



WINDOW OF OPPORTUNITY FOR REALIZING A DEMOGRAPHIC DIVIDEND*

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● Introduction

Lao PDR is in the early stages of a demographic transition, the changing pattern of mortality, fertility and growth rates, combined with growing urbanization.¹ The country has a window of opportunity to benefit from a demographic dividend (DD) as it is entering a 20-year period during which it will have the largest share of working age population and fewer dependents (i.e. those below 15 years and above 65 years).¹ The demographic dividend refers to the economic benefit a society can enjoy when fertility and mortality rates decline rapidly and the ratio of working-age adults significantly increases relative to dependents i.e. youth and the elderly.² Experience from East some Asian Countries shows that to earn the demographic dividend, countries should prioritize investments in health and education to develop high-quality human capital; accelerate economic growth and job creation to ensure that the "surplus" labour force is gainfully employed, has strong purchasing power; and enforce accountability.^{4, 5}

To realize the demographic dividend, while reversing the potential impact of COVID-19 pandemic, collective efforts by the Government of Lao PDR and development partners through the 9th NSEDP must prioritise effective policies in education, primary health, including family planning, and skills development matched to labour markets. A higher level of investment towards the Human Capital, especially for adolescents and youth, to educate, empower and employ, particularly the large numbers of (approx 80,000 annually) new entrants to the Lao workforce, recognizing that investments for youth but also women should be intensified. Well focused, increased human capital investments can yield

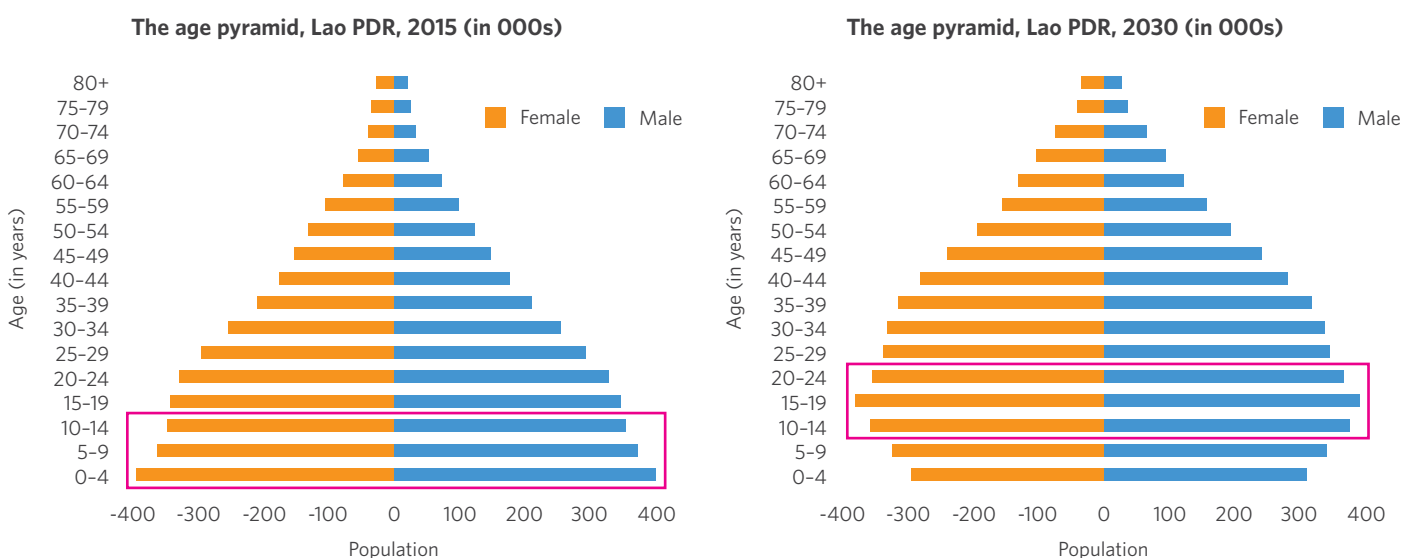
long term, sustainable economic returns. This Policy brief focuses on women empowerment and employment within the demographic context. It is one of three Policy briefs based on the Lao 2030 demographic study, the other two briefs are on Education and Health.

● More workers, fewer dependents

The total population of Lao PDR is expected to increase from 6.7 million in 2015 to an estimated 7.2 million in 2020, and 8.1 million by 2030. A gain of almost one million people in the coming 10 years, with comparable increase in both males and females. It is expected that the working age population will increase from 64% in 2020 to 69% in 2030; the working age population will increase from 4.1 million in 2015 to 5.5 million in 2030, with fewer dependents to support. The number of young people below 15 years of age will fall from 33.6% to 25.1%, a decrease of 8% as evidenced by the declining fertility and mortality, while the number and share of the elderly will slightly increase, see Figure 1. Interactive population pyramid display of Lao PDR's shows the demographic shift from 1950 -2100.⁶ Figure 2 shows the projected Lao PDR Adolescent population which is projected to increase till 2028.

The rapid increase of the population aged 15-64 years i.e. the economically active group in Lao PDR is significant when compared to the 0-14 years of ages and the 65yrs+ group. The dependency ratio provides an estimate of the number of dependent persons (those under the age of 15 and those 65 and older) per 100 economically active members of the population (15-64 years of age). A relatively low dependency ratio provides countries with an opportunity for

Figure 1: Current and Projected Age Structure of Lao PDR



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

Figure 2: Projected Adolescent population 2020-2030

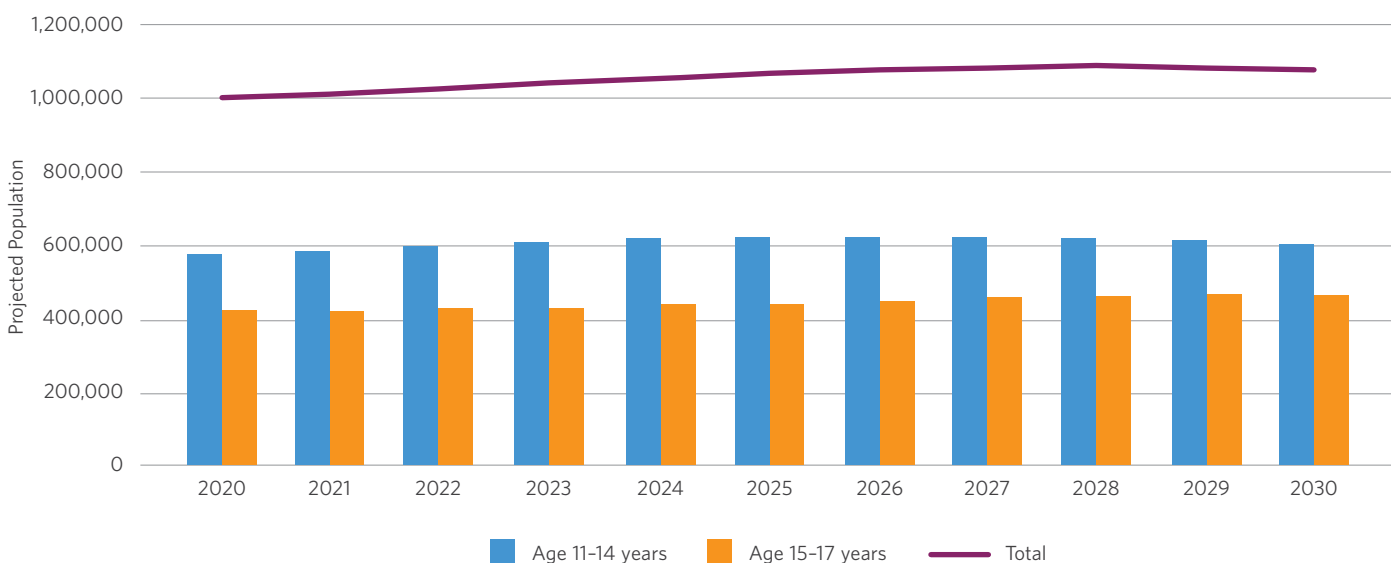
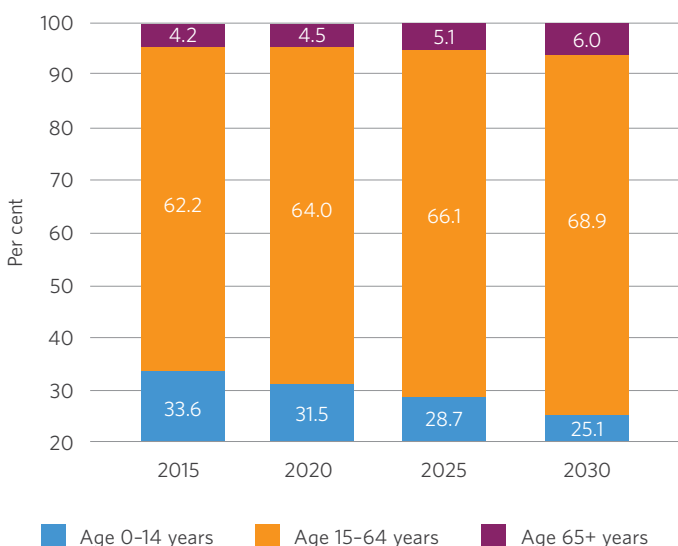


Figure 3: Population 2015-2030 by age categories



the demographic dividend. Lao PDR is headed towards the age structure that will generate the opportunity for a demographic dividend, with a dependency ratio of 61% in 2015, a projected decline to 57% in 2020, and further reduced projection of 48% in 2030, see Figure 3.

● **To realize a Demographic Dividend - Educate, Empower, Employ!**

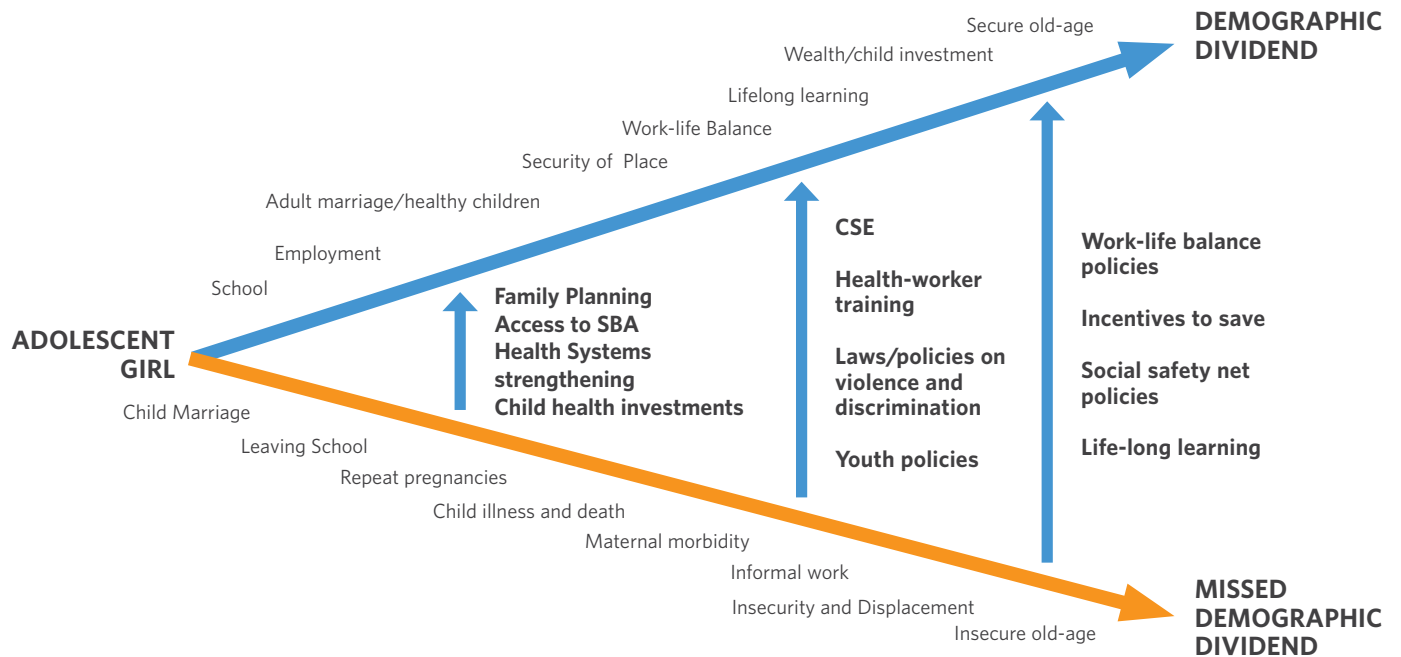
The DD can only be effectively realized if the large working age population has benefited from the implementation of multi-sectoral investments in the areas of health, education, economy and governance. Details for health and education are in the companion Policy briefs. Countries must improve the capacities of national human capital through focused health and education policies; a diverse jobs market in order to avoid a situation where an increase in the working age

population results in greater unemployment; and develop efficient and flexible financial institutions that can cater to the possibility of increased savings. Planning decisions based on sound understanding of the population trends can lead to more equitable budget allocations to unleash the potential of demographic dividends. Strengthening national and sub-national level resource allocations will lead to the creation of an enabling environment for young people, especially adolescent girls, and those living in remote areas, to access quality health, including sexual and reproductive health, education, and social protection services. Figure 4 summarizes some of the multi-sectoral approaches identified as key to achieving a demographic dividend in Lao PDR.

● **Empowering Girls and Women through the lifecycle**

Women's participation is essential for any country's sustained equitable development. Girls and women in Lao PDR still have limited access to health, education above the primary school level and consequently access to positions of leadership, livelihood and decent work opportunities. Adolescent girls are particularly vulnerable, due to high rates of early marriage and adolescent pregnancy. In 2016-2017, 23.5% of girls aged 15-19 years were married and the national average shows that 83 of every 1,000 girls aged 15-19 had given birth, which is amongst the highest in ASEAN. The adolescent pregnancy rates are higher for the poorest quintile, 156 per 1,000 as well as for certain ethnic groups where the range is from 99-113 per 1,000.² The labour force participation rate for the formal and informal sectors 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 more for women than for men due to the impact of COVID-19 pandemic. However, while male and female rates of participation are comparable, women are predominantly engaged in the informal sector, often underemployed or only partially employed, thus lacking access to social security. Persistent gender disparities include female workers earning 15-20% less than their male counterparts, and marked differences in job security and working conditions.

Figure 4: Approaches to attaining the demographic dividend



a. Breaking the cycle of Poverty: Connection between education and fertility

Women have a critical role to play in Lao PDR’s future and education is key to their success. For the country to achieve its first demographic dividend, a number of assumptions have been made, the most important of which is that the fertility rate will decline by 40 per cent, going from 3.0 children per woman in 2015 to 1.8 children per woman in 2030. This is due to a number of factors, including anticipated higher enrolment of women in schools and universities, as well as increases in infant and child survival rates, which, with more children making it through infancy and childhood, leads to a decrease in the fertility rate.

Progress has been made in female enrolment at all levels of education between 2011–2012 and 2017 (Figure 5), and the extent of the level of education has a clear impact on fertility (Figure 6), which decreases as the education level increases. While the steep decline of the total fertility rate accompanying the rise in the level of education is a global phenomenon, there is also a significant knock-on effect: with time, less-educated women tend to adopt the reproductive norms of the more educated.

Women’s education is also a key in relation to infant mortality, with rates as much as seven times lower for infants born to mothers who pursued higher education versus mothers who did not go to school, or who only had pre-primary education.

Looking at enrolment levels from 2009 to 2018, the levels of enrolment for both males and females are fairly close (Figure 7), and are expected to remain so through to 2030, when the goal is universal enrolment for both girls and boys through secondary level education. However, the projected tertiary level education enrolment remains low for both females and males at less than 25 per cent.

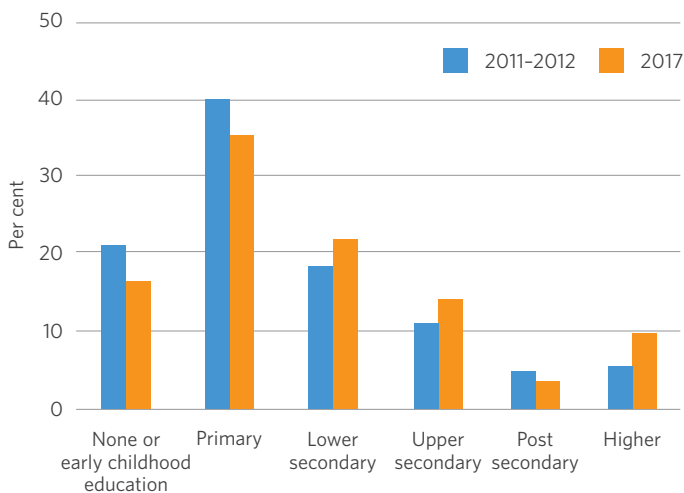
Current school attendance is 56.4 per cent for males compared to 52.4 per cent for females. There is a high dropout rate for females older than 16 years of age. According to the Population and Housing Census (2015), only 19.2 per cent of females are still attending school from ages 17–25 years, compared to 24.8 per cent for males. Part of this is the result of Lao PDR having the highest rate of early marriage in ASEAN, with 23.5 per cent for adolescent girls aged 15–19 years already married or in union. Over 62,000 adolescent girls aged 15–19 years were married compared to 23,500 boys of the same ages.¹

b. Protection from Gender Based Violence

Violence against women is prevalent in Lao PDR. International agreements related to the advancement of women and the elimination of violence against women are steadily being integrated into national policies and legislation. Gender-based violence is a violation of human rights and cannot be justified on any account. However, a national survey conducted in 2014 revealed that 30 per cent of women and 16 per cent of men thought that violence against women was justified if women did not follow traditional gender norms, roles and relations. The 2014 survey also showed that 30 per cent of women interviewed agreed that a wife must not refuse sex, and 50 per cent of all women agreed that a husband could hit his wife if she was unfaithful.⁷

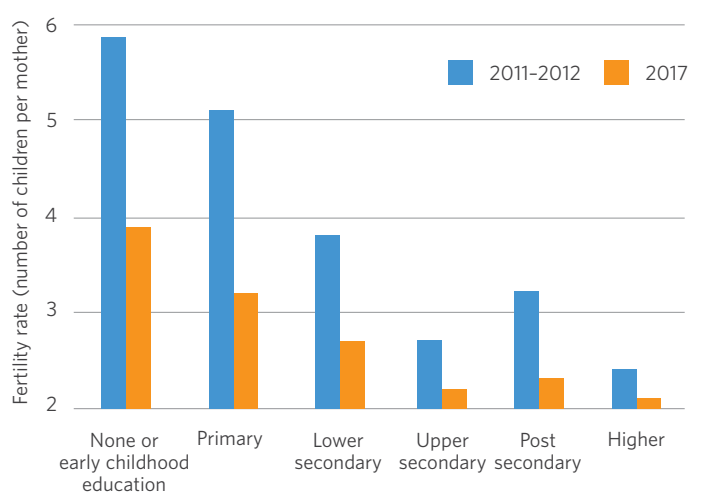
The same survey showed that 30 per cent of ever-partnered women had experienced physical, sexual and/or emotional violence in their lifetime, and 43 per cent of women who encountered partner violence did not seek help or report the incident(s) due to discriminatory gender stereotypes coupled with a lack of confidence in existing services and complaint mechanisms. If women did seek help, the majority turned to their immediate network of family and friends, rather than reaching out to a formal network and services such as police and other related law enforcement officers.

Figure 5: Women aged 15–49 years by level of education, Lao PDR 2011–2012 and 2017 (%)



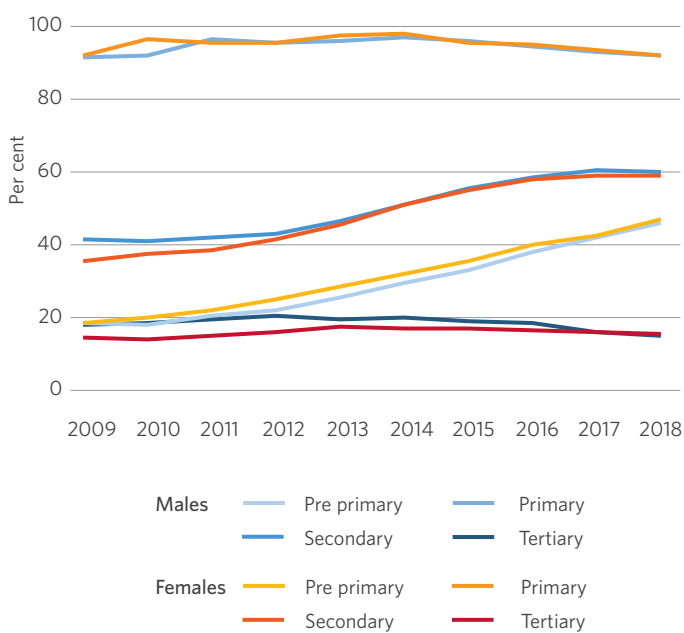
Source: Two last surveys of 2011–2012 and 2017

Figure 6: Total fertility rate by women's level of education 2011–2012 and 2017



Source: Two last surveys of 2011–2012 and 2017

Figure 7: Enrollment ratios, by level of education, males and females, 2009–2018



c. Female Leadership Participation

Women's political participation in Lao PDR has been gradually increasing over the last few decades. The Lao People's Revolutionary Party (LPRP), which leads the political processes at all levels, has only 1 woman in the 11-member politburo, and 7 women in the Party's Central Committee of 69 members. However, women's political representation in the National Assembly is now among the highest in the South-East Asia region, with the proportion of female members having increased from 6 per cent in 1990 to 27.5 per cent in 2016. Currently there are 41 female members out of 149 members. Female ministers and vice-ministers in 2017 were only 12.3 per cent and 14.8 per cent, respectively.⁸ Women represent around 45 per cent of civil servants in the country, which, in 2017, was 84,268 women out of the 183,680 civil servants. However, women's participation in leadership positions remains limited especially at the provincial and district levels.

● Employment

The anticipated demographic dividend implies that the working age population will grow faster than the dependants, creating an opportunity for faster economic growth and improved family welfare. This transition can mean, at the micro-level, a better standard of living for families and a higher income per person. While at the macro-level, the transition can bring gains for economic development. The dividend is a potentiality, and requires several preconditions including investment in key areas of education, the economy and social policies to realize the DD.

Lao PDR'S labour force has gradually increased from 1990 to 2018, rising from 1.93 million in 1990 to 3.73 million, a trend which is set to continue. During the same period, the youth unemployment remained in the range of 1.8 - 1.6 per cent. The youth unemployment rate for males and females in 2019 was 1.6 and 1.5 per cent, respectively.

Between 2015 and 2030 the active age population (aged 15 and over) is projected to increase from 4.4 million to 6 million (Figure 8) in near equal figures for males and females. This result is due to the large number of births in the previous decades of high fertility, entering the labour market in this timeframe. With an additional 1.6 million people in the active-age population projected from 2015 to 2030, the challenge will be to generate enough jobs to absorb the country's growing labour force and, thus, reap the associated economic benefits of this increase.

The Lao Women's Union

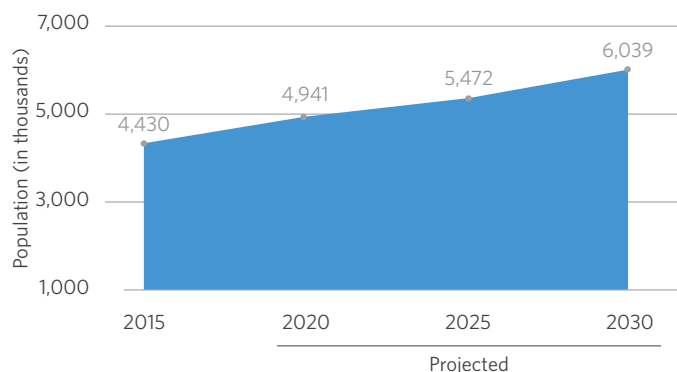
The Lao Women's Union (LWU) is an organization mandated to represent women of all ethnic groups in the country. It works to protect woman's rights and interests through its presence and extensive networks at village, district, province and national levels. The LWU works with the Lao People's Revolutionary Party, the Government and Lao women across the country, and currently has 1,042,529 member covering 47.1 per cent of Lao women aged 15 years and older.

Labour projections by age group show some trends, which include youth (ages 15–24 years) participation rates in the labour market declining from 24.3 per cent in 2015 to 17.3 per cent in 2030, with more young people, both male and female, expected to attend upper secondary school and university; while the participation rate for males and females from ages 25–64 years is projected to remain constant.

For the population aged 65 years and older, the participation rate is increasing due to better health and increasing life expectancy. The availability of less demanding employment in sectors outside of agriculture help make this possible. Changes in the family structure also impact what is needed, as living within nuclear families is becoming more common. In addition, without formal pensions or retirement benefits, financial pressure may increase the need for those over age 65 to continue working.

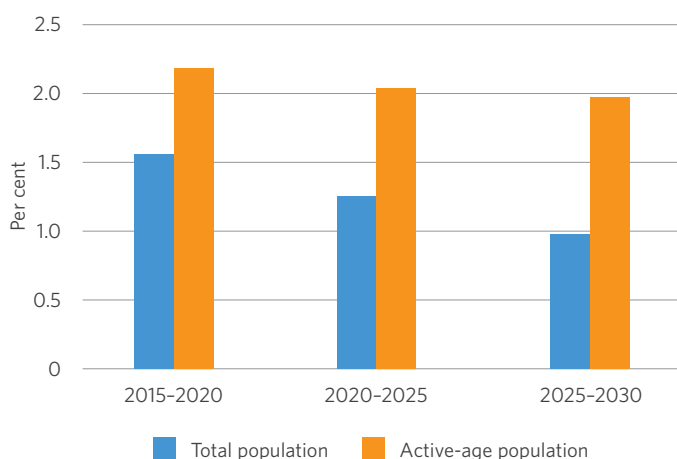
Entries into the labour force show a slight increase from 135,000 annually in 2015–2020 to 143,000 thousand in 2015–2030 (Figure 10). However, numbers of workers exiting from the labour force will increase significantly from 35,000 to 50,000 from 2025–2030, due to a larger advancing age group. Overall, the balance of the labour market will decrease from net entries of 100,000 thousand in 2015–2020 to 93,000 thousand in 2025–2030. Possibly diminishing some pressure on the labour market.

Figure 8: Active age population, aged 15 years and older, 2015–2030



Source: Lao Statistics Bureau, *Lao Population Projections 2015–2045*.

Figure 9: Annual rate of growth, total population and active age population, 2015–2030



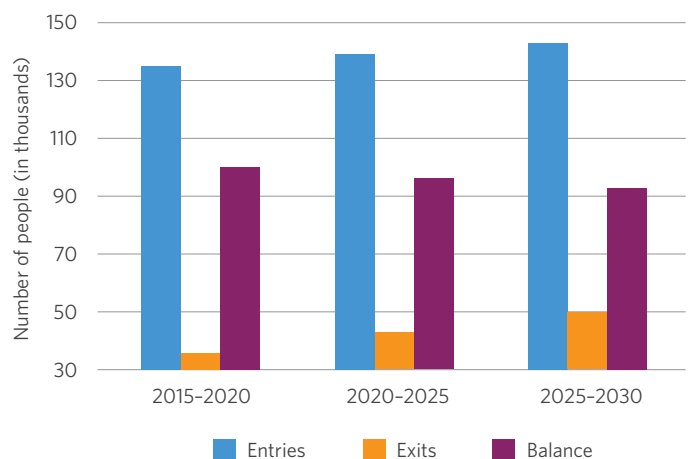
Source: Lao Statistics Bureau, *Lao Population Projections 2015–2045*.

● Policy Recommendations

To successfully achieve the demographic dividend, the government of Lao PDR should consider the following policy actions targeting the women and youth;

1. Sustained investment in Primary Health Services, including Sexual and Reproductive Health, and Nutrition Services: Maintaining sufficient investment in human capital requires a sustainable and efficient health financing system. This should be built on a stable government budget, recognising anticipated donor transitions, in close collaboration and coordination with development partners based on the Health Financing Strategy. In working towards the achievement of universal health coverage by 2025, implementation of the essential health service package should be prioritized, with service delivery redesigned to be more resilient to disruptions during crises, and ensure equitable access to quality healthcare, ensuring inclusion of ethnic groups and those living in rural areas.
2. Sustained Investment in youth friendly reproductive health services and family planning improves health outcomes, shapes a country’s demographic path, and strengthens the impact of other development initiatives in youth employment, education, training, and health. Sustaining family planning investment will facilitate realisation of the demographic dividend, create opportunities for a boost in economic growth and productivity that can raise incomes and allow families and governments to improve the health, education, and well-being of future generations.
3. To minimize adolescent pregnancies and early marriages there is a need for sustained comprehensive sexuality education (CSE) as it has been identified as one of the most effective and economical strategies for empowering youth. With more educated cohorts of women reaching the working age, higher levels of female labor force participation are possible as well as higher wages than their mothers’ generation. These shifts in women’s labor force participation rates and wages would constitute a gender dividend, resulting in a more productive economy.

Figure 10: Entries, exits and balance of the labour force (in thousands), 2015–2030



Source: Lao Statistics Bureau, *Lao Population Projections 2015–2045*.

4. Sustained investment in Technical, Vocational, Skills and Competencies Development in Urban and Rural Settings to harness the potential of the larger working age population, especially youth and adolescent girls. This could be pursued through the expansion and strengthening of targeted technical and vocational training programmes, and investment in 21st century skills development (including ICT, financial literacy and communication).
 5. Strengthening Micro, Small, and Medium-sized Enterprise development initiatives, including necessary skills development, would support the creation of new livelihood opportunities. There should be a policy plan to strengthen private sector engagement and investment in skills development that links with wage and employment policies for better employment opportunities and decent work. This could include policies to systematically increase trainee, apprenticeship, and mentorship programmes in both domestic and foreign enterprises.
 6. The government should create a conducive environment for young people to start small enterprises and to support self-employment. Start-up projects and business creation initiatives can also help promote entrepreneurship and rural employment. These schemes need to incorporate social security nets.
 7. Improvement of the incentive framework for those sectors of the economy with job creation potential and improvement of market access will increase in the region's role in promoting employment, and needs to be introduced on the national level.
 8. Concerted effort for the facilitation of women's engagement in the formal sector, and to provide inclusion in social security schemes and equal pay for equal work. This will empower women with better opportunities for secure employment. There also needs to be policies in place to ensure equal access for women to education, training and internship opportunities, allowing for women's advancement to higher positions within the formal employment sector, and improvement in women's financial security.
3. Better access to information, training, credit and investment opportunities for women seeking to set-up their own businesses.
 4. Increased role of associations to implement reforms and promote equity in terms of access to employment and fair wages.
 5. Implementation of measures relating to maternity leave, childcare, retirement and taxation.
 6. Use of the media to promote values relating to gender equality within society in general, as well as in the administration of policy in the formal and informal sectors.
 7. The perceptions of gender roles and restrictive social norms in Lao PDR are largely unstudied. Multidisciplinary research should be developed to address these issues. There is a need for an information system that will take into account gender implications throughout the process of gathering and analysing statistics, along with the development of databases and the improvement of tools to evaluate the policies intended to promote women's economic integration.

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A number of specific measures are recommended to improve women's economic empowerment:

1. Increased value placed on women's role in the workforce, on the development of lifelong learning and the widening of opportunities available to them.
2. Fairer participation of women in decision-making roles and governance mechanisms. This would ensure better consideration of women's needs and promote the potential of women as managers and decision-makers.



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