand output through productivity gains rather than greater land use (although this will likely continue), while in the latter investments and technical assistance are required both to strengthen the enabling environment for business growth and to better equip Lao youth with the skills, competencies, and access to resources required to establish and run small businesses.

In the absence of job rich growth, diversified and productive employment remains elusive for large swathes of the working population—something which together with required improvements to health and education represents one of the country's biggest development challenges. Key to addressing this will be wide ranging investments to reverse current economic and labour market imbalances, namely the narrow (i.e. undiversified) base of the domestic economy, the dominance of subsistence agriculture as the principal employer (as well as its low productivity), and the low employment intensity of new and fast growing sectors.

Migration

¹⁵World Bank (2011) "Doing Business 2011: Lao PDR."

Lao migrants abroad make up around 8 percent of the workforce, most of which can be found in low paid, labour intensive work in neighbouring Thailand.¹⁶ According to UNDP (2009), these workers send remittances home worth around 7 percent of GDP, thus representing a critical financial lifeline for thousands of rural households.¹⁷ However, life for most is tough, especially in Thailand where regulations governing and protecting migrants are weak and pay and working conditions often poor (yet still often significantly higher than at home). Migrants are disproportionately exposed to a range of decent work deficits, including occupational injury and a weak voice or representation, not to mention threats and extortion by police and other authorities.

The Lao government recognises the need to strengthen mechanisms in receiving countries to extend legal and other protections to Lao migrants, particularly in Thailand. This is evident in their plan to establish a labour attaché in the Lao embassy in Bangkok, which would both advise Lao workers in Thailand and investigate cases of workplace abuse. In addition, it also aims to improve provisions at the pre-departure stage to educate and inform prospective migrants of the risks and dangers of migration, and provide them with access to information and services to help protect them while working abroad.

Supply side weaknesses: skills and employability

Low labour productivity in Lao PDR is somewhat understandable given the enduring weaknesses in the country's education and training systems.¹⁸ At the basic level, the fact that average education level is low at around four years means that few young people leave (or have left) school with anything close to the skill set required to be competitive and productive in the job market. This in itself undermines national efforts to eliminate poverty, raise living standards, and boost productivity and competitiveness. Exacerbating the issue further is the poor quality and low take-up of technical and vocational education and training (TVET): in 2007/8, there were less than 16,000 students enrolled in technical and vocational schools (combined), only a third of which were girls (UNDP, 2009). Few of these provide adequate preparation for advanced level technical and managerial positions in the private sector. The situation is not improving either: despite the fact Lao PDR at its current level of development requires more technical and vocational skills than it does university graduates, recent TVET enrolment rates have been in decline.

The effectiveness of the current TVET system is also constrained by a lack of accepted national skill standards on which defined competency based courses and curricula can be established. In the current context, employers in Lao PDR are frequently frustrated by both the narrow pool of suitably skilled labour in the country and the inconsistent quality and coverage of so-called "certified" TVET programmes. As a result, the main employers' body, LNCCL, has made it a strategic priority in the coming years to advocate for the development of an effective framework for national skills standards, covering key occupational areas and sectors of the Lao economy, and designed in conjunction with the private sector.

Policymakers have responded -at least in principle- to these calls: a 2009 Government decree on TVET and skills development outlines a number of provisions relating to the creation of national skills standards. The Ministry of Labour and Social Welfare (MoLSW) has been mandated to set the national skills standards for the country including developing the testing and certification system. The present TVET decree states the requirement for skills standards to be developed at various levels (including the national and vocational group level) and certified by a recognised authority (a national

¹⁶ There are an estimated 200,000 Lao men and women working in Thailand, mostly in construction, plantations, domestic work and services.

¹⁷ For recipient families, remittances are often crucial not only for smoothing consumption (particularly to offset the impact of off-season unemployment) and building resilience against unforeseen shocks, but also for sustaining key investments in children's education, healthcare, and income generating activities.

¹⁸ Of course, productivity weaknesses also stem from other factors, not least deficits in technology and human capital investment and requisite incentives from the employer side.

vocational consulting and skills development council), that agreed standards be recognised by employers and appropriately remunerated, and that new employees lacking certified skills undergo skills assessment with a view to certification.¹⁹In addition, it also alludes to the need for stronger oversight of training providers, which would be necessary to reverse the current lack of quality control in TVET teaching, particularly in the private sector. National skills standards for the construction sector have been developed, so far. Automotive skills standards will also be developed and completed by 2012.

Under the auspices of the Ministry of Labour and Social Welfare, the Lao government aims to make national skills standards available for 16 employment categories by 2020. Various donor-funded projects have already been conducted toward these ends, and have resulted in provisional standards across more than ten occupational categories (including metal welding, concrete works, refrigerator and coolant technicians, poultry production and tour guides) at four different skills levels (from semi-skilled to technical supervisors). Concomitant efforts are also underway –also with DP support – to strengthen the delivery of training for these standards, both in terms of physically upgrading training centres and strengthening the quality of training delivered by trainers. However, more needs to be done, in particular to align Lao PDR more fully with the ASEAN goal of achieving free movement of the region’s labour by 2015.

Interventions under the coming DWCP cycle will be aimed at contributing to the reform and modernisation of the TVET system, so as to make it more relevant, higher quality, and more responsive to the needs of the labour market. Key to this will be improving the quality of curricula and teachers, stronger focus on practical training and establishing linkages with industry for placements, apprenticeships and internships, enhancing the role and involvement of the private sector in curricula design, teaching, and standard setting; making training both more affordable and more accessible (including introducing flexible training-working arrangements).

Labour Market Data deficits

Lao PDR lacks accurate, consistent, and up to date labour market information for policy development, not least in the training and skills development sphere. Without adequate information on the state of the labour market, as well as on the expected pattern and trajectory of industrial development in the country, it is inherently difficult to design a TVET system that is genuinely responsive to the needs of the labour market, both currently and in the future. As it stands today, TVET in Lao PDR is both undersubscribed and constrained by weak industry relevance and poor quality teaching and curricula. Consequently, the labour market is characterised by a large and growing mismatch between skills available and those required by enterprises –something that undermines both productivity and national competitiveness.

Several donor-led initiatives are currently underway to address these problems. Perhaps the largest is the ADB’s Strengthening TVET Project, a US\$23 million project focusing on improving not only the information and datasets available for labour market policy planners, but also the physical infrastructure for TVET delivery in Lao PDR. In order to achieve this, the project aims to improve the quality of formal labour market related vocational education and training (both public and private); expand equitable access to formal labour market TVET; deepen the role of the private sector in TVET development; and improve overall governance and management of TVET in Lao PDR. The ILO is ready to assist in the implementation of this project, having considerable expertise and comparative advantage in the delivery of specialised technical assistance in a range of areas –particularly labour market information collection and analysis.

In the meantime, the ILO’s programme strategy under the next DWCP will centre on building the capacity of local and national level government officials to collect, analyse and report on labour market

¹⁹ Decree on TVET and Skills Development, No.036/PM. Lao People’s Democratic Republic, January 22 2010

data; completing the current labour force survey report, and conducting new in-depth research into the specific labour market vulnerabilities of key groups in society, particularly women and young people.

Gender challenges

Not all women are vulnerable, but within Lao society, women do find themselves disproportionately exposed to a range of risks and vulnerabilities both in the workplace and outside, which hamper their ability to claim fundamental rights, access resources (social and economic), and raise their living standards through decent and productive employment. Part of this relates to the still unequal access of women to primary and secondary education (see Table 1, for example, on the gender discrepancy in adult literacy rates), which negatively skews their future opportunities in the labour market. But it also relates to enduring cultural ideas about the role of women, which although less severe than many societies in South and Southeast Asia, continue to undermine progress toward gender equality.

Women make up a larger proportion of workers in agriculture, as well as a smaller proportion of those employed at the higher echelons of politics and the private sector. For example, while women make up more than half of owner/operators in small enterprises in Lao PDR (51 percent according to a recent enterprise survey), their presence in the same positions among medium and large firms is only around a fifth (21.5 percent).²⁰ This is indicative, perhaps, of particular challenges women entrepreneurs face in sustaining and growing their businesses. Within agriculture, women are also over-represented among “unpaid family workers” –a particularly underprivileged group within the broader category of “vulnerable workers”. At the same time, women are also moving out of agriculture at a faster rate than men, although given the also large proportion of women working in the informal economy, this does not always equate to a transition out of vulnerable employment.

ILO programme on employment promotion and skills development (2011-2015)

Outcome 1.1 *Increased opportunities created for decent and productive employment, particularly in rural areas*

Owing to the agrarian structure of the economy and the fact poverty is highest and most widespread in rural areas, it is understandable that rural development –and with it, rural job creation- should be a key development priority in Lao PDR. The government has identified the agriculture and forestry sector –the predominant source of employment for most rural households- as one of four key sectors in need of more effective interventions to reduce poverty. In rural areas, it aims to do this by –among other things- promoting more and higher quality off-farm employment (including through public works programmes that create jobs through local infrastructure development) and raising employability through better and more widely accessible TVET and non-formal education. Regarding “on-farm” activities, the government is seeking to increase land availability (for cultivation) and agricultural productivity –the latter coming through investments in both human capacity (skills) and capital inputs.

ILO interventions under the coming DWCP will focus heavily on the development of an **integrated approach for local employment promotion in rural areas**. In this regard, a series of workshops -at national and local level- will be organized to introduce the concepts, principles and relevance of employment promotion through community asset development, value chain upgrading, business development and skills development. Selected provinces and districts will be supported to develop and implement local strategies for livelihood development and employment creation, based on an assessment of their employment challenges, both on the supply and demand side. Provincial level data from the 2011 Labour Force Survey will provide valuable quantitative inputs to this process. Resource mobilization and

²⁰ SMEPDO/GTZ (2009) Lao Enterprise Survey.

collaboration with existing and pipeline programmes funded by development partners and the private sector will be pursued to support the implementation of the integrated strategies. Capacity building of local government partners in the area of employment promotion will also be conducted.

In parallel to this, the ILO will also seek to build on its existing partnership with the Lao government to **strengthen public employment services** –the provision of which play a vital role in strengthening the link between job seekers and employers, as well as providing data and information to bridge skills gaps (i.e. the difference between those workers possess and those that are demanded by employers) and information on future labour market movements requiring skills preparation (e.g. in new and growing sectors such as construction, furniture making, mechanical and automotive repair and maintenance, tourism and hospitality and garments). These efforts will continue under the ILO’s programme for employment promotion, which will include technical assistance, advisory services and the adaptation and sharing of organisational tools for constituents working in this area. The focus under the coming DWCP cycle will be particularly (but not exclusively) on **strengthening the labour market information base** in the country (collection and analysis), improving job search assistance and career counselling and enhancing the capacity of employment service centres to advise and guide job seekers both for domestic and overseas employment.

Programme Strategy	
<p>i. Support the development of integrated strategies for rural employment promotion, through the following key interventions:</p> <ul style="list-style-type: none"> - A series of national and provincial/district level workshops to introduce the concepts, principles and relevance of employment promotion through community asset development, value chain upgrading, business development and skills development - Support to selected provinces and districts to develop and implement local strategies for livelihood development and employment creation - Undertaking assessments of the supply and demand side elements of the rural employment challenge (one or more assessments may be undertaken) <p>ii. Provide technical assistance, advisory services and adopt and share organisational tools for constituents to help strengthen public employment service provision, particularly in the areas of job search assistance, career counselling and job matching and placement</p> <p>iii. Conduct capacity building with the government to strengthen competencies in labour market information collection and analysis</p>	
Performance Indicators	Targets
1.1.1. No. of new employment centres opened and operational	By 2015, the number of employment service centres is expanded from 6 to 10 provinces
1.1.2. Number of job seeker registrations at employment service centres	By 2015, a 10% increase in the number of job seeker registrations at employment service centres
1.1.3. Percentage of registered job seekers at employment service centres receiving job placements	By 2015, a 15% increase in the number of registered job seekers receiving job placements
1.1.4. National and provincial level government officials receive capacity building training to improve labour market analysis and reporting	By the end of 2011, capacity building for at least 50 national and provincial officials conducted

1.1.5. Up to date labour market information provided	Labour force survey report completed and disseminated by end 2011
1.1.6. Analyses of gender and youth employment situation in Lao PDR conducted	Analyses conducted by end 2012
1.1.7. Improved capacity at national and local level to design and implement strategies and programmes that promote rural employment with specific emphasis on the poorest and most disadvantaged groups	By 2015, at least 50 local and national government officials have been trained on approaches for rural employment promotion (50:50 men-women ratio), with resulting action plans prepared for at least 5 districts. ²¹

Outcome 1.2 *Increased numbers of men, women and youth demonstrate skills in line with labour market demand*

The priority under the 7th NSEDP is to develop and build a work force with quality and relevant skills which respond to the needs of the labour market. In line with the Government Decree on TVET and Skills Development and the goals the NESDP, the ILO will work alongside the government to improve and expand formal TVET and develop skills standards and related testing and certification (of standards) in additional sectors like automotive assembly and tourism. In addition, ILO will offer its technical expertise to enhance the capacity of existing TVET centres to assign more testing and certification focal institutions as the MoLSW continues to deliver its mandate through the decree. Already, skills standards exist in the construction sector, and this is envisaged to be expanded to a number of further high-demand sectors in the coming years.

Programme Strategy	
<ul style="list-style-type: none"> i. Develop national skills standards in additional occupational categories, starting with tourism and automotive assembly, (which will include –where necessary- reviewing and revising curricula in consultation with the private sector to better reflect the skills needs of employers) ii. Enhance the capacity of MoLSW officials to test and certify skills standards, and identify training institutions capable of delivering courses to meet these standards iii. Promote new and existing skills standards in the related economic sectors, as well as among training institutions. 	
Performance Indicators	Targets
1.2.1. Institutional mechanism for skills standards testing is operational and effective	By 2015, MoLSW has developed skills standards in 3 occupational areas (i.e. 3 sets of standards)
1.2.2. Increased application of skills standards in the TVET system	By 2015, at least 10% of training institutions (public and private) use skills standards developed by MoLSW
1.2.3. Number of graduates with certified skills in identified occupational areas	By 2015, at least 15% of new graduates (having graduated between 2001 and 2015) have certified skills in identified occupational areas

²¹ As per the law, these plans should ensure that persons with disabilities make up at least 2 percent of participants of any component employment creation programmes.

Outcome 1.3 *Enhanced institutional capacity to support entrepreneurship, enterprise productivity and competitiveness*

In order to enhance institutional capacities to support enterprise productivity in Lao PDR, the ILO will support social partners to develop practical, dialogue-based tools for productivity enhancement, drawing on bi- and tripartite dialogue and possible building on and adapting existing ILO tools such as “Succeed in Business.” Technical assistance, including training of trainers, will be provided to social partners (and to other groups where appropriate) in order to increase their knowledge and understanding of the various aspects of productivity, as well as on possible approaches and strategies (to increase productivity) that can be adopted at the workplace level. Finally, social partners will also be encouraged to utilize their knowledge on productivity to develop and provide related new services to their members (most likely enterprise productivity training and/or consultancy advice at the firm level).

On entrepreneurship and enterprise development, the ILO will work with the SMEPDO, the Ministry of Industry and Commerce, the LNCCI, business associations, LFTU, the Lao Women’s Union, INGOs and other development partners to promote the creation and expansion of competitive, sustainable and responsible enterprises. The ILO will work with the Ministry of Education on the introduction of business and entrepreneurship education into the national secondary and vocational education systems. In order to contribute to the objectives of poverty alleviation and the creation of Decent Work for all, micro-entrepreneurship will be facilitated through greater availability of relevant business development support services to all Lao citizens, particularly rural women and youth, and through a supportive policy and institutional environment for women’s economic empowerment.

Support for small and medium enterprises in high-growth sectors such as tourism will be given priority, since these sectors offer the biggest (potential) prospect both for solid job growth and the simultaneous incorporation of Decent Work objectives. Through a joint UN programme (the UN CEB Inter-Agency Cluster on Trade and Productive Capacity) with other agencies, the ILO will work with local institutions to develop the capacity of small and medium enterprises involved in the tourism sector, especially in Luang Prabang and Champasak provinces.²² Through this same project it will also seek to expand institutional support for skills development of Lao youth to work in tourism. ILO specialists will also provide support and guidance to constituents and business associations to lobby for and promote a conducive policy and institutional environment for enterprise development.

On financial services, the ILO will build on its previous work on village banking in 6 provinces and will support selected village banks to register to the Bank of Lao in accordance with national microfinance regulations. Village banks will be registered either as an individual institution or as networks of village banks. In addition the ILO will assist selected financial service providers to improve their operations and their financial products including savings and credit with a view to meet, in a sustainable manner, the needs of women and men, particularly in rural areas. It will also seek to enhance the financial capabilities of entrepreneurs to enable them to make informed decisions on financial matters, both in their businesses and at home. This client-focused strategy will be essential to promote financial inclusion and contribute to micro- and small enterprise development.

Challenges likely to be encountered along the way include the dearth of reliable, sex-disaggregated, and up-to-date statistics on enterprise development and employment opportunities at the national and especially provincial level (the result of unreliable enterprise registration and data collection processes), the relative scarcity of service providers and business associations in rural areas, persistent discrimination on the basis

²² The agencies involved in this initiative are ILO, IFC, UNCTAD, UNIDO and UNOPS.

of gender, disability, and other factors, and the uncertain outlook with regard to national policy and regulation on micro-finance.

Programme Strategy	
<ul style="list-style-type: none"> i. Collaborate with and assist social partners (LFTU and LNCCI) and other institutions to develop practical, dialogue-based tools for productivity enhancement at the enterprise level ii. Work with the Ministry of Education to introduce business and entrepreneurship education into the national secondary and vocational education systems iii. Work with key stakeholders (including SMEPDO, the Ministry of Industry and Commerce, the LNCCI, business associations, LFTU, the Lao Women’s Union) to expand the availability of relevant business development support services to all Lao citizens, particularly rural women and youth iv. Provide technical support and guidance to constituents and business associations to lobby for and promote a conducive policy and institutional environment for enterprise development v. Strengthen the institutional capacity of selected financial service providers to widen access to affordable and diversified financial services, and provide technical assistance to the development of new services, both in terms of loans and savings. 	
Performance Indicators	Targets
1.3.1. Number of tools for dialogue-based productivity enhancement developed and applied by social partners and other institutions	By 2015, at least one dialogue-based enterprise productivity tool is developed and applied by social partners and/or other institutions, either through training or advice/strategy development
1.3.2. Number of institutions adopting and applying gender-sensitive micro and small enterprise (MSE) development policies/strategies in rural areas ²³	By 2015, at least 5 institutions have adopted and are applying MSE development policies/strategies in rural areas (<i>current baseline = 2</i>)
1.3.3. Number of institutions adopting ILO tools for MSME development in high growth sectors	By 2015, at least one national institution and two business associations have adopted ILO tools for the support and strengthening of local enterprises
1.3.4. Number of financial service providers offering diversified and sustainable financial services in line with microfinance regulations in selected provinces	By 2015, at least 30 village banks are registered under Bank of Lao regulation either as individual institution or as a network of village banks in order to provide diversified and sustainable savings and credit services (<i>Baseline: 0; 2013 Milestone: 10; 2015 Target: 30</i>)
1.3.5. ILO Know About Business methodology supporting business education introduced into national secondary school curriculum	By 2015, the national curriculum is modified to incorporate Know About Business (KAB) as an elective course in secondary schools nationwide
1.3.6. Number of vocational education institutions	By 2015, ILO materials supporting business and

²³ N.B. the current baseline is 2 government-affiliated institutions; however there are also a number of others that have nominally included ILO tools on enterprise development. These include SMEPDO/DOIC using Business Group Formation and having one line on women’s enterprise development in their SME Development Plan, and the Lao Women’s Union in Khammouane province using the ILO’s GET Ahead.

adopting ILO business and entrepreneurship tools into their curriculum

entrepreneurship skills will be in use in 25% of vocational schools nationwide

Outcome 1.4 Improved mechanisms and policies to more effectively govern labour migration

Despite improvements in the last two years, there is still room to strengthen the implementation of the MOU on employment cooperation between Lao PDR and Thailand. There remains a gulf between the numbers officially requested by Thai employers and those actually sent (between 2005 and 2010, only 25,207 of the desired quota of 92,946 workers were sent to Thailand through licensed channels). In addition, agencies estimate that as many as 40 percent of migrants to Thailand do not fulfil the 24-month term with their registered employer. As it stands, there is clearly limited incentive for Lao workers to migrate through or stay within the formal sphere, despite the risks this entails (arrest, fines, harassment, lack of recourse when abuse occurs, and so on). The primary framework legislation regulating overseas labour migration needs to be strengthened with sufficient detail to guide its implementation and additional measures essential for protecting workers’ rights.

The DWCP outcome for migration will be implemented through the ILO TRIANGLE Project, a five-year initiative funded by the Australian Government Aid Program, covering six countries (China, Lao PDR, Thailand, Cambodia and Viet Nam). The project aims to reduce the exploitation of migrants by strengthening the formulation and implementation of policies and programmes to regulate recruitment and improve labour protection. The project components for Lao PDR will focus on making evidence-based recommendations to strengthen legislation and regulations, and increase the safe migration awareness and preparedness of prospective migrants – through both information services and, for those set to migrate, pre-departure training. In addition, the ILO will work to strengthen the capacity of labour officials working on migration to oversee the regulation of the recruitment sector, to monitor it, and to manage an effective complaints mechanism, and will provide technical support to develop institutional support mechanisms for Lao workers in receiving countries, for example through a new labour attaché at the Lao Embassy in Bangkok.

Programme Strategy	
<ul style="list-style-type: none"> i. Propose recommendations for more regulated recruitment practices and labour protection mechanisms that are coherent, gender-sensitive, and reflect the special Lao-Thai migration context. ii. Deliver pre-departure training and conduct information campaigns to promote safe migration and enhance rights awareness. iii. Strengthen the role of the LFTU in providing assistance to Laotian women and men migrants prior to departure, and also at destination through the migrant associations. iv. Build the capacity of labour officials to regulate the recruitment process through the development of monitoring and complaints mechanisms. v. Promote the formation of an association of recruitment agencies, and develop and monitor a Code of Conduct for self-regulation. 	
Performance Indicators	Targets
1.4.1. Complaints mechanism and monitoring procedures for recruitment of migrant workers established	By 2013, a formal national complaints mechanisms in place and monitoring procedures for labour recruitment established
1.4.2. Resource centres fully operational in providing advice and information on safe migration	By 2012, migrant resource centres are established in three provinces

1.4.3. Draft government decree on labour migration	By 2013, draft decree on labour migration adopted

CP PRIORITY 2: IMPROVING LABOUR MARKET GOVERNANCE

The industrial relations environment in Lao PDR is characterised by a monopoly trade union and one major employers’ organisation. The Lao Free Trade Union (LFTU) has 113,000 members and is the sole formal workers’ representative at the policy level. While mainly responsible for representing and advocating for workers’ rights, the LFTU gives special priority to workers’ education and preventative education on workplace health issues, particularly HIV AND AIDS. The LFTU is affiliated with and subsidised by the Lao government.²⁴

Similarly, the principal employers’ body, the Lao National Chamber of Commerce and Industry (LNCCI) is a social organisation under the jurisdiction of the Ministry of Commerce, which seeks to promote the interests of the Lao business community (including both private and state-owned enterprises). Its aim is to promote national industrial development, trade and commerce through a range of services, including advice on national laws and regulations (for enterprises), helping draft and amend government policies, lobbying for businesses on issues of international trade and development cooperation, helping expedite export processes, promoting inward investment, identifying business opportunities and partners for investors and entrepreneurs, and promoting skills development and other initiatives to boost industry competitiveness.

Lao PDR passed a Law on Lao Trade Unions which came into force on 1 February 2008, supplementing a new Labour Law passed in 2006. Work stoppages and strikes remain illegal, meaning instances of labour unrest are virtually unheard of. At the same time workplace level disputes do occur (and have been on the rise in recent years), and these are dealt with by a department within the Ministry of Labour and Social Welfare. A systematic lack of enforcement of the labour law leaves Lao workers unable to exercise their rights in practice (ITUC, 2009).

Owing to the lack of pluralism in both the union and employer movements, Lao enjoys a higher level of industrial harmony than many of its neighbours, particularly Cambodia and Thailand. Although strikes and closures are virtually non-existent, the fact that this comes as a product of design (i.e. control and regulation) rather than of a mature but plural industrial relations context suggests that work still needs to be done to improve the conditions in which both workers and employers are able to advocate for legitimate rights.

➤ Labour Disputes

Despite the relative stability of the IR environment, industrial disputes have been on the rise in recent years. From 2006-2010, MoLSW documented 254 disputes (70 cases in 2009-2010), of which just over half (55%) were resolved through conciliation, 25% were withdrawn, and 19% referred to the courts. Of these,

²⁴In addition, there are three other official “mass organisations” (the Lao Front for National Construction, the Lao Women’s Union and the Revolutionary Youth Union), which like the LFTU are under the direction of the government. In the absence of an independent civil society, mass organisations provide the only formal representation in policy decision-making for women, workers, youth and ethnic minority groups.

most cases were law-related, particularly concerning termination of employment contracts²⁵, overtime and benefit payments, and workplace injury. Individual disputes between employer and workers are hard to define but are generally uncommon. It is likely that official figures understate the true number of disputes. Challenges identified by the Ministry in this area include the lack of clarity in the labour law, the uncertain roles and responsibilities of social partners and different levels of government, as well as weak coordination with the courts. Officials also cite low legal awareness and binding capacity constraints among all parties as major obstacles to effective dispute resolution.

➤ Enforcement of labour law

Current regulations set out in the labour law are inadequate to meet the changing context of employment relationships and evolving industrial relations landscape in Lao PDR. The LFTU, for example, has raised concerns that the labour law is not implemented and enforced at the workplace level, something they argue gives some employers an incentive to lay off workers without compensation. In addition, union officials have faced face discrimination with regard to union activities, but as yet no legal mechanism is in place to protect them.

Similarly, the current system of labour inspection is malfunctioning due both to the small number of labour inspectors relative to the growing number of enterprises and the lack of quality training provided to these inspectors. In light of this, and the wider need for better protection of workers and union activity, the LFTU has proposed a partial revision of the labour law where it relates to employment contracts, reasons for contract termination, dismissal procedures and union rights (to be conducted in conjunction with wider efforts to provide more education and training to union members on worker rights enshrined in the [revised] law).

➤ Collective bargaining

Collective bargaining is a relatively new concept in Lao PDR, and as such, agreements based on this process are rare. While in the public sector the government unilaterally determines wages (hence there are no CBAs), in the private sector unions are allowed by law to negotiate pay levels and conditions at work with their employer. However, there is no provision in the labour law that compels an employer to bargain or penalises the failure of an employer to bargain (ITUC, 2008). What's more, both employers and workers lack sufficient knowledge and skills to engage in effective negotiation and agreement.

Collective bargaining is an effective method to resolve workplace grievances, which in Lao PDR have been on an upward trend since the late 1990s. In 2010, the LFTU was able to successfully negotiate over 40 CBAs, although questions still remain both over their quality and the effectiveness of their implementation. Part of the problem here is that local union leaders lack experience in undertaking collective bargaining, while many employers still don't understand the benefits of such agreements.

➤ Ratifying and implementing ILO conventions

Since joining the ILO in 1964, Lao PDR has ratified eight ILO conventions, including five of the eight ILO core conventions, covering forced labour, equality, discrimination and child labour. In addition, the government plans ratify and implement up to two further conventions every year –a goal for which it is likely to require ILO technical assistance to achieve. Most important in the coming DWCP cycle are the ratification and effective application of fundamental and governance conventions and those pertaining to child labour and non-discrimination.

²⁵This issue is closely related to the lack of standard employment contracts and the resulting widespread (mis)use of multiple fixed-term contracts.

Lao PDR has ratified two ILO Conventions for ending child labour: the Worst Forms of Child Labour Convention 1999 (No. 182) and the Minimum Age Convention 1973 (No. 138). These are two of the ILO's eight core conventions that govern fundamental standards on forced labour, discrimination, freedom of association, as well as child labour. However, since ratification in 2005, application of the conventions has remained inconsistent, and this together with widespread poverty, systemic weaknesses in education (in enrolment and drop-out rates, and in ensuring free delivery up to the age of 14) and weak capacity and awareness, has conspired to hamper the country's efforts to date to eliminate child labour in Lao PDR.

➤ Discrimination

Lao PDR ratified CEDAW in 1981, and the Discrimination (Employment and Occupation) Convention, 1958 (No. 111) and the Equal Remuneration Convention, 1951 (No. 100) in 2008 with a view to promote gender equality in employment and advance decent work for women. The Constitution, the 2004 Law on the Development and Protection of Women and the Labour Law, amended in 2006 affirm gender equality principles. Extensive awareness raising and capacity building are required to apply these principles into labour market practices among employers and (prospective) workers, governmental agencies and mass organizations.

➤ Minimum wage

Lao PDR introduced a minimum wage of 290,000 Kip (around US\$28) per month in 2005, applicable to unskilled workers with no professional experience across all sectors of the economy.²⁶ In 2009, this was superseded by a new order by MoLSW, which increased the wage to 348,000 Kip, together with supplementary provisions relating to the payment of (extra) support costs such as meal allowances.²⁷ While this order was initially plagued by slow implementation and non-compliance, the situation appears to have improved somewhat in the last year, with LFTU officials reporting widespread compliance following government efforts to educate and inform businesses of the new requirements.

However, formal mechanisms for minimum wage setting remain weak, with implementation hindered by both differing interpretations of the law and weak systems of enforcement (particularly outside the main population centres). The government wants to develop a minimum wage mechanism –or mechanisms- that both better reflects the needs of the (low-skilled) workforce, whilst at the same time reconciling this with the need for business and national economic competitiveness. To achieve this, it has identified a need for further research and analysis into appropriate wage setting mechanisms for the Lao context.

ILO programme on labour market governance

Outcome 2.1 Labour law is more effective at facilitating social dialogue, resolving disputes, setting wages and preventing misuse of employment contracts

Labour law revision and improved social dialogue are closely linked and therefore consolidated under one outcome. The first key law (or regulation) that should be promulgated in the next DWCP cycle period is the establishment of a national tripartite body with a mandate to discuss and advise on labour and labour-

²⁶ The minimum wage is applicable to all business, manufacturing and service sector workers working a standard eight hour day, 26 days per month.

²⁷ Previous to the 2009 order, no legal document existed to enforce the payment of additional support amounts to workers. Instead, policies were developed at the workplace level and at the business owners' discretion.

related policies.²⁸The tripartite constituents strongly support this initiative, and this is further supported by the ratification by Lao PDR of ILO Convention 144 on Tripartite Consultation in 2010 . The ILO will offer advice and technical assistance in drafting the terms of reference for this body (National Tripartite Committee, or NTC), as well as training and capacity building once it has been established. Similarly, technical support will also be offered in the establishment and operation of the three proposed subcommittees under the national body, which constituents have put forward to help address issues of labour law reform, minimum wage setting, and dispute resolution.

Other areas of the labour law and regulation(s) that should be revised or clarified have already been identified by constituents, and include provisions pertaining to employment contracts and termination, severance payment, dispute resolution, collective bargaining, and minimum wage setting. Assistance will take the form of workshops to increase awareness and understanding of these issues, as well as the recruitment of international and national experts to assist with legal drafting and amendments. Revisions/clarifications will be incorporated into the proposed comprehensive LLR.

MOLSW has also indicated an intention to draft comprehensive new labour legislation (“Labour Protection Act”) to replace entirely the current Labour Code. Drafting of the new legislation shall take place in 2012, with a view to eventual adoption before 2015. The details of ILO support to this process and the modalities of the process itself will need to be determined in consultation with MOLSW and social partners. Revision/clarification of articles on contracts, wages and others shall be carried out as an interim measure, prior to or as part of the larger review process. Given the scope of the proposed undertaking, realistic milestones may be the completion of an annotated outline by end 2012 and draft ready for submission to National Assembly by mid-2013.

Research to gain better understanding of -among other things- trends in collective and individual disputes, dispute resolution, and the types and use of employment contracts will also be required in order to enhance the knowledge base of both constituents and the ILO.

However, capacity in all areas is low, hence the pace of change and implementation is likely to be measured. Realistic milestones by the middle of the DWCP cycle (end-2013) are the establishment of the tripartite body and its secretariat and new draft legislation drawn up with tripartite participation (and discussion within the tripartite body).

Programme Strategy	
i.	Provide advice and technical assistance in drafting the terms of reference for the national tripartite labour advisory committee (NTC), as well as training and capacity building once it has been established.
ii.	Provide technical support toward the establishment and operation of the three proposed subcommittees under the tripartite committee (on labour law reform, minimum wage setting, and dispute resolution).
iii.	Support and provide technical assistance in the revision of other (labour) regulations and aspects of the labour law, particularly those pertaining to employment contracts and termination, severance payment, dispute resolution, collective bargaining, and minimum wage setting, as an interim measure. Accordingly, undertake research into trends and challenges in these areas, conduct workshops to raise constituent awareness and understanding on them, and provide international expert(s) to assist with legal drafting.
iv.	Following agreement on the modalities of the comprehensive LLR, provide support to MOLSW and social partners with drafting, capacity building and facilitating consensus

²⁸ This could also include policies related to investment, trade, competition, migration, education, and so on.

Performance Indicators	Targets
2.1.1. Ministerial decree on employment contracts, termination and wages/benefits drafted/developed	By 2012, new ministerial decree on employment contracts, termination and wages/benefits issued
2.1.2. Establishment of National Tripartite Committee (NTC) together with related subcommittees on a number of key issues	By 2012, the NTC is established by law or decree, at least 3 subcommittees are created (on industrial relations, wage setting and employment contracts), and a strategic plan including secretariat and resource needs is endorsed
2.1.3. Comprehensive labour law revision undertaken with tripartite support and in line with ratified conventions and international good practices	By 2013, draft legislation on revised labour law has been submitted to National Assembly
2.1.4. Institutionalisation of a national tripartite consultation mechanism	By 2013, a standing national labour advisory committee is established with government support

Outcome 2.2 *Ratification and effective application of fundamental and governance conventions*

The ILO's country strategy with regard to international labour standards will focus on four main areas of assistance. First, it will promote –through gap analyses and tripartite awareness-raising and validation workshops- the ratification by 2015 of three Conventions, as selected by constituents out of the following 10 Conventions: C. 105 (abolition of forced labour), C. 171 (night work), C. 131 (minimum wage fixing), C.122 (employment policy), C. 88 (employment services), C. 95 (wage protection), C. 159 (disabilities), C. 81 (labour inspection), C. 189 (domestic workers), C. 187 (OSH promotional framework).

The second area will involve technical assistance to the government to report on and effectively apply ratified conventions, including: (i) Article 19 questionnaire on social dialogue (2012); (ii) completing the first report on C. 144 (2012) and the development of guidelines for tripartite consultations for the application of the Convention; (iii) capacity-building (including two regional workshops, the development of materials and the strengthening of the legal framework) on C. 100/C. 111.

The third strand of the ILO programme strategy will focus on national labour law reform. Here, the ILO will provide technical assistance with amending the 1994 Labour Law, particularly in respect of employment contracts (which has been requested by the government for 2011 and 2012).

Finally, the ILO will also utilise the next DWCP cycle to widen and improve its outreach activities connected to international labour standards, in particular by engaging more proactively with the judicial system in Lao PDR (to promote standards and conventions), as well as the UN country team, through the provision of more substantive advisory services on standards to meet their obligations to UN human rights instruments.

Programme Strategy
<ul style="list-style-type: none"> i. Work with constituents to identify and promote the ratification of three ILO Conventions, as selected by constituents (to include gap analyses and awareness-raising and validation workshops) ii. Provide technical assistance to the government to report on and effectively apply ratified conventions, in particular those pertaining to social dialogue and tripartism, child labour and non-discrimination. As much

<p>as possible, assistance on reporting will be synchronized with technical inputs to help strengthen labour law and other labour market governance institutions</p> <p>iii. Assist the government of Lao PDR to draft the new labour protection law (in replacing the labour law 2006) with a particular focus on articles pertaining to employment contracts</p> <p>iv. Conduct outreach activities on the promotion of standards with key national stakeholders, including the courts and judiciary and the UN country team</p> <p>v. Conduct capacity building on labour inspection to labour officials to enable efficiency of labour law enforcement</p>	
Performance Indicators	Targets
2.2.1. No. of officials trained in labour inspection	By 2015, at least 10% of total labour inspection officials from MoLSW have received training
2.2.2. Number of fundamental and governance conventions ratified and applied by Lao PDR	By 2015, Lao PDR has ratified and is applying at least three new fundamental and/or governance conventions
2.2.3. Reporting obligations under the ILO Constitution discharged in a timely manner, in particular the annual report on non-ratified Conventions (“Art. 19 reports”) and reports on ratified Conventions (“Art. 22 reports”)	By 2013, two Art.19 reports have been submitted and 80 percent of Art.22 reports have been submitted on time

Outcome 2.3 *Effective application of laws against gender discrimination*

The ILO strategy for supporting its constituents and partners in Lao PDR in designing and implementing effective gender equality laws and policies in the country include: mainstreaming gender equality in organizations’ policies and programmes, seeking to change discriminatory gender norms and practices and address gender inequalities; promoting equal employment opportunities and treatment for job seekers and working women, and eliminating gender bias and discrimination in law, policy, programmes and services; and strengthening women’s representation in labour market governance, social dialogue and decision making processes and supporting the inclusion of gender equality in governance mechanisms to ensure more equitable labour market outcomes.

Programme Strategy	
<p>i. Provide technical assistance and support to integrate gender concerns and address inequalities between men and women workers in the programmes and action plans of constituents and the Lao Women’s Union (LWU)</p> <p>ii. Work with constituents to apply ratified Conventions No. 100 and 111, to revise and harmonize equality principles within national laws, and apply these principles in policies and practical measures</p> <p>iii. Building gender equality mainstreaming capacities among male and female leaders and including women leaders in governance mechanisms</p>	
Performance Indicators	Targets
2.3.1. Gender equality concerns and inequalities are explicitly addressed in the policies and action plans of ILO constituents	By 2015, half of the MOLSW departments, the LNCCI and the LFTU have identified and implement at least one gender equality measure

2.3.2. Relevant laws are revised and made consistent in line with ILO Conventions No. 100 and 111	By 2013, inconsistent articles in the labour law on the development of women have been revised in line with the relevant international instruments
2.3.3. Subcommittee under the National Tripartite Committee is established to cover equality at work issues	By 2015, a Subcommittee on equality at work established under National Tripartite Committee, with at least 30% female members

Outcome 2.4 *The elimination of child labour receives stronger recognition as an integral part of national development policies, plans and programmes*

A lack of adequate data on child labour means that the numbers engaged in such work are hard to come by. However, it is generally understood incidences of child labour, including hazardous work, remain high owing to widespread poverty, the lack of universal –or near universal- primary school enrolment and the persistence of informal fee-paying to teachers (contrary to the ostensible government guarantee of free primary and lower secondary education). Together with high school drop-out rates and the generally low sensitisation of child labour in both the private sector and parts of the government, these factors conspire to hinder the effective elimination of child labour in Lao PDR.

Lao PDR ratified ILO Conventions 138 (minimum age) and 182 (worst forms of child labour) in 2005. Since ratification, the Government –through the Ministry of Labour and Social Welfare, MoLSW– have on numerous occasions approached the ILO to seek support in the effective implementation of these conventions. The Decent Work Country Programme for 2011-2015 includes action to eliminate child labour as one of its key outcomes.

In order to achieve this outcome, the ILO could focus on two core areas of intervention in the coming DWCP period: (1) Building and strengthening national, institutional and tripartite capacity to address child labour through mainstreaming, policy formulation and establishment of functional institutional mechanisms; and (2) strengthening the knowledge base of government and social partners on child labour. Implementation of these interventions will in turn be based around 4 strategic components: policy advocacy; migration and trafficking; research and knowledge; and institutional capacity development.²⁹

Programme Strategy	
<ul style="list-style-type: none"> i. Build and strengthen national, institutional and tripartite capacity to address child labour through mainstreaming, policy formulation and establishment of functional institutional mechanisms ii. Strengthen the knowledge base of government and social partners on child labour 	
Performance Indicators	Targets
2.4.1. Knowledge base on child labour in Lao PDR is strengthened (for policy information and action)	By 2012, the National Child Labour Survey is available and widely disseminated among policymakers and other stakeholder groups
2.4.2. National policy to end child labour is adopted and operationalised	By 2013, a National Policy and Plan of Action to end Child Labour is adopted and implementation is underway
2.4.3. Child labour concerns mainstreamed into national development frameworks, particularly in the	By 2013, child labour concerns are incorporated into national education sector development plan and/or

²⁹ See Annex 4 for table elaborating on these intervention areas.

CP PRIORITY 3: IMPROVING AND EXPANDING SOCIAL PROTECTION

Formal social protection in Lao PDR is dominated by **two main social security schemes (SSO and SASS)**, together with one **community-based health insurance** scheme and a number of **health equity funds** which have been piloted with donor-support across various provinces in recent years. While for the most part these schemes offer similar benefits (the latter two focus purely on health benefits, while the SSO and SASS have wider provisions), their exclusivity and/or geographical focus, together with fragmented implementation have meant that overall coverage in the population has remained weak.

The first scheme, the **Social Security Organisation (SSO)**, is a contributory social-insurance based scheme that applies to private and state-owned enterprises with 10 or more employees. In 2004 there were 20,000 contributors and 44,000 beneficiaries which also include children of members. Employees contribute 4.5 percent of their salary to the scheme, while employers contribute 5 percent (ADB, 2004). The scheme covers a range of provisions including health, pensions and survivors pensions, invalidity, sickness, maternity, death grant, and birth and child benefits. The SSO scheme is currently implemented in only four provinces (i.e., Vientiane Capital, Vientiane province, Khammouane and Savannakhet). The official target group for social security includes all enterprises with 10 or more employees. However, in practice, the decree is difficult to enforce, with only about 10-15 percent of employers currently enrolled.

Furthermore, there are currently no mechanisms in place to enforce employer compliance (the Social Security Law does not include penalties for non-compliance). The perception among private employers and employees is that government services are of generally poor quality compared with those available in Thailand or Viet Nam, and hence this is another major obstacle to improving compliance in the SSO scheme. The SSO is currently drafting guidelines for inspections and sanctions for non-compliant companies, and is also working with other line ministers to promulgate a law specific to social security. The new law will mandate the enrolment of all enterprises with at least one employee, thus expanding the target population for the SSO scheme.

The second scheme, the **State Authority for Social Security (SASS)**, is a contributory scheme covering civil servants, who pay 6 percent of their monthly pay to receive its benefits. ILO has reviewed the scheme as part of its Luxembourg-funded social security project, the aim being to more closely align it with the social insurance principles of the SSO, and to improve its overall financial viability. Contingencies covered by the SSO are similar to the SASS: health; pensions; maternity; family allowance and sickness, as well as housing allowances for contributors and their families.³⁰

Informal economy workers and their families are covered by **community-based health insurance (CBHI)**. CBHI was launched by the Ministry of Health (MOH) in 2002 and is currently operating in 19 districts in 8 provinces. It is a voluntary social health insurance scheme. The main problems in the CBHI scheme are: low enrolment rates (only about 12% of the target population is enrolled in the villages in which CBHI operates), high drop-out rates and late payment of premiums (monthly averages of 4% and 47% respectively). Adverse selection is also a problem in the CBHI scheme (World Bank, 2010), but this is mitigated to some extent by the policy of enrolling entire families. Use of capitation protects the CBHI schemes from incurring deficits as the result of adverse selection, but only at the cost of disgruntled providers, who effectively bear most of the scheme's risks.

³⁰A number of other community based schemes such as health insurance have also been developed in various locations - typically at the village level- across the country since the early 2000s. However, while many have recorded notable successes in extending healthcare coverage in rural areas, they have remained for the most part ad hoc and reliant on unsustainable donor funding for their continuation.

Since 2004, the Ministry of Health (MoH), with the support of some donors has piloted **health equity funds (HEF)** in 38 districts of 8 provinces. The HEFs either reimburse providers for health services provided to their poor beneficiaries or use a combination of capitation and case-based reimbursement. In addition, beneficiaries receive transport and food allowances. Poor beneficiaries are usually identified using a simple scorecard (“grid”) to classify a household as poor or non-poor. Some HEFs are administered by Non-State Partners (the Lao Red Cross), while others are administered by local health authorities. In districts where CBHI and HEFs overlap, membership cards from the community insurance scheme is purchased for those eligible under the HEFs. Although, by 2010 HEFs already covered one third of the country, they are still considered pilots. The MOH issued regulations for HEFs in 2007 and these are undergoing revision in 2011. The benefit packages are similar to those of the other social health insurance schemes.

The Government of Lao PDR is today committed to the progressive harmonization of existing schemes and the extension of coverage. One of the resolutions made by the Eighth Party Congress on financing health care is the expansion of social health protection for all. Consequently, the Prime Minister’s office requested Ministry of Health (MOH), Ministry of Labour and Social Welfare (MOLSW) and Ministry of Finance (MOF) to take steps towards the merger of all social health protection systems. A target date of 2012 has been set for completing the institutional arrangements for a merger, while the ambitious goals of 50-60% population coverage by 2015 and universal coverage by 2020 are frequently mentioned for the unified national health insurance scheme.

More specifically, Government’s commitment is reflected in: (1) A Prime Minister’s Decree on the establishment of a National Health Insurance Agency which was submitted by the MoH at the end of March 2011.; (2) The first National Health Financing Strategy (HFS) 2010-2015 in Lao PDR (under finalization); (3) A Social Welfare Development Strategy (2011-2020) was prepared by Ministry of Labour and Social Welfare, and endorsed through the Prime Minister’s decree No232/PM on 30/04/2010.; (4) A Strategy for the establishment of a Maternal Neo Natal and Child (< 5 years old) Health care package that started to be implemented in selected provinces and will be rolled out in the whole country; (5) A draft social security Law is under preparation aiming at the merger of SSO and SASS schemes, based on decrees 207 and 70.

Social protection overlaps with and is mutually reinforcing of employment creation. The Lao government, with Japanese donor funding, is currently in the design stage of an employment guarantee scheme that would target the poorest kumbans (village clusters) in an initial two or three provinces, disbursing up to US\$5 million over three years.

➤ Occupational Safety and Health in the Workplace

Despite a lack of accurate in-country data, it is widely acknowledged by policymakers and development partners that the most acute challenges with regard to occupational safety and health in the workplace exist in the country’s large informal economy and small enterprise sector. Hazardous work in these workplaces is particularly difficult to address, not just due to a lack of inspections but because of geographical remoteness, a lack of awareness and inadequate recognition of the issue in law and national development plans. Despite this, progress has been made in recent years at the enterprise level, where workers covered by ILO pilots have learned to improve OSH through such interventions as the Work Improvement in Small Enterprises (WISE) programme. This training programme helps workers and employers come up with their own proposals for practical safety and health improvement measures which use only low-cost locally-available materials.

In addition, more than 100 Lao farmers have been trained under the Work Improvement for Neighbourhood Development (WIND) programme to date. In both cases, outreach has been successful

because of the focus on training local trainers and using simple, action-oriented checklists and visual aids like photo sheets (to illustrate good examples). Referring to these achievements, strengthening national OSH capacities based on the development of a National OSH Programme will help both raise awareness of the importance of OSH in national policy and improve the overall OSH situation at the workplace level.

➤ HIV AND AIDS

Lao PDR remains a low HIV prevalence country, but recent trends suggest the potential for a more significant epidemic. More than 85 percent of infections reported in 2009 were a result of sexual transmission, and the bulk of these occurred through commercial sex. Interventions for sex workers are now being carried out with limited success and HIV infection rates continue to rise. There has been a serious lack of attention to prevention for men who engage in commercial sex. Program experiences throughout the region show that prevention programs targeting men who buy sex can significantly reduce new infections overall by preventing a “bridging” of the epidemic from sex worker clients female spouses and children. The workplace is one of the most effective venues for carrying out programs to promote safe sexual behaviour as well as promote use of available voluntary testing and treatment services. Protecting the employment rights and confidentiality of people with HIV is also a key part of the workplace response, strengthening both prevention and ensuring increased use of testing and treatment services. Ensuring access to social protection schemes for people with HIV is also a critical part of the national AIDS program in Lao PDR and will assist sustainable access to care and support programs for people with HIV in the future.

ILO Programme on Social Protection

Outcome 3.1 *Social security mechanisms strengthened and expanded, with a particular focus on health insurance*

Health financing in Lao PDR relies very heavily on out of pocket household expenditure (over 50%) – something which is illustrative of the existing low coverage of social health protection. Although the country has four schemes offering a range of health benefits, together, these schemes cover only 11.6 per cent of the population. Implementation of the schemes has been historically fragmented and ad hoc, and this has led to inefficiencies and persistent weaknesses in both coverage and service quality.

The Government of Lao is committed to the progressive harmonization of the health components of existing schemes and the extension of coverage among the general population. One of the resolutions made by the Eighth Party Congress on financing health care is the expansion of social health protection for all, which paves the way for inter-ministerial efforts to merge all social health protection schemes into one. A target date of 2012 has been set for completing the institutional arrangements for a merger, while a goal of 50-60% population coverage by 2015 and universal coverage by 2020 are frequently mentioned for the unified national health insurance scheme.

The ILO programme of assistance in this area will focus on providing technical support to the government in establishing the institutional arrangements and other preconditions (including research and human capacity requirements) for a merger of the health components of the main social security schemes, together with the rollout of a pilot stage of the harmonised scheme in a selected province. All interventions will be undertaken through the ILO’s upcoming technical cooperation project on national health insurance, which is a USD 2 million Luxembourg-funded programme run in partnership with the World Health Organization. Through this project, the ILO will set up a National Health Insurance Agency, which will provide the institutional means by which the four schemes will be merged.

Throughout its programme, the ILO will seek to ensure that all reasonable safeguards and institutional provisions are in place to enable equal access to social protection –and particularly health insurance- for specific vulnerable and at-risk groups, particularly women, those with disabilities and those living with HIV and AIDS.

Programme Strategy	
<ul style="list-style-type: none"> i. Technically support on going government plans/arrangements for a progressive merger of social health protection benefits from the four main schemes (SASS, SSO, CBHI and HEFs) ii. Support the harmonisation of procedures among the different schemes and the extension of coverage in one province as a demonstration (this will include the creation of a single fund for the social protection floor followed by the establishment of a common risk pool) iii. Prepare for a second project phase that will support the establishment of a National Health Insurance Agency (through which all four existing schemes will be merged). 	
Performance Indicators	Targets
3.1.1. Policy and regulatory framework developed at the national level in support for harmonization of social health protection benefits from the four main schemes	By 2013, policy and legislation has been adopted by the government and national assembly to harmonize existing social health schemes into a single scheme
3.1.2. Harmonized benefit packages and IT system adopted and operationalised nationwide	By 2015, harmonized benefit packages and IT system adopted and operationalised nationwide
3.1.3. Proportion of disabled persons and persons with HIV AND AIDS included in health insurance and other social protection schemes	By 2015, the harmonised social health protection scheme has at least 10 percent more members with disabilities and HIV AND AIDS

Outcome 3.2 *Policies and programmes developed for HIV and AIDS and the world of work*

The ILO will build on its initial work to develop workplace HIV AND AIDS policies in the hotel sector in new and underserved sectors, as well as helping establish a national policy on HIV and AIDS in the world of work based on the key principles of ILO Recommendation 200 (which was passed at the ILO’s International Labour Conference in 2010). This recommendation calls for the protection of the employment rights of people with HIV, including the right to confidentiality, access to effective prevention and care, support and treatment services, including access to social protection schemes. The ILO will work with tripartite partners to develop national guidelines to promote a world of work HIV and AIDS programme that focuses on these key principles.

In addition, the ILO will work with employers and trade unions to establish workplace HIV and AIDS policies and programmes in key economic sectors where there are higher levels of risk behaviours for HIV, often linked to mobility and rapid economic growth. Key sectors will include transportation, construction (in which males are the predominant employed group) and small scale hotel and entertainment establishments (where the gender make-up is more mixed and in some cases, dominated by females).

Programme Strategy
<ul style="list-style-type: none"> i. Work with tripartite partners to develop national guidelines to promote a world of work HIV and AIDS

<p>program that focuses on the key principles of employment rights protection outlined in ILO Recommendation 200</p> <p>ii. Work with employers and trade union to establish workplace HIV and AIDS policies and programs in key economic sectors where there are higher levels of risk behaviours for HIV –in particular in the transportation, construction and small scale hotel and entertainment sectors</p> <p>iii. Provide technical assistance to the government and other ILO and donor-led programmes to ensure that new and existing social protection interventions safeguard access for people with HIV and AIDS</p>	
Performance Indicators	Targets
3.2.1. Official national policy framework in place on HIV and AIDS in the Workplace and aligned with ILO Recommendation 200 on HIV and AIDS in the World of Work	By 2015, a national policy on HIV and AIDS in the workplace is adopted
3.2.2. Workplace programmes for HIV AND AIDS awareness and rights protection developed in new sectors	By 2015, workplace HIV AND AIDS programmes have been adopted in enterprises in at least three sectors (transportation, construction, hotels and entertainment)

Outcome 3.3 *Improved institutional and legal mechanisms for the promotion of Occupational Safety and Health in the workplace*

The National OSH system in Lao PDR needs to be strengthened, especially in terms of legislation and compliance assurance (including inspection, data collection, and advocacy and training). The effective planning and development of a National OSH programme will reinforce National OSH capacities toward the achievement of safe and healthy working environments for all working people.

To help Lao PDR achieve this goal, the ILO will provide assistance in finalizing and implementing the national OSH programme based on the existing ILO Plan of Action (2010-2016) to achieve widespread and effective implementation of the OSH instruments (Convention No 155, its 2002 Protocol and Convention No 187). It will also seek to strengthen –through a programme of capacity building- national OSH capabilities in a range of areas, including legislation and inspection, awareness-raising, and training for small enterprises and informal workplaces.

ILO expertise and assistance will continue to be provided through support from the Korean government. Existing OSH good practices developed by ASEANOSHNET will be used as a practical means to expand OSH protection in small enterprises and informal economy workplaces across Lao PDR. Efforts will also be made to link the National OSH programme with other national development plans to ensure more effective national buy-in and implementation.

Programme Strategy	
<p>i. Provide technical inputs and support to the finalisation and implementation of the national OSH programme, based on the existing ILO Plan of Action (2010-2016); help government and social partners integrate and link the programme with existing national development plans</p> <p>ii. Provide assistance to enable social partners to apply existing good practices developed by ASEAN OSHNET in small enterprises and informal economy workplaces across the country</p>	
Performance Indicators	Targets

3.3.1. Second National OSH Plan adopted and implemented	By 2012, the 2nd National OSH Programme has been adopted and implementation is underway
3.3.2. Decree covering legal provisions for OSH in the workplace (including inspection) is implemented	By 2013, a Decree covering legal provisions for OSH in the workplace is passed and application is underway
3.3.3. Number of OSH inspectors trained and regularly conducting inspections	By 2015, 100 new OSH inspectors are trained and regularly conducting inspections
3.3.4. Enterprise-level application of OSH standards in the workplace	Between 2011 and 2015, at least 100 enterprises per year apply OSH standards in their workplaces
3.3.5. Number of occupational injuries in small enterprises, construction and agriculture	By 2015, there has been a 15 percent reduction in the number of recorded occupational injuries in small enterprises, construction and agriculture (% of total, three sectors combined)

CP PRIORITY 4: ENHANCING CONSTITUENT CAPACITIES AND STRENGTHENING SOCIAL DIALOGUE

Although all tripartite constituents generally understand the importance of social dialogue in facilitating effective consultation and consensus-driven decision-making, it remains a relatively new concept to all parties in the country. From the LFTU perspective, leaders have thus identified a need for further training from the ILO to help its members build greater understanding of the principles of tripartism and social dialogue, together with that of the related ILO Convention No.144 (on tripartite consultation), so as to enhance the use of constructive –and productive- dialogue between workers, employers and the government in Lao PDR. Employers too recognise the value of such developments, since industrial harmony on a foundation of dialogue and consensus is itself vital for the growth and competitiveness of the private sector.

For the most part, relations and dialogue between employers and workers in Lao PDR are more harmonious than in many other Asian countries. However, this has come about more by a restrictive legal environment than by maturing of the industrial relations environment per se. The need for an institutionalised mechanism for social dialogue, most likely through a national labour advisory committee, is one course of action mooted by constituents to help facilitate freer and more dialogue-driven industrial relations. If implemented, such a committee would require a functioning secretariat together with a clear and legally recognised mandate, together with reasonable budget resources to achieve its aims –namely, to facilitate (either directly or through specific thematic sub-committees) tripartite discussion and consensus-building on pertinent and contentious labour issues, and to provide authoritative inputs into related policy decisions both at the national and provincial level.

On the employers' side, the membership base and influence of the LNCCI has been steadily increasing over the last few years. In terms of ILO's work the capacity of LNCCI staff (particularly within the Bureau for Employers' Activities, BEA) needs to be increased further in order for them to demonstrate clearly (internally and externally) what is the role and the value of well-functioning employers' organisation. Furthermore, increasing the capacity for on-going membership needs analyses and concomitant development of appropriate products and services remains a challenge. Finally, influencing government policy to ensure a favourable environment for sustainable enterprise development and growth will be the centre of the ILO's technical assistance to the LNCCI in the coming years.

ILO Programme on enhancing constituent capacities and strengthening social dialogue

Outcome 4.1 *Enhanced capacity of Lao National Chamber of Commerce and Industry*

The ILO's programme strategy for LNCCI capacity-building will focus on strengthening the ability of its Bureau for Employers' Activities (BEA) to respond to the needs of its members and introduce new products and services that contribute to the organisation's broader goal of raising the profile, competitiveness and productivity of Lao enterprises.

To better identify the needs of LNCCI members, and to enhance the technical and functional capacities of BEA staff, ILO will support the organisation to conduct on-going member needs assessments, using a combination of desk research, surveys, and focus groups, together with accompanying analysis and recommendations for product and service development. The latter will then form a key component of the ILO's second line of assistance –the introduction of new organisational tools and systems and the provision of training and regional experience sharing (i.e. from other employers' organisations in the region) for the development of new and improved products and consultancy and advisory services to its members. A key focus here will be on tools that assist members to raise productivity through dialogue and consensus-led processes with workers and other stakeholders. In addition, the ILO will also help develop training and capacity building for LNCCI staff in the areas of labour and social policymaking (with a view to strengthening their competencies in research and policy lobbying) and the promotion of non-discrimination and gender equality in the enterprise sector (with a view to the introduction of practical workplace programmes to combat discrimination and strengthen business commitment to gender equality).

Programme Strategy	
<ul style="list-style-type: none"> i. Conduct on-going member needs assessment analysis (surveys, focus groups, desk research) in order to appropriately develop technical and functional capacity of LNCCI - Bureau for Employers Activities (BEA) ii. Develop and implement bi-annual work plan of ACTEMP technical assistance - in consultation with LNCCI (BEA), outlining baseline situation, outcomes, key performance indicators, relevant outputs and time frames iii. Assist LNCCI (BEA) to enhance its internal effectiveness and efficiency by introducing new organisational tools and systems, providing training and leveraging the knowledge and experience of more developed EO's in the region iv. Assist LNCCI to respond to members' demands by developing and launching new products and services and/or improving an existing products and services v. Assist LNCCI (BEA) to become more influential in the labour and social policy by enhancing their research capacity and their lobbying capacity vi. 	
Performance Indicators	Targets
4.1.1 LNCCI BEA launched and sustained number of new products and services	By 2015, at least three new products or services have been launched and sustained
4.1.2 Number of policy position and recommendation papers produced by LNCCI for consideration by the Government	By 2015, at least three new comprehensive submissions for policy consideration are submitted by LNCCI to the government each year

Outcome 4.2 *Enhanced capacity of Lao Federation of Trade Unions (LFTU)*

Under the upcoming DWCP, LFTU leaders and affiliates will be provided with education and training on issues relating to social dialogue, international labour standards (ILS), the Labour Law, grievance handling procedures, collective bargaining, minimum wages, and organising skills, both to strengthen their technical knowledge and enable them to develop relevant policies and action to tackle related workplace challenges. Members and leaders will also be assisted in adopting existing ILO publications or drafting and producing new educational and information materials on these same issues, for nationwide dissemination.

Trade unions, especially in the public sector, will also be assisted to launch a campaign for the promotion of collective bargaining and an increase in the use of CBAs. With ILO guidance, trade unions will also collaborate with employers and the government to set up effective labour dispute settlement mechanisms, particularly in the public sector. To enhance the negotiating skills of trade unions, the LFTU will be encouraged to take the initiative in tripartite negotiations over the introduction of a time-off system for full and part-time union officials.

In the next five years, LFTU aims to register more new members from vulnerable and underserved groups, including young people, migrant workers, women and informal workers –the intention being to better represent their general interests, raise their influence with policymakers, and more effectively advocate for non-discrimination and equal treatment in the workplace. Wherever requested, the ILO will provide technical assistance to the LFTU in reaching out to and organising these groups, using existing tools and good practices adapted from other countries.

The ILO will also provide training and education on social dialogue to the LFTU and its affiliates to understand the concept and its application, with a view to then establishing a new formal mechanism for improved social dialogue. The LFTU will be encouraged to take the lead in facilitating tripartite discussions on the establishment of this mechanism –first through a comprehensive action plan, and second through securing government support for a new (and officially recognised) tripartite labour advisory body.

Programme Strategy	
<ul style="list-style-type: none"> i. Conduct training on the concept and practices of social dialogue in order for LFTU to effectively engage in national consultation meetings with the employers and the Government ii. Take initiative in institutionalising a social dialogue mechanism and regularising tripartite meetings to discuss and decide key national labour issues iii. Conduct research and training on social dialogue, ILS, the Labour Law, grievance handling procedures, collective bargaining, minimum wages, and organising skills, in order to raise the knowledge of union leaders iv. Collect and disseminate the methods, strategies and practices of organising skills, in order to reach out to youths, women, migrant workers and informal workers v. Improve the management and autonomy of trade union activities, especially in the public sector and for the civil servants 	
Performance Indicators	Targets
4.2.1 LFTU strategy and agenda to advocate/lobby for a national social dialogue mechanism is developed	By 2013, the LFTU has developed a strategy and agenda for the promotion of a national social dialogue mechanism
4.2.2 Proportion of new union members coming from underserved societal groups, namely youth, migrant	By 2015, unions in Lao PDR will have 10 percent more members from the following groups: youth (aged 15-

workers, women and informal economy workers	24);migrant workers; women; informal economy workers
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Outcome 4.3 *Improving mechanisms for preventing and resolving disputes*

Tripartite partners in Lao PDR agree that the current model of dispute resolution as provided for legislation and regulations is not working. There is a need for revised legislation dealing with dispute resolution bodies, as well as wide-ranging training –for both male and female constituents- on generic dispute prevention and resolution skills (including workplace grievance procedures, conciliation and mediation skills, and negotiation skills for collective bargaining).

Work here should start with an objective analysis of the status quo with regard to individual and collective disputes (cross-referenced to the research mentioned in point 1 on labour law revisions and social dialogue). This should be followed by tripartite discussions at the national and provincial level, involving presentations based on international experience and brainstorming on realistic institutional arrangements for both individual and collective dispute resolution. An experienced consultant should be employed to then design these institutions and present a proposal to the tripartite constituents.

Training on generic skills for dispute prevention shall be carried out through workshops and seminars for constituents across the country. Basic training material shall be translated and disseminated. Once an institutional arrangement has been designed and approved, more specific capacity building material can then be developed. All of this will be carried out in close collaboration with tripartite constituents in order for the material to be broadly disseminated.

Capacity in these areas is very low. Realistic milestones by the middle of the DWCP cycle (end-2013) are that the tripartite subcommittee has agreed new institutional arrangements for dispute resolution bodies; generic information and training material has been translated and disseminated; and basic training has been carried out for constituents in Vientiane and selected provinces.

Programme Strategy	
<ul style="list-style-type: none"> i. Conduct research and analysis of the current situation with regard to individual and collective disputes; organise tripartite discussions at the national and provincial level, and facilitate constituent discussion/brainstorming on viable institutional arrangements for dispute resolution. Engage an experienced consultant to help design these arrangements and develop a proposal for submission to tripartite constituents. ii. Conduct training on generic skills for dispute prevention -through workshops and seminars- for constituents across the country. Translate and disseminate basic training materials to constituents for follow-up (and continued) use. 	
Performance Indicators	Targets
4.3.1. The concept of collective disputes is recognised in the labour law	By 2013, the concept of collective disputes has been introduced into the labour law
4.3.2. Establishment of a formal national body for dispute conciliation and arbitration, with equitable	By 2015, a national body for dispute conciliation and arbitration has been established and operationalised,

representation of men and women	with no less than 30 percent membership of either sex ³¹
4.3.3. Number of cases successfully resolved by the national body for conciliation and arbitration	By 2015, 10 percent of cases heard by the national conciliation and arbitration body are resolved (with tripartite support)

Outcome 4.4 *Enhancing institutional and legal mechanisms to determine Minimum Wage(s)*

Constituents agree that current minimum wage provisions are not clearly defined and well enforced. The strategy for addressing this can be as follows. Working through the tripartite national subcommittee on the minimum wage, the ILO will hold a series of workshops to identify key challenges regarding MW setting and enforcement. These workshops will also serve to share ILO views on the purpose(s) of MW, and will be accompanied with translated versions of basic ILO advice on MW setting.

Following this, ILO shall provide guidance and assistance (where necessary) in the formulation of a new policy on MW setting, which will be led by the national subcommittee and cover such issues as the criteria to be used for wage setting, necessary institutional arrangements, the scope and coverage of the MW, the gender dimension of MW policy, and the periodicity of review. Capacity building for labour officers, other government officials, workers and employers on MW fixing and enforcement will also be carried out. Accompanying research to be undertaken before this will likely include household and enterprise surveys to determine actual wage levels, hours worked, total remuneration, and other relevant data.

Capacity on this issue is extremely low. Realistic milestones by the mid-point of the DWCP (2013) may be workshops with the tripartite subcommittee on MW policies, translation, and some training and capacity building for the constituents.

Programme Strategy	
<ul style="list-style-type: none"> i. Hold a series of workshops to identify key challenges regarding MW setting and enforcement; disseminate ILO basic guidance on MW setting. ii. Assist the tripartite subcommittee on the minimum wage to formulate a new draft policy on the MW, covering all key aspects of wage-setting (institutional arrangements, scope and coverage, frequency of review, etc.). iii. Assist in the undertaking of technical research into appropriate minimum wage arrangements for Lao PDR, as well as in the conduct of household and enterprise surveys to determine wage relevant data across the country. 	
Performance Indicators	Targets
4.4.1. Formal mechanism for minimum wage setting is adopted by the government with bipartite support	By 2014, the National Tripartite Committee approves formal mechanism for setting minimum wage(s) in Lao PDR

³¹ For optimal gender equity, males or females should make up between 40 and 60 percent of the membership of this body, with no less than 30 percent coming from either sex (i.e. the body should not be more than 70 percent dominated by men OR women).

6. Management and Implementation Framework

As a framework to support and help assist the Lao government to meet its national development goals, the effective implementation of the Decent Work Country Programme (as determined by the achievement of the programme outcomes) requires steadfast commitment from all implementing partners –namely, the ILO’s constituent partners in the government, workers’ and employers’ organisations- and stakeholders (particularly development partners, civil society and wherever possible, the private sector), as well as effective mechanisms for cooperation, consensus-building and participation at all levels and at all stages of the process.

As a participatory development framework, the DWCP is designed so that the government and social partners are simultaneously the key beneficiaries (together, obviously, with the groups they serve) and implementers of its component interventions. In this respect, these parties will be expected to participate fully in the implementation of the programme as well as monitoring and assessing its performance throughout the course of the five year cycle. Although the government has necessary oversight over the implementation of development programmes and policies in the country, the nature of the DWCP will mean that governance mechanisms -such as project advisory committees and thematic working groups- will be made up also of workers’ and employers’ representatives, in addition to government officials. Where necessary, and as specifically outlined under Priority Area 4 of the DWCP, the ILO will take steps to strengthen the capacity of all constituents to contribute effectively to these fora, in such areas as research and analysis and project design, implementation and monitoring and evaluation.

Partner commitments and resource mobilisation

At the same time, it is also recognised that many of the activities outlined in the 2011-2015 DWCP represent joint commitments between the ILO, the government of Lao PDR and the social partners, and that owing to resource limitations (while the Lao government is fiscally constrained and reliant on foreign aid for part of its programmes, the ILO is primarily a technical agency, *not* a funding agency), the achievement of some will require joint resource mobilisation efforts. Where funding gaps are identified, the ILO will make every effort to mobilise resources from its partners in the UN and wider development community (both bilateral and multilateral). It will also work with constituents to explore financing partnerships within their own networks and beyond, so as to maximise the possibilities for achieving in full the various components of the DWCP.

The process of identifying and quantifying resource gaps in the planned work of the DWCP will follow immediately after its official endorsement, and will involve the engagement of ILO technical specialists and programming staff, constituents and local experts to estimate the resources required to successfully implement all country outcomes.

7. Monitoring and Evaluation

Internal ILO monitoring of the DWCP will be conducted primarily through the organisation’s biannual programme and budget review. In the coming DWCP, the ILO will also convene tripartite consultations with constituents on at least an annual basis to review progress and raise issues of concern.

The ILO’s performance in Lao PDR is also assessed by its contributions to the government’s national development agenda and the UN’s strategic assistance framework in the country, UNDAF. A number of activities envisaged in the DWCP will be implemented in partnership and/or cooperation with other UN agencies, including project interventions on the extension of health insurance and entrepreneurship development. ILO commitments to –and alignment with- the UNDAF in the country will be measured and

assessed under the UN's annual review process and supplementary reporting obligations to the Lao government.

8. Endorsement of the DWCP

Insert signatures.

Ministry of Labour and Social Welfare
Lao National Chamber of Commerce and Industry
Lao Federation of Trade Unions
International Labour Organization
Ministry of Planning and Investment

9. Annexes

Annex 1: ILO's global contribution to the MDGs

1. <i>Eradicate extreme poverty and hunger</i>	<p>The ILO approach to the eradication of extreme poverty and hunger (MDG 1) is to promote decent work for all. Its four pillars are:</p> <ol style="list-style-type: none">i. Employment – the principal route out of poverty is through work and incomeii. Rights – without them, people will not be empowered to escape from povertyiii. Social protection – safeguards income and underpins healthiv. Dialogue – the participation of employers' and workers' organizations in shaping government policy for poverty reduction ensures that it is appropriate and sustainable.
2. <i>Achieve universal primary education</i>	<p>The ILO contributes to the achievement of MDG 2 by promoting universally accessible, free and compulsory education and combating child labour.</p> <p>The ILO promotes the status of teachers, supporting efforts to uphold their individual rights and their important professional responsibilities, particularly in the provision of quality education to all children.</p> <p>Poverty is the root cause of both child labour and education deficits. The Decent Work Agenda supports pro-poor growth by promoting decent employment and training for people of working age; and encouraging child benefits and other social security measures for poor families. A focus on the girl child is necessary to combat gender inequality.</p>
3. <i>Promote gender equality & empower women</i>	<p>Gender equality cross-cuts the ILO Decent Work Agenda, which encompasses rights, employment and income, social protection and social dialogue. The ILO mainstreams gender concerns in all of its policies and programmes through:</p> <ol style="list-style-type: none">i. the promotion of equality of opportunity in access to jobs, income-earning activities,ii. assets, education and trainingiii. gender-specific measures and action aimed at both men and womeniv. social protection initiativesv. women's empowerment through employers' and workers' organizationsvi. social dialogue and collective bargaining for gender equalityvii. the promotion and realization of rightsviii. ratification and implementation of international labour standards

<p>4. <i>Reduce child mortality</i></p>	<p>Through the Decent Work Agenda the ILO contributes to the achievement of MDG 4 by promoting:</p> <ul style="list-style-type: none"> i. workplace education, good working conditions and safety and health standards ii. work-family policies enabling parents to care better for their children iii. investment in human resources and infrastructure in the health field iv. access to health care, family benefits and other forms of social protection for all families v. maternity protection for all women workers during pregnancy, childbirth and breastfeeding vi. the elimination of child labour (see MDG 2)
<p>5. <i>Improve maternal health</i></p>	<p>Maternity protection for women workers has been a core issue for the ILO since 1919, when it adopted the first international labour Convention on this issue. The original Convention has been revised on two occasions with a view to broadening the protection and making it more effective. The latest Maternity Protection Convention (No. 183) and Recommendation No. 191 were adopted in 2000 and provide for:</p> <ul style="list-style-type: none"> i. 14 weeks of maternity leave, including six weeks of compulsory post-natal leave ii. Cash benefits at a level that ensures that the woman can maintain herself and her child in proper conditions of health and with a suitable standard of living iii. Access to free medical care, including pre-natal, childbirth and post-natal care, as well as hospitalization when necessary iv. Health protection: the right of pregnant or nursing women not to perform work prejudicial to their health or that of their child v. Breastfeeding: minimum of one daily break, with pay vi. Employment protection and non-discrimination
<p>6. <i>Combat HIV AND AIDS, malaria & other diseases</i></p>	<p>Through the Decent Work Agenda, the ILO promotes integrated action in respect of rights, employment and income generation, and social protection, underpinned by social dialogue. The ILO focuses on promoting understanding of AIDS as a workplace issue, mobilizing action in the world of work, and strengthening the capacity of workers' and employers' organizations to sustain effective programmes. The promotion of social protection improves health services</p>

<p>7. <i>Ensure environmental sustainability</i></p>	<p>The concept of green jobs encapsulates the transformation of economies, enterprises, workplaces and labour markets into a sustainable, low-carbon economy providing decent work. It focuses on making sustainable development transform employment patterns and the labour market with a view to promoting decent work. Some 30 per cent of the new jobs created by measures taken to respond to the financial crisis have involved spending on infrastructure aimed at addressing climate change.</p> <p>Green jobs reduce the environmental impact of enterprises and economic sectors, ultimately to levels that are sustainable. Green jobs help protect ecosystems and biodiversity; reduce energy, materials, and water consumption through high-efficiency strategies to de-carbonize the economy; and reduce greenhouse gas (GHG) emissions, minimizing or avoiding all forms of generating waste and pollution.</p> <p>Green jobs do not automatically constitute decent work: many such jobs are “dirty, dangerous and difficult”. Employment in industries such as recycling and waste management, biomass energy and construction tends to be precarious and low-paid. If green jobs are to be a bridge to a truly sustainable future, this must change so that green jobs embody the principles of decent work.</p>
<p>8. <i>Develop a global partnership For development</i></p>	<p>In addition to its work on MDGs 1 to 7, the ILO contributes to MDG 8 through its Decent Work Agenda (decent and productive employment, rights, social protection and social dialogue) by:</p> <ul style="list-style-type: none"> i. promoting decent work as a global goal in fair globalization ii. calling for greater policy coherence for poverty reduction across the multilateral system iii. encouraging employment-intensive approaches, especially in the context of technological change iv. assessing and addressing the effects of trade on employment and labour rights v. developing the capacity of workers’ and employers’ organizations to participate meaningfully in the formulation of national development policy

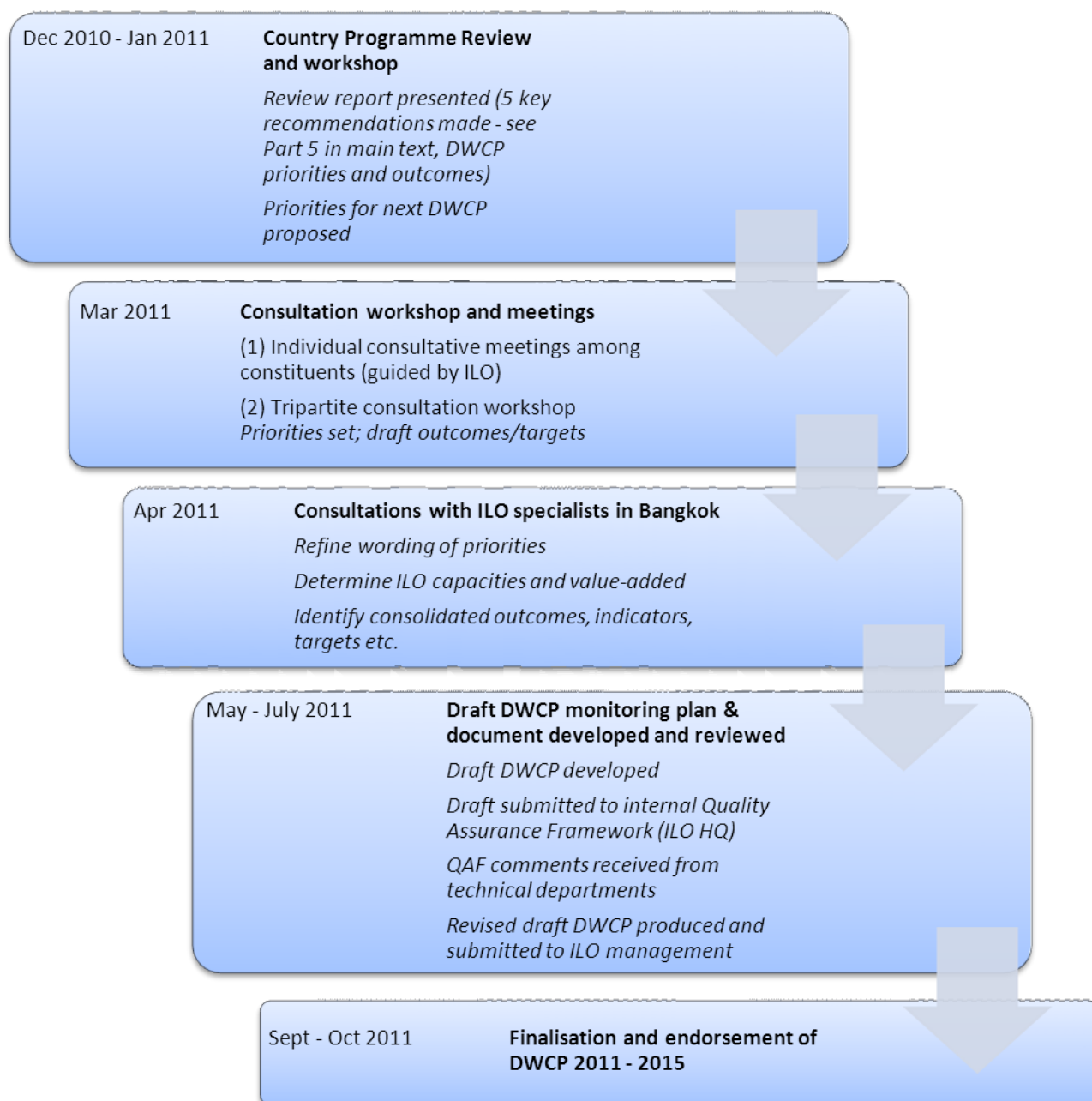
Annex 2: UNDAF for Lao PDR (2012-2015)

Based on the identified challenges, UN agencies have devised 10 draft outcome areas for the 2012 to 2015 UNDAF (the final version of which is still in drafting):

Draft UNDAF Outcomes, 2012 - 2015

1. By 2015, the government promotes more equitable and sustainable growth for poor people in the Lao PDR
2. By 2015, the poor and vulnerable benefit from the improved delivery of public services, an effective protection of their rights and greater participation in transparent decision making
3. By 2015, under serviced communities and people in education priority areas benefit from equitable quality education and training that is relevant to the labour market
4. By 2015, people in the Lao PDR benefit from more equitable promotive, preventive, curative and rehabilitative health and social welfare services
5. By 2015, vulnerable people are more food secure and have better nutrition
6. By 2015, key populations at higher risk of HIV infection benefit from increased coverage and quality of integrated prevention and treatment, care and support services
7. By 2015, the government ensures sustainable natural resources management through improved governance and community participation
8. By 2015, the government and communities better adapt to and mitigate climate change and reduce natural disaster vulnerabilities in priority sectors
9. By 2015, national and local governments and communities have reduced the impact of unexploded ordnance on people in the Lao PDR
10. By 2015, people in the Lao PDR benefit from policies and programmes which more effectively promote gender equality and increased participation and representation of women in formal and informal decision making

Annex 3: Timeline of DWCP consultation and design process



Annex 4: DWCP strategic areas of intervention for Child Labour

Outcome 2.4 (Child Labour): Strategic intervention areas	
Policy Advocacy	<p><i>Lobby for changes that would bring about:</i></p> <ul style="list-style-type: none"> ❖ Conformity between age of completion of compulsory education and minimum age for admission to employment; ❖ National Social Protection Policy; ❖ National Plan of Action finalised and National Child Labour Policy issued; ❖ Skills development and employment policy; ❖ Hazardous work regulations (on-going activities) ❖ An improved Child Labour sensitive Education Sector Development Implementation Plan.
Migration/trafficking	<ul style="list-style-type: none"> ❖ In collaboration with the ILO TRIANGLE Project, ensure that materials regarding safe migration from Laos to Thailand are disseminated and practically used in border provinces with high outward migration (and potential for such). ❖ In collaboration with TRIANGLE, work with trade unions on Thai and Lao sides (SERC & LFTU) to develop and implement a trade union plan of action to prevent trafficking in children and promote safe migration practices. ❖ In collaboration with ACTRAV and ACTEMP, enhance the capacity workers and employers representatives from Laos and Thailand to undertake complimentary interventions to address areas of mutual interest between the two countries that have a bearing on child labour, migration and trafficking (labour shortages in certain economic sectors, migration impact, underemployment, and so on).
Research/knowledge	<ul style="list-style-type: none"> ❖ Conduct and/or technically support analytical work on child labour and youth employment outcomes for Lao PDR ❖ Conduct Knowledge Attitude and Behaviour (KAB) survey
Institutional capacity	<ul style="list-style-type: none"> ❖ Conduct training of labour inspectors ❖ Conduct training of provincial committees on child rights ❖ Conduct training of Village Education Development Committees that are responsible for administering annual school block grants under the Education Sector Development Framework (funded by FTI and AUSAID) ❖ Conduct training of teachers and educators ❖ Undertake initiatives to sensitise members of the Judiciary on child labour ❖ Supporting the MOLVT to carry out its function as convener of a national steering committee on child labour through trainings and on-going technical support.

+++END+++

DWCP LAO PDR										
Indicators	Means of verification (Data sources, frequency and)	Baseline and (Start date)	Targets	Milestones					Assumptions and risks	Responsible staff/entity
				Year 1 (2008- 2009)	Year 2 (2009- 2010)	Year 3 (2010- 2011)	Year 4 (2011- 2012)	Year 5 (2012- 2013)		
CP PRIORITY 1: PROMOTING EMPLOYMENT AND SKILLS DEVELOPMENT FOR MORE EQUITABLE GROWTH AND POVERTY REDUCTION										
Outcome 1.1. Increased opportunities created for decent and productive employment, particularly in rural areas										
1.1.1. No. of new employment centres opened and operational		2011: 6 centres (6 provinces)	By 2015, the number of employment service centres is expanded from 6 to 10 provinces						Political will and mobilisation of sufficient resources	CT
1.1.2. Number of job seeker registrations at employment service centres	Official records (database)		By 2015, a 10% increase in the number of job seeker registrations at employment service centres						Assumption: employment service centres both improve the quality of their services and conduct sufficient advocacy and outreach to raise awareness (of these services) among the general population	CT
1.1.3. Percentage of registered job seekers at employment service centres receiving job placements	Official records (database)		By 2015, a 15% increase in the number of registered job seekers receiving job placements						Assumption: employment service centres conduct sufficient outreach and network-building with the private sector; businesses have faith in the referral service of the employment service centres	CT
1.1.4. National and provincial level government officials receive capacity building training to improve labour market analysis and reporting	training curricula and official records		By the end of 2011, capacity building for at least 50 national and provincial officials conducted							CT
1.1.5. Up to date labour market information provided	Labour Force Survey		Labour force survey report completed and disseminated by end 2011							CT
1.1.6. Analyses of gender and youth employment situation in Lao PDR conducted	Published analysis reports		Analyses conducted by end 2012						Assumption: government approves planned analyses; resources are available to support the research	CT,SD,NH, MC
1.1.7. Improved capacity at national and local level to design and implement strategies and programmes that promote rural employment, with specific emphasis on the poorest and most disadvantaged groups	Training curricula/schedule, training records, finalised action plans		By 2015, at least 50 local and national government officials have been trained on approaches for rural employment promotion (50:50 men-women ratio), with resulting action plans prepared for at least 5 districts.						Assumption: trained government officials have sufficient capacity to develop resulting action plans	
Outcome 1.2. Increased numbers of men, women and youth demonstrate skills in line with labour market demand										
1.2.1. Institutional mechanism for skills standards testing is operational and effective	Published guidelines/framework for skills standards		By 2015, MoLSW has developed skills standards in 3 occupational areas (i.e. 3 sets of standards)						Assumption: government supports the 2015 timeframe for establishing skills standards	CT
1.2.2. Increased application of skills standards in the TVET system	Official records (government), published course details (training providers)		By 2015, at least 10 percent of training institutions (public and private) use skills standards developed by MoLSW						Assumption: training institutions are sufficiently aware of and given sufficient support or incentives to start using these standards	CT
1.2.3. Number of graduates with certified skills in identified occupational areas	Official records/records compiled by training providers		By 2015, at least 15% of new graduates (total having graduated between 2001 and 2015) have certified skills in identified occupational areas							
Outcome 1.3. Enhanced institutional capacity to support entrepreneurship, enterprise productivity and competitiveness										

1.3.1. Number of tools for dialogue-based productivity enhancement developed and applied by social partners and other institutions	Supporting documents for developed tools		By 2015, at least one dialogue-based enterprise productivity tool is developed and applied by social partners and/or other institutions, either through training or advice/strategy development						Assumption: businesses find the developed tools relevant and have sufficient advice, training or other support to enable them to adopt them	CB,DR,PA
1.3.2. Number of institutions adopting and applying gender-sensitive micro and small enterprise (MSE) development policies/strategies in rural areas	Policy/strategy documents	2 institutions are employing these strategies/policies (2011)	By 2015, at least 5 institutions have adopted and are applying MSE development policies/strategies in rural areas						Assumption: institutions have sufficient capacity and resources to adopt and apply these policies/strategies	CB,AR
1.3.3. Number of institutions adopting ILO tools for MSME development in high growth sectors	Institutional records	0 (2011)	By 2015, at least one national institution and two business associations have adopted ILO tools for the support and strengthening of local enterprises						Assumption: institutions/business associations have sufficient capacity and resources to adopt these tools	CB,DR
1.3.4. No. of financial service providers offering diversified and sustainable financial services in line with microfinance regulations in selected provinces	Official records from Bank of Lao and financial service providers	0 (2011)	By 2015, at least 30 village banks are registered under Bank of Lao regulation either as individual institution or as a network of village banks in order to provide diversified and sustainable savings and credit services			2013 Milestone: 10			Assumption: financial service providers are able to register with Bank of Lao and have sufficient will, capacity and resources to develop new tools and services for clients	VB
1.3.5. ILO Know About Business methodology supporting business education introduced into national secondary school curriculum	Published (revised) national curricula / guidelines		By 2015, the national curriculum is modified to incorporate Know About Business (KAB) as an elective course in secondary schools nationwide						Assumption: government approves -and where necessary passes legislation that enables- the introduction of KAB into secondary schools	CB
1.3.6. Number of vocational education institutions adopting ILO business and entrepreneurship tools into their curriculum	Official records / records of training providers	0 (2011)	By 2015, ILO materials supporting business and entrepreneurship skills will be in use in 25% of vocational schools nationwide						Assumption: government approves -and where necessary passes legislation that enables- the introduction of KAB into vocational schools	CB

Outcome 1.4. Improved mechanisms and policies to more effectively govern labour migration

1.4.1. Complaints mechanism and monitoring procedures for recruitment of migrant workers established	Project monitoring/progress reports (TRIANGLE project); official government records	2011: no formal national complaints mechanism	By 2013, a formal national complaints mechanism in place and monitoring procedures for labour recruitment established						Government support and necessary resources mobilised in support of the complaints mechanism and monitoring procedures	MT,NB
1.4.2. Resource centres fully operational in providing advice and information on safe migration	Project monitoring/progress reports (TRIANGLE project)	0 (2011)	By 2012, migrant resource centres are established in three provinces							MT,NB
1.4.3. Draft government decree on labour migration	Draft Decree		By 2013, draft decree on labour migration adopted						Assumption: government approves decree by 2013	MT,NB

CP PRIORITY 2: IMPROVING LABOUR MARKET GOVERNANCE

Outcome 2.1. Labour law is more effective at facilitating social dialogue, resolving disputes, setting wages and preventing misuse of employment contracts

2.1.1. Ministerial decree on employment contracts, termination and wages/benefits issued/drafted/developed	Ministerial Decree		By 2012, new ministerial decree on employment contracts, termination and wages/benefits issued							JR,DR,PA
2.1.2. Establishment of National Tripartite Committee (NTC) together with related subcommittees on a number of key issues	NTC statute/standard operating procedures/mandate		By 2012, the NTC is established by law or decree, at least 3 subcommittees are created (on industrial relations, wage setting and employment contracts), and a strategic plan including secretariat and resource needs is endorsed	Milestone: 1. (date)Prime Ministerial decree is drafted with ILO assistance, discussed in tripartite setting, and adopted.					Assumption: government endorsement and support for committee, together with reasonable resource and staffing commitments	JR,TD

2.1.3. Comprehensive labour law revision undertaken with tripartite support and in line with ratified conventions and international good practices	Revised labour law document		By 2013, draft legislation on revised labour law has been submitted to National Assembly						Government agrees to submit the revised labour law by 2013	JR,TD,DR,PA
2.1.4. Institutionalisation of a national tripartite consultation mechanism			By 2013, a standing national labour advisory committee is established with government support						Assumption: government supports the new committee, and provides reasonable accompanying resources/staffing	JR,TD,DR,PA

Outcome 2.2. Ratification and effective application of fundamental and governance conventions

2.2.1. No. of officials trained in labour inspection	Training guidelines, attendance records (training), official records (government)		By 2015, at least 10% of total labour inspection officials from MoLSW have received training							TD
2.2.2. Number of fundamental and governance conventions ratified and applied by Lao PDR	Official documentation (ILO and Government)		By 2015, Lao PDR has ratified and is applying at least three new fundamental and/or governance conventions						Assumption: political will and prerequisite capacity to ratify and apply conventions is in place prior to 2015	TD
2.2.3. Reporting obligations under the ILO Constitution discharged in a timely manner, in particular the annual report on non-ratified Conventions ("Art. 19 reports") and reports on ratified Conventions ("Art. 22 reports")	Official reports submitted to ILO		By 2013, two Art.19 reports have been submitted and 80 percent of Art.22 reports have been submitted on time						Assumption: requisite political will and capacity to report on conventions is present prior to 2013	TD

Outcome 2.3. Effective application of laws against gender discrimination

2.3.1. Gender equality concerns and inequalities are explicitly addressed in the policies and action plans of ILO constituents	Policies and action plans of relevant institutions		By 2015, half of the MOLSWS departments, the LNCCI and the LFTU have identified and implement at least one gender equality measure						Assumption: implementing actors have sufficient capacity to translate knowledge on gender issues into practical and effective tools and measures	NH
2.3.2. Relevant laws are revised and made consistent in line with ILO Conventions No. 100 and 111	Labour law document		By 2013, inconsistent articles in the labour law on the development of women have been revised in line with the relevant international instruments							TD,NH
2.3.3. Subcommittee under the National Tripartite Committee is established to cover equality at work issues			By 2015, a Subcommittee on equality at work established under National Tripartite Committee, with at least 30% female members						Assumption: government is able to nominate or approve the appointment of sufficient female members to meet the 30% requirement	TD,NH

Outcome 2.4. The elimination of child labour receives stronger recognition as an integral part of national development policies, plans and programmes

2.4.1. Knowledge base on child labour in Lao PDR is strengthened (for policy information and action)	National Child Labour Survey		By 2012, the National Child Labour Survey is available and widely disseminated among policymakers and other stakeholder groups							SS
2.4.2. National policy to end child labour is adopted and operationalised	National Policy document		By 2013, a National Policy and Plan of Action to end Child Labour is adopted and implementation is underway						Assumption: political will and external resources mobilised	SS
2.4.3. Child labour concerns mainstreamed into national development frameworks, particularly in the areas of education and social protection	Published/official copies of relevant plans/policies		By 2013, child labour concerns are incorporated into national education sector development plan and/or national social protection policy						Assumption: political will for completing these reforms by 2013	SS

CP PRIORITY 3: IMPROVING AND EXPANDING SOCIAL PROTECTION

Outcome 3.1. Social protection mechanisms strengthened and expanded, with a particular focus on health insurance

3.1.1. Policy and regulatory framework developed at the national level in support for harmonization of social health protection benefits from the four main schemes			By 2013, policy and legislation has been adopted by the government and national assembly to harmonize existing social health schemes into a single scheme						Assumption: political will for passing this legislation/policy by 2013	VS
3.1.2. Harmonized benefit packages and IT system adopted and operationalised nationwide			By 2015, harmonized benefit packages and IT system adopted and operationalised nationwide						Assumption: political will and requisite resources and capacity are available to rollout this initiative nationwide	VS
3.1.3. Proportion of disabled persons and persons with HIV/AIDS included in health insurance and other social protection schemes			By 2015, the harmonised social health protection scheme has at least 10 percent more members with disabilities and HIV/AIDS							VS,RH

Outcome 3.2. Policies and programmes developed for HIV and AIDS and the world of work

3.2.1. Official national policy framework in place on HIV and AIDS in the Workplace and aligned with ILO Recommendation 200 on HIV and AIDS in the World of Work	National Policy document		By 2015, a national policy on HIV and AIDS in the workplace is adopted							RH
3.2.2. Workplace programmes for HIV/AIDS awareness and rights protection developed in new sectors			By 2015, workplace HIV/AIDS programmes have been adopted in enterprises in at least three sectors (transportation, construction, hotels and entertainment)						Assumption: sufficient resources are mobilised	RH

Outcome 3.3. Improved institutional and legal mechanisms for the promotion of Occupational Safety and Health in the workplace

3.3.1. Second National OSH Plan adopted and implemented	Published 2nd National OSH Plan		By 2012, the 2nd National OSH Programme has been adopted and implementation is underway						Assumption: government timeframe for adoption is in line with 2012 target	
3.3.2. Decree covering legal provisions for OSH in the workplace (including inspection) is implemented	Official copy of the decree		By 2013, a Decree covering legal provisions for OSH in the workplace is passed and application is underway						Assumption: government passes decree in time for 2013	
3.3.3. Number of OSH inspectors trained and regularly conducting inspections			By 2015, 100 new OSH labour inspectors are trained and regularly conducting inspections						Assumption: trained inspectors have sufficient capacity to implement inspections, and government commits financial resources to employ them	
3.3.4. Enterprise-level application of OSH standards in the workplace			Between 2011 and 2015, at least 100 enterprises per year apply OSH standards in their workplaces						Assumption: sufficient numbers of enterprises have the will and capacity to apply the standards	
3.3.5. Number of occupational injuries in small enterprises, construction and agriculture	Official records (national OSH database)		By 2015, there has been a 15 percent reduction in the number of recorded occupational injuries in small enterprises, construction and agriculture (% of total, three sectors combined)						Assumption: awareness and inspection-rates are sufficiently high to reduce workplace injuries	

CP PRIORITY 4: ENHANCING CONSTITUENT CAPACITIES AND STRENGTHENING SOCIAL DIALOGUE

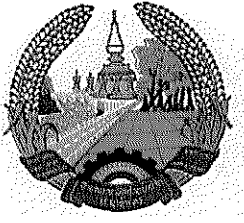
Outcome 4.1. Enhanced capacity of Lao National Chamber of Commerce and Industry

4.1.1 LNCCI BEA launched and sustained number of new products and services	Supporting documents for new products/services		By 2015, at least three new products or services have been launched and sustained						Assumption: LNCCI has sufficient will, resources and capacity to implement and sustain products/services	DR
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4.1.2 Number of policy position and recommendation papers produced by LNCCI for consideration by the Government	Policy position / recommendation papers		By 2015, at least three new comprehensive submissions for policy consideration are submitted by LNCCI to the government each year							DR
Outcome 4.2. Enhanced capacity of Lao Federation of Trade Unions (LFTU)										
4.2.1 LFTU strategy and agenda to advocate/lobby for a national social dialogue mechanism is developed	Published or official strategy/agenda document		By 2015, the LFTU has developed a strategy and agenda for the promotion of a national social dialogue mechanism						Assumption: LFTU has sufficient resources and capacity to develop the strategy and agenda	PA
4.2.2 Proportion of new union members coming from underserved societal groups, namely youth, migrant workers, women and informal economy workers	Union membership lists		By 2015, unions in Lao PDR will have 10 percent more members from the following groups: youth (aged 15-24); migrant workers; women; informal economy workers						Assumption: recruitment drives are well targeted at the relevant underserved groups; persons in these groups actually wish to join unions	PA
Outcome 4.3. Improving mechanisms for preventing and resolving disputes										
4.3.1. The concept of collective disputes is recognised in the labour law	Labour Law document		By 2013, the concept of collective disputes has been introduced into the labour law						Assumption: revision made to the law and accepted by government by 2013	JR,DR,PA
4.3.2. Establishment of a formal national body for dispute conciliation and arbitration, with equitable representation of women and men	Operating guidelines/mandate of new body		By 2015, a national body for dispute conciliation and arbitration has been established and operationalised, with no less than 30 percent membership of either sex						Assumption: formal body approved and supported by government and social partners	JR,DR,PA
4.3.3. Number of cases successfully resolved by the national body for conciliation and arbitration	Official records of the conciliation and arbitration body		By 2015, 10 percent of cases heard by the national conciliation and arbitration body are resolved (with tripartite support)						Assumption: social partners have sufficient awareness of and faith in the new body to submit cases to it and accept its rulings	JR,DR,PA
Outcome 4.4. Enhancing institutional and legal mechanisms to determine Minimum Wage(s)										
4.4.1. Formal mechanism for minimum wage setting is adopted by the government with bipartite support	Official records (MoLSW)		By 2014, the National Tripartite Committee approves formal mechanism for setting minimum wage(s) in Lao PDR						Assumption: political will and support for the formal wage setting mechanism	JR

KEY - RESPONSIBLE PERSONS

CT	CARMELA TORRES
DR	DRAGAN RADIC
PA	PONG-SUL AHN
SD	SUKTI DASGUPTA
SY	SANDRA YU
VB	VALERIE BREDA
TD	TIM DE MEYER
CD	CHRIS DONNGES
JR	JOHN RITCHOTTE
NH	NELIEN HASPELS
EP	EMMANUELA POZZAN
RH	RICHARD HOWARD
CB	CHARLES BODWELL
SS	SIMRIN SINGH
MT	MAX TUNON
NB	NILIM BARUAH
VS	VALERIE SCHMIDT-DIABATE
MC	MATTHEU COGNAC
AR	ANNEMARIE REERINK



International Labour Office

MEMORANDUM OF UNDERSTANDING

Whereas the Government of the Lao People's Democratic Republic (Lao PDR), the undersigned workers' and employers' organizations, and the International Labor Organization (ILO), represented by the International Labor Office (referred collectively as Parties), wish to collaborate in order to promote and advance decent work in Lao PDR.

Now therefore, the Parties hereby agree as follows:

1. The Parties affirms their commitment to collaborate in the implementation of the Decent Work Country Programme (DWCP).

The following are agreed as priorities of the DWCP:

Priority 1: Promoting Employment and Skills Development for More Equitable Growth and Poverty Reduction;

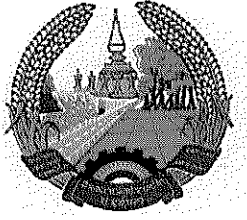
Priority 2: Improving Labour Market Governance;

Priority 3: Improving and Expanding Social Protection;

Priority 4: Improving Constituent Capacities and Strengthening Social Dialogue.

2. The ILO agrees to assist in mobilization of resources and to provide technical cooperation in the implementation of the DWCP, subject to its rules, regulations, directives and procedures, the availability of funds and conditions to be agreed upon in writing.
3. In relation to DWCP and to any related activities of the ILO in the country, the Government will apply, to the Organization, its personnel and any person designated by the ILO to participate in the ILO activities, the provisions of the Convention on the Privileges and Immunities of the Specialized Agencies and its Annex I relating to the ILO, to which Lao PDR has acceded on 9 August 1960.
4. This Memorandum of Understanding (MOU) may be modified by agreement between the Parties.

Nothing in or relating to this MOU shall be construed as a constituting a waiver of privileges and immunities enjoyed by the ILO.

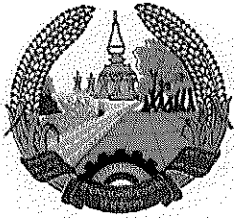


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The DWCP is attached to this MOU. In the event that the terms contained in the DWCP document are incompatible with the terms of this MOU, including the provisions referenced in article 3, then the latter shall govern and prevail.

The original of the MOU has been written and signed in English. If this MOU is translated into another language, the English version shall govern and prevail.

This MOU, superseding all communications on this matter between the Parties, shall enter into force with effect from its signature by the authorized representatives of the Parties.



International Labour Office

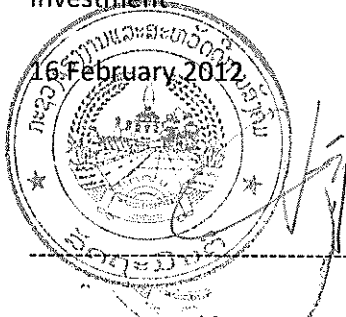
For and on behalf of the Government



H.E. Mr. Somchith Inthamith

Vice Minister of Ministry of Planning and Investment

16 February 2012

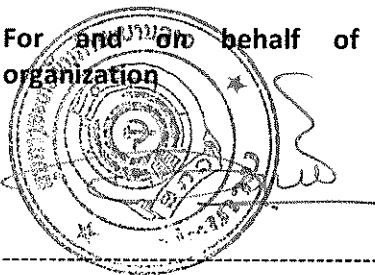


H.E. Mr. Bounkhong Lasoukane

Vice Minister of Labour and Social Welfare

16 February 2012

For and on behalf of Workers' organization



H.E. Mr. Vanhna Louangprachanh
Vice President of Lao Federation of Trade Union

16 February 2012

For and on behalf of the International Labour Office

H.E. Mr. Jiyuan Wang

Director of Country Office for Thailand, Cambodia, and Lao PDR

16 February 2012



For and on behalf of Employers' organization



Dr. Sananh Chounlamany
Vice President of Lao National Chamber of Commerce and Industry

16 February