As part of broader efforts towards durable solutions to child labor, the International Labour Organization (ILO), the United Nations Children’s Fund (UNICEF), and the World Bank initiated the interagency Understanding Children’s Work (UCW) Programme in December 2000. The Programme is guided by the Oslo Agenda for Action, which laid out the priorities for the international community in the fight against child labor. Through a variety of data collection, research, and assessment activities, the UCW Programme is broadly directed toward improving understanding of child labor, its causes and effects, how it can be measured, and effective policies for addressing it. For further information, see the project website at www.ucw-project.org.

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* The current report was finalized in June 2013. It was embargoed until its presentation during the Consultative Workshop On Child Labour National Action Plan called by the Ministry of Labour and Social Welfare held in December 2013 in Vientiane.

Cover photo: Province of Luang Prabang: wood gathering chore, © International Labour Organization/ Deloche P.
Understanding children’s work and youth employment outcomes in Laos

Summary Report
January 2014

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INTRODUCTION

1. Overcoming the twin challenges of child labour and youth employment will be critical to progress towards the Millennium Development Goals in Laos. Estimates presented in this report indicate that some 71,000 Lao children aged 6-13 years still work in employment. At the same time, youth employment is dominated by low-productivity, unremunerated work concentrated in the agriculture sector. Only one of every four employed youth earns enough to escape poverty. The effects of child labour and youth employment difficulties are well-documented: both can lead to social vulnerability and societal marginalisation, and both can permanently impair productive potential and therefore influence lifetime patterns of employment and pay.

2. The issues of child labour and youth employment are closely linked, pointing to the need for common policy approaches to addressing them. Employment outcomes are typically worst for former child labourers and other early school-leavers, groups with least opportunity to accumulate the human capital needed for gainful employment. Indeed, today's jobless or inadequately employed youth are often yesterday's child labourers. The link between child labour and labour market outcomes can also operate in the other direction: poor future labour market prospects can reduce the incentive of households to invest in children's human capital.

3. The current report examines the related issues of child labour and youth employment in Laos. Guided by observed outcomes in terms of schooling, work activities and status in the labour market, the report considers the economic as well as the social determinants of child labour and youth employment difficulties. The report is based primarily on the results from two recent surveys – the 2010 Laos Labour Force and Child Labour Survey (LFCLS 2010) and 2012 Skills Measurement Survey (SMS 2012).

4. The report was developed jointly by the three UCW partner agencies. As such, it provides an important common basis for action in addressing child labour and youth employment challenges. The current summary version of the report is structured as follows. Part 1 focuses on understanding children's work and Part 2 on understanding youth employment outcomes. Part 3 of the report addresses national responses to child labour and youth employment concerns.

Panel 1. Understanding Children’s Work (UCW) programme

The inter-agency research programme, Understanding Children’s Work (UCW), was initiated by the International Labour Organization (ILO), UNICEF and the World Bank to help inform efforts towards eliminating child labour.

The Programme is guided by the Roadmap adopted at The Hague Global Child Labour Conference 2010, which lays out the priorities for the international community in the fight against child labour.

The Roadmap calls for effective partnership across the UN system to address child labour, and for mainstreaming child labour into policy and development frameworks. The Roadmap also calls for improved knowledge sharing and for further research aimed at guiding policy responses to child labour.

Research on the work and the vulnerability of children constitutes the main component of the UCW Programme. Through close collaboration with stakeholders in partner countries, the Programme produces research allowing a better understanding of child labour in its various dimensions.

The results of this research support the development of intervention strategies designed to remove children from the world of work and prevent others from entering it. As UCW research is conducted within an inter-agency framework, it promotes a shared understanding of child labour and provides a common platform for addressing it.
Part 1. CHILDREN’S INVOLVEMENT IN WORK AND SCHOOLING

5. Children’s involvement in employment remains common in Laos. Almost 71,000 children age 6-13 years, 6.5 percent of this age group, are in employment in Laos according to 2010 Laos Labour Force and Child Labour Survey (LFCLS 2010). All of these children are also in child labour for elimination in accordance with the Lao legislation, which prohibits employment below the age of 14. The share of older, 14-17-year-old, children in employment is much higher, at 35 percent. Fewer children from the 14-17 years age are in child labour, however, as Lao legislation only proscribes excessive hours and certain types of employment for this age range. It is important to note at the outset of this report that the estimates of employment based on LFCLS 2010 likely significantly understate actual employment levels for both the 6-13 and 14-17 years age groups.

| Table 1. Child activity status by sex and residence, 6-13 age group, percentages |
|-------------------|-----------------|-----------------|-----------------|
| Background characteristics | Total in employment | Total in school | Total out of school |
| Sex | % | No. | % | No. | % | No. |
| Male | 5.6 | 31,671 | 88.9 | 508,188 | 11.1 | 63,273 |
| Female | 7.4 | 39,127 | 86.7 | 458,106 | 13.3 | 70,611 |
| Residence | | | | | | |
| Urban | 1.7 | 4,079 | 95.4 | 229,361 | 4.6 | 10,921 |
| Rural with road | 7.4 | 54,608 | 86.7 | 642,002 | 13.4 | 99,014 |
| Rural without road | 10.2 | 12,113 | 79.7 | 94,332 | 20.3 | 23,950 |
| Total 6-13 | 6.5 | 70,797 | 87.9 | 966,295 | 12.2 | 133,884 |

Source: UCW calculations based on Laos Labour Force and Child Labour Survey, 2010

| Table 2. Child activity status by sex and residence, 14-17 age group, percentages |
|-------------------|-----------------|-----------------|-----------------|
| Background characteristics | Total in employment | Total in school | Total out of school |
| Sex | % | No. | % | No. | % | No. |
| Male | 30.7 | 85,089 | 67.4 | 187,100 | 32.7 | 90,718 |
| Female | 39.0 | 104,835 | 59.1 | 158,799 | 40.9 | 109,993 |
| Residence | | | | | | |
| Urban | 16.2 | 24,897 | 80.7 | 124,271 | 19.3 | 29,706 |
| Rural with road | 40.5 | 137,636 | 58.2 | 197,588 | 41.8 | 142,283 |
| Rural without road | 51.9 | 27,391 | 45.6 | 24,040 | 54.4 | 28,721 |
| Total 14-17 | 34.7 | 189,924 | 63.3 | 345,898 | 36.7 | 200,711 |

Source: UCW calculations based on Laos Labour Force and Child Labour Survey, 2010

6. School attendance remains at some distance from universal. Almost 88 percent of 6-13 year-olds attend school, an age range that includes the five-year compulsory primary cycle (for which the school attendance rate is 87 percent) and the first three years of the four-year lower secondary cycle (for which the

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1 LFCLS 2010 was implemented jointly by the Lao Statistics Bureau (then, the Department of Statistics) of the Ministry of Planning and Investment (MoPI) and the Labour Management Department of the Ministry of Labour and Social Welfare (MoLSW). It was undertaken with the financial and technical assistance of the International Labour Organisation (ILO) through its Regional Office for Asia and the Pacific, and the International Programme on the Elimination of Child Labour (IPEC) through its Statistical Information and Monitoring Programme on Child Labour (SIMPOC).

2 The term “child labour” is used to refer to the subset of children’s employment that is injurious, negative or undesirable to children and that should be targeted for elimination. Three main international conventions – the UN Convention on the Rights of the Child (CRC), ILO Convention No. 182 (Worst Forms) and ILO Convention No. 138 (Minimum Age) – provide the main legal standards for child labour and a framework for efforts against it. Child labour in the context of Laos is defined primarily by the Article 41 of the Amended Labour Law (2007).

3 The underestimation is product of problems with the definition of employment used in the employment question in the LFCLS 2010 questionnaire and of the consequent need to instead rely on the question on principal activity to identify those in employment. In answering the question on principal activity, however, survey respondents must choose their activity in the last week among ‘employment’, ‘schooling’, ‘unemployment’, ‘housewife’ and other activities, and those who combine work and schooling but consider schooling as the main activity are not classified as in employment. As evidence from other developing countries indicates that children combining school and work form of the majority of children in employment, the underestimation of employment in the case of Laos could be considerable. This estimation problem does not, however, extend to school attendance, which is captured by a separate question.
school attendance rate is 89 percent). Activity patterns differ considerably for youth in the 14-17 years age range: a smaller share is in school (63 percent) and a greater share is in employment (35 percent). School and employment are not of course necessary mutually exclusive activities. Indeed, the largest share of working children in most developing countries combine school and employment. Unfortunately, data from LFCLS 2010 do not provide information on the overlap between school and employment in the Lao context for the reasons discussed above.

7. There are several important characteristics of children's employment in Laos of relevance for policy. First, children's employment is mainly although not exclusively a rural phenomenon - 66,800 rural children aged 6-13 years are in employment compared to only 4,100 urban children in the same age group. Incidence is especially high in remote rural areas without roads. Second, there are substantial regional differences in children's involvement in employment, underscoring the need for the geographic targeting of efforts against child labour. Less than one percent of children aged 6-13 years worked in employment in Vientiane Capital City in 2010, for example, against 13 percent in Saravane. Third, there are differences in children's employment by sex, suggesting that gender considerations play a role in the assignment of children's work responsibilities in Laos.

8. The agriculture sector accounts for by far the largest share of children's employment in Laos. For the 6-13 years age group, almost all (97 percent) of children in employment are in the agriculture sector. At the same time, almost nine out of every ten (88 percent) of 6-13 year-olds in employment are non-wage family workers. Most of the remainder (10 percent) are self-employed while only two percent are paid workers.

9. Children's employment is extremely time-intensive in Laos. Children aged 6-13 years in employment log an average of over 40 working hours per week (Figure 2), more even than adult workers in industrialized countries. The time intensity of work rises with age, but even six year-olds must put in an average of almost 27 hours of work per week, with obvious consequences for the time and

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4 The Laos formal education system consists of three broad tiers – general education, vocational and technical education and higher education. General education includes preschool (child care for children up to 2 years old and kindergarten for children aged 3-5), a 1 year pre-primary program for 5 year olds and 12 years of primary and secondary education combined – divided into primary (five years of schooling for children usually aged 6-10), lower secondary (four years for children aged 11-14) and upper secondary (three years for children aged 15-17). The current structure of the education system is the result of recent education reforms (2009/2010) which are not yet complete. Specifically the reforms resulted in an extra year being added to lower secondary education (from 5+3+3 to a 5+4+3 system) to build a new 12 level system.
energy they have to devote to their studies for their right to leisure. Differences in the time intensity of work are not large between male and female children in employment. Time intensity varies somewhat by place of residence; average working hours are longest in urban areas (43.2 hours per week), following by rural areas with roads (41 hours per week) and rural areas without roads (35.8 hours per week).

Figure 2. Average weekly working hours, by age and sex

Source: UCW calculations based on Laos Labour Force and Child Labour Survey, 2010

10. Not discussed up to this point is the extent to which children’s work in Laos constitutes “child labour” for elimination. This question is critical for the purposes of prioritising and targeting policy responses to children’s work. For a complete estimate of child labour in accordance with Article 41 of the amended Labour Law (2007), the primary legal framework regarding child labour in the country, it is necessary to look at (1) all children aged 5-13 years in employment; and (2) all 14-17 year-old children working in excess of eight hours per day and/or in hazardous occupations, industries or conditions (including night work). Child labour based on these measurement criteria is very common in Laos. Some of 74,700 children below the age of 14 years are in employment and 100,200 children aged 14-17 years are in hazardous work. Summing these two groups yields a total of 174,900 children aged 5-17 years in child labour, accounting for 10 percent of all children in this age range.

Table 3. Lower-bound estimate of child labour involvement, based on national legislation

<table>
<thead>
<tr>
<th>Sex</th>
<th>Children aged 5-13 years in employment</th>
<th>Children aged 14-17 years in hazardous work</th>
<th>Total in child labour, 5-17 years</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>% of total age group No.</td>
<td>% of total age group No.</td>
<td>% of total age group No.</td>
</tr>
<tr>
<td>Total</td>
<td>6.2% 74,747</td>
<td>18.3% 100,202</td>
<td>10.0% 174,949</td>
</tr>
<tr>
<td>Sex</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>5.4% 33,219</td>
<td>16.6% 45,995</td>
<td>8.8% 79,215</td>
</tr>
<tr>
<td>Female</td>
<td>7.2% 41,528</td>
<td>20.2% 54,206</td>
<td>11.3% 95,734</td>
</tr>
<tr>
<td>Residence</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Urban</td>
<td>1.6% 4,079</td>
<td>7.8% 12,000</td>
<td>3.9% 16,079</td>
</tr>
<tr>
<td>Rural with road</td>
<td>7.2% 57,854</td>
<td>22.7% 77,159</td>
<td>11.8% 135,013</td>
</tr>
<tr>
<td>Rural without road</td>
<td>9.8% 12,814</td>
<td>20.9% 11,044</td>
<td>13.0% 23,858</td>
</tr>
</tbody>
</table>

Notes: (i) National child labour legislation prohibits the employment of children under the age of 14 years. (ii) Includes 14-17 year-olds working over 48 hours per week and children aged 14-17 years exposed to hazardous conditions irrespective of working hours. The hazardous conditions include: all types of mining; work with gas, fire, flames, chemicals, explosives or toxic substances; work in environment with excessive noise or vibration, work in dust or smoke, environment; underground work or work at heights; workplace is too dark or confined; workplace has insufficient ventilation. The list of the national hazardous works includes also work during night, but LFCLS 2010 does not provide that information.

Source: UCW calculations based on Laos Labour Force and Child Labour Survey, 2010

Notes: It is worth emphasizing that these child labour estimates are also affected by problems with the definition of employment used in LFCLS 2010, and therefore likely understate the actual share and number of children in child labour.
11. The report points to some of the factors influencing household decisions to involve their children in work or school.

- **Age.** The analysis shows that the probability of a child working increases with age. The available information is insufficient to provide a precise idea of the relative importance of the two most probable reasons for this, i.e., the rising opportunity cost of schooling as a child grows older, or the lack of access to schooling at the post-primary level.

- **Sex.** Parents’ decisions concerning whether to involve their children in school or work also appear influenced by gender considerations in Laos. Holding constant household income, parents’ education and other relevant factors, boys have a lower probability of working in employment and a higher probability of attending school.

- **Education of household head.** Higher household head education levels make it more likely that a child attends school and less likely that he or she is in employment. One possible explanation is that more educated parents might have a better knowledge of the returns to education, and/or are in a better position to help their children to exploit the earning potential acquired through education.

- **Household income.** The level of household income also appears to play a role in decisions concerning children’s work and schooling. Children from highest-income households, for instance, are three percentage points less likely to work in employment and seven percentage more likely to attend school than children from lowest-income households. The results underscore that children’s earnings or productivity can play an important role in household survival strategies among low-income families.

- **Place of residence.** Children’s living location has an influence on their time use, highlighting the importance of targeted, area-specific approaches to reducing child labour and raising school attendance. Children in rural areas face a significantly greater risk of being out of school and in employment. The consequences of residence are particularly pronounced for children living in rural areas without access to roads. These children are 5.8 percentage points more likely to work and 6.2 percentage points less likely to attend school than their urban counterparts.

- **Migration status.** The likelihood of children working and attending school are significantly influenced by the migration status of their family. A child from a migrant household, for example, is 4.4 percentage points more likely to attend school and 2.6 percentage points less likely to work. On the face of this evidence, then, migration appears to confer on children advantages both in terms of being able to go to school and of being protected from child labour.

- **Local labour market conditions.** Local labour market conditions appear to have an important influence on children’s participation in employment and schooling. An increase in local labour demand significantly increases the likelihood of children working and decreases the likelihood of their attending school. This result suggests that households are influenced not only by their own circumstances but also by opportunities in the labour market when making decisions concerning children’s employment. An increase in the youth labour supply, on the other hand, significantly reduces the likelihood of children’s employment and increases the likelihood of school attendance. This result suggests that the presence of a large potential supply of youth workers may leave fewer opportunities for children’s involvement in employment.
Exposure to shocks. Laos is a country that is prone to shocks, particularly to floods and typhoons, and the impact of shocks on decisions concerning children’s employment and schooling is therefore also of considerable policy interest. Children living in a household hit by natural disasters are almost 3.1 percent more likely to work and 4.5 percent less likely to attend school. One possible explanation is that households use their children as risk-coping instruments, and adjust the school attendance and labour force participation of their children to absorb the impact of negative shocks.

12. But children’s employment is a complex phenomenon and the factors mentioned above clearly represent only a partial list of determinants. Better data and more in-depth analysis are needed for a more complete understanding of why children become involved in work. More information on availability of infrastructure, school quality, access to credit markets, coverage of social protection schemes, is especially important. Decisions concerning children’s work and schooling are driven by both economic and socio-cultural factors, and a better understanding is also needed of the role of the latter.

13. There remains a substantial number of out-of-school children in Laos. Taking the narrower group of 8-13 year-olds to eliminate most potential late entrants, some 80,000 (over nine percent) were out of school in 2010. Of this group of out of school 8-13 year-olds, more than 45,700 (some 57 percent) never entered school and the remainder dropped out prematurely. As reported in Figure 3, the share of children not in school begins rising from age 11 years, at the end of compulsory schooling, but the share of out of school children is by no means negligible even before this age.  

14. Children cite a variety of reasons for absence from school. Among children not currently attending school, the demands of housework or employment together are cited by about 10 percent of respondents as the reason for not being in school (Figure 4). School-related supply-side factors, and specifically school access, school safety and school costs, are also important, cited by nearly 14 percent of respondents. Although ostensibly free, parents are often expected to pay informal fees including a registration fee, school maintenance payments and assorted running costs. Disability or illness was cited by five

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Footnote 6: The Laos formal education system consists of three broad tiers – general education, vocational and technical education and higher education. General education includes preschool (child care for children up to 2 years old and kindergarten for children aged 3-5), a 1 year pre-primary program for 5 year olds and 12 years of primary and secondary education combined – divided into primary (five years of schooling for children usually aged 6-10), lower secondary (four years for children aged 11-14) and upper secondary (three years for children aged 15-17). The current structure of the education system is the result of recent education reforms (2009/2010) which are not yet complete. Specifically the reforms resulted in an extra year being added to lower secondary education (from 5+3+3 to a 5+4+3 system) to build a new 12 level system.
percent of children, a response also in part reflecting school access issues. But the most important barriers to entering school were attitudes towards schooling: 38 percent of those not in school cited either lack of interest in schooling (28 percent) or parental disapproval of schooling (ten percent) as the primary reason.

**Figure 4. Reasons for not attending school, children aged 6-17 years not currently in school**

15. **Information from other sources suggest that school-related supply-side factors may be an even more important issue than feedback from children suggests.** According UNESCO (2010), only a little over one-third (36 percent) of villages have access to a school offering complete primary school education, most of which are large villages close to the roads. In provinces with large non-Lao-Thai populations, more than 60 percent of the schools offer incomplete primary education. A shortage of bilingual teachers is also an issue, making it difficult for children from ethnic groups who do not speak dialects (or languages) other than their own to grasp proceedings in school. Out-of-pocket schooling costs remains another issue, despite of Article 25 of the Constitution guaranteeing the right to education to all and the Decree on Compulsory Education (1996) states that primary education should be free for all.

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Part 2. YOUTH EMPLOYMENT OUTCOMES

16. The aggregate labour market indicators for Lao youth aged 15 – 24 years point to a high level of labour force participation (76 percent) and at the same time a very low rate of measured unemployment (less than one percent). Education participation is relatively low at 39 percent. Five percent of all youth are not in education, employment or training, a group referred to by the acronym “NEET”. In the Laos context, however, the key policy concern is the quality of the jobs young persons hold, and the extent to which these jobs offer a path for advancement and route out of poverty.

Table 4. Aggregate labour market indicators, young persons aged 15-24 years, by residence, sex and age range

<table>
<thead>
<tr>
<th>Population category</th>
<th>Labour force participation (% pop.)</th>
<th>Education participation (% pop.)</th>
<th>Inactive and out of education (% pop.)</th>
<th>NEETs (a) (% pop.)</th>
<th>Employment rate (% active)</th>
<th>Unemployment rate (% active)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residence</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rural with roads</td>
<td>83.9</td>
<td>32.7</td>
<td>3.2</td>
<td>3.3</td>
<td>99.8</td>
<td>0.2</td>
</tr>
<tr>
<td>Urban</td>
<td>58.9</td>
<td>50.6</td>
<td>7.3</td>
<td>8.7</td>
<td>97.7</td>
<td>2.3</td>
</tr>
<tr>
<td>Sex</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>74.2</td>
<td>44.4</td>
<td>2.8</td>
<td>3.3</td>
<td>99.3</td>
<td>0.7</td>
</tr>
<tr>
<td>Female</td>
<td>76.9</td>
<td>33.5</td>
<td>6.1</td>
<td>6.6</td>
<td>99.3</td>
<td>0.7</td>
</tr>
<tr>
<td>Age range</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15-19</td>
<td>67.7</td>
<td>56.9</td>
<td>3.1</td>
<td>3.4</td>
<td>99.6</td>
<td>0.4</td>
</tr>
<tr>
<td>20-24</td>
<td>86.1</td>
<td>14.5</td>
<td>6.4</td>
<td>7.3</td>
<td>99.0</td>
<td>1.0</td>
</tr>
<tr>
<td>Total</td>
<td>75.6</td>
<td>38.6</td>
<td>4.5</td>
<td>5.0</td>
<td>99.3</td>
<td>0.7</td>
</tr>
</tbody>
</table>

Notes: (a) NEET refers to youth who are not in education, employment or training. It is a measure that therefore reflects both youth who are inactive and out of education as well as youth who are unemployment; (b) Total excludes young persons living in rural areas without roads.

Source: UCW calculations based on Laos Step Skills Measurement Survey (Step 1), 2012.

17. Youth employment is dominated by low-productivity, unremunerated work concentrated in the agriculture sector. Three-quarters of youth workers are found in agriculture and the remainder are divided among the service (nine percent), commerce (seven percent) and manufacturing (five percent) sectors (Figure 5). In terms of status in employment, about half (51 percent) of employed youth are non-wage family workers. The rest is found in either self-employment (32 percent) or in paid employment (17 percent).

Figure 5. Composition of youth employment

(a) By employment sector

(b) By status in employment

Note: (a) The category “Other sector” includes construction, mining and quarrying, electricity, gas and water supply and extraterritorial organizations and bodies.


18. Less than 30 percent of youth in wage work enjoy written contracts, underscoring the high degree of precariousness characterising youth employment in Laos. A written contract, in turn, is perhaps the best indicator job security and quality. Written contracts are generally associated with more job stability and legal protections, higher incomes and access to non-wage benefits such as pensions and health care. Youth in remote rural areas without road
access fare worse in this regard than the rest of the country – only 12 percent of employed youth in remote areas enjoy a written contract compared to 26 percent in urban areas (Figure 6). The share of employed youth with a written contract increases considerably with age, from 17 percent for the 15-19 years age group to 34 percent for the 20-24 years age group, suggesting that for at least some youth a first insecure non-contract job may be a stepping stone to a more secure contract job later on.

**Figure 6.** Percentage of youth in wage employment with written contracts, 15-24 years age group, by residence, sex, age range and department


19. Levels of working poverty are extremely high among Lao youth: three of every four employed youth are poor despite having a job. Levels of working poor are especially high among young persons working in agriculture. Over four-fifths of youth working in agriculture (86 percent) are poor, compared to 43 percent in manufacturing, 40 percent in services and 35 percent in commerce. In terms of status in employment, working poverty is highest for non-wage family workers (82 percent) and for those who are self-employed (79 percent). These high levels of working poverty are perhaps the most revealing indicator of the low quality of youth jobs – for too many Lao youth, employment does not offer a route out of poverty.

**Figure 7.** Percentage of working poor youth, by employment sector, status in employment and contractual status

Notes: (a) It is the international poverty line of $1.25 per person per day, in 2005 purchasing power parity (PPP). (b) Paid workers only (c) Employed non student population. (d) The category “Other” includes construction, mining and quarrying, electricity, gas and water supply and extraterritorial


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* Based on the international poverty line of $1.25 per person per day, in 2005 purchasing power parity (PPP).
The balance of evidence points to substantial returns to education for young people in the Lao labour market. The share of employed youth in wage work and in tertiary sector work both rise consistently with more education, while the opposite pattern prevails for non-wage family work and for work in the agriculture sector. Similarly, a higher share of more educated youth enjoy jobs with written contracts. Only 18 percent of youth with only primary education have a written contract against 35 percent of youth with upper secondary education and 71 percent of youth with tertiary education. At the same time, the share of working poor falls significantly with educational attainment. Ninety-five percent of employed youth with no education are poor compared to 49 percent of employed youth with secondary education and 33 percent with tertiary education. More robust econometric evidence also highlights the importance of education in determining job quality.

Results from the 2012 Laos Enterprise Survey (ES 2012) provide an indication of the relative importance of inadequate human capital levels from the perspective of Lao firms in the non-agricultural economy. Firms cite “inadequately educated workforce” more frequently than any other factor as the biggest obstacle to growth. Skills deficits are most felt in medium- and large-size firms in the services and commerce sectors. The perceived skills deficit suggests significant unmet demand for skilled labour among Lao firms outside the agriculture sector, and highlights the importance of investing in youth education and training as a means of improving youth employment outcomes.
22. Feedback from employed youth themselves concerning their skills levels also suggests that skills mismatches are commonplace. The largest share (58 percent) of youth with upper secondary or higher education see themselves as overqualified for the jobs that they perform, undoubtedly because many are in non-wage family work in agricultural sector. But there is also a substantial share (30 percent) that indicate feeling underqualified for their jobs despite their high level of educational attainment, a figure that roughly corresponds with the share of the same group in wage work and work with written contracts. These results suggest that while better-educated youth not surprisingly indicate feeling over-qualified for farm work, these youth at the same time do not feel they are adequately qualified for more skills-intensive jobs in the formal sector, in keeping with the feedback from employers reported above.

Figure 10. Self-reported appropriateness of qualifications to job, employed youth aged 15-24 years, by youth education level

Source: UCW calculations based on Lao PDR Step Skills Measurement Survey (Step 2), 2012
Part 3. RESPONDING TO CHILD LABOUR AND YOUTH EMPLOYMENT CONCERNS

23. Child labour and youth employment are closely linked, underscoring the importance of addressing the two issues hand in hand, following a lifecycle approach. The figure below illustrates key components of an integrated response to child labour and youth employment concerns. A set of child-centred policies are needed to promote schooling as an alternative to child labour, and, following from this, to ensure that children enter adolescence with the basic and life skills needed for further learning and practical living. This foundation is turn crucial to the success of active labour market policies for promoting improved youth employment outcomes, and to ensuring that youth successfully transition from education into decent work in the labour market. This causal chain can also work in the opposite direction: successful youth labour market outcomes can increase household incentives to invest in children’s education earlier in the lifecycle.

An integrated response to child labour and youth employment problems

Responding to child labour

24. Child labour is a complex phenomenon requiring a policy response that is comprehensive cross-sectoral in nature. Better access to quality schooling, combined with mechanisms to reduce social risk, are particularly important to preventing children from entering child labour, and to stopping children already in work from moving to more hazardous forms or leaving school prematurely. Awareness raising and social mobilisation are critical to building a broad-based consensus for change to engaging civil society and social partners in achieving change. Direct actions are needed to remove and rehabilitate children facing extreme forms of hazard or exploitation in the workplace. Appropriate legal and policy frameworks are important as a statement of national intent and to guide national action against child labour. Strengthened institutional capacity is critical to ensuring that these frameworks are effectively operationalised. These key policy priorities for strengthening the national response to child labour are discussed further below.

25. Reducing barriers to school access. Ensuring schooling access at both the primary and secondary levels remains an important challenge. We saw earlier that school attendance reaches its peak in the 10-11 years age range at a level well below universal primary enrolment and drop out accelerates thereafter. Children from poorest households, children from rural and remote areas, and
children from linguistic minorities face the greatest barriers to access. Key priorities in terms of improving access include:

- **Extending school access to children who live in remote and isolated areas.** The high proportion of the Lao population who live in remote areas and limited school coverage in these areas means that children often forced to travel long distances to reach their nearest school, posing practical as well as financial barriers to school access.

- **Reduce cost barriers to education** for poor and vulnerable populations. While schooling is ostensibly free, parents and schools often levy informal fees which can pose a significant out-of-pocket expense for poor families. A number of activities are envisaged in this context as part of the Education Sector Development Framework (2009–2015), including the provision of an expanded scholarship programme; the abolition of fees for pre-primary, primary, lower-secondary and non-formal education; and the introduction of block grants to schools to offset any resulting loss of income.

- **Boost the school enrolment and retention of girls** by ensuring that curricula are gender sensitive; that girls are able to access appropriate hygiene facilities; and that awareness raising activities are carried out on the importance of girls’ education.

- **Provide linguistic and ethnic minorities with appropriate support services** to succeed in school, as part of a broader toward inclusive education and equitable access for disadvantaged populations. Many children reach primary school age without an adequate knowledge of Lao-Tai, the main language of instruction in schools, leaving them at a considerable disadvantage and at a greater risk of drop-out.

26. **Improving school quality.** There is a general need to improve school quality in order that schooling is seen by parents as a worthwhile alternative to child labour. At present, schooling standards vary considerably and quality is undermined by factors such as incomplete school buildings, teacher shortages, inconsistent teaching standards and poor curriculum relevance. The need for improvements in these areas has been highlighted in the Education Sector Development Framework (2009-2015) and other education sector development plans but now needs to be operationalised across the education system. Key priorities include:

- **Teacher training and a strengthened teacher recruitment and training system** to combat teaching shortages and promote higher standards amongst teaching personnel. Particular priority should be given to supporting people from under-represented groups – including ethnic and linguistic minorities – to become teachers, through the provision of scholarships and support.

- **Promote inclusive education** strategies, including girl and child friendly schools, which can be mainstreamed into school teaching and which will be adaptive and supportive to the differing learning needs of children.

- **Develop appropriate curricula and enforce a set of minimum standards** to ensure that schooling is relevant and provides an appropriate foundation for higher level learning and skills acquisition.

27. **Expanding early childhood education (ECE).** Evidence from a range of developing countries suggests that ECE programmes can promote learning readiness, increase school enrolment and school survival, and help keep children away from work in their early years. The Education for All National Plan of Action 2003-15 set a target of 17 percent enrolment rate for 3-4 year-olds by 2015, and 55 percent enrolment rate for five year-olds by 2015. But efforts towards these goals are hampered by a severe shortage of trained pre-school teachers; ECE programmes remain overwhelmingly concentrated in wealthy urban communities. Priorities for expanding early childhood education include:
• Expand **ECE provision** to remote and under-served communities. In addition to building facilities, this should include awareness raising on the importance of ECE and establishing systems to support children from linguistic minorities.

• Provide **training for pre-school teachers and early education personnel** to overcome shortages and to ensure they have the skills and competencies to provide high-quality education.

**28. Providing second chance learning opportunities.** “Second chance” policies are needed to reach former working children and other out-of-school children, including children currently working, with educational opportunities as part of broader efforts towards their social reintegration. Empirical evidence presented above on educational attainment indicates that such policies are particularly relevant in the Lao context: many students leave the system prior to the end of the compulsory education cycle and many of those out of school lack the minimum amount of school time considered by UNESCO as necessary for acquiring basic literacy skills. Programming experience elsewhere points to two main options for reaching disadvantaged, out-of-school children with opportunities to ease their transition back to the formal school system: *mainstreaming*, providing returning children with special remedial support within the regular classroom context; and “*bridging*” education, involving separate intensive courses, delivered within or outside the formal school system, designed to raise academic proficiency prior to returning to the regular classroom.

**29. Expanding social protection.** The importance of social protection schemes in providing a degree of economic security and supporting vulnerable households so they do not need to resort to child labour has been well established. At present, in Laos only a small number of workers in the formal sector have any access to social protection and this excludes the large number of people working in agriculture. Indeed, the four social and health protection systems in place in Laos (i.e., the State Authority of Social Security (SASS), the Social Security Organization (SSO), Community-Based Health Insurance (CBHI) and Health Equity Funds (HEFs)) currently cover less than one-fifth of the population. Health care in particular involves high out of pocket expenses posing a major burden for poor households. Priorities in terms of expanding social protection in include the following:

• Work towards **universal coverage of health insurance by 2020**, as articulated in the National Health Development Plan, through the rollout of the unified national health insurance scheme to all provinces. Particular attention should be given to health insurance provisions for vulnerable groups, including women, those with disabilities and those living with HIV and AIDS.

• Work towards the **creation of a social protection floor** through a combination of social protection initiatives including conditional and unconditional cash transfers to promote sustainable livelihoods, microfinance initiatives, employment guarantee schemes, family allowances, school feeding schemes and hardship allowances.

• Prioritise those **vulnerable groups who are currently under-served** by existing social protection provisions, including agricultural workers and those in informal employment.

**30. Awareness raising.** Awareness raising is needed as part of efforts to build a broad consensus for change. Child labour is a clear example in which both social norms and economic considerations are important, and strategic communication efforts need to be designed with this in mind. At present, public awareness of child labour in Laos issues is low, particularly outside of urban areas. Households require information concerning children’s rights, the costs or dangers of child
labour and benefits of schooling in order to make informed decisions on their children’s time allocation. Cultural attitudes and perceptions can also direct household decisions concerning children’s schooling and child labour, and therefore should also be targeted in strategic communication efforts. The gender dimensions of child labour in Laos, discussed above, are particularly relevant in this context.

31. Communication efforts are needed at both national and local levels. A mix of conventional (e.g., radio, television and print media) as well as of non-conventional communication channels (e.g., religious leaders, school teachers, health care workers) is important in order to achieve maximum outreach. Baseline information on local knowledge and cultural attitudes towards children’s rights, child labour and gender roles is needed to tailor communication messages, and to evaluation changes in awareness and attitudes following communication activities. Providing information on national child labour legislation, presented in terms that are understandable to the populations and communities concerned, is another communication priority.

32. Social mobilisation. Achieving a sustainable reduction in child labour requires social consensus well beyond the level of the household. Policy responses to child labour are also unlikely to be effective in the absence of the active participation of civil society and of social partners in implementing them. Similarly, laws to protect children from child labour are unlikely to be effective if they are not backed by broad social consensus. Social mobilisation is critical to engaging a broad range of social actors in efforts against child labour. Various social actors, including, for example, NGOs, faith-based organisations, teachers’ organisations, the mass media, trade unions, employers’ organizations, have important roles to play in a broader societal effort against child labour.

33. Direct action for removal, recovery and reintegration. Direct action is needed to remove children from so-called "worst forms of child labour other than hazardous" and provide them with the support and follow-up needed for their recovery and reintegration. Such action is relevant above all in cases of trafficked children, children subjected to commercial sexual exploitation, and children facing other extreme forms of hazard or exploitation in the workplace. Particular priorities in this context include:

- Strengthening information on worst forms other than hazardous. Information about children involved in worst forms other than hazardous is very scarce in Laos due both to the methodological difficulties inherent in investigating them and to their cultural sensitivity. Targeted research utilising specialised survey instruments is needed in order to generate more complete information on this especially vulnerable group of child labourers.

- Enhance cooperation with neighbouring countries, particularly Thailand, in the identification and repatriation of Lao children who are working as child labourers abroad. This is important given the high numbers of Lao children who are working outside of the country as child labourers, often in the worst forms of child labour.

34. Strengthening the policy and legislative frameworks as a foundation and guide for action against child labour. Achieving sustainable reductions in child labour requires a supportive policy and legislative environment which is in line with international standards and effectively mainstreamed into national development plans and programmes. This has the important effect of signalling national intent to eliminate child labour and providing a framework in which this can be achieved.

- Eliminate the disparity between the minimum age for employment (14 years) and the age at which compulsory schooling ends (11 years), by raising the age at which compulsory schooling ends. At present, the disparity between the two
creates a situation where children aged between 11 and 14 years, who are no longer required to attend school, are at risk of becoming involved in child labour.

- Finalise and regularly update a national hazardous work list, in close collaboration with workers and employers organisations, which will clearly identify work tasks that should be prohibited for children of particular ages.

- Finalise and operationalise the National Plan of Action on eliminating the worst forms of child labour as a basis for future policy and programming efforts.

35. **Strengthening enforcement and child labour monitoring.** The effectiveness of legislation in protecting children from child labour depends on the establishment of mechanisms for monitoring and enforcing laws, including provisions for inspections, avenues of legal redress for victims, and sanctions in cases of violations. Particular priorities in terms of strengthening enforcement and monitoring include:

- Strengthen capacity for formal monitoring and inspection of workplaces for child labour through training for labour inspectors, police and judiciary to ensure that they are to understand and labour legislation and workplace safety standards and enforce them in a consistent and appropriate manner.

- Develop community based child labour monitoring systems (CLMS)\(^9\) as a mechanism for identifying children who are involved or at risk of engaging in child labour, referring them to the labour inspectorate and appropriate social services, and tracking them to ensure a positive outcome. CLMS is particularly beneficial in the agricultural and informal sectors – where the vast majority of child labour in Laos is concentrated – in supporting public institutions in increasing surveillance and monitoring.

- Strengthen the capacity of the judiciary system so that it is able to take appropriate action in cases where violations take place.

36. **Building institutional capacity.** Strengthening institutional capacity at all levels of Government is needed for continued progress towards child labour reduction goals. While the National Plan of Action and other development plans provide solid bases for action, these plans are unlikely to be implemented effectively in the face of capacity constraints. Institution require strengthening in a number of areas, including using data for strategic planning, policy and programme design, programme monitoring and evaluation, and the mainstreaming of child labour in broader development plans and programmes. As child labour is a cross-sectoral issue, requiring close collaboration across a range of Government bodies, the clear delineation of roles, and the strengthening of coordination and information-sharing, will also be critical to the effective functioning of Government institutions and their social partners in efforts combating child labour.

37. **Strengthening the evidence base.** Effective and well-targeted responses to child labour demand a strong body of knowledge on the issue, including an understanding of how many child labourers there are, which sectors and geographical areas they work in, the demographic characteristics of the children

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\(^9\) One of the most potent means of addressing child labour is to regularly check the places where girls and boys may be working. Child labour monitoring (CLM) is the active process that ensures that such observation is put in place and is coordinated in an appropriate manner. Its overall objective is to ensure that as a consequence of monitoring children and young legally employed workers are safe from exploitation and hazards at work. The active scrutiny of child labour at the local level is supported by a referral system which establishes a link between appropriate services and ex-child labourers. In practice CLM involves the identification, referral, protection and prevention of child labourers through the development of a coordinated multi-sector monitoring and referral process that aims to cover all children living in a given geographical area. Its principal activities include regularly repeated direct observations to identify child labourers and to determine risks to which they are exposed, referral of these children to services, verification that they have been removed and tracking them afterwards to ensure that they have satisfactory alternatives. (ILO, http://www.ilo.org/ipec/Action/Childlabourmonitoring/lang--en/index.htm)
involved, and the type of work that they carry out. Despite recent national household surveys, important information gaps remain in the area of child labour, affecting understanding of the phenomenon and the ability of policy-makers to address it. There is a general need for a system of regular collection, analysis and dissemination of child labour statistics, including follow-ups to LFCL 2010, as well as more targeted research aimed at filling specific knowledge gaps. Specific priorities in this context include:

- Conduct research on child labour in agriculture in order to determine the specific agricultural sectors in which children work and the types of tasks which they carry out. While almost all children in employment (97 percent) are found in the agricultural sector, little is known about the characteristics of children’s agricultural work, its degree of hazardousness, or the extent to which it interferes with schooling.
- Conduct research on the worst forms of child labour in order to determine how many children work in these conditions and which types of work they are involved in. The worst forms of child labour are targeted for urgent elimination but the evidence base that is needed to achieve this goal is very weak.

**Responding to youth employment challenges**

38. High rates of economic growth in Laos have not yet been sufficiently translated into high rates of formal job creation and this has had particularly severe repercussions for young people who make up a significant proportion of the labour market. Active labour market policies which ensure ample decent work opportunities for young people are central not only for promoting youth employment but also for increasing the value of education and creating positive incentives for keeping children in school. Particularly important in this context are policies promoting decent work in rural areas, technical and vocational education activities to address job-relevant skills constraints, entrepreneurial support to address constraints to business start-up and self-employment and policies promoting equal opportunities for female youth in the labour market. These key policy priorities for strengthening the national response to youth employment challenges are discussed further below.

39. Promoting decent work in rural areas. Large numbers of young people in Laos work in rural areas which are generally associated with poor quality employment opportunities. According to the 2010 labour force survey around 80 percent of the Lao labour force is involved in agriculture, the vast majority of which is characterised by low wages, low rates of unionisation and workplace representation, poor access to effective social security and poor working conditions.

- Develop an integrated approach for local employment promotion in rural areas through training and capacity building towards livelihood diversification, value chain upgrading and business development to improve agricultural productivity and promote hardship and resistance to economic shocks. This should have an overall focus on areas where conditions are particularly difficult, including mountainous and upland areas.
- Promote safer work for young people working in agricultural occupations through occupational safety and health (OSH) training, training on carrying out hazardous risk assessments, and public campaigns to highlight safe working practices.

40. Ensuring young people have relevant skills and training. In order for young people to take advantage of – as well as to create – decent work opportunities, systems need to be in place to ensure that they leave education
equipped with the necessary skills. The foundation for these skills is high quality basic education, particularly in the context of a rapidly changing economy where the needs of the labour market is constantly evolving. Both the Ministry of Labour and the Lao Youth Union currently operate skills training programmes for young people but there is a lack of defined standards and curricula meaning that the courses provided are often lacking in quality and industry relevance.

- Engage with employers to provide work experience and apprenticeship programs to young people. This would help students become more familiar with and prepared for the world of work, and to understanding how their knowledge and skills can be applied in practice.

- Support skills development in high-growth sectors such as tourism, where there is high potential for expanded job creation and a lack of young people to take advantages of existing opportunities.

- Establish labour market information systems which will ensure that up-to-date information on the state of the labour market and reliable predictions on future labour market trajectories are fully reflected in vocational education programmes. This should include building the capacity of government officials to collect, analyse and report on labour market information and engaging with employers in developing appropriate curricula.

- Establish a network of employment service centres to link young job seekers with employers offering decent work opportunities and provide career counselling services. There are currently three state-run centres in operation in Laos on a pilot basis and successful practices should be replicated and expanded to elsewhere in the country. These centres would also play a crucial role in collecting and disseminating information on labour market demand to inform policymaking. At present most young people in Laos who are seeking jobs rely on informal networks and contacts.

- Conduct a series of school to work transition surveys which will track the outcomes of children leaving school and help to facilitate more responsive policies and programmes.

41. Promoting entrepreneurship. Given the lack of decent formal work opportunities in Laos, supporting young people to become entrepreneurs is crucial to promoting youth employment, and a number of policy measures can assist with this goal.

- Expand access to financial services to ensure that young entrepreneurs, who often face difficulties in obtaining credit from traditional sources, have access to the start-up capital needed to launch business ideas. This should include the development of microfinance initiatives through the expansion of village banking.

- Incorporate entrepreneurial education into school curricula, particularly at secondary and vocational education levels. This could include the ILO’s Know About Business methodology which promotes positive attitudes toward entrepreneurial activities, creates awareness of entrepreneurship as a viable career choice and develops knowledge of how to succeed as an entrepreneur.

42. Tackling gender disparities. Girls and young women in Laos continue to suffer from lower educational attainment and lower participation in the labour market than their male counterparts. Young women who do participate in the labour market tend to be restricted to a narrower range of occupations and are disproportionately represented in low-paid and informal employment. Specific interventions are needed to ensure that young women have the requisite skills and education to obtain decent work. This has important effects for future generations because when women are educated and earn decent wages their families are healthier and they have fewer children. In addition, when women
have greater control over household budgets, evidence suggests that they are more likely to invest in education, particularly for girls.

- Close the *gender gap at all stages of the education system* since girls’ disadvantage in the workplace is partly a result of their lower enrolment and completion rates at every stage of education.