COVID-19 Impact on SDGs in Lao PDR

Ms. Sara Sekkenes, UN Resident Coordinator
COVID-19 and Lao PDR in a regional context

- Lao PDR is the only landlocked country in Southeast Asia
- Reinforcing regional economic integration is a major policy objective
- Close to 200,000 Lao workers are in Thailand - more than 100,000 returned (ILO, 2020)
- Remittances account for 1.5% of total GDP (UNCTAD, 2018)
- 80% of Lao PDR’s exports go to Vietnam, China and Thailand (UNCTAD, 2018)
- Foreign capital represented 59% of total state capital spending in 2015 (UNDP DFA, 2019)
Lao PDR’s COVID-19 Timeline and Context

31st Dec, 19
Wuhan reports a cluster of cases of pneumonia

13th Jan
Thailand reports its first case

23rd Jan
Vietnam reports its first case

27th Jan
Cambodia reports its first case

23rd March
Myanmar reports its first case

24th March
Lao PDR is the last SEA country to report COVID-19 cases

30th March
A lockdown begins – all borders are closed

18th May
Lockdown ends – foreign travel remains restricted

28th Oct
24 cases, 0 death
Foreign travel remains limited

Late September
Covid-19 Socio-Economic Recovery Plan (SERP) is presented

Pre-existing vulnerabilities & threat multipliers

- Economic slowdown and rising inflation
- Fiscal difficulties constrain development spending
- Increasingly frequent and severe natural disasters
- Inequalities increase despite poverty reduction
Impact of COVID-19 through the SDGs

- Poverty reduced by 27 percentage points 1993-2019
- **COVID-19 could push 214,000 back into poverty** (WB)
- 8.3% rise in food prices between Jan and May (LBS)
- **$125m in remittances lost** this year from 100,000+ returning migrants (WB)

- Many villages already lacked rice 7 months ahead of harvest due to poor rains in 2018/19
- **Drop in demand for food** in urban markets (meat 30%, vegetables 40%)
- Outlook for importing inputs and exporting commodities in 2020 and beyond unsure.
- **Reduced rural household incomes** could lead to less food consumption and increased malnutrition, including for children.
Impact of COVID-19 through the SDGs

- **Limited human and financial resources** transferred from basic and chronic healthcare towards the COVID-19 pandemic.
- **Decline in use of essential health and nutrition services**, especially amongst mothers, newborns, children, and adolescents.
- **Expected spike in maternal mortality**.

- **Secondary school attendance rates are expected to fall by 6 percentage points**, from 63% to 57%.
- **School closures** disrupted the education of 1.7 million students (although schools have now re-opened).
Impact of COVID-19 through the SDGs

• **Greater exposure to virus** (64% health workers women)
• **61% women work as unpaid family workers**
• **Most others work in hardest hit sectors**: unemployment 30% for women, 20% for men

• Unemployment 9.4% (2017) up to **23.4% in June 2020**
  • **320,000+ newly unemployed**
  • 32.6% manufacturing jobs lost
  • 42% accommodation/food service jobs lost
  • Nearly 50% tourism jobs lost
• **¼ of businesses report 60% drop in sales**
• 71% of businesses closed during lockdown
• 71% of MSEs say they will not survive if no economic improvement in 6 months
• Luang Prabang Tourism Association estimates 80-90% of its members could go bankrupt without support
Impact of COVID-19 through the SDGs

- Urban-rural poverty gap still sizeable (7% vs 23.8%) in 2019
- More rural households’ income declined vs more urban unemployment during/since lockdown
  - Higher proportion of rural households ‘self-employed in agriculture’; not lost jobs but income declined
  - Increase day labor in rural areas

- Main export destinations - Thailand 41%, China 28%, Vietnam 18% - all severely affected by the pandemic.
- FDI flows to developing countries in Asia projected to fall by up to 45% in 2020.
- Anticipate declining ODA availability globally, as donor countries contend with domestic economic challenges.
Recognizing that there will be a new normal

- 9th National Socio-Economic Development Plan (2021-2025) was already under development.

- Clear that the impact of COVID-19 will extend well beyond 2021.

- Ministry of Planning and Investment requested the support of a Multi-Stakeholder Taskforce to develop:
  
  1. A set of core assumptions about significant shifts in context; and
  2. A set of specific policy recommendations.

Multi-Stakeholder Taskforce Dialogue on Trade, Private Sector, Value Chains and Tourism against the backdrop of COVID-19
Thinking through the implications

**THEME 1**
Macro-Fiscal Framework and Financing for Sustainable Development

Background Paper for the Multi-Stakeholder Taskforce to Study the Impact of COVID-19 to support a Determination of the 9th NSEDP and SDG Localization in Lao PDR

**THEME 2**
Trade and Private Sector, Value Chains, and Tourism

Draft Background Paper for the Multi-Stakeholder Taskforce to Study the Impact of COVID-19 to support a Determination of the 9th NSEDP and SDG Localization in Lao PDR

**THEME 3**
Investing in the Human Capital of Lao PDR

Background Paper for the Multi-Stakeholder Taskforce to Study the Impact of COVID-19 to Support a Determination of the 9th NSEDP and SDG Localization in Lao PDR

**THEME 4**
Managing Changes and Enhancing Policy Preparedness for Skills Development and Sustainable Employment in Response to the Needs of Social and Economic Development

Background Paper for the Multi-Stakeholder Taskforce to Study the Impact of COVID-19 to Support a Determination of the 9th NSEDP and SDG Localization in Lao PDR

**THEME 5**
Green Growth, Resilience and Risk Management

Background Paper for the Multi-Stakeholder Taskforce to Study the Impact of COVID-19 to Support a Determination of the 9th NSEDP and SDG Localization in Lao PDR
Strategically Adjusting Policy

- 5 High-Level Policy Dialogues
- Advice to the Chairs and co-Chairs of the 10 Sector Working Groups
Structured around 4 pillars:

1. Macroeconomic Response and Multilateral Collaboration;
3. Protecting Health Services and Systems during the Crisis; and
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