



# JOINT PROGRAMME HIGH-FREQUENCY DATA

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## About the Joint Programme “High-Frequency Data”

The global COVID-19 pandemic, coupled with the food, energy, and financial crisis has exacerbated the vulnerability of households and increased poverty. According to the UN Global Crisis Response Group, the world has not been in this state in recent history; ‘60 percent of workers have lower real incomes than before the pandemic; 60 percent of the poorest countries are in or at high risk of debt distress; developing countries lack USD1.2 trillion per year to fill the social protection gap, and USD4.3 trillion will be needed annually - more money than ever before - to meet the Sustainable Development Goals (SDGs).<sup>[1]</sup>

Lao PDR is no exception. The inflation rate in Lao PDR hit 34.1 percent in September 2022, the highest since May 2000, amid a surge in energy and consumer goods prices.<sup>[2]</sup> According to the latest numbers of the Lao Statistics Bureau of September 2022, the price of food rose by 35.54%, while transport costs recorded an increase by 55.89% and healthcare products including medicine increased by 44.5%. Driven by the global energy market, in combination with the shortage of foreign currency reserves, the price of fuel has also increased substantially, and the risk of further fuel shortages such as that faced in recent months is not over. Owing to macroeconomic structural imbalances, the country’s national currency – Lao Kip – value has depreciated.

Existing regular data monitoring systems provide information only with a time-lag, and often in an aggregated form. In a context where substantial shifts occur within days and weeks, there is a need for higher-frequency data. To better understand the impact of the fast-evolving food, energy and financial crisis on the nation’s fiscal capacity and on individual households, in collaboration with the Lao Academy for Social and Economic Sciences / MRI the UN in Lao PDR prepared a Joint Programme on ‘High-Frequency Data’ with the aim to provide targeted, disaggregated, and timely data to inform efficient policy responses and course corrections.<sup>3</sup>

The Joint Programme aims at issuing three bulletins and one Policy Brief to policymakers at all levels. The first issue – this bulletin – focuses on understanding and identifying vulnerable groups impacted by the crisis; the second will focus on ‘Food Security and Livelihoods’, and the third and final bulletin is on ‘Macroeconomic analysis of the country’s economy.’ Lastly, a final summative policy dialogue workshop will bring together concerned government sector ministers, United Nations agencies, and other development partners to deliberate on the key findings and chart the way forward.

The Joint Programme is supported by the Joint SDG Fund – Development Emergency Modality Response to the Global Crisis on Food, Energy, and Finance.<sup>[3]</sup>

<sup>[1]</sup> Global Crisis Response Group, Brief No. 2 (unctad.org), accessed on 13 Oct 2022

<sup>[2]</sup> Lao PDR Inflation Rate, Tending Economics, <https://tradingeconomics.com/laos/inflation-cpi>

<sup>[3]</sup> Development Emergency, UN, <https://www.jointsdgfund.org/development-emergency>, accessed on 13 Oct 2022

## VULNERABLE GROUPS

### EXECUTIVE SUMMARY

- The Lao PDR is in the early stage of its demographic transition, during which the number of people in productive age will exceed the number of dependent younger and elderly in need of care and support. This one-time demographic window of opportunity could drive higher economic growth if adequate investments are urgently made in human capital development.
- Despite firm government commitments, the current economic slowdown has affected the financing of human capital development efforts, including through reduced spending on social services. Public health and education spending fell from 4.3% to 3.1% of GDP over 2016-21. The risk of losing out on the potential of demographic dividend could result in increased vulnerabilities, poverty, and a demographic loss with severe implications on the development trajectory of the country as it moves towards graduation from the least developed country status.
- Women and girls are more vulnerable to economic shocks due to their limited access to income resources, education and skills development, and health services, including services related to reproductive, maternal, newborn, child and adolescent health. Adolescent girls are particularly vulnerable, due to high rates of early pregnancy and child marriage which often result in social exclusion, school dropout, and limited access to social services and eventual opportunities for long-term economic security. Data shows that women and girls are exposed to more domestic violence and harmful practices during economic stagnation.
- During times of economic slowdown, policies to maintain demographic resilience and improve human capital development should be considered among the most urgent priorities of financing strategies and response plans. With over 80,000 new job seekers entering the labour market annually over the next decade, investments in the preparedness of young people are key to Laos’ economic recovery and growth.

# INTRODUCTION

According to the definition of the United Nations Sustainable Development Group<sup>[1]</sup> vulnerable populations – or those who are at risk of being left behind in development – are often those who are economically, socially, spatially, and/or politically marginalised. This means they are the most likely to miss out on many of the benefits of development progress. Vulnerable populations are likely to be disconnected from societal institutions and lack information to access such institutions. They also have limited access to economic and social support systems and services that could improve their situation. Vulnerable populations are often not counted in official statistics, remaining invisible in the development of policies and programmes. Based on the global analysis of the United Nations, some of the driving forces behind such exclusionary processes include: (a) discrimination and inequality, (b) geography and ethnicity, (c) vulnerability to shock, (d) governance, and (e) socio-economic status, which often affects vulnerable people in multidimensional and compounding ways.

In the context of Lao PDR, two temporary factors are exacerbating the situation of already vulnerable groups, namely: (a) socio-economic implications of the COVID-19 pandemic, and (b) economic slowdown, inflation, and devaluation of local currency linked to the global economic crisis and longstanding economic vulnerabilities. Considering these exacerbating factors, special attention needs to be paid to the eleven groups that have been identified as vulnerable in the UN Common Country Analysis of Lao PDR – ethnic groups, women, children, adolescents, and youth, migrants, internally displaced persons, persons at risk of statelessness, LGBTIQ people, persons with disabilities, persons living with HIV, older persons, and populations in urban sprawl, unplanned settlements and camps.

## CONTEXT DEMOGRAPHIC TRANSITION AND VULNERABLE GROUPS

The Lao PDR is in the early stage of demographic transition. The population has increased from 6.7 million in 2015 to an estimated 7.4 million in 2022, and is expected to reach nearly 8.3 million by 2030.<sup>[5]</sup> **A gain of almost one million people in 8 years, with a comparable increase in the number of both males and females.** Achievements in the areas of health, including SRH, have resulted in a significant drop in death and maternal mortality. Improvements in women's ability to become pregnant by choice, and not by chance, shifted the total fertility rate from 4.4 in 2000 to 2.4 in 2022. It is projected that the total fertility rate will continue to decline to 2.2 by 2030.<sup>[6]</sup>

Changing patterns of mortality and fertility have resulted in a rapid structural age transition as shown in Figure 1. The country is now benefiting from a sizable adolescent and young population, creating a one-time demographic window of

Among the most vulnerable population, women and girls are known to be most impacted by external shocks.<sup>[2]</sup> Bearing the 'brunt of the consequences' of the pandemic, this looming double burden risks women and girls plunging into serious socio-economic challenges that could compromise their overall health and well-being. Urgent action is needed to stem the impact of the pandemic and prevent further aggravation of the vulnerabilities among women and girls as the country strives to cope with the current economic downturn.

Studies highlighted that the effect of food price hikes is disproportionately high on low-income urban households that rely heavily on purchased food.<sup>[3]</sup> The country's fiscal space is 'constrained by low revenue collection and the high debt service burden.'<sup>[4]</sup> This fiscal drain has a direct implication on the nation's social protection system, limiting its capacity to reach out immediately to its most vulnerable members.

The main objective of this bulletin, therefore, is to use rapidly available data to better understand, describe and analyse vulnerabilities of women and girls and other marginalised groups. It assesses their challenges in accessing social services, including Sexual and Reproductive Health (SRH) and GBV services, including access to modern family planning, mental health, and psychosocial counseling, and education during the economic shock to inform national policies and response plans. In addition, the demographic data of other vulnerable groups, such as people with disabilities and senior citizens, will be reviewed to support a comprehensive identification of vulnerable populations for policy responses. The context below will also spotlight the one-time opportunity the country is endowed with – its bulging youth group and outline emerging issues resulting from the compounding challenges.

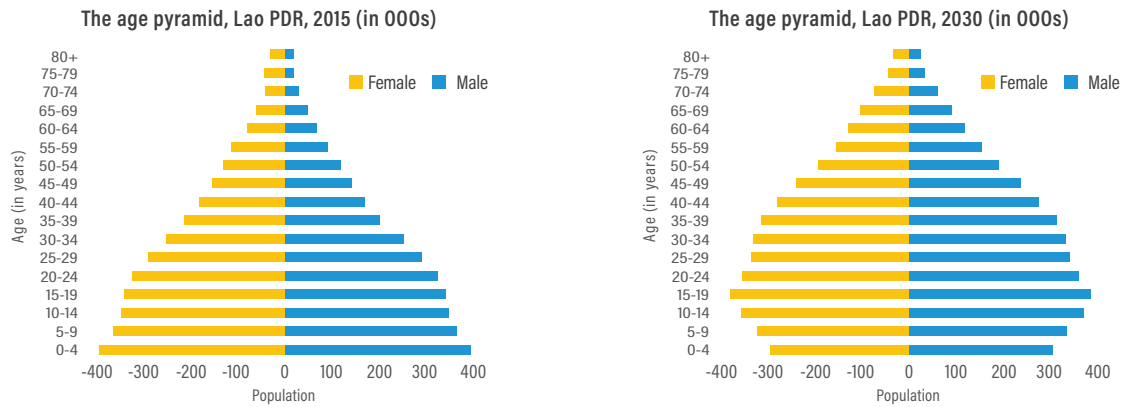
opportunity. The largest share of the working-age population and fewer dependents (those below 15 years and above 65 years old), can lead to higher economic growth if adequate investments are made in human capital can be productive.

The current economic downturn and shortage of development financing in Lao PDR could hamper the realisation of the demographic dividend and lead the country into increasing vulnerabilities and demographic loss.

Nearly half of the 7.4 million inhabitants are estimated to be under 25 years of age, with an equal number of males and females. Seventy percent of the youth population resides in rural areas with the largest number in the provinces of Savannakhet, Vientiane, and Champasak.

There are also nearly 291,123 older women aged 60 years and above, and approximately 80,000 women living with at least

Figure 1: Lao population pyramids in 2015 and 2030



Source: UNFPA Demographic Dividend brief 2020

\*Extract from the Demographic change for development Lao People's Democratic Republic 2030 report.

one type of disability.<sup>[7]</sup> Senior citizens and those living with disability are more vulnerable to the economic implications of COVID-19 and other economic shocks due to their limited access to income resources and employment opportunities.

Adolescent girls are particularly vulnerable, due to high rates of adolescent pregnancy which is one of the highest rates in the region. In 2016-17, 23.5 percent (nearly 1 in 4) of girls aged 15–19 years were married/in-union and 83 of every 1,000 girls in the same age groups had given birth, which is amongst the highest in ASEAN. There are distinct differences between rural and urban areas (101 and 42 births per 1,000 adolescent girls 15-19 years old, respectively) and even higher for the poorest quintile, standing at 156 per 1,000 adolescent girls aged 15-19 years.<sup>[8]</sup> The adolescent birth rate in Hmong-Mien ethnic group is 192.

Early marriage is still common in Lao PDR. The median age at first marriage for women is 19.2 years which has been relatively unchanged over the past two decades.<sup>[9]</sup> The proportion of young people that are married is strongly

correlated to their level of education and their wealth quintile. A smaller proportion of urban youth are married when compared to rural youth, and early marriage is more common in some ethnic groups.

The labour force participation rate was recorded to be 78.2% overall in 2018, with the female participation rate at 76.8% and the male at 79.7%. This is expected to drop significantly for women during the economic shocks due to higher engagement rates in the informal sector and limited access to social security.<sup>[10]</sup>

Women's economic participation is essential for Lao PDR's development and to harness the demographic dividend. The COVID-19 pandemic has resulted in a loss of jobs and economic opportunities for young women, which the current economic downturn has exacerbated. The current crisis has also further constrained the fiscal space of the government, which hinders the government's ability to invest in human capital.<sup>[11]</sup>

## Emerging Issue 1:

### Reversal trend in accessing Sexual and Reproductive Health (SRH) services

In line with the implementation of the Reproductive, Maternal, Newborn, Children, Adolescent Health (RMNCAH)<sup>[12]</sup> Strategy 2016-2025, the Lao PDR has made a sizeable achievement in the provision of family planning, improving sexual and reproductive health of women and girls and reducing maternal mortality during the past decade and especially in the pre-pandemic era.

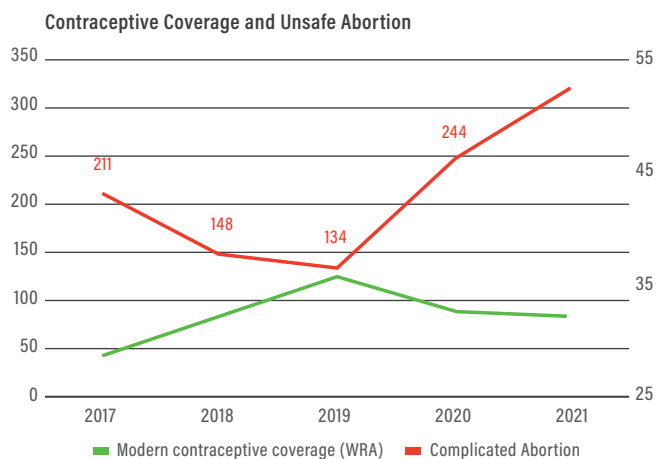
The government's investment in procuring family planning commodities increased from 3.5 to nearly 32 percent pre-COVID-19 pandemic. This has coincided with a sharp increase in the modern contraceptive prevalence rate of 49.0 percent among women at reproductive age in 2017<sup>[13]</sup>, and a significant decline in maternal mortality rate from nearly 440 in 2000 to 190 per 100,000 women in 2017. However, 54.9 percent of married women or those in union do not use any modern contraceptive, and this is even higher among women in some ethnic groups, e.g., Hmong-Mien

(66.3%) and those women in the poorest deciles (56.6%).

The pandemic has significantly impacted the provision and use of family planning services. Since contraceptive use dropped between 2020 and 2021, unsafe abortion has dramatically increased due to the limited access to family planning commodities, leading to increased unintended pregnancies. The trends of declining contraceptives and increasing unsafe abortion are evident in Figure 2. The declining trend of using contraceptives and the increasing pattern of unsafe abortion will seriously affect the health and vulnerability of women.

At the same time, due to the ongoing economic challenges, the government's fund for procurement of family planning commodities has dropped to nearly 12 percent, with a funding gap of nearly USD7.7 million expected in the next eight years. A full scale-up of Family Planning and Nutrition, Maternal, Newborn, Child and Adolescent

Figure 2: Reversal trend in contraceptive use and unsafe abortion



Source: DHIS 2021

Health interventions could require an additional USD109.0 million more than business as usual over 2022-2030.<sup>[14]</sup>

The investment in the availability of rights-based family planning methods works on empowering women and girls to make informed choices. This could also reduce the cost requirements for other interventions, as it reduces the demand for services by ensuring a reduction in unintended pregnancies and births. The reduction of unintended pregnancies can lead to educational benefits and increased lifetime earnings for girls, as well as economic benefits from increased workforce participation among women.

Considering the current young demographic profile, it is evident that the recent economic downturn will affect reproductive health funding and financing, which could potentially increase the vulnerability of women and adolescent girls and consequently hinder the development and opportunities for reaping the demographic dividend.

## Emerging Issue 2:

### Increase in demand for Mental Health and Psychosocial Counseling (MHPSS)

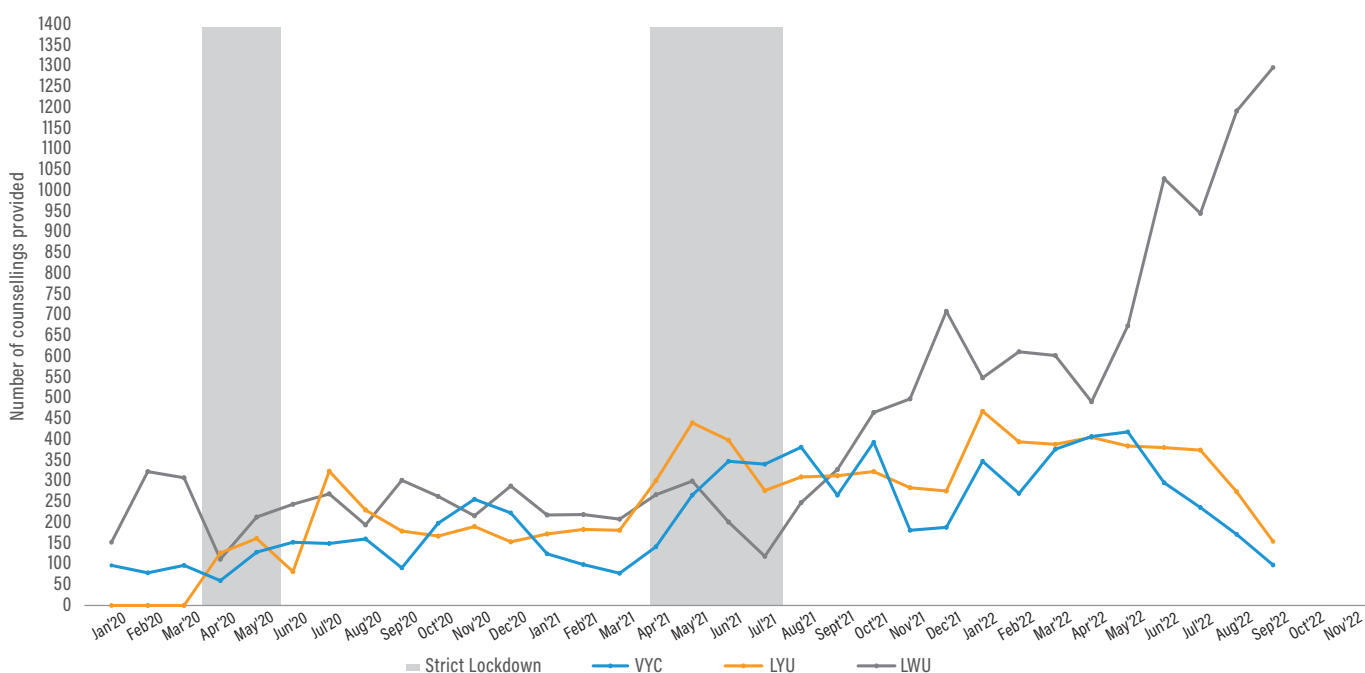
Gender-based violence (GBV), sexual exploitation, and abuse generally increase in times of crisis and fragility. Global data show a sharp increase in violence against women and girls during humanitarian crises, emergencies, and economic shocks at the global and regional levels.<sup>[15]</sup>

Instances of sexual abuse have increased during COVID-19 due to the associated lockdown measures in Lao PDR. The number of reported rape cases has increased as has the counseling requests for girls under the age of 18 who have been sexually exploited, committed mainly by family members. Accessing GBV services was challenging due to restrictions on movement, reduced qualified personnel in the field, and limited available services.<sup>[16]</sup> Discussions with hotline counselors revealed that many women and young girls

experience various forms of violence in Lao PDR. For married women, the primary source of conflict that leads to physical and emotional abuse is the distribution of household income. As financial insecurity increases, spousal tensions are likely to increase in many households, increasing the risk of emotional and physical abuse.<sup>[17]</sup>

The aggregated data from helpline services (Figure 3) of Lao Women Union (LWU), Lao Youth Union (LYU), and Vientiane Youth Center (VYC) shows that there is a 3-5 times increase in calls to the helpline for counseling services during strict lockdowns, and especially during the first six months of the year 2022 at the outset of economic challenges in Lao PDR (for more detailed information on the reasons of calls see the graph provided in the annex).

Figure 3: Number of Counseling provided by LWU, LYU & VYC Jan 2020 - Sept 2022



## Emerging Issue 3:

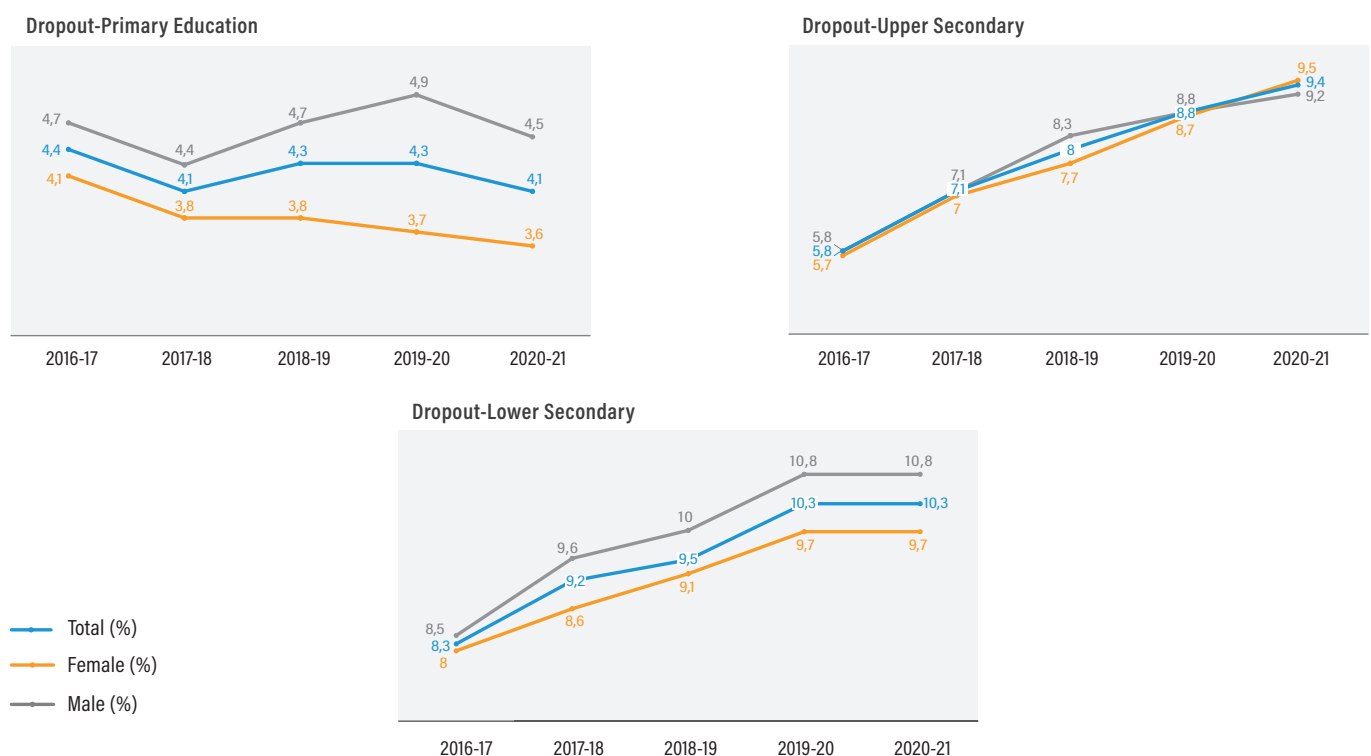
### Reversal trend of girls' school dropout

The COVID-19 pandemic coupled with the food, energy, and financial crisis has disrupted the lives of people from every section of the society. It significantly impacted the health, well-being, and comprehensive development of adolescents and young people.

Livelihood disruptions and income fluctuations are expected to increase the rate of dropout and risk of completion of education for a greater number of children, and adolescents leading to long-term development losses.<sup>[18]</sup>

An analysis of data from the Lao PDR School Census shows that boys were dropping out more than girls both at lower and upper secondary levels between 2016-17 to 2019-20. Despite a slight decline in primary school dropouts for girls, this trend has reversed at the upper and lower secondary level during the pandemic. For example, the dropout rate for girls in the upper secondary in 2020/21 was recorded at 9.5 percent - slightly higher than that of boys at 9.2 percent. Increased school dropouts for girls can increase the risks of early marriage, early pregnancy, sexual exploitation, and child labour.

Figure 4: School dropout at primary, lower, and upper secondary



Source: Ministry of Education and Sport, 2020-21

## Emerging Issue 4:

### Poor urban and rural households are disproportionately burdened

Inflationary pressures, particularly food price hikes have a disproportionate burden on low-income households. Inflation in Lao PDR rose from less than 2 percent in February 2021 to 9.9 percent in April 2022 (year-on-year), reaching 34.1 percent in September, second only to Sri Lanka in the Asia-Pacific region. This was driven in particular by rising costs for transport (55.8%) and health (44.5%).<sup>[19]</sup> As most rural households rely on their own-produced food items, mainly rice, the direct impact of this price uptick is moderate. The most considerable burden, thus, has been shouldered by urban households that depend on purchased food.<sup>[20]</sup> However, due

to rise in agricultural input prices – such as fertiliser and fuel – has also impacted vulnerable rural households.

The price increase in agricultural inputs has a cascading effect on farm productivity and the food security of vulnerable farmers. As the most recent FAO assessment uncovered, the most susceptible farmers were unable to access agricultural inputs for the ongoing 2022 wet season, which is expected to lead to a drop in agricultural production, incomes, and food security.<sup>[21]</sup>

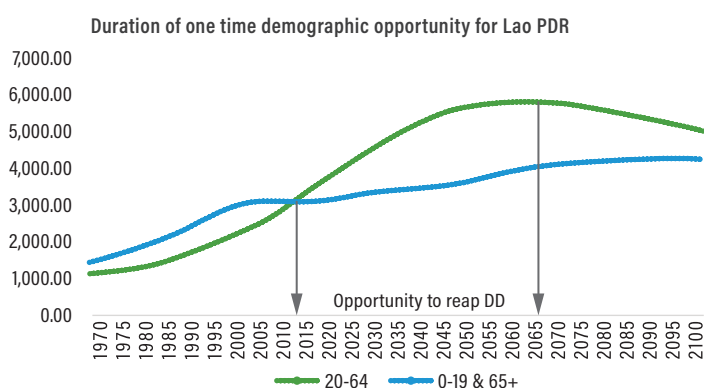
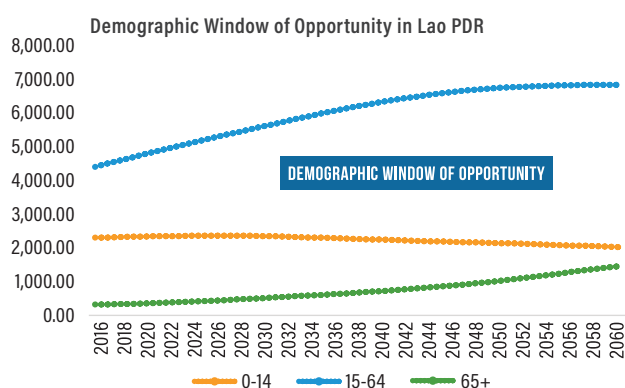
# POLICY RECOMMENDATIONS

- Mainstreaming gender into all analysis and responses related to financial challenges and economic implications of COVID-19 as well as the current crisis on food, fuel, fertilisers, and finance.
- Strengthening data and monitoring systems to collect and analyse disaggregated data on vulnerable groups, identify gaps, and assess service provision programmes.
- Supporting family planning programmes – models predict that USD1 invested in family planning gives USD6 in return on the investment - ensuring all women and girls have access to information and services<sup>1</sup>.
- Continuing to make Comprehensive Sexuality Education (CSE) and Basic Life Skills Training accessible in and out of school to all young people and supporting strategic interventions such as providing financial assistance and accommodation for increasing girls' retention in schools.
- Providing soft and technical skills, especially to unskilled adolescents and youth. Developing the skills of rural youth on organic, renewable energy, and other sustainable practices, reskilling, and upskilling rural workers through linkages to employment opportunities.
- Strengthening the (targeted) social protection system to provide financial assistance and economic incentives (cash transfers, vouchers, tax cuts), social safety nets, and long-term opportunities equally to women and girls, people with physical disability, elderly, especially in poor urban households and women in agri-food systems.

<sup>1</sup> UNFPA, June 2017, <https://www.unfpa.org/resources/investing-family-planning-best-buy2>

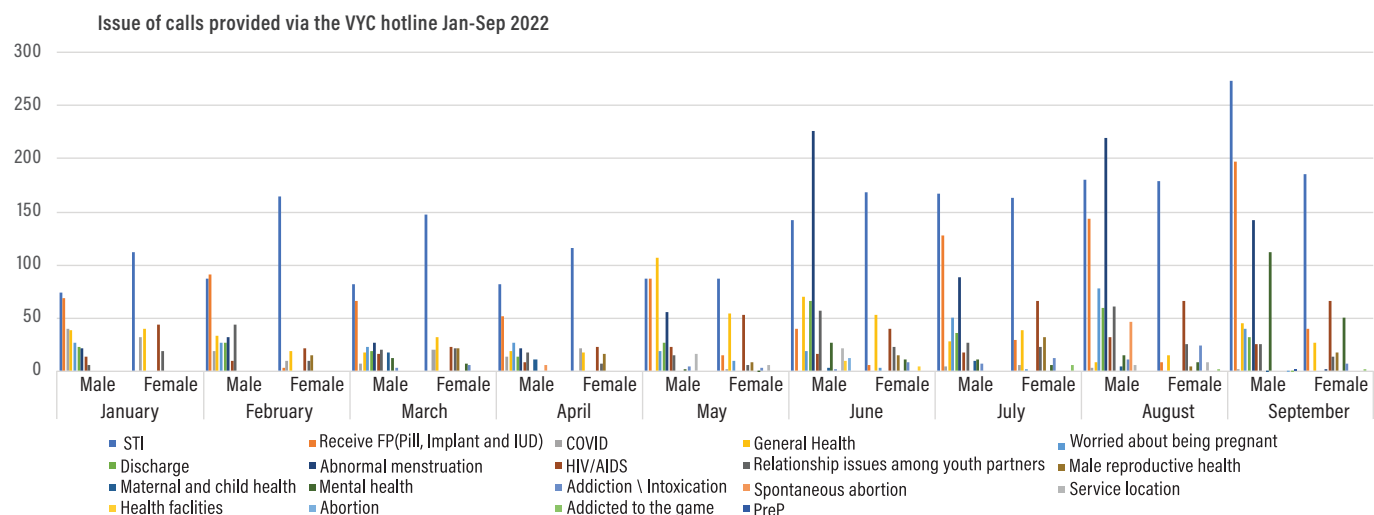
## ANNEX

### 1. Population transition and the demographic dividend in Lao PDR



Source of data: United Nations, Department of Economic and Social Affairs, Population Division (2022). World Population Prospects 2022

### 2. Number of calls to VYC by the reasons/issues raised - January-September 2022



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The interpretations and conclusions in this update do not necessarily reflect the individual views of the Lao Academy of Social and Economic Sciences, the Government of Lao PDR, or the United Nations Country Team in Lao PDR.

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