

2022

COMMON
COUNTRY
ANALYSIS
UPDATE



UNITED NATIONS
LAO PDR



2022 Common Country Analysis Update

With the reform of the UN development system (UNDS), the UN country team (UNCT) is taking new steps to improve the integration, efficiency, and effectiveness of its programming.

The most important instrument to take forward the UNDS reform in Lao PDR is the implementation of Lao PDR-UN Sustainable Development Cooperation Framework 2022-2026 (UNSDCF). The design of this strategic framework took place in 2021 jointly between the Government of Lao PDR, led by the Ministry of Foreign Affairs, and 25 UN Agencies, Funds and Programmes under the Resident Coordinator's leadership.

The UNSDCF is aligned with Lao PDR's 9th National Socio-Economic Development Plan (NSED) and built on a thorough and independent Common Country Analysis (CCA) which, in accordance with [UNSDCF guidance](#) is a periodic reflection of evolving country contexts, and identified the key development challenges of Lao PDR. To ensure programming remains appropriate and focused on tackling the right issues in the right ways, the CCA is reviewed annually.

This first annual update takes place after the first year of Cooperation Framework implementation and reflects new developments and new evidence that has become available since the initial CCA in 2021. It should be read in conjunction with that analysis as a baseline and should not be seen as a standalone and comprehensive analysis in itself.

The CCA, analysing the development context, is alongside the Annual Report, which analyses the UN's programmatic achievements and challenges against the UNSDCF's results framework, a key ingredient to the annual evidence-based strategic and programmatic planning between the Government of Lao PDR and the United Nations (the Joint Workplans). To facilitate the transition between evidence generation and strategic planning, the CCA is primarily structured against the outputs and outcomes of the UNSDCF, which are the agreed priorities of the Lao PDR Government and UN (see annex 1).

Legend - Traffic Light System	
	<i>Dark green means that a substantial development progress was observed</i>
	<i>Light green means that some development progress was observed</i>
	<i>Yellow means that the development situation has remained relatively unchanged/ the situation is mixed</i>
	<i>Orange means that the development situation has regressed and/or challenges have increased</i>
	<i>Red means that the development situation has substantially regressed and/or challenges have substantially increased</i>
	<i>White means that there was insufficient evidence available</i>
	No inputs received

The CCA update also uses a simple colour-coding that helps visualize changes to the development context, and in particular emerging challenges that would require changes to UN programming (see table on the left).

Sources are provided in footnotes.

The CCA update was prepared by the Programme Oversight Group (POG) with inputs received from outcome and output leads of the UNSDCF between October and November 2022. It was endorsed by the UNCT and shared with the Lao PDR Government in December 2022.

Key highlights and cross-cutting points

- **H.E. Sonexay Siphandone**, former Deputy Prime Minister, **was appointed as the new Prime Minister of the Lao PDR** to replace H.E. Mr Phankham Viphavanh **on 30 December 2022**. Upon appointment, H.E. Sonexay Siphandone pledged commitment to addressing the key issues facing Lao PDR (see below), amongst others by: i. maintaining firm political stability and security and constantly addressing social ills; ii. improving macro-economic management through various measures, including continuous reform of state enterprises and the financial-budgetary and monetary system; iii. improving good governance; iv. creating basic factors conducive to sustainable development, alleviating poverty, and narrowing the development gap.¹ The appointment of the new Prime Minister may be accompanied by further changes in the Government cabinet, to be confirmed at the start of 2023.
- Previously, after observing very limited numbers of infections at the beginning of the global pandemic, Lao PDR faced several waves of the Delta and Omicron variant in 2021 and early 2022. While the health impact was limited by strict mitigation measures, the socio-economic consequences of COVID-19 are important and still tangible. The global and local disruptions of COVID-19 have led to a **deceleration of economic growth** - the lowest in three decades – at 0.5% and 2.5% in 2020 and 2021 according to the World Bank² and, at 3.3 and 3.5% by Government accounts.
- After a promising start to 2022 with the opening of international borders, the success of the vaccination campaigns, a gradual recovery of the tourism sector, and the opening of the Lao-China railway, a period of intense macro-economic instability due to the global food, energy and financial crisis followed often referred to as the 4F crisis (food, fuel, fertilisers, and finance).
- **The global '4F' crisis has indeed seen both a significant deterioration in macro-economic performance and a squeeze of the cost of living in Lao PDR**. Inflation accelerated to a record 38.5% in November 2022 (since January 2022) – core inflation standing at 33%, the highest figure in the region – with food prices increasing by 38.8% and transport by 58.1%³. High food prices are squeezing households' incomes and resulting in increased hunger, with low-income families skipping meals. This coping strategy has multiplier effects on their nutrition, health and education. The divergence between the official exchange rate and the generally available parallel market rate widened from insignificant at the beginning of the year to 19% in May⁴. In the year to October 2022, the Lao Kip depreciated by 68% against the US dollar⁵. During April-June 2022 and in a tight fiscal environment, the Government also had to resort to a credit line to fuel importers to limit shortages.
- The World Bank estimates that **public debt will increase to over 100% of GDP by the end of 2022**⁶. As of 2020, debt was equivalent to 72% of GDP, of which 93% was foreign, and debt service costs equivalent to 39% of government revenue⁷. Given the proportion of debt repayable in foreign currency, the observed currency depreciation compounds the risk of debt distress. On 10 October 2022, major sovereign credit rating agency Fitch Ratings affirmed the Lao PDR's CCC- rating and subsequently discontinued its rating for commercial reasons⁸.
- There are very **limited resources available for crucial investments in social sectors and climate-resilient and sustainable development**. Debt service costs are expected to average USD1.2

¹ Vientiane Times. "[Dr Sonexay Siphandone elected new PM as Laos faces greatest challenges in decades](#)", 3 January 2023.

² WDI, World Bank

³ Bank of Lao PDR

⁴ Vientiane Times, 13 May 2022

⁵ World Bank, Lao Economic Monitor, October 2022

⁶ Ibid.

⁷ Ministry of Finance, Lao PDR, "Annual PPG Debt Statistics Bulletin 2020"

⁸ [Fitchratings.com, 2022](#)

billion/year over 2022-2026, exceeding public investments in health and education combined⁹. Public health and education spending fell from 4.3% to 3.1% of GDP over 2016-21¹⁰. In 2022 the Government reduced the central and provincial budgets for health by an estimated 30% and 10% respectively, whilst the cost of imported medicines and vaccines increased rapidly¹¹. Donor pressure for co-financing is an added challenge for ODA-dependent sectors.

- **Pressure to mobilize resources to address financial challenges has led to a renewed focus on the granting of mining concessions and energy projects¹²**, which may challenge environmental sustainability goals including Lao PDR's the [Nationally Determined Contribution](#) (NDC) targets set by Lao PDR under the Paris Agreement.
- In response to increasing challenges, in August 2021 the National Assembly adopted the National Agenda for Addressing Economic and Financial Difficulties. This is an urgent priority effort to address chronic issues and prevent the emergence of a severe economic crisis owing to a weak economic base, high budget deficit, high public debt, foreign currency imbalance, and fragility in the banking system. More recently, the 9th NSEDP Financing Strategy was validated, focusing on restoring fiscal space for and aligning private investments to the achievement of national development priorities.
- **Lao PDR's economic development pathway in recent years has largely relied on foreign and domestic investments in resource extraction and is environmentally unsustainable.** Whereas policy documents and national objectives (e.g., 9th NSEDP, National Green Growth Strategy, National Climate Change Strategy) foresee ambitious environmental action (e.g., reducing greenhouse gas emissions by 60%, increasing forest cover to 70% of total land area by 2030, and achieving net-zero emissions by 2050), further reforms are needed to consolidate Lao PDR's transition to a green economy¹³. Environmental sustainability shortcomings are now worsened by the economic crisis and pressing need to mobilize revenues, which has increased the incentives for unsustainable natural resource exploitation for short-term fiscal relief. This poses long-term risks of "lock-ins" to environmentally unsustainable economic models.
- **Regional and trans-national organised crime networks are increasingly involved on Lao PDR's territory**, due to its geographical location combined with limited law enforcement capacities and regulations.. The past year has seen rapidly increasing organised crime circumventing and undermining law enforcement across sectors, and includes crime related to illicit drugs, trafficking in persons, and environmental crime (e.g., illegal logging, wildlife trafficking). Key government responses to this have included the establishment of the National Agenda on Drugs.
- **Leaving no one behind and ensuring people across the country see their basic rights fulfilled is increasingly threatened as a consequence of mutually reinforcing challenges.** Rights to food, health, education, the right to work, equality and inclusion are at risk due to the economic challenges depriving significant portions of the population from basic necessities and impeding the Government's financial capacity for investments which would ensure socio-economic needs are catered for. Other risk factors include largescale infrastructure investments (e.g., in cases where insufficient impact assessments and safeguards fail to guarantee adequate consultation and compensation with local populations), and increasingly frequent and severe extreme weather events (i.e., which may undermine agriculture-based livelihoods, increase disease prevalence, deprive households of shelter and forced relocation).

⁹ Ministry of Finance, Lao PDR, "Annual PPG Debt Statistics Bulletin 2020"

¹⁰ World Bank, 2021

¹¹ National Assembly of Lao PDR. Resolutions of the National Assembly on Approval of the report on the implementation of the state budget plan for the first 5 months of 2020 and the proposed amendment of the state budget for the year 2020, June 2020.

¹² Lao PDR, National Agenda for Addressing Economic and Financial Difficulties (2021-2023).

¹³ World Bank, 2021. [Environmental Challenges for Green Growth and Poverty Reduction](#).

Outcome 1 – People’s Wellbeing

	Baseline (2021)	2022
Overall		
Education		
Health		
Nutrition and Food Security		
Protection		
Shelter		
WASH		

Key updates for People’s Wellbeing

Due to the severe impacts of the COVID-19 and the on-going 4F crisis, people’s wellbeing has deteriorated, with an increase in food insecurity, learning losses, and violence against women and children. The worst of the COVID-19 pandemic has now seemingly passed with effective multi-stakeholder response significantly limiting the number of casualties¹⁴, yet the recent surge in COVID-19 cases in China following the overhaul of its zero-COVID policy may imply potential risk of a new wave of infections affecting Lao PDR.¹⁵ Financial capacity in the social sectors remain extremely limited.

- **A significant decline in incidence of COVID-19 cases and increased levels of vaccination coverage** have been recorded. New reported cases in the past months consistently remain low with no new registered death since September 2022¹⁶. As of 23 November 2022, the cumulative number of cases tally 216,466 nation-wide¹⁷ with 668 deaths. Some 83,4% of total population have received at least one dose of vaccine, 74,1% have received all recommended doses and 28,5% at least one booster dose¹⁸. As a result, on 9 May 2022, the Government was able to relax the social restrictions put in place to control the spread of the virus, and fully reopened its national borders.
- **The decline in COVID-19 cases in Lao PDR might be challenged by the surge of cases in China following the end of its zero-COVID policy**, with 250 million new cases estimated in China in December 2022.¹⁹
- The budget for the health sector has been cut by 30% at the central, and by 10% at the provincial level²⁰. The on-going 4F crisis is expected to worsen health outcomes and with limited fiscal space, in the context of donor transition, there are **substantial risks to sustaining essential health services in the coming years**.

¹⁴ Voluntary National Report Lao PDR, 2021.

¹⁵ Financial Times. “China estimates 250mn people have caught Covid in 20 days”, 25 December 2022.

¹⁶ 70th WHO- MOH Situation report as of 23 November 2022, 17:00 GMT+7 (9-22 Nov 2022)

¹⁷ Ibid.

¹⁸ Ibid.

¹⁹ Financial Times. “China estimates 250mn people have caught Covid in 20 days”, 25 December 2022.

²⁰ National Assembly of Lao PDR. Resolutions of the National Assembly on Approval of the report on the implementation of the state budget plan for the first 5 months of 2020 and the proposed amendment of the state budget for the year 2020, June 2020.

- Data from health facilities compared with past years clearly shows a **substantial drop in use of essential health services (EHS) and nutrition**, specifically for vulnerable population including mothers, newborns, children, and adolescents. Nearly 10 % of reduction in the uptake of SRH services including Family Planning resulted in increasing number of unintended pregnancies and unsafe abortions among women and girls²¹. As of early 2022 with the easing of the COVID-19 pandemic, data indicate a slight recovery in EHS uptake²².
- **Beyond the number of infections, adverse impacts of the COVID-19 pandemic on people's wellbeing continue.** Learning poverty continues to rise. An increased rate of school dropout of boys and girls at all levels and a significant drop in teacher quota have been observed²³. The budget for the education sector is below levels set by the National Assembly, however, there has been a clear commitment by the Government at the Transforming Education Summit and in the 9th NSEDP Financing Strategy to safeguard the education budget from further cuts²⁴.
- COVID-19 and the on-going 4F crisis have led to **intensified violence against women and girls**, especially in domestic violence and sexual exploitation and abuse. Aggregated data from the helpline services of Lao Women's Union and Lao Youth Union shows a 3-5 time²⁵ increase in calls for counselling services during the COVID-19 lockdown and especially at the onset of 4F crisis from May to July 2022 (see outcome 3). Significant progress at the policy and legal framework level has however been observed with the launch of the *Five-year National Action Plan for ERAW (2021-2026)*, the recent endorsement of the first-ever *five-year National Plan of Action (NPA) for Child Protection System Strengthening (CPSS) 2022-2026*, the amendment of the *Law on Protection of the Rights and Interests of Children (2006)* and the accelerating implementation of the *Second 5-year NPA on Prevention and Elimination of Violence against Children (2021-2025)*.
- Additionally, the global impact of the COVID-19 pandemic and the ongoing 4F crisis have led to emerging trends of mixed migration flows. Southeast Asia has seen a significant increase in the trafficking in persons over the last few years; in particular the trafficking of persons for forced criminality, such as for online scams. Lao PDR has not been untouched by this increase in human trafficking within the region, further expanding the need for comprehensive anti-trafficking response in prevention and protection.²⁶
- **Food insecurity and malnutrition have increased.** Impacts on livelihoods, food security, feeding, care practices and access to essential services have exacerbated the already high portion of children suffering from stunting and wasting, and further reduced access to life-saving treatment. An estimated 73,000 children suffer from severe malnutrition, a known cause for the common childhood illness, such as pneumonia²⁷. In September 2022, 14% of households were either moderately or severely food insecure, more pronounced in rural areas (17%) and female-headed households (20%), about 25% of households were unable to meet food and nutrition needs due to reduction in incomes, 15% of households had inadequate diets, 12% a borderline food consumption and 3% a poor food consumption²⁸. The use of negative coping strategies, has also seen an increase, normally only seen in crisis. The World Bank further estimates that the impacts on urban poor may be even more significant, as they do not rely on self-production.

²¹ Ministry of Health, Lao PDR, District Health Information Software (DHIS2).

²² Ibid.

²³ Lao PDR Education and Sports Management Information System (LESMSIS); The State of Global Learning Poverty: 2022 Update.

²⁴ Lao PDR Transforming Education Summit Commitment to Action.

²⁵ UN Lao PDR Joint Programme High Frequency Data Bulletin, October 2022.

²⁶ <https://publications.iom.int/system/files/pdf/Analysis-MIG-Trends-Lao.pdf>.

²⁷ Lancet series on Impacts of COVID-19 on childhood malnutrition and nutrition-related mortality published on 27 July 2020.

²⁸ WFP, Remote Food Security Monitoring (mVAM), October 2022.

- A rapid price increase and **reduced availability of agricultural inputs, including fertilizers, pesticides and fuel have constrained farming practices**, raising concerns for the 2022 rice yields and increasing risks for food insecurity and malnutrition. Laos experienced two tropical storms in August and September with significant impacts on crop production, livestock, fisheries and livelihoods exacerbating the food security situation, particularly for the 2023 season.
- **Impacts of the COVID-19 pandemic and 4F crisis can also be seen in the WASH sector.** The recent trend in increased access to sanitation has been slowed down due to increased poverty in rural areas; and households have found it increasingly challenging to afford clean water supply. Progress on WASH infrastructure projects have recently been halted as contractors struggle with the sharp increase in fuel and material costs²⁹.

²⁹ UNICEF, experience/feedback from field missions, national sanitation workshop (September 2022), WASH assessment report tentatively published in 2023.

Outcome 2 – Inclusive Prosperity

	Baseline (2021)	2022
Overall		
Planning and Financing the SDGs		
Migration Policy		
Private Sector, Skills Development and Digitalisation		
Rural Development and UXOs		
Smooth Transition beyond LDC Graduation		
Social Protection		
Urban Development		

Key updates for Inclusive Prosperity

Macro-economic instability – i.e., inflation, high levels of debt, currency depreciation – triggered by the compounded COVID-19 and 4F crisis is negatively affecting households and the private sector. Limited fiscal space severely constrains the Government’s response, which has nonetheless agreed important new policy directions with the *National Agenda on Economic and Financial Difficulties*, the *9th NSEDP Financing Strategy*, and the ongoing preparations of a *Smooth Transition Strategy for the LDC Graduation*.

- **Intensifying macro-economic challenges, and in particular their consequences for available resources to make critical investments, make preparations for a smooth graduation in 2026 more challenging.** However, determined to gain the advantages of increased foreign direct investments, the Government has re-affirmed its commitment to LDC graduation in 2026 at the highest level³⁰. Since late 2021, the Ministry of Foreign Affairs is leading a cross-ministerial process to develop a Smooth Transition Strategy.
- **Positive developments include the validation of the 9th NSEDP Financing Strategy in September 2022**, formulated in a multi-stakeholder, whole-of-government setting, following the INFF methodology, which amongst other mainstreams environmental sustainability objectives, including the review of tax exemptions, the exploration of debt relief initiatives, and the realignment of the budget with the national plan, notably investments in human capital.
- **There are nonetheless significant challenges to mobilizing sufficient development finance:** a long-standing detachment between the investment promotion regime based on fiscal exemptions and the increasing needs of public financing of social sectors; contradictions between policies to accelerate unsustainable resource extraction for revenue generation, which are well funded and implemented, and the imperatives of climate action and environmental protection, which are underfunded³¹; the objectives of connectivity, regional integration, and energy generation, which have contribute to the current debt burden; and the misalignment of the state budget with national

³⁰ H.E. Thongloun Sisoulith, President of the Lao People’s Democratic Republic, Keynote Speech on the Occasion of the 47th Anniversary of the Founding of the Lao PDR and the upcoming New Year 2023.

³¹ 9th NSEDP Financing Strategy

development priorities, created by insufficient links between the planning and budget systems. The Government has taken significant steps to improve policy coherence and resolve these challenges, first through the National Agenda on Addressing Economic and Financial Difficulties (2021-2023) – calling to limit the environmental impact of investments – and later with the 9th NSEDP Financing Strategy (2023-2025), which provides 19 policy priorities and 54 actions for the increase in the volume and alignment of all financial resources with national development priorities.

- **The COVID-19 crisis and the more recent macro-economic instability has substantially affected the private sector, with key sectors such as tourism struggling to recover**³². As of May 2022, 43% of households still reported income losses due to the pandemic, with 21% reporting reductions of more than half.³³ Although positively, with a very recent uptake recorded, in 2021, employment in the tourism and hospitality sector was estimated to have contracted by 51.9%³⁴.
- **Given Lao PDR's current stage of demographic transition, the lack of investments in human capital and of meaningful job opportunities undermines the potential for a demographic dividend in support of sustainable development progress.** Some 33% of the population is currently below the age of 15. By 2030, this is expected to fall to 25%. More than 80,000 new job seekers enter the labour market annually³⁵.
- **The overall business environment has improved, however firms remain disadvantaged by excessive regulatory requirements and continuing informal practices,** with incomplete reforms contributing to tax revenue underperformance³⁶. This contributes to continued low levels of job creation, in particular decent work in the formal sector.
- The Lao-China railway – operational since December 2021 – helped increase internal tourism³⁷, with international arrivals at 10% of their pre-pandemic levels, but expected international trade benefits have been delayed by the border closure to passengers.³⁸ The reopening of border on 8 January 2023 may now help deliver anticipated trade benefits and boost up the tourism sector.
- **Safety nets are limited and largely underfunded:** the budget of the health insurance bureau has been halved and despite increasing registration to the social security scheme, there is no immediate potential for sustainable financing of social protection from the national budget due to limited fiscal space³⁹. Support was provided to communities impacted by the 4F crisis, mitigating the impacts of the crises on some households.
- As part of efforts to alleviate increasing costs of living for vulnerable workers, **the minimum monthly wage for Lao PDR was raised to LAK 1.2 million** in August 2022.⁴⁰ However, minimum wages in Thailand are almost three times this amount and growing quickly due to currency depreciation. Therefore, there is growing demand for economic migration to Thailand in particular since the re-opening of borders. The trend of irregular migration from Lao PDR to Thailand continues. In July, Thailand provided for an extension of stay for migrants for selected regional countries including Lao PDR until 2025, applied to both documented and undocumented workers⁴¹.

³² Draft Resilience Framework, October 2022.

³³ World Bank, Lao Economic Monitor, October 2022.

³⁴ Tourism and Hospitality Enterprise Survey of Employment and Skills in Lao PDR, 2021: Research Findings and Employment Projections, 2021-2026.

³⁵ UNFPA, 2020.

³⁶ LNCCI and ADB, Provincial Facilitation for Investment and Trade Index: Measuring Economic Governance for Business Development in the Lao PDR, Second Edition, March 2022.

³⁷ Xinhua, December 2022. "[China-Laos Railway boosts travel, promotes tourism in Laos](#)".

³⁸ UN Department of Economic and Social Affairs, (DESA). "Jointly Building Belt and Road towards SDGs: Lao PDR" (February 2021) and

³⁹ Social protection Joint Programme final evaluation.

⁴⁰ ILO, Australia, Canada, TRIANGLE in ASEAN Quarterly Briefing Note, July-September 2022.

⁴¹ Ibid.

Outcome 3 – Governance and Rule of Law

	Baseline (2021)	2022
Overall		
Civic Space and Participation		
Combating Transnational Organised Crime		
Gender Equality, Women’s Empowerment, and Human Rights		
Public Administration Reform and Data Driven Governance		
Rule of Law and Access to Justice		

Key updates for Governance and Rule of Law

The COVID-19 pandemic and the more recent 4F crisis have had severe impacts on vulnerable groups, with increased violence and disproportionate socio-economic impacts on women and children⁴². Social discontent at the peak of macro-economic instability emerged on social media. Increasing trends in crime and drug-related violence have also been recorded.

- **Increased number of online views of the Government’s response to the ongoing crisis** have been observed particularly from May to June 2021 while the fuel shortage was most pronounced. Citizens expressed discontent about issues including fuel shortages, price increases, and women’s and LGBTIQ+ rights through social media platforms.
- **Regional and trans-national organized criminal networks are increasingly engaged on Lao territory** due to its geographical location combined with limited law enforcement capacities and regulations.
- **Lao PDR observed a significant increase in drug crime.** From 2020 to 2021, the number of methamphetamine pills seized in Laos increased more than sixfold and Lao PDR remains primarily a transit country for illicit synthetic drugs produced in Myanmar⁴³. While no official opium survey has been conducted in Laos since 2015, anecdotal information indicates that the cultivation of opium has increased since 2020. A scientific opium survey is planned for 2023.
- The increased trafficking of illicit drugs through Lao PDR has also led to an **increased availability of drugs**. There have also been several reports of drug related violence in the country in the past year.⁴⁴
- **A National Agenda on Drug Control (2021-2023) has been passed by the National Assembly**, signalling the high priority placed by the Government on this issue. In addition, the Government has agreed to pilot methadone as part of drug treatment, which is an important step forward in enhancing access to evidence-based drug treatment.

⁴² UN Lao PDR, High Frequency Data JP – Bulletin 1, <https://laopdr.un.org/en/205715-joint-programme-high-frequency-data-bulletin-1-vulnerable-groups>.

⁴³ UNODC, 2022: Synthetic Drugs in East and Southeast Asia - Latest Developments and Challenges.

⁴⁴ <https://laotiantimes.com/2022/09/01/drug-dealer-commits-suicide-bombing-kills-3-police-in-luang-prabang/>, <https://laotiantimes.com/2022/09/15/police-officer-shot-dead-by-drug-dealer-in-houaphanh/>

- **Trafficking in persons is increasing.** The number of victims of trafficking is expected to increase, especially cross-country recruitment and movement of victims into Special Economic Zones. There have been increasing trends of recruitment for illicit and exploitative online activities (chat lines, scam call centres, etc)⁴⁵.
- **The large and increasing presence of criminal actors also puts the financial sector under pressure.** Lao PDR is currently undergoing a Mutual Evaluation by the Financial Action Task Force Asia-Pacific Group of its Anti-Money Laundering and Counter-Financing of Terrorism policies.
- **Violence against women and girls has intensified during COVID-19 and the subsequent economic crises,** especially domestic violence and sexual exploitation and abuse. Lao Women’s Union hotline data shows 3-5 times increase in calls to the LWU hotline/helpline for counselling during strict lockdowns, and there has been an increase of gender-based violence reports in media, especially Intimate Partner Violence and sexual exploitation/trafficking in persons.
- **Women were disproportionately affected by income and job losses.** Pre-COVID-19 63% of the unemployed 2.8 million workers were women. Tourism, agriculture and the garment sector as well as the informal economy were hardest hit – all in which the prevalence of female labour is high - pushing more women out of work. Some 71% of small or medium-sized businesses had to seize operations during the pandemic, 82% of these were owned by women.
- **At the policy level on gender-based violence,** the five-year *National Action Plans for Gender Equality and EVAW (2021-2026)* was endorsed, and aligned with international human rights instruments including CEDAW, ICPD, Beijing Platform for Action, and the SDGs. The 10th CEDAW Report process began in January 2022, and the CSO Parallel Report to the CEDAW Committee kickstarted in November 2022.
- The 16-year-old **Law on the Protection of the Rights and Interests of Children was amended.** This is one of the concrete actions taken by the Government of Lao PDR to implement the UN Committee on the Rights of the Child’s (CRC) concluding observations in 2018.
- Pre-COVID-19, women were taking up four times more care work than men. During COVID-19, **women and girls bore an increased bulk of unpaid caregiving responsibilities,** due to children out of school, increase in economic constraints and care of the sick and elderly.
- **Increasing acceptance of women in education, business, and village leadership positions⁴⁶,** along with broader shifts in perceptions and attitudes around the role of women in the economy and society.
- **Organizations of persons with disabilities advocated for the rights of persons with disabilities** and engaged with the Committee on the Rights of Persons with Disabilities. Lao PDR received concluding observations by the Convention on the Rights of Persons with Disabilities (CRPD), including 96 recommendations. Government has agreed to the submission of parallel reports by Organisations of People with Disabilities on the CRPD.
- **Birth registration coverage has declined** from 45.5% in 2019 to 28.7% in 2021. Between 2020 and 2021, the birth registration coverage saw a decline of 11.9 percentage points which clearly outlines challenges in registration during the COVID-19 pandemic. It is also noteworthy that wide disparities were observed in birth registration coverages across provinces ranging from 11.3 in Salavan to 59.2 in Xiengkhouang.⁴⁷

⁴⁵ US Department of State, “Trafficking in Persons Report: 2022.

⁴⁶ UNFPA, 2021.

⁴⁷ Ministry of Home Affairs, Lao PDR, 2021.

- **A Positive shift has been observed in the use of data for public health policy** such as the Ministry of Home Affairs capturing data on fatality and deaths in villages in Vientiane to pick up early signs of mortality in communities.
- **A Decree on allowing mediators and arbitrators** to resolve commercial disputes shows opening up of legal system to non-judicial forms of conflict resolution.

Outcome 4 – Environment, Climate Change, and Resilience

	Baseline (2021)	2022
Overall		
Green Growth		
Natural Resources Management		
Resilience		

Key updates for Environment, Climate Change, and Resilience

The current economic growth model – heavily reliant of natural resource extraction – remains incompatible with sustainability ambitions. The annual cost of environmental degradation is estimated at 19.3% of GDP.⁴⁸ Economic and financial difficulties have aggravated unsustainability, with the easing of licensing for mining activities being of particular concern. Ecosystems continue to be threatened by the expansion of agriculture, unsustainable use of pesticides, largescale infrastructure projects, mining activities, and environmental crime (e.g., illegal deforestation, wildlife trafficking, etc.).⁴⁹ This undermines ongoing efforts to strengthen sustainable and climate-resilient development planning, environmental legislation, and governance.

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- **Efforts to stimulate economic growth and revenue generation from the extractives sector are inconsistent with the environmental and climate agenda of Lao PDR.** In April 2022, licensing requirements for mining activities were revised enabling licenses to be issued within 30 days, raising concerns that new mining projects may be underway before adequate environmental impact assessments can be carried out⁵⁰.
 - **Largescale infrastructure development still need more adequate environmental safeguards.** The Government acted to address the issue through the National Agenda on Addressing Economic and Financial Difficulties, which calls for stronger efforts to limit environmental degradation from economic activity, and by requiring the review of projects by the National Assembly and the relevant ministries against environmental and fiscal laws and regulations. There are still some worries regarding the implementation of certain large-scale projects currently happening within the country, however, the Government in collaboration with stakeholders has implemented relevant measures and regulation to better understand and address the effects that projects may have had on the environment and local livelihoods. In addition, the 9th NSEDP Financing Strategy is foreseen to further enhance environmental safeguards on largescale investments, notably through a temporary pause on extraction projects combined with the update of legislation, regulation and processes in line with inclusive, sustainable and climate resilient development objectives of the 9th NSEDP.
 - **Current economic and fiscal difficulties** (i.e., high debt burden, limited fiscal space, inflation, currency depreciation – see *outcome 2*) **limit the amount of public and private sector investment**

⁴⁸ World Bank, 2021. [Environmental Challenges for Green Growth and Poverty Reduction](#).

⁴⁹ World Bank, 2021. [Environmental Challenges for Green Growth and Poverty Reduction](#).

⁵⁰ VDB Loi, 2022. [New Licensing Requirements for Mining Service Activities](#).

for green growth⁵¹. The Financing Strategy for the 9th NSEDP prioritizes financing of climate action and environmental protection and a more environmentally friendly fiscal policy, with limited resort to extractives for revenue generation.

- **While some regulations are in place to reduce unsustainable resource use, implementation is often insufficient and there are few sanctions for violations.** Regarding illegal logging and forestry management, despite increasing legislation, monitoring and enforcement remains ineffective domestically and largely unsupported by export destination countries⁵².
- The Government has initiated several actions to promote a green economy, sound management of natural resources, and to strengthen climate policy, indicating growing recognition of the urgent need to transform the current development model to ensure greater environmental sustainability, and willingness to act accordingly. **New sectoral development strategies were recently developed and launched** including the *Green and Sustainable Agriculture Framework for Lao PDR to 2030*⁵³ and the draft *Biomass Energy Strategy for the Industry Sector*⁵⁴. This also includes **issuance of a National Strategy on Disaster Risk Reduction** in 2022 that seeks to strengthen the implementation of the *Disaster Management Law*⁵⁵, and enhanced disaster loss and damage data collection and analysis through the **updated online LaoDI platform**⁵⁶. The **Lao PDR Resilience Framework** (under development) will help consolidate and prioritise short-to-medium-term actions to sustainably recover from COVID-19 and the 4Fs crisis and strengthen broader resilience.
- **Green growth is higher on the agenda**, exemplified by National Forums dedicated to Green Growth⁵⁷. Evidence is also increasingly available to inform policymaking to promote a low-emissions circular economy⁵⁸.
- **Terrestrial protected areas increased to 18.7% of total surface** in 2021⁵⁹. Growing global demand and increasingly available guidelines for deforestation-free agriculture strengthen the incentive and opportunities for sound forestry and broader natural resource management.
- **Solid waste management challenges are increasing**, from domestic waste generation, insufficient investment in management solutions, and growing imports⁶⁰. The regulatory framework for solid waste management is still limited, collection systems are deficient and disposal methods largely inadequate⁶¹. Health impact due to lead exposure are also very significant, estimated to cost 2.5% of GDP, and with children disproportionately affected⁶².
- **Lao PDR remains amongst the most vulnerable countries to projected climate change trends**, as its communities face significant climate-related hazards exacerbated by poverty, malnourishment, and high exposure of poor and marginalized communities. Amongst other impacts: the population annually exposed to river flooding is projected to double to over 80,000 people by 2030, rapid changes in temperature, precipitation, droughts, floods, and erosion have created significant production losses for aquatic farmers, and dengue cases are predicted to increase in relation to

⁵¹ Ministry of Planning and Investment, Lao PDR, 2021. Handbook, 13th High-level Roundtable Meeting.

⁵² Forestry Trends, 2021. [Timber Legality Risk Dashboard: Lao People's Democratic Republic](#).

⁵³ [Green and Sustainable Agriculture Framework for Lao PDR to 2030](#).

⁵⁴ [Ministry of Industry and Commerce, Lao PDR](#).

⁵⁵ Lao PDR [National Strategy on Disaster Risks Reduction \(2021-2030\)](#).

⁵⁶ Ministry of Labour and Social Welfare, Lao PDR. [Lao Disaster Information](#) (LaoDI).

⁵⁷ World Bank, 2022. [Lao PDR National Green Growth Forum](#).

⁵⁸ UNDP, 2021. [Circular GHG mitigation opportunities Lao PDR](#).

⁵⁹ [World Bank data](#).

⁶⁰ World Bank, 2022. [Get CLEAN and GREEN - Solid and Plastic Waste Management in Lao PDR](#).

⁶¹ World Bank, 2021. [Environmental Challenges for Green Growth and Poverty Reduction](#).

⁶² Ibid.

changing climatic conditions^{63,64,65}. Improving Government capacity for strengthening national resilience planning has not yet led to improvements across the country, where livelihoods have grown increasingly vulnerable as a result of cascading COVID-19, cost of living, and climate shocks.

⁶³ World Bank and Asian Development Bank, 2021. Climate Risk Country Profile: Lao PDR.

⁶⁴ IPCC, 2022: Climate Change 2022: Impacts, Adaptation and Vulnerability. Contribution of Working Group II to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change.

⁶⁵ National Health Adaptation Plan in final draft, MoH, November 2022. Climate change and health training report, conducted by School of Public Health and Postgraduate training Institute, HSU of the Lao PDR.

Annex 1 – Synopsis of Lao PDR - UNSDCF 2022-2026 outcomes and outputs

People's Wellbeing	By 2026, people, especially the most vulnerable and marginalized, will have more equitable and inclusive access to and will benefit from better quality health, nutrition, food, shelter, protection, water, sanitation, and hygiene (WASH), and education and learning, including during emergencies.
Protection	Strengthened multi-stakeholder capacities to prevent and respond to all forms of violence against women and girls, children, migrant workers, and other vulnerable groups, across the development and humanitarian continuum.
Health	The government has increased health system capacity to provide affordable, resilient, sustainable, accessible, equitable and quality healthcare services, including immunization, Sexual, Reproductive, Maternal, Newborn, Child and Adolescent Health (SRMNCAH), and prevention and control of communicable and non-communicable diseases, and to respond to public health emergencies, and people have the knowledge, skills and opportunities to make informed choices about their health and participate in building healthy communities.
Education	Government and key stakeholders at national and sub-national levels and communities have enhanced capacities, knowledge, and resources to ensure children, youth and adults have access to and complete inclusive, equitable and quality teaching-learning and skills development programmes.
Nutrition and food security	Government has strengthened capacity to plan, deliver and monitor sufficient and equitable quality nutrition specific and sensitive interventions and services across sectors, and communities are supported and have the knowledge and skills to meet their food security needs and practice optimal dietary, care and service seeking practices and behaviours.
WASH	Government has strengthened capacity to deliver and improve coverage and quality of WASH services, and people have increased knowledge and skills on their WASH practices.
Shelter	Government institutions at the national and sub-national levels have strengthened capacity to provide access to appropriate, safe, serviced, and affordable shelter to all people, including the most vulnerable (such as internal migrants, displaced, and disabled).
Inclusive Prosperity	By 2026, people, especially the most vulnerable and marginalized, will benefit from more inclusive, resilient, transformative, and sustainable socio-economic and demographic opportunities to reduce poverty and inequalities.
Smooth transition beyond LDC graduation	Lao PDR develops, implements and monitors a strategy ensuring a smooth transition from the LDC category, with defined graduation support from the UN system and the country's other development and trading partners.
Planning and financing for the SDGs	Government, at the national and subnational levels, and the private sector, progress towards an Integrated National Financing Framework (INFF) and have improved technical and fiscal capacity dedicated to finance and localize the SDGs, through fiscal space creation, enhanced collaboration between the planning and financing functions of government, resulting in more evidence-based costing and financing of priority development interventions, greater fiscal accountability, and better alignment of different sources of development finance to the 2030 Agenda.
Social protection	Government at the national and subnational levels have increased capacity and infrastructure to deliver, throughout the life cycle, welfare inclusive, gender-sensitive, shock-responsive and sustainable social protection systems.
Migration policy	Strengthened multi-stakeholder capacity to protect migrants', rights through safe migration advocacy and enhanced regulatory and law compliance.
Urban development	Enhanced local and national government and multi-stakeholder capacities, awareness, and legal frameworks to improve spatial planning, connectivity, mobility, investments and financing for growth, and livelihoods along the economic corridors and developing urban areas, thereby alleviating poverty and reducing inequality, while co-creating safer and more inclusive urban areas.

Rural development and UXOs	Government at the national and sub-national levels have enhanced capacity to facilitate new and inclusive opportunities in rural areas through integrated rural development planning and prioritization, identification, survey and clearance of UXO-affected areas for productive use, conduct mine risk education, especially for children, and address the consequences for UXO victims and survivors.
Private sector, skills development and digitalisation	Enhanced multi-stakeholder capacity and improved policy and harmonized regulatory environment for a resilient, productive, competitive, and innovative private sector, seizing opportunities from trade, the digital transformation and e-commerce development, integrated with regional and global value chains, and supported by targeted and demand-driven skills and entrepreneurship development, especially for women and youth.
Governance and the Rule of Law	By 2026, people, especially the most vulnerable and marginalized, will be better served by public institutions at all levels in a transparent and inclusive manner, able to exercise their rights and obligations and the institutions shall be strengthened and more accountable while the rule of law and international human rights commitments made by Lao PDR are upheld.
Civic space and participation	Understanding of the role of people and civil society participation in sustainable development; mechanisms for dialogue between people, CSOs, government, elected representatives, international organizations and others are fostered; and empowered people and increased capacities of CSOs to contribute to sustainable development processes, in particular vulnerable and marginalised groups
Rule of law and access to justice	Enhanced capacity of key justice agencies and legal professionals to ensure rule of law, access to justice, in particular for marginalized and vulnerable groups to demand and contribute to access to justice, in line with relevant international human rights obligations and laws that Lao PDR is a party to.
Gender equality, women's empowerment and human rights	Multi-stakeholder capacity to mainstream gender equality and international human rights, including the elimination of all forms of discrimination, in the design, implementation and monitoring of legal and policy frameworks, and operations is enhanced; national capacity to harmonize the domestic legislation and implement recommendations emanating from international human rights mechanisms is increased.
Transnational Organised Crime (TNOC)	National capacity to address challenges linked to crime and illicit trafficking in all their dimensions, including the drug problem, is enhanced to reduce all forms of violence and exploitation, especially against women and girls, and to improve the population's safety, and well-being, and human rights.
Public administration reform and data driven governance	Government at the national and local levels have enhanced capacities for more transparent, inclusive, and evidence-based law and policy, through improved disaggregated data generation and use, strengthened monitoring and evaluation frameworks, effective decentralization, improved digitalization of the public sector and services, civil service reform, and optimal budgeting and public investment management.
Environment, Climate Change, and Resilience	By 2026, people, especially the most vulnerable and marginalized, and institutions will be better able to sustainably access, manage, preserve, and benefit from natural resources and promote green growth that is risk-informed, disaster and climate-resilient.
Green growth	Institutional, private sector and community capacities are strengthened to formulate and implement 'green' growth policies, mobilize green climate finance, reduce GHG emissions and pollution, optimize infrastructures across the rural-urban continuum, and promote sustainable production and consumption, mainstreaming climate change mitigation and adaptation into policies and plans at all levels.
Natural resources management	National and subnational capacities are in place to formulate and implement natural resources and environmental management plans and to enable sustainable and equitable access to resources (water, forests, and land), including land use plans and land tenure,

	enabled by regulatory frameworks, integrated management, community participation and better-quality data generation and use.
Resilience	Government at the national and sub-national levels, vulnerable communities, private sector, and institutions have strengthened capacity to anticipate and recover from shocks, reduce risks, and address the climate change challenges through greater awareness, strengthened vulnerability assessment tools, improved hazard and disaster risk data, improved early warning systems, strengthened disaster risk reduction planning and national adaptation planning strategies.