

ASSESSING POTENTIAL CHANGES IN LAO MIGRATION TRENDS AND PATTERNS

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The programmed activity was realized with funding from the Bureau of Population, Refugees, and Migration (PRM) within the United States Department of State under the Asia Regional Migration Programme. This report was written by Kyle Taylor, a senior consultant at Emerging Markets Consulting (EMC) in Lao People's Democratic Republic with support from the IOM Mission in Lao People's Democratic Republic. Language editing was carried out by the IOM Communications Team of Lao People's Democratic Republic and copy-editing and layout by the Publications Unit.

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Website: www.iom.int/countries/lao-peoples-democratic-republic

Required citation: International Organization for Migration (IOM), 2021. *Assessing Potential Changes in Lao Migration Trends and Patterns*. IOM. Vientiane.

ISBN 978-92-9268-031-2 (PDF)

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Acknowledgements

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The production of this report is made possible thanks to a number of people in terms of research support and feedback on the development of this report and its analysis, including EMC colleagues, specifically William Murray and Vannalack Chanthavong; and Matt Cowgill of the Grattan Institute in Australia.

We would also like to express gratitude as well to the IOM Mission in Lao People's Democratic Republic for initiating the research activity under IOM's Asia Regional Migration Programme funded by the Bureau of Population, Refugees, and Migration (PRM) under the United States Department of State. Particular thanks go to Zena Van Bommel-Faulkner, Yunxian Jiang and Khanithalath Koummarasy of IOM in Lao People's Democratic Republic, and the many IOM personnel who provided written comments during the formal Organization-wide review process. These comments proved to be invaluable guidance at a crucial stage in the report's production.

We also thank the IOM Publications team for designing the report.

Finally, we would like to apologize to any individuals or organizations that contributed to this report but were inadvertently omitted from these acknowledgements.

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List of acronyms and abbreviations

AEC	ASEAN Economic Community
ASEAN	Association of Southeast Asian Nations
CMHI	Compulsory Migrant Health Insurance
COVID-19	Coronavirus disease 2019
GMS	Greater Mekong Subregion
ILO	International Labour Organization
IOM	International Organization for Migration
ISCO	International Standard Classification of Occupations
ISIC	International Standard Industrial Classification of All Economic Activities
LNCCI	Lao National Chamber of Commerce and Industry
MoU	memorandum of understanding
MRA	mutual recognition arrangements
O*NET	Occupational Information Network
UN DESA	United Nations Department of Economic and Social Affairs
UNESCO	United Nations Educational, Scientific and Cultural Organization
US SOC	United States Standard Occupational Classification System

Definition of terms

The following definitions of migration-related terminology are derived from IOM's 2019 *Glossary on Migration* (IOM, 2019).

Bilateral labour migration agreements – Agreements concluded between two States, which are legally binding and are essentially concerned with inter-State cooperation on labour migration.

Country of destination – In the migration context, a country that is the destination for a person or a group of persons, irrespective of whether they migrate regularly or irregularly.

Country of origin – In the migration context, a country of nationality or of former habitual residence of a person or group of persons who have migrated abroad, irrespective of whether they migrate regularly or irregularly.

Country of transit – In the migration context, the country through which a person or a group of persons pass on any journey to the country of destination or from the country of destination to the country of origin or of habitual residence.

Emigration – From the perspective of the country of departure, the act of moving from one's country of nationality or usual residence to another country, so that the country of destination effectively becomes his or her new country of usual residence.

Identity document – An official piece of documentation issued by the competent authority of a State designed to prove the identity of the person carrying it.

Immigration – From the perspective of the country of arrival, the act of moving into a country other than one's country of nationality or usual residence, so that the country of destination effectively becomes his or her new country of usual residence.

Internal migration – The movement of people within a State involving the establishment of a new temporary or permanent residence.

Irregular migration – Movement of persons that takes place outside the laws, regulations or international agreements governing the entry into or exit from the State of origin, transit or destination.

Labour migration – Movement of persons from one State to another, or within their own country of residence, for the purpose of employment.

Migrant – An umbrella term, not defined under international law, reflecting the common lay understanding of a person who moves away from his or her place of usual residence, whether within a country or across an international border, temporarily, or permanently, and for a variety of reasons.

Migration pathways – Migration schemes or other migration options that allow persons to migrate regularly or irregularly to the concerned country of destination based on conditions and for a duration defined or not defined by such country.

Migrant stock (international) – For statistical purposes, the total number of international migrants present in a given country at a particular point in time who have never changed their country of usual residence.

Migrant worker – A person who is to be engaged, is engaged or has been engaged in a remunerated activity in a State of which he or she is not a national.

Migration – The movement of persons away from their place of usual residence, either across an international border or within a State.

Permit – In the migration context, documentation, such as a residence or work permit, which is usually issued by a government authority and which evidences the permission a person has to reside and/or carry out a remunerated activity.

Regular migration – Migration that occurs in compliance with the laws of the country of origin, transit and destination.

Remittances (migrant) – Personal monetary transfers, cross border or within the same country, made by migrants to individuals or communities with whom the migrant has links.

Safe, orderly and regular migration – Movement of persons in keeping both with the laws and regulations governing exit from, entry and return to and stay in States and with States' international obligations, in a manner in which the human dignity and well-being of migrants are upheld, their rights are respected, protected and fulfilled and the risks associated with the movement of people are acknowledged and mitigated.

Vulnerability – Within a migration context, vulnerability is the limited capacity to avoid, resist, cope with or recover from harm. This limited capacity is the result of the unique interaction of individual, household, community and structural characteristics and conditions.

Xenophobia – At the international level, no universally accepted definition of xenophobia exists, though it can be described as attitudes, prejudices and behaviour that reject, exclude and often vilify persons, based on the perception that they are outsiders or foreigners to the community, society or national identity.

I. Introduction

1.1. Executive summary

As a key country of origin, transit and destination for migrants, the Lao People's Democratic Republic is a regional migration hub within the Greater Mekong Subregion (GMS). Official data shows that outbound migration from Lao People's Democratic Republic has intensified. The Lao population living outside the country now stands at an estimated 1.3 million people, a substantial increase from approximately 650,000 people in 2000 (United Nations Department of Economic and Social Affairs (UN DESA), 2019a). In Thailand alone, registered Lao migrant workers send approximately 316 million US dollars (USD) in formal and informal remittances per annum to Lao People's Democratic Republic, which contributes to economic growth through increased consumption, savings and investment.¹

Lao People's Democratic Republic is also likely to see a high demand for migrant workers in the country for the foreseeable future. With an ageing population and continuing economic growth, migrants will play a key role in Lao People's Democratic Republic's development as it further integrates into the Association of Southeast Asian Nations (ASEAN) Economic Community (AEC).

The ongoing coronavirus disease 2019 (COVID-19) pandemic threatens to undo the progress achieved over recent years. The economic downturn induced by COVID-19 could be deep and lengthy, with recovery limited by lockdowns, travel bans and physical distancing. This impact is pervasive when viewed through a migration lens, with many migrants losing their jobs abroad and not being able to return home. Yet, the scale of this impact in Lao People's Democratic Republic is still unknown.

This assessment was conducted under these socioeconomic contexts in Lao People's Democratic Republic, as well as Thailand. It aims to provide an evidence-based understanding of the evolving migration patterns and trends of Lao migrant workers in Thailand, as well as migrant workers in Lao People's Democratic Republic, and the ways the changes will affect them, their families and the broader Lao economy now and in the future.

¹ Author's estimates based on assumptions used in Appendix A, Section 1.2., assuming 90 per cent of Lao migrant workers sent remittances home valued at approximately USD 1,250 per annum in both formal and informal channels.

1.1.1. Methodology

In selecting the approach for the study, the practical limitations of collecting the necessary data were taken into account through interview and survey techniques, and data was collected and analysed through two approaches:

- (a) Desk-based analysis of existing literature and reports, looking at both methods and findings;
- (b) Comprehensive databases for producing migration and labour statistics from sources, such as the International Labour Organization (ILO), IOM, Lao Bureau of Statistics and the United Nations Department of Economic and Social Affairs (UN DESA).

While efforts have been made to ensure the accuracy of the data presented in this report, it should be noted that some of the data is provided with significant limitations. Estimates of the total number for certain groups such as migrant workers are subject to a large margin of error due to the limitations of the official data. Limitations in the availability of data, such as frequency of data collection, lack of “open” data or publicly available data and data on migrant workers in the informal sector, should be noted in interpreting the statistics.

How to estimate the size of the COVID-19 shock

In this section, the methods for estimating the hit to employment for migrant workers in Lao People’s Democratic Republic and Lao migrant workers in Thailand are outlined, as well as remittance inflows from Thailand to Lao People’s Democratic Republic, and remittance-receiving households in Lao People’s Democratic Republic.

The methods for estimating the size of the COVID-19 shock to migrant workers doing paid work in Lao People’s Democratic Republic and Lao migrants abroad are based on work by Coates et al. (2020) and Dingel and Neiman (2020), which looked at data about occupations and industries’ characteristics and the likelihood of job losses.

The starting point is to assume that the probability a particular job will be lost as a result of COVID-19 depends on whether the job requires physical proximity to other people. In general, jobs that require workers to be near other people – their co-workers or the public – are assumed to be more likely to be lost than jobs that do not require physical proximity. A certain job’s physical proximity requirements is translated into a probability that the job will be lost as a result of COVID-19.

Second, the percentage of jobs at risk of layoff is estimated as the percentage of jobs that can be performed entirely at home. In general, it is assumed that jobs that cannot be performed at home are more likely to be lost than jobs that can be performed at home. A job’s ability to work from home is translated into a probability that the job will be lost as a result of COVID-19.

A method that does not rely on the physical proximity and work-from-home measures is also used as a cross-check on the occupational measures. For this method, Coates et al.’s (2020) estimates on the percentage of jobs that will be lost within each industry is used. It is assumed that Coates et al.’s (2020) estimates for Australia are applicable for Lao People’s Democratic Republic, given the similarities of the COVID-19 response policies in each country.

The preferred method combines the three assumptions, giving an estimate of the likelihood that a job will be lost based on both the occupation’s physical proximity requirement and ability to work from home, as well as Coates et al.’s (2020) industry estimates.

From the estimates of job loss in Thailand for Lao migrant workers due to COVID-19, the size of the COVID-19 shock to remittance flows from Thailand to Lao People's Democratic Republic is estimated by combining the estimated job loss figures in Thailand for Lao migrant workers and World Bank data on average remittances per Lao migrant worker.

The size of the COVID-19 shock to remittance-receiving households in Lao People's Democratic Republic can also be estimated by combining the estimates of job loss figures in Thailand for Lao migrant workers and data on the number of remittance-receiving households in Lao People's Democratic Republic.

A detailed discussion of the estimates of the COVID-19 shock, as well as its limitations, can be found in Appendix A.

1.1.2. Summary of findings

The subsections below provide a brief synthesis of the key findings for each section of the technical report.

Lao People's Democratic Republic's migration profile

Migration continues to play a crucial role in the socioeconomic development of Lao People's Democratic Republic. Over the years, the non-Lao population has increased from an estimated 45,438 in 2015 to 48,275 in 2019. This figure includes 41,894 from neighbouring countries in the GMS (UN DESA, 2019a). It is estimated that migrants currently constitute 1 per cent of Lao People's Democratic Republic's total labour force (ILO, n.d.a). A growing economy, coupled with demographic trends including an ageing population and declining birth rate, are key factors that drive demand for labour migration.

While in-migration will continue to play a significant role, outmigration plays a much greater impact on Lao People's Democratic Republic's economy and society, with over 280,000 Lao migrants with regular status employed in Thailand and remitting approximately USD 316 million back into Lao People's Democratic Republic each year (ILO, 2020a).² The Lao population is also relatively mobile internally, with notable rural-to-urban movements within the country.

Much of these movements are driven and linked to inequity of incomes and opportunities between Lao People's Democratic Republic and Thailand. The wage differentials between Lao People's Democratic Republic and Thailand, as well as the lack of job opportunities at home, are the main pull and push factors for Lao migrants. While the economic situation of Lao migrants is the primary driver for migration, Thailand's language and cultural similarities, as well as its proximity, also attract migrant workers from Lao People's Democratic Republic.

No valid methodology has been established for conducting regular labour market assessments in Lao People's Democratic Republic, and admission quotas are set primarily based upon employer requests. It is important for policymakers to continue to improve the data collected on the migrant population in Lao People's Democratic Republic and Lao population abroad to provide a better understanding of the nature of these movements and inform the development of evidence-based migration policies that are comprehensive and inclusive.

² Author's estimates based on assumptions used in Appendix A, Section 1.2., assuming 90 per cent of Lao migrant workers sent remittances home valued at approximately USD 1,250 per annum in both formal and informal channels.

Migration policy and practice

Historical evidence has demonstrated that reducing irregular migration in Lao People's Democratic Republic and Thailand is unlikely to be achieved through increased enforcement alone. Unless coupled with efforts that address the root causes – including the high cost and the procedural complexity of the memorandum of understanding (MoU) between Lao People's Democratic Republic and Thailand – migrant workers are likely to continue to make use of irregular channels.

For example, the cost of migrating to Thailand irregularly for Lao migrants is, on average, USD 199 less than migrating through the MoU process and USD 99 less than migrating through the registration and national verification process (ILO, 2020b).

Additionally, in both Thailand and Lao People's Democratic Republic, work permits issued to migrant workers are tied to a single employer. When migrant workers are changing employers in Thailand or Lao People's Democratic Republic, it is common that the migrant employee will have to leave the country first before obtaining a new visa and work permit. This makes changing employers particularly difficult during international travel restrictions due to COVID-19.

The Lao People's Democratic Republic has taken steps to include more professions within the MoU framework for Lao migrant workers to go to Thailand. For example, recent legal changes that resulted from the adoption of Decree 245 in May 2020 have clarified that domestic work is a potential sector for regular migration, but regular recruitment has not yet commenced (ILO, n.d.b).

The legislative framework governing labour migration to Lao People's Democratic Republic for migrant workers remains unclear in many aspects. The length of stay for migrant workers is riddled with procedural complexities. For example, the maximum length of stay for migrant workers in Lao People's Democratic Republic is four years (ILO, 2016). Yet, exemptions can be made to allow for the length of stay to exceed four years if the migrant worker is deemed necessary to business operations (ibid.).

To date, the much-anticipated AEC has had limited impact on increasing the mobility of highly skilled professionals from ASEAN member States to Lao People's Democratic Republic and from Lao People's Democratic Republic to ASEAN member States. A key reason why the AEC has yet to have a significant effect on expanding labour mobility is that the vast majority of the migrant workers involved in intra-ASEAN migration are employed in low- and medium-skilled occupations that are not covered by AEC's skills recognition arrangements.

As migrants, barriers to financial inclusion exist due to the documentation required to open a bank account, such as visa checks. Additionally, migrants working in isolated geographic locations may not be able to easily access financial services, even if they possess valid documentation.

Negative public attitudes towards migrants have also resulted in misconceptions and xenophobia about migrant workers among many Thai and Lao nationals.

These issues are not unique to Thailand and Lao People's Democratic Republic, as many countries are struggling to develop effective policies that address key challenges to ineffective admission and regularization processes, gaps in employer-tied work permits, barriers to financial inclusion and lack of social cohesion. However, there are important matters that government policy has yet to adequately address, such as whether the status of temporary migrant workers remain appropriate given the long-term need for workers in both country's labour markets.

As migrant workers have now been coming to Thailand and Lao People's Democratic Republic for decades and staying for many years at a time, policies that treat them only as short-term labourers may no longer be sufficient.

Access to social security for Lao migrant workers

All migrants, no matter their legal status, have the right to access health care in Thailand. However, because of the need to cover the cost of care, many medical facilities often want to see proof of ability to pay before they provide services. For many Lao migrants, this means that they need to be enrolled in a health insurance scheme.

Currently, health coverage for Lao migrant workers is provided under two insurance schemes. Migrant workers in the formal sector, whose stay and work in Thailand is regular, in principle have access to the health-care benefits available under the Social Security Fund, as regulated by the Social Security Act, 1990. Health coverage includes free inpatient and outpatient department treatment in a participating hospital. If, in cases of emergency, the employee will be liable for all costs, they can claim reimbursement with a receipt.

Since 2013, irregular migrants and those excluded from voluntary coverage under the Social Security Act in Thailand can access health on the basis of a contributory scheme known as the Compulsory Migrant Health Insurance (CMHI) (Olivier, 2018). In order to apply for work permits or grace periods to stay in Thailand temporarily, CMHI registration is a prerequisite for workers.³ Workers contribute a fixed amount to the insurance scheme, and also pay an additional amount per hospital visit.

Migrant workers in the formal sector, whose stay and work in Thailand is regular, can also access additional benefits while working in Thailand, including injury or sickness benefits, invalidity benefits, maternity and child benefits, death benefits and old-age benefits.

Informal migrant workers who join voluntarily may be able to access benefits under one of two options: the first one inclusive of sickness, invalidity and death benefits, and the second inclusive of these benefits as well as old-age benefits.⁴

There are substantial gaps between the rights provided to migrant workers under law and their application in practice. Although migrant workers under the MoU or those who have undergone the national verification process can in theory be registered under the Social Security Fund and the Workmen's Compensation Fund, they encounter difficulties in accessing benefits because of their employer's limited compliance with the law. This poses an additional barrier for many Lao migrants to access these services, layered on top of the eligibility restrictions that preclude enrolment for short-term agricultural and forestry employees, as well as temporary and seasonal workers.⁵

Even for migrants who have registered and pay into the Social Security Fund each month, use of the benefits provided by the fund remains limited. In some cases, particularly for migrants who have undergone the national verification process, they do not possess a passport or foreign registration documents, which is a condition to receive compensation from the fund.

Furthermore, Lao migrants are required to have a Thai bank account and contribute the minimum amount to access benefits, making newly employed Lao migrants and those who have no access or do not use the financial system (approximately 27% of Lao migrants in Thailand) most vulnerable during the COVID-19 pandemic (IOM, 2016).

³ It is also recommended for migrant workers eligible for the Social Security Fund to purchase three months of CMHI coverage during the waiting or probationary period wherein their coverage under the Social Security Fund is not in effect.

⁴ Social Security Act, 1990; Royal Decree on Rules, Rates of Contribution, Contingencies and Eligibilities to receive benefits of Insured Persons, 2011; and Royal Decree on Rules, Rates of Contribution, Contingencies and Eligibilities to receive benefits of Insured Persons, 2015.

⁵ See Royal Decree on Rules, Rates of Contribution, Contingencies and Eligibilities to receive benefits of Insured Persons, 2011. Also see Royal Decree on Rules, Rates of Contribution, Contingencies and Eligibilities to receive benefits of Insured Persons, 2015.

There are multiple barriers to accessing health care under the CMHI, despite the open eligibility requirements. For example, the source of financing for CMHI differs from the health insurance scheme provided under the Social Security Fund. Migrant workers covered under the Social Security Fund do not have to pay an upfront annual enrolment fee, whereas migrants under the CMHI do. Since many Lao migrant workers are highly mobile and may only be in one location for a couple of months before returning to Lao People's Democratic Republic, enrolling in the CMHI may seem like a costly investment with uncertain returns.

Additionally, financial barriers are a common challenge for migrants under the CMHI as they could incur costs that exceed those covered by the insurance scheme and may be unable to pay for treatment and care.

Remittances inflows to Lao People's Democratic Republic from Thailand

International remittance flows are increasingly being recognized as an important source of income in Lao People's Democratic Republic and have the potential to contribute to both individual and national development. It is estimated that registered Lao migrant workers from Thailand send USD 316 million in formal and informal remittances per annum to Lao People's Democratic Republic.⁶ This represents approximately 2 per cent of Lao People's Democratic Republic's GDP (World Bank, n.d.).

The most common remittance channel used in Thailand by low- and medium-income Lao migrants is bank transfers (IOM, 2016). While anecdotal evidence suggests that the majority of remittance flows from Thailand to Lao People's Democratic Republic are sent through informal channels, such as border crossings via friends and family members, this view is inconsistent with available data.

In 2019, the World Bank estimated that remittances inflows to Lao People's Democratic Republic were approximately USD 285 million, of which 70 per cent, or USD 199.5 million, came from Thailand (World Bank, 2020a). Inward remittance data from the World Bank leave out flows through money transfer operators (such as Western Union and MoneyGram) and informal personal channels.

Assuming that 60 per cent of remittances are transferred via banks (among registered Lao migrants), and that the World Bank's estimates only include remittances transferred via banks, it is estimated that the overall remittance figure from Thailand to Lao People's Democratic Republic would be approximately USD 332.5 million, which is larger in volume but still in line with the estimate of USD 316 million.⁷

However, Lao migrants without access to traditional banking still make up approximately 27 per cent of all Lao migrants in Thailand, which can push them towards informal remittance channels such as broker systems.

Approximately 8 per cent of the population of Lao People's Democratic Republic receive remittances from abroad, and a further 14 per cent receive domestic remittances (United Nations Thematic Working Group on Migration in Thailand, 2019).

For an estimated 94 per cent of Lao migrants in Thailand, remittances are the main source of income for their families in Lao People's Democratic Republic or an important means to improve family living

⁶ Author's estimates based on assumptions used in Appendix A, section 1.2., assuming 90 per cent of Lao migrant workers sent remittances home valued at approximately USD 1,250 per annum in both formal and informal channels.

⁷ The 60 per cent remittance figure is derived from unique survey data on 1,209 Lao migrants working in Thailand (approximately 86% were migrant workers under the MoU or who had undergone the national verification process), as well as 160 in-depth interviews with returned Lao migrants, employers, civil society representatives and government officials. Please see further details in section 5 of part 2: Technical report.

conditions (IOM, 2016). Only 6 per cent of Lao migrants in Thailand suggest that their families could live without any remittances or considered remittances not important at all (ibid.).

Impact of COVID-19 on migration trends and patterns

The Lao People's Democratic Republic faces an unprecedented economic challenge due to physical distancing measures and international travel restrictions as of March 2020. Never before has such a large proportion of economic activity come to such a sudden stop. Never before has such a large slowdown been deliberately engineered as a matter of public policy, in this case, to protect public health during a global pandemic.⁸

COVID-19 is already having a big impact on the livelihoods of many people in Lao People's Democratic Republic, and could be long, deep and pervasive when viewed through a migration lens. This is visible in the form of closed shopfronts in all provinces, districts and villages, and visible at international border checkpoints around the country, as Lao migrants attempt to return home. But the size of the shock to migrant workers from the COVID-19 response is not well known in Lao People's Democratic Republic and in Thailand where most Lao migrant workers reside.

It is calculated that between 13 and 32 per cent of migrant workers in Lao People's Democratic Republic and between 24 and 49 per cent of Lao migrant workers in Thailand would have been out of work as a result of physical distancing measures to contain the spread of COVID-19. More than half of all workers in the hospitality industry would have been off work due to COVID-19. Many workers in retail trade were also the most at risk of layoff.

Based on the estimated number of Lao migrant workers laid off during nationwide lockdowns in Thailand and ongoing international travel restrictions halting Lao migrants from returning to work, it is estimated that between USD 18.96 million to USD 38.47 million will be lost in remittance flows from Thailand to Lao People's Democratic Republic for the second quarter of 2020.

This loss in remittance inflows from Thailand to Lao People's Democratic Republic is estimated to impact between 24,565 and 49,744 remittance-receiving households in Lao People's Democratic Republic, wherein remittances make up approximately 60 per cent of household income for these recipient households (World Bank, 2020b). As a result, poverty would have substantially risen for impacted households, who make up approximately 3 per cent of all households in Lao People's Democratic Republic.⁹

COVID-19-related disruptions are likely to halt migration inflows and outflows in the GMS region, which will have the ripple effect of increasing income inequality. Because of the limits to safe, orderly and regular migration due to international travel bans, it is likely that more and more Lao migrants will seek migration pathways via irregular channels.

⁸ On 29 March 2020, the Prime Minister of Lao People's Democratic Republic issued Order No. 06/PM on Reinforcement of Measures for the Containment, Prevention, and Full Response to the COVID-19 Pandemic. Measures included residential lockdown that prohibited people from leaving their house or residence (with limited exceptions, such as buying food and going to the hospital), prohibition on gatherings of more than 10 people and border closures except for transportation of goods.

⁹ Author's estimates based on assumptions used in Appendix A, section 1.3.

1.1.3. Key recommendations

The subsections below lay out a set of key recommendations for changes to policy and practice that would help to improve conditions for migrant workers in Lao People's Democratic Republic and Lao migrants living and working abroad, particularly in the time of COVID-19, across both the short-, medium- and long-term.

A detailed discussion of the recommendations can be found in section 7 of the technical report.

Short-term recommendations

- Provide food and accommodation for displaced migrant workers.
- Deploy employment services to promote employment among prospective Lao migrant workers.

Medium-term recommendations

- Convene regional consultations between GMS governments and countries of destination to support safe migration for economic recovery.
- Allow migrant workers greater agency to change employment.
- Ensure that Lao migrant workers are able to make practical use of their entitlements to health coverage and other social security benefits.
- Offer Lao migrant workers and their remittance-receiving families support with using formal remittance channels and remittance-linked financial products.

Long-term recommendations

- Expand skills recognition for the sectors of work in which Lao migrants are employed.
- Promote the use of mobile money.
- Establish long-term safety nets to provide relief during disasters.

2. Technical report

2.1. Purpose and content of this report

This report provides an analysis of the migration trends and remittance inflows for Lao People's Democratic Republic, while identifying gaps and challenges in policy and legislative frameworks such as social protection provisions. This report also estimates the potential impact of the COVID-19 pandemic on migration patterns of migrant workers in Lao People's Democratic Republic and Lao migrants in Thailand, as well as remittance inflows from Thailand to Lao People's Democratic Republic and its impact on Lao remittance-receiving households.¹⁰ It also provides a prognosis of how these events might affect trends in migration in the GMS in the foreseeable future. The report concludes with key recommendations that offer a way forward in establishing a more coherent approach to migration governance, particularly in the time of COVID-19.

The report is divided into six sections: (a) Lao People's Democratic Republic's migration profile; (b) migration policy and practice; (c) access to services for Lao migrants; (d); remittance inflows from Thailand to Lao People's Democratic Republic; (e) impact of COVID-19; and (f) conclusion and recommendations.

2.2. Lao People's Democratic Republic's migration profile

Migration – both internal and international – continues to play a significant role in the socioeconomic development of Lao People's Democratic Republic. As a country of predominantly origin as well as transit and destination for a large number of migrants from across the GMS and around the world, Lao People's Democratic Republic's migration flows are naturally complex and dynamic.

With an ageing workforce and declining birth rate in Thailand, neighbouring Lao People's Democratic Republic will continue to be a source of low- and medium-skilled labour, playing a key role in compensating for a growing shortage of labour in Thailand. The majority of Lao migrants are in low-skilled occupations, though there are skilled Lao migrant workers in Thailand as well.

The wage differentials between Lao People's Democratic Republic and Thailand as well as the lack of job opportunities at home are the main pull and push factors for Lao migrants. For example, the minimum wage in Thailand ranges from approximately 8,100 Thai baht (THB) to THB 8,700 per month, whereas the Lao minimum wage is 1.1 million Lao kip (LAK) per month (approximately THB 3,750 per month) (Ministry of Labour, Government of Thailand, 2020).¹¹

¹⁰ As the largest population of Lao migrants abroad, the content focuses primarily on the situation of Lao migrants living and working in Thailand.

¹¹ Per month figure assumes worker works 6 days per week, 52 weeks per year divided by 12 months.

While the economic situation of Lao migrants is the primary driver for migration, Thailand's language and cultural similarities, as well as its proximity attract migrant workers from Lao People's Democratic Republic.

In addition to its migrant worker population abroad, Lao People's Democratic Republic also hosts a substantial population of migrant workers, as well as large-scale rural–urban migration. The migrant population in Lao People's Democratic Republic has more than doubled (137%) since 2005 and has had the fastest-growing migrant population, in percentage terms, in the GMS since then (please see Figure 4 for more details) (UN DESA, 2019a).

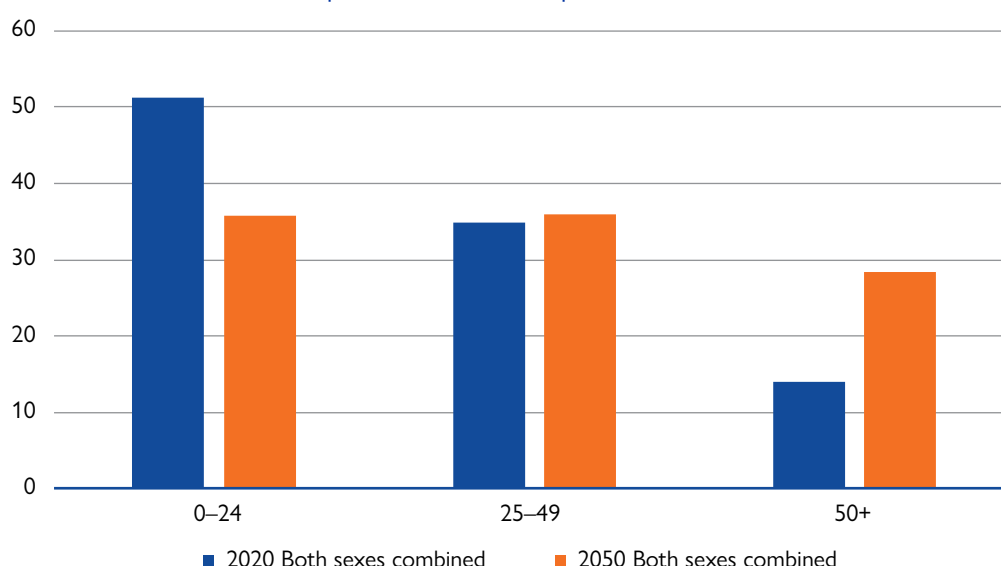
2.2.1. Inbound migration

The total population of Lao People's Democratic Republic, as estimated by UN DESA in 2020, stands at over 7.27 million. Lao People's Democratic Republic is an ageing society albeit with the second highest population growth rate (1.53% per annum) and the second highest total fertility rate (2.70 children per woman) in South-Eastern Asia (UN DESA, 2019b).

The population growth rate in Lao People's Democratic Republic has fallen 0.35 percentage points from the periods 1995 to 2000 (1.88% per annum) and 2015 to 2020 (1.53% per annum) and is anticipated to drop to 0.31 per cent per annum by the period 2050 to 2055 (ibid.). This is primarily due to the anticipated drop in the total fertility rate below the total fertility rate replacement level (approximately 2.10 children per woman) by the period 2035 to 2040 (ibid.).

The proportion of older persons (aged 50 years and over) in Lao People's Democratic Republic continues to grow, constituting 14 per cent of the population in 2020, and is expected to increase to over 28 per cent by 2050 (Figure 1).

Figure 1. Percentage of total population by broad age group, Lao People's Democratic Republic, 2020 and 2050

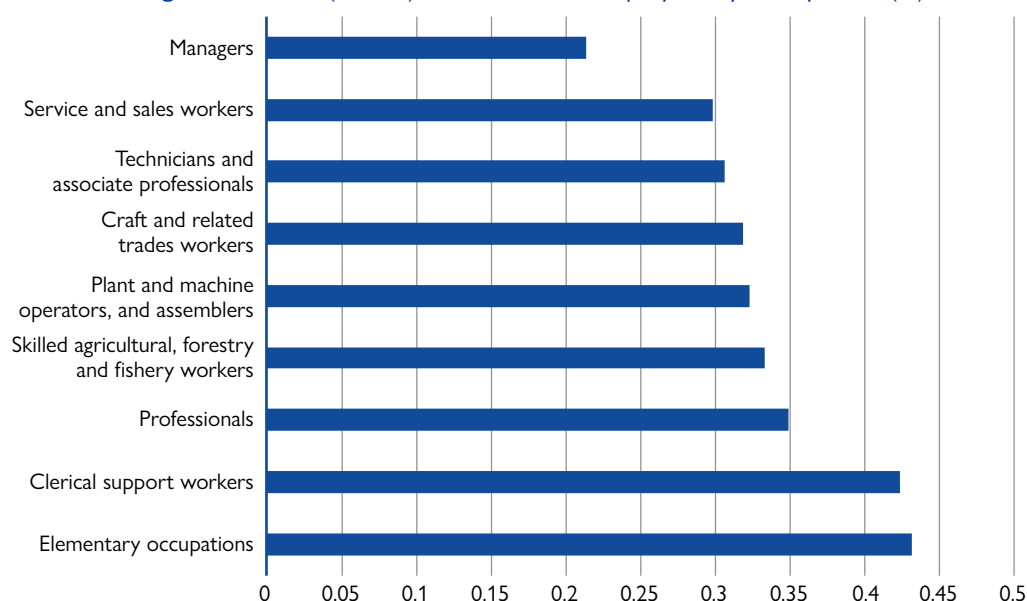


Source: UN DESA, 2019b.

Note: Approximately one third of Lao People's Democratic Republic's population will be over the age of 50 by 2050.

As shown in Figure 2, young Lao workers made up a substantial share of total employed persons in elementary occupations (43.18%), as clerical support workers (42.33%) and in professional occupations (34.88%) in 2017 (ILO, n.d.c, n.d.d).

Figure 2. Youth (15–29) share of total employed, by occupation (%)



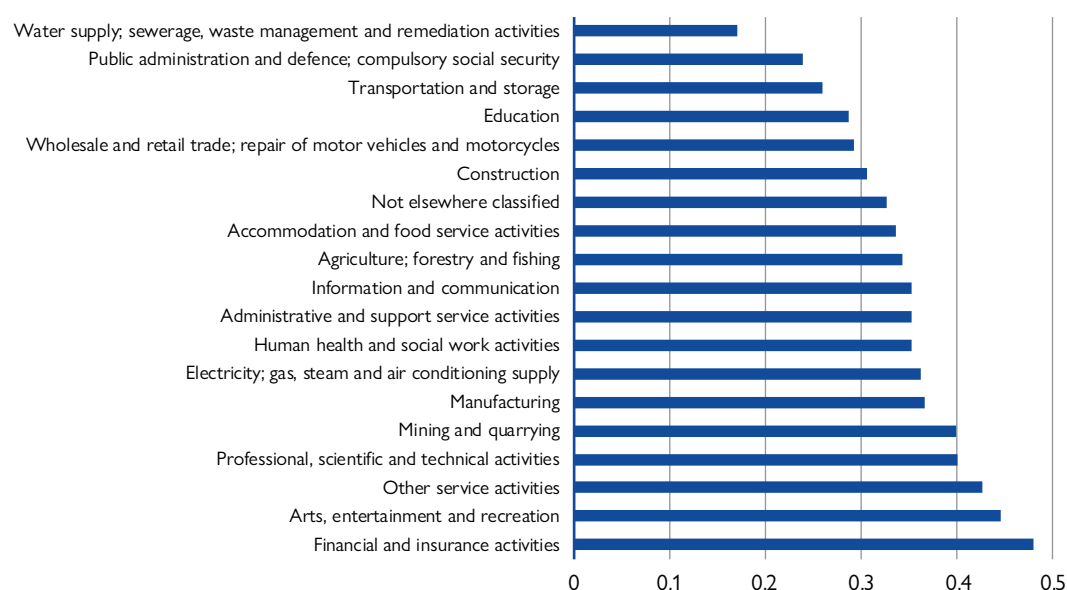
Source: ILO, n.d.e, derived from the Labour Force Survey Lao People's Democratic Republic, 2017.

Notes: Latest available labour statistics for the Lao People's Democratic Republic. Migrant workers will likely be needed in occupations where young Lao workers make up a large proportion of total employed workers.

Furthermore, as shown in Figure 3, young Lao workers made up a substantial share of total employed persons in the following industries:

- Financial and insurance activities (48.11%);
- Arts, entertainment and recreation (44.61%);
- Other services activities (42.66%);
- Professional, scientific and technical activities (40.15%);
- Mining and quarrying (39.97%).¹²

Figure 3. Youth (15–29) share of total employed, by industry (%)



Source: ILO, n.d.d, derived from the Labour Force Survey Lao People's Democratic Republic, 2017.

Note: Migrant workers will likely be needed in industries where young Lao workers make up a large proportion of total employed workers.

¹² ILO, n.d.d, derived from the Labour Force Survey Lao People's Democratic Republic, 2017.

Pending a major restructuring of the Lao economy, this will likely contribute to a need for migrant workers within the Lao labour market, particularly for labour of all skill levels in industries, such as financial and insurance activities and mining and quarrying, which tended to be concentrated among younger people (29 years and under).

The total number of non-Lao citizens living in the country remains difficult to determine precisely due to the lack of reliable statistical data.

As of mid-2019, statistics collated from the UN DESA (Table 1) put the total non-Lao population residing and working in Lao People's Democratic Republic at approximately 48,275, of which 44,410 are from neighbouring countries in the GMS (UN DESA, 2019a). These figures represent a considerable increase – in percentage terms (6.24% over the period or 1.56% per annum) – from statistics in 2015, which estimated Lao People's Democratic Republic's non-Lao population to be 45,438, including 41,894 from neighbouring countries in the GMS (ibid.).

Table 1. Estimated non-Lao population residing and working in the Lao People's Democratic Republic by country of origin (mid-2019)

Country of origin	Number of migrants
Viet Nam	20 076
China	14 205
Cambodia	3 634
Thailand	3 490
Myanmar	3 005
Other South	2 668
Australia	217
Other North	980
Total	48 275

Source: UN DESA, 2019a.

2.2.2. Role of migrants in the labour force

According to ILO modelled estimates for November 2019, there were approximately 3.86 million people who were employed in Lao People's Democratic Republic, of which 3.10 million people were considered self-employed, including contributing family workers (ILO, n.d.f).

It is estimated that migrants currently constitute approximately 1.04 per cent of Lao People's Democratic Republic's total labour force (measured as a share of total employed persons) (ILO, n.d.a). This represent approximately 40,000 migrant workers as of November 2019. Mining and quarrying have the largest number of migrant workers (as a share of total employed persons) at 6.74 per cent, followed by construction at 4.98 per cent (Table 2) (ibid.).

Table 2. Migrant workers as a share of total employed persons in the Lao People's Democratic Republic, by industry (%)

Industry	Migrant share of total employed persons (%)
Mining and quarrying; Electricity, gas and water supply	6.74
Construction	4.98
Trade, transportation, accommodation and food, and business and administrative services	4.63
Manufacturing	3.01
Public administration, community, social and other services and activities	0.69
Agriculture	0.23
Total	1.04

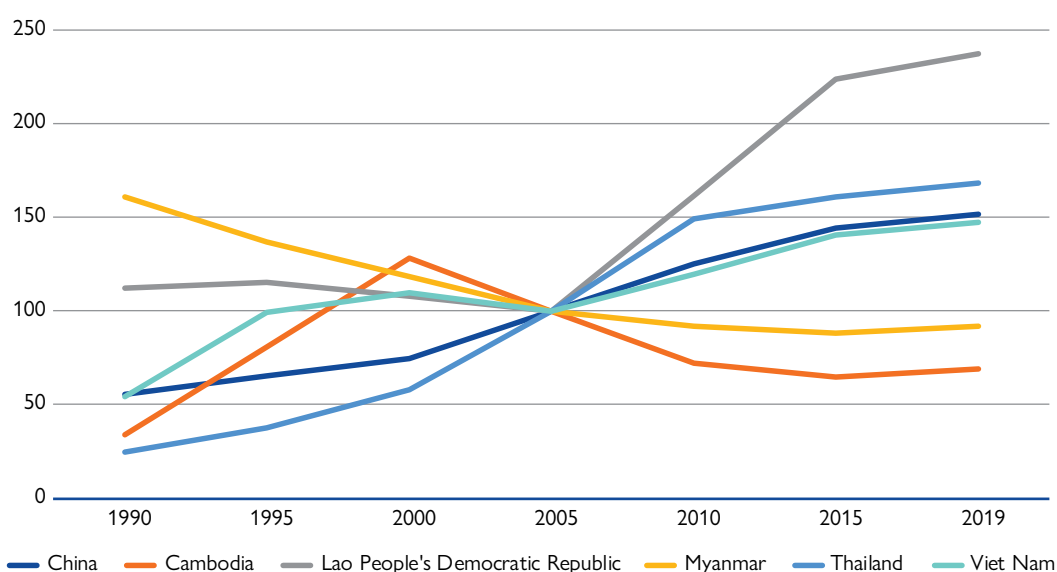
Source: ILO, n.d.a derived from Population and Housing Census Lao People's Democratic Republic, 2015.

Note: Latest available demographic and labour statistics for Lao People's Democratic Republic. The total of employed persons by economic activity cannot be assumed as equivalent to the estimates for employees, as the total for employed non-citizens differs.

Lao People's Democratic Republic's ageing population and falling fertility rates will contribute to growing labour shortages. To meet these labour market needs, the demand for migrant workers is likely to increase, with the greatest demand projected to be in occupations and industries where young people tend to be concentrated (refer back to Figures 2 and 3).

No valid methodology has been established for conducting regular labour market assessments in Lao People's Democratic Republic, and admission quotas are set primarily based upon employer requests. Therefore, the entry of thousands of migrant workers to fill jobs must be used as a proxy to gauge the demand for workers. Based on migrant stock data collected by UN DESA, Lao People's Democratic Republic has been the fastest-growing destination country in the GMS since 2005 (Figure 4) (UN DESA, 2019a).

Figure 4. Indexed migrant stock by destination country, 2005



Source: UN DESA, 2019a.

Note: Lao People's Democratic Republic has the fastest growing migration stock in the GMS.

As shown in Figure 4, the number of migrants in Lao People's Democratic Republic had increased 137 per cent over the period between 2005 and 2019. The next fastest-growing migrant population in the GMS was in Thailand at 68 per cent over the same period. Most countries in the GMS, such as China, Thailand and Viet Nam, had rapid rates of growth in their migrant populations from the early 1990s; however, that has been leveling off since the late 2000s. In contrast, Cambodia and Myanmar's migrant populations have been decreasing since the early to mid-1990s.

2.2.3. Outward migration

While in-migration will continue to play a significant role, outmigration plays a much greater impact on Lao People's Democratic Republic's economy and society, with hundreds of thousands of Lao workers seeking employment abroad and remitting millions of dollars back into Lao People's Democratic Republic each year.

As of mid-2019, statistics collated from UN DESA (Table 3) put the total Lao population residing and working abroad at approximately 1.3 million people, of which an estimated 69 per cent reside and work in Thailand (ibid.).

Table 3. Estimated Lao population residing and working abroad by country of destination (mid-2019)

Country of destination	Number of migrants
Thailand	934 936
Bangladesh	89 317
Viet Nam	7 272
Other South	2 432
United States of America	230 858
France	46 932
Canada	15 416
Other North	19 871
Total	1 347 034

Source: UN DESA, 2019a.

As of December 2019, Thailand was estimated to have approximately 280,962 registered Lao migrant workers, 183,460 MoU migrants and 97,502 registered migrants completing nationality verification (ILO, 2020a).

Remittances from these workers contribute substantially towards the economic well-being of many households in Lao People's Democratic Republic. It is estimated that registered Lao migrant workers from Thailand send approximately USD 316 million in formal and informal remittances per annum to Lao People's Democratic Republic.¹³ This represents approximately 2 per cent of Lao People's Democratic Republic's GDP (World Bank, n.d.).¹⁴

In terms of income differentials, both push and pull forces are at play. Many Lao workers seek employment abroad because of low wages in Lao People's Democratic Republic, as well as the higher incomes in Thailand (IOM, 2016). As of 2020, the national minimum wage in Lao People's Democratic

¹³ Author's estimates based on assumptions used in Appendix A, Section 1.2., assuming 90 per cent of Lao migrant workers sent remittances home valued at approximately USD 1,250 per annum in both formal and informal channels.

¹⁴ World Bank national accounts data shows that Lao People's Democratic Republic's GDP was USD 18.174 billion in 2019.

Republic was approximately LAK 13,200,000 per year (approximately THB 45,000). Comparably, as of January 2020, Thailand's minimum wages range from THB 313 to THB 336 per day (approximately THB 97,000 to THB 104,000 per annum), depending on the province where employment is carried out (Ministry of Labour, Government of Thailand, 2020). For example, the minimum wage in Bangkok is THB 331 per day, or approximately THB 103,000 per annum (ibid.). This puts the national minimum wage in Lao People's Democratic Republic approximately 56 per cent lower than, or more than half of what the minimum wage in Bangkok was in early 2020.

Lao workers also seek employment abroad because of the additional strains rural–urban migration has placed on the existing job market in places such as Vientiane Prefecture where incomes tend to be more competitive compared to rural areas in Lao People's Democratic Republic (UNESCO, 2016). This push factor of migration from Lao People's Democratic Republic to Thailand is further complemented with the growing demand for low- and medium-skilled workers in Thailand to fill gaps in the labour market (United Nations Thematic Working Group on Migration in Thailand, 2019).

The characteristics of Lao migrant workers have also been a central part of explaining who migrates and who does not. Lao migrant workers in Thailand tend to be young and less likely to have completed higher secondary education (IOM, 2016). Both characteristics are indications of low- to medium-skill levels and more likely to be affected by the push and pull factors of relative economic conditions.

2.2.4. Internal migration

Lao People's Democratic Republic has long witnessed significant internal migration. The primary destination for rural–urban migrants, especially those from Vientiane Province and the northern regions of the country, is Vientiane Prefecture. According to the most recent Population and Housing Census in Lao People's Democratic Republic, approximately 4 per cent of the Lao population had migrated from one province to another in the last 10 years (Lao Statistics Bureau, 2016). Overall, approximately 17 per cent of the Lao population did not live in their district of birth (ibid.).

2.3. Migration policy and practice

As stated in section 2, Lao People's Democratic Republic has become an increasingly attractive destination for migrant workers hailing from neighbouring countries in the GMS and abroad, with Lao People's Democratic Republic being the fastest-growing destination country in the GMS since 2005 (UN DESA, 2019a).

More importantly, outward migration from Lao People's Democratic Republic to Thailand has played a much greater impact on Lao People's Democratic Republic's economy and society with more than 280,000 registered Lao migrant workers in Thailand who send home an estimated USD 316 million in formal and informal remittances each year (ILO, 2020a).¹⁵

The actual number of Lao migrant workers in Thailand is difficult to determine. Many migrant workers have moved across Thailand's borders irregularly and joined informal sectors of employment. This has resulted in a continued lack of reliable official data and records proving their existence both as residents of the country and as wage earners in the Thai labour market.

The persistence of cross-border irregular migration patterns into Thailand from Lao People's Democratic Republic has been fueled by gaps and challenges in both Lao People's Democratic Republic's and Thailand's migration policy framework.

¹⁵ Author's estimates based on assumptions used in Appendix A, Section 1.2., assuming 90 per cent of Lao migrant workers sent remittances home valued at approximately USD 1,250 per annum in both formal and informal channels.

This section will review and analyse Lao People's Democratic Republic and Thailand's existing migration policies, with a focus on government efforts to ease regulatory mechanisms and processes.

2.3.1. Migration policy framework in Lao People's Democratic Republic

Inbound migration

Employers in Lao People's Democratic Republic wishing to employ migrant workers for their business operations must apply for quota for migrant workers, which is issued by the Ministry of Labour and Social Welfare (ILO, 2016). The number of migrant workers employed in a business cannot exceed 10 per cent for low- and medium-skilled jobs (that is, manual labour) and 20 per cent of professional or high-skilled jobs (ibid.).

The legislative framework governing labour migration to Lao People's Democratic Republic for migrant workers remains unclear in many aspects. For example, migrant workers in Lao People's Democratic Republic cannot be contracted beyond a period of 12 months (ibid.). After the initial 12-month period, their employer can apply for an extension for another 6 months or up to another 12 months each renewal (ibid.).

The length of stay for a migrant worker has a term of two years, and an extension can be provided for another two years but must not exceed four years (ibid.). After a length of stay of four years, the migrant worker must return to their home country and cannot be considered for another work permit until a two-year period has passed (ibid.). However, if the migrant worker is deemed necessary for a business operation to expand production activities such as introducing new technology, exemptions can be made to allow for the length of stay to exceed four years, depending on the necessity of the business operations (ibid.).

Outward migration

The legislative framework governing labour migration from Lao People's Democratic Republic remains unclear in many aspects. For example, Lao People's Democratic Republic does not permit migration into professions that do not broadly develop skills and/or technical knowledge, are contrary to tradition, culture and law or are dangerous to the health and safety of workers (ibid.). The Government of the Lao People's Democratic Republic has generally indicated that this category includes migration into domestic work, pushing it outside of formal channels (Harkins et al., 2017). Recent legal changes that resulted from the adoption of Decree 245 in May 2020 have clarified that domestic work is a potential sector for regular migration but regular recruitment has not yet commenced (ILO, n.d.b).

Generally, Lao migrant workers are not allowed to work overseas in any country that does not have a bilateral contract or agreement with the Government of Lao People's Democratic Republic (ILO, 2016). Additionally, formal documents (such as work permits and permissions) for sending Lao migrants abroad must be obtained via a recruitment enterprise (such as a recruitment agency), which are to be issued to the recruitment enterprise by the Department of Skills Development and Employment and the Ministry of Labour and Social Welfare (ibid.). There are currently 35 recruitment agencies in Lao People's Democratic Republic, with 33 permitted to send Lao migrant workers abroad (ILO, n.d.b).

2.3.2. Migration policy framework in Thailand

The policy structure for migrant worker registration in Thailand is a complex landscape to navigate. None of the channels provide the guarantee of a positive migration experience, and each continues to encounter various implementation challenges. For inbound Lao migrants, there are two main processes available: (a) MoU process for regulation migration from Lao People's Democratic Republic; and (b) registration and national verification process for Lao migrant workers who stayed and worked in Thailand irregularly. There are a number of Lao migrant workers who continue to choose neither option and instead work without legal documentation in Thailand.

The latest MoU between Thailand and Lao People's Democratic Republic was signed in 2016, broadening a previous agreement on labour migration to include cooperation on social security and skills development. Only a small number of Lao migrant workers migrated under the previous MoU because of the high fees, slow processing times and administrative complexities involved (ibid.). Although in theory the MoU between Thailand and Lao People's Democratic Republic enables Lao migrant workers to work legally with the full protection of relevant labour laws, the process is still largely avoided by Lao migrants due to the above-mentioned difficulties involved.

The registration and national verification process for irregular Lao migrant workers in Thailand was envisioned as a supplementary stopgap measure to regularize all irregular migrants already living and working in Thailand. However, the costs, barriers and restricted benefits associated with the MoU process has resulted in the continued need for temporary registration programmes, as many Lao migrants still depend on irregular methods to get across the border into Thailand.

Many Lao migrant workers believe that the MoU process does not outweigh the speed, flexibility and cost-effectiveness of irregular channels. For example, as shown in Table 4, the cost of migrating to Thailand irregularly for Lao migrants is, on average, USD 199 less than migrating through the MoU process and USD 99 less than migrating through the registration and national verification process (ILO, 2020b).

Table 4 also shows that Lao migrants, compared to those from Myanmar and Cambodia, have the highest average costs to migrate to Thailand through the registration and national verification process.

Table 4. Average cost of recruitment fees and related costs to migrate to Thailand for work, by migration status and country of origin (in USD)

	Regular, MoU	Irregular, national verification completed	Irregular, national verification ongoing	Fully irregular	Average
Lao People's Democratic Republic	542	442	465	343	503
Cambodia	593	395	446	505	512
Myanmar	432	331	376	284	363

Source: ILO, 2020 b.

Note: Recruitment fees and related costs include payments for recruitment services offered by labour recruiters, payments made in the case of direct recruitment by the employer, payments required to cover recruitment fees from workers, medical costs, insurance costs, costs for skills and qualification tests, costs for training and orientation, equipment costs, travel and lodging costs and administrative costs.

Therefore, despite the mechanisms available for regular migration (under the MoU between Thailand and Lao People's Democratic Republic) and regularization (through the registration and nationality verification process), many prospective Lao migrants will continue to migrate irregularly for practical reasons.

2.3.3. Intra-ASEAN labour mobility

To date, the much-anticipated AEC has had limited impact on increasing the mobility of highly skilled professionals from ASEAN member States to Lao People's Democratic Republic and from Lao People's Democratic Republic to ASEAN member States. Recognizing the potential for intraregional migration to contribute to the economic development of the region, a freer flow of skilled migrant workers was included as a key policy measure for AEC when it was initiated in 2015.

Table 5. ASEAN mutual recognition arrangements

Mutual recognition arrangement (MRA)	Year signed
Engineering services	2005
Nursing services	2006
Architectural services	2007
Surveying qualifications	2007
Dental practitioners	2009
Medical practitioners	2009
Tourism professionals	2012
Accountancy services	2014

Source: ASEAN, n.d.

To implement this freer flow of skilled labour, MRAs were developed for high-skilled professions (Table 5). These are applicable at the bilateral level to each ASEAN member state, including Lao People's Democratic Republic. However, very few professionals have made use of these policies, especially in Lao People's Democratic Republic, as they represent a small fraction of the regional labour market within ASEAN, and many non-legal barriers to labour migration remain in place.

Another key reason why the AEC has yet to have a significant effect on expanding labour mobility is that the vast majority of the migrant workers involved in intra-ASEAN migration are employed in low- and medium-skilled occupations that are not covered by AEC's skills recognition arrangements. This notable gap in ASEAN policy on regional integration does not accurately reflect the reality that the majority of migrant workers to countries of origin and destination within the region are in fact low- and medium-skilled.

In the *ASEAN Economic Community Blueprint 2025*, it is suggested that ASEAN member States will consider the feasibility of additional MRAs to facilitate the mobility of professionals and skilled labour in the region (ASEAN, 2015). This suggestion of developing additional MRAs can be viewed as a step forward for ASEAN policy to address the growing demand for low- and medium-skilled migrant workers in the region.

2.3.4. Challenges and gaps in current policies for inward and outward migration in Lao People's Democratic Republic

Employer-tied work permits

In both Thailand and Lao People's Democratic Republic, work permits issued to migrant workers are tied to a single employer. Recent policy developments, particularly in Thailand, now afford migrant workers greater opportunity to change their employment, though in both countries, these are only under certain conditions.

Exercising the right to change employers relies upon obtaining permission from the relevant ministry/governmental body, which may be a difficult process for migrant workers to complete. In cases where migrant workers want to change their employment due to experiences of abuse or exploitation in the workplace, they may be reluctant to approach authorities for official approval. Additional obstacles remain, including lack of information, and there is little to no independence for migrant workers to choose their employment once in the country.

Barriers to financial inclusion

Significant barriers to financial inclusion for migrants exist due to the documentation required to open a bank account in both Lao People's Democratic Republic and Thailand. In both countries, banks are required to check the validity of visas before providing any services, even for existing customers. Furthermore, migrants working in isolated geographic locations may not be able to easily access financial services, even if they possess valid documentation.

There are also barriers to financial inclusion in Lao People's Democratic Republic for remittance-receiving households. Access to financial services in Lao People's Democratic Republic could be described as unreliable, with considerable disparities between urban and rural as only a few commercial banks operate outside of urban centres. Additionally, approximately one quarter of the population remains completely outside of the financial system. This is particularly pronounced in rural areas. As a consequence, many remittance-receiving households have little to no access to remittances from family members working in Thailand.

These barriers to financial inclusion are important because they can limit the ability of migrants and their families to save money, access credit and send and receive remittances safely through formal channels. This restricts the opportunities for migrant workers and the recipients of their remittances to become better economically integrated.

Lack of social cohesion

There are concerns in both Thailand and Lao People's Democratic Republic that migration policy largely treats migrants as only a temporary source of labour, rather than making efforts to better integrate migrants into Lao and Thai society. This is troublesome considering that many migrants coming to Thailand and Lao People's Democratic Republic are increasingly staying within both countries for longer periods of time, and their employment cannot really be considered temporary.

Despite the long-term need for migrants in the labour markets in Lao People's Democratic Republic and Thailand, and the major contributions migrants make to the economic and social development of both countries, they continue to be perceived as a threat to the well-being of their respective populations and are in many ways excluded from fully taking part in Lao and Thai society. This segregation helps to fuel misconceptions about migrants, such as their adverse impact on wages and

employment, and the diseases they carry (that is, COVID-19). In the absence of direct interaction with migrants, public perceptions on migrants are often shaped in a negative light, resulting in misperceptions of the role migrants play (ILO, 2011). For example, in Thailand, Thai people are less supportive of migrants the less they have interaction with them (ibid.).

Lack of social cohesion between migrants and host countries can lead to exclusion of migrant communities, as well as xenophobia and discrimination within the public sphere. In contrast, successful social cohesion ensures that migrants can become active members in the sociocultural and economic life of their destination countries. This is beneficial not only to the host countries but also to countries of origin, as migrants can more easily contribute to the development process.

Specific campaigns and activities have already been organized to raise awareness among the public about the actual impact migrant workers make on the society and economy, and advocate for a more accurate and fair portrayal of migrant workers in the media, in the community and in public discourse.

For example, the Saphan Siang (Bridge of Voices) campaign, initiated by ILO, has been promoting better understanding between Thai peoples and migrants in Thailand since 2012. The campaign increases public awareness on the issues faced by migrant workers, their positive contribution to Thailand's economy and society, and their right to equal protection under the law and in practical access to support services. The campaign hosted a website, www.saphansiang.com, where Thai peoples and migrants shared videos talking about their views and experiences, including the positive contribution that migrants make to Thailand. However, the website is no longer accessible.¹⁶

2.4. Access to social security for Lao migrants

This section provides an overview of measures adopted by Thailand in relation to their legal and policy frameworks pertaining to the social security position of Lao migrant workers (that is, with reference to access to contributory health care and other benefits), as well as common gaps and implementation issues.

2.4.1. Migrant status

There are several distinct categories of regular and irregular migrant workers in Thailand, resulting in a diverse array of impacts on migrant workers' ability to access health and other social security benefits depending on the category into which they are slotted (Table 6).

Table 6. Migrant workers' social security status

Regular	Irregular
Migrants who entered Thailand on the basis of MoUs or bilateral labour agreement with sending countries.	Migrants who have made illegal entries into Thailand, but who have been allowed to temporarily stay in Thailand as per the Immigration Act, 1979, and have been allowed to work as per the Alien Working Act, 2008.
Migrants who have undergone the national verification process.	Migrant workers who have entered the country illegally and concealed themselves and have not presented themselves to seek the right to temporarily stay and work in Thailand.

Source: See judgement of the Supreme Administrative Court in the matter of Joe and Others versus the Social Security Office (judgement of 9 September 2015).

¹⁶ Saphan Siang Facebook page can be accessed at www.facebook.com/saphansiang/.

In addition, specialized arrangements exist for particular occupation categories of migrant workers to access social security benefits, including those involved in the informal sector, such as domestic workers, fishers and agricultural workers. This will be elaborated further in the subsequent subsections.

2.4.2. Access to health care

In principle, migrant workers in the formal sector, whose stay and work in Thailand is regular, have access to the health-care benefits available under the Social Security Fund, as regulated by the Social Security Act, 1990.

The Social Security Act, 1990 does not exclude migrant workers. However, coverage under the Social Security Fund only applies to workers in the formal sector (compulsory coverage; employers, employees and government contributions), workers previously covered as employees and who are newly self-employed and willing to continue being insured under the act (voluntary coverage; fixed worker contribution), and informal economy workers (voluntary coverage; fixed worker and government contributions).¹⁷

While migrant workers may meet the above-mentioned definition of employee or informal economy worker, there are some industries or occupations that are effectively excluded from the scope of the Social Security Act, 1990. Categories effectively excluded from access to voluntary coverage under the Social Security Act include short-term agricultural and forestry employees, as well as temporary and seasonal workers.¹⁸

Irregular migrants and those excluded from voluntary coverage under the Social Security Act in Thailand can access health care on the basis of a contributory scheme introduced in 2013. The scheme is known as the Compulsory Migrant Health Insurance (CMHI) (Olivier, 2018). CMHI registration is a prerequisite for workers to apply for work permits or grace periods to stay in Thailand temporarily.¹⁹ Workers contribute a fixed amount to the insurance scheme, but also pay an additional amount per hospital visit. The benefit package includes a compulsory health screening, a health insurance component (capitation, fund managed by the hospital) and a health reinsurance component for high-cost diseases (ibid.).

¹⁷ See sections 33, 39 and 40 of the Social Security Act, 1990.

¹⁸ See Royal Decree on Rules, Rates of Contribution, Contingencies and Eligibilities to receive benefits of Insured Persons, 2011. Also see Royal Decree on Rules, Rates of Contribution, Contingencies and Eligibilities to receive benefits of Insured Persons, 2015.

¹⁹ It is also recommended for migrant workers eligible for the Social Security Fund to purchase three months of CMHI coverage during the waiting or probationary period wherein their coverage under the Social Security Fund is not in effect.

2.4.3. Access to other benefits

Table 7 outlines the additional benefits that can be accessed on the basis of compulsory coverage under the Social Security Fund for regular migrant workers working in the formal sector.

Table 7. Benefits available to regular migrant workers under the Social Security Fund

Benefit	Conditions
Injury or sickness benefits	3 months of contributions. Benefits include free inpatient department and outpatient department treatment in a participating hospital. If, in cases of emergency, the employee will be liable for all costs, they can claim reimbursement with a receipt.
Maternity benefits	5 months of contributions. The employee can claim a sum of THB 15,000 per child. Female employees are entitled to 98 days of maternity leave inclusive of holidays.
Invalidity benefits	3 months of contributions. Physician's recommendation and opinion is required.
Death benefits, including a funeral grant (available to a dependent)	Application requires a death certificate. THB 50,000 is payable after death. There will be an additional fund equivalent to 2 months' salary after contributions for 3 to 9 years, and 6 months' salary after contributions of 10 years or more.
Child benefits	12 months of contributions. The employee can claim a sum of THB 800 per month per child until the child is 6 years of age.
Old-age benefits	180 months of contributions and has reached 55 years of age. The employee will receive a monthly payment until death. If the employee has made contributions for less than 180 months, the employee will receive a lump sum payment.

Source: Social Security Act, 1990; Royal Decree on Rules, Rates of Contribution, Contingencies and Eligibilities to receive benefits of Insured Persons, 2011; Royal Decree on Rules, Rates of Contribution, Contingencies and Eligibilities to receive benefits of Insured Persons, 2015.

Informal migrant workers who voluntarily join may be able to access benefits under one of two options: (a) inclusive of sickness, invalidity and death benefits; and (b) inclusive of these benefits, as well as old-age benefits.²⁰

²⁰ Social Security Act, 1990; Royal Decree on Rules, Rates of Contribution, Contingencies and Eligibilities to receive benefits of Insured Persons, 2011; Royal Decree on Rules, Rates of Contribution, Contingencies and Eligibilities to receive benefits of Insured Persons, 2015.

2.4.4. Challenges in accessing social security benefits

There are multiple barriers to accessing benefits under the Social Security Fund. Although migrants are covered in principle, most of them cannot satisfy the two conditions to receive compensation, particularly migrants who have undergone the national verification process: (a) migrant workers must possess a passport or foreign registration documents; and (b) their employers must have registered them and paid a contribution to the Workmen's Compensation Fund.

Additionally, Lao migrants must have a Thai bank account and contribute the minimum amount to access benefits, making newly employed Lao migrants and those without bank accounts (approximately 27% of Lao migrants in Thailand) most vulnerable during the COVID-19 pandemic.

Despite the open eligibility requirements, there are multiple barriers to accessing health care under the CMHI. For example, the source of financing for the CMHI is different from the health insurance scheme provided under the Social Security Fund, as migrants under the CMHI are required to pay an upfront annual enrolment fee. Many Lao migrants, particularly temporary and seasonal workers, are highly mobile and may only be in one location for a couple of months before travelling back to Lao People's Democratic Republic. Under these conditions, enrolling in the CMHI may seem like a costly investment with uncertain returns, given that they must pay a one-year premium. It is also not clear how complicated it would be for migrants to transfer their coverage to another health-care facility if they were to, for example, move to another province in Thailand.

Financial barriers are also common challenges for migrants under the CMHI, as they could incur costs beyond those covered by the insurance scheme and may not be able to pay.

2.5. Remittances inflows from Thailand to Lao People's Democratic Republic

Remittance payments constitute a critically important source of finance for development. The 2030 Agenda for Sustainable Development, the Addis Ababa Action Agenda (2015), the G20 Global Partnership for Financial Inclusion and the Global Compact for Safe, Orderly and Regular Migration emphasize that remittances can support inclusive growth and sustainable development and call for policy that enables making them more accessible and less costly to send.

In order to maximize the potential development impact on remittance flows to Lao People's Democratic Republic, more needs to be understood about who sends remittances, how they are sent, who receives them and what they are used for. This helps the private sector, the Government of Lao People's Democratic Republic and its development partners to create tailored interventions – from financial services to regulations – that make it easier for Lao migrants and recipient families to send, access and use remittances in a more productive way.

As of December 2019, Thailand was estimated to have approximately 280,962 registered Lao migrant workers; 183,460 MoU migrants and 97,502 registered migrants completing nationality verification (ILO, 2020a). Collectively, these migrant workers send approximately USD 316 million in formal and informal remittances per annum to Lao People's Democratic Republic.²¹ At the macroeconomic level, these remittance flows to Lao People's Democratic Republic provide much-needed foreign currency exchange, help stabilize the balance of payments, supplement official development assistance and

²¹ Author's estimates based on assumptions used in Appendix A, section 1.2., assuming 90 per cent of Lao migrant workers sent remittances home valued at approximately USD 1,250 per annum in both formal and informal channels.

reallocate capital resources to more productive investments and other financial services – moving capital from international to domestic, from consumption to investment, and from urban to rural areas.

This section identifies the profiles of senders and receivers of remittances and the different steps and barriers that Lao migrants face in sending remittances from Thailand to Lao People's Democratic Republic, in addition to demonstrating how such payments are being used in Lao People's Democratic Republic.

The analysis focuses on Lao migrants in Thailand, drawing from unique survey data on 1,209 Lao migrants working in Thailand (approximately 86% were migrant workers under the MoU or who had undergone the nationality verification process), as well as 160 in-depth interviews with returned Lao migrants, employers, civil society representatives and government officials (IOM, 2016).

2.5.1. Remittance channels

The most common remittance channel used in Thailand by low- and medium-income Lao migrants is bank transfers (approximately 60%), followed by through relatives or friends (approximately 14%), remittances carried across borders by migrants themselves (approximately 12%), through their employer (approximately 5%) or through other channels or multiple channels (approximately 9%) (ibid.).

Anecdotal evidence suggests that the majority of remittance flows from Thailand to Lao People's Democratic Republic are sent through informal channels, such as border crossings via friends and family members. However, this view is inconsistent with available data.

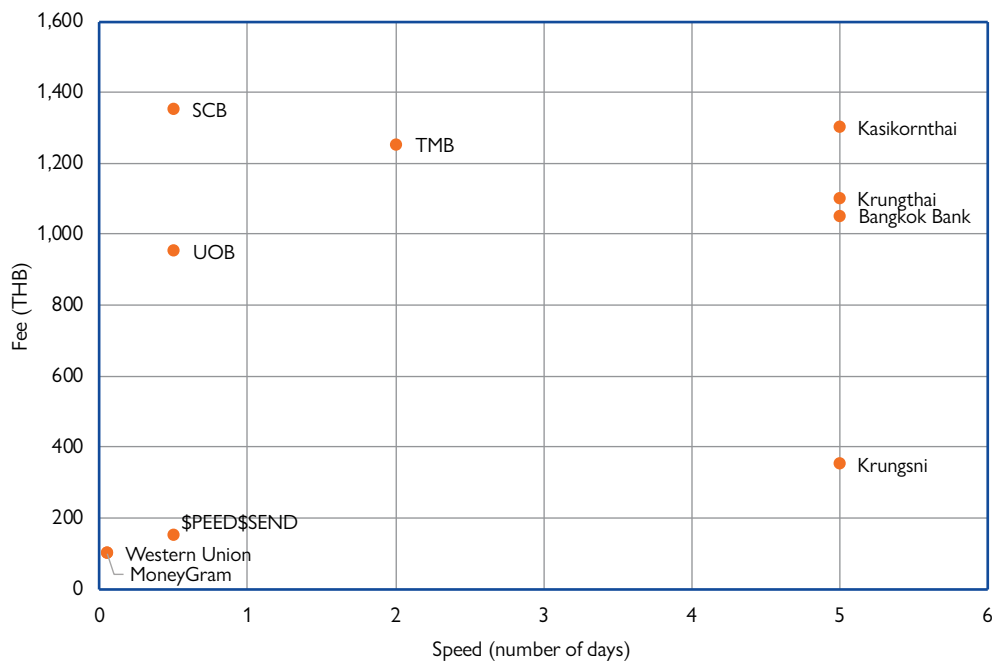
In 2019, the World Bank estimates that remittances inflows to Lao People's Democratic Republic were an estimated USD 285 million, of which approximately 70 per cent, or USD 199.5 million, came from Thailand (World Bank, 2020a).

Inward remittance data from the World Bank are taken mostly from credits to the balance of payments data file of the International Monetary Fund as reported by central banks. Most central banks use remittance data reported by commercial banks but leave out flows through money transfer operators (such as Western Union and MoneyGram) and informal personal channels.

Assuming that 60 per cent of remittances are transferred via banks, and that the World Bank's estimates only include remittances transferred via banks, it is estimated that the overall remittance figure from Thailand to Lao People's Democratic Republic would be approximately USD 332.5 million, which is larger in volume but still in line with the estimate of USD 316 million.

In terms of costs and transfer speed, Figure 5 demonstrates that for a THB 6,500 (approximately USD 200) transaction sent from Thailand to Lao People's Democratic Republic, the average fee for sending through money transfer services is significantly less and faster than sending through a traditional bank.

Figure 5. Comparison of remittance costs and transfer speed for remittances from Thailand to the Lao People's Democratic Republic (<THB 6,500 transaction)



Source: <https://saverasia.com/send-money-to-lao-pdr/>.

Note: Money transfer services offer a cheaper and faster alternative to traditional banks.

For Lao migrants remitting through bank transfers, the average fee was approximately 5 per cent of the sum sent (IOM, 2016). This is presumably because Lao migrants remitting via bank transfers are clients of Thai banks operating in Lao People's Democratic Republic, such as Kasikornbank (KBank). However, Lao migrants without access to traditional banking make up approximately 27 per cent of all Lao migrants in Thailand, which can push them towards informal remittance channels such as broker systems (ibid.).

2.5.2. Sender profile

Approximately 90 per cent of Lao migrants working in Thailand send remittances home to their families (ibid.). It is estimated that Lao migrants in Thailand remitted an average amount of USD 1,250 per year.²²

Most Lao migrants working in Thailand remit money to their families regularly, with nearly half (approximately 48%) remitting at least once per month (IOM, 2016).

Lao migrant workers in Thailand predominantly worked in manufacturing (approximately 29%), beverage and food sales (approximately 20%), general labour (approximately 12%) and general services (approximately 10%) (ibid.).

2.5.3. Receiver profile

Approximately 8 per cent of the population of Lao People's Democratic Republic receive remittances from abroad, and a further 14 per cent receive domestic remittances (United Nations Thematic Working Group on Migration in Thailand, 2019).

²² Author's estimates based on assumptions used in Appendix A, section 1.2.

For an estimated 94 per cent of Lao migrants in Thailand, remittances are the main source of income for their families in Lao People's Democratic Republic or an important means to improve family living conditions (IOM, 2016). Only 6 per cent of Lao migrants in Thailand suggest that their families could live without any remittances or considered remittances not important at all (ibid.).

The most commonly cited use of remittances is for consumption, with approximately 85 per cent of Lao migrants in Thailand sending remittances doing so primarily for this purpose (ibid.). The second most commonly cited use of remittances is for education (approximately 25%), followed by house repair and buying other properties (approximately 17%), respectively (ibid.).

2.6. Impact of COVID-19 on migration trends and patterns

The spread of COVID-19 represents an unprecedented shock for the world's economy. Lockdowns, travel bans and physical distancing have brought global economic activity to a near standstill. Migrants and their families face the risk of contagion and also the possible loss of employment and wages.

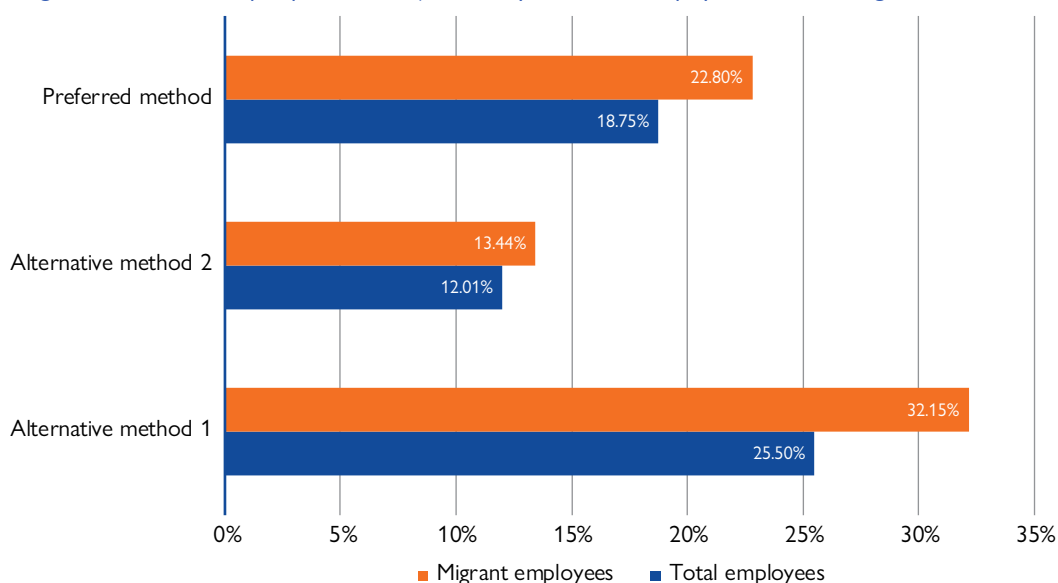
The pandemic-induced shutdown does not resemble “ordinary” recessions, and previous pandemics have not been of the same magnitude, or they occurred so long ago that few relevant economic insights can be gleaned from them. This means that estimating the size of the COVID-19 employment shock is particularly difficult. This section represents the best attempt to estimate the size of the shock, under conditions of extreme uncertainty and limited information. It also provides a prognosis of how these events might affect trends in migration in the GMS in the foreseeable future.

2.6.1. Estimates of the employment shock

Migrant workers in Lao People's Democratic Republic

It is estimated that between 13 and 32 per cent of migrant workers in Lao People's Democratic Republic will be out of work as a result of the COVID-19 shutdown and physical distancing (Figure 6). The preferred method gives results at the middle of that range (approximately 23%).

Figure 6. Estimated proportion of jobs likely lost due to physical distancing and shutdown



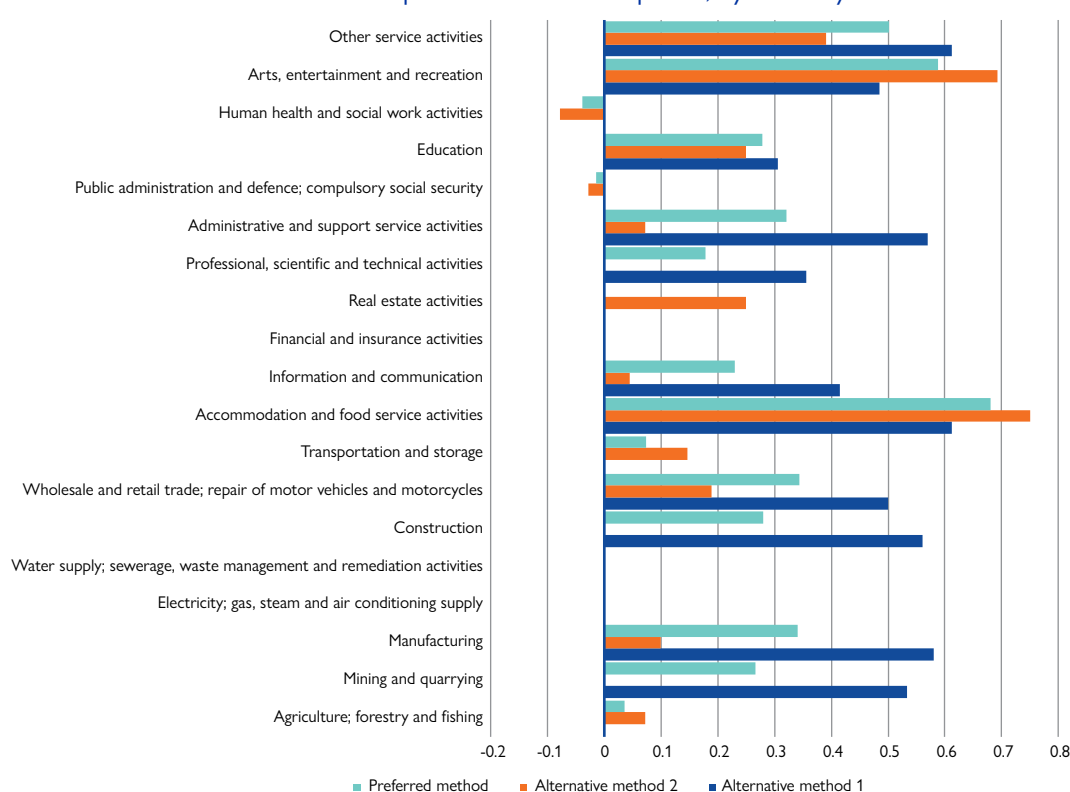
Source: Author's calculations (See Appendix A for detailed methodology).

Note: About one fifth to one third of migrant workers in Lao People's Democratic Republic are likely to be out of work due to COVID-19.

Each of the methods yields slightly different results, but all are in broad agreement: somewhere between one fifth to one third of migrant workers in Lao People's Democratic Republic are likely to be out of work as a result of the COVID-19 policy response. In November 2019, there were an estimated 40,000 migrants in Lao People's Democratic Republic who were employed; thus, between 5,376 and 12,860 migrant workers in Lao People's Democratic Republic would have lost work (ILO, n.d.a, n.d.f).

The preferred method suggests about approximately 23 per cent, or 9,120 migrant workers will be out of work. Some may quickly return as physical distancing measures and international travel restrictions are relaxed, but a shock to migrant workers of this size and speed is unprecedented in Lao People's Democratic Republic.

Figure 7. Estimated percentage of workers who will be out of work in the Lao People's Democratic Republic, by industry



Note: Accommodation and food services will be hardest hit in Lao People's Democratic Republic.

Source: Author's calculations (See Appendix A for detailed methodology).

The study finds that non-citizen workers in Lao People's Democratic Republic are approximately 20 per cent more likely to be out of work than citizen workers. It is also found, unsurprisingly, that workers in accommodation and food services will likely be the hardest hit, with more than half of workers in that industry thrown out of work (Figure 7). Most jobs in this industry require a high degree of proximity to other people, and the industry has been hit hard by government-related shutdowns and international travel restrictions. The preferred method suggests about two thirds (68%) of workers in the accommodation and food services industry will be off work.

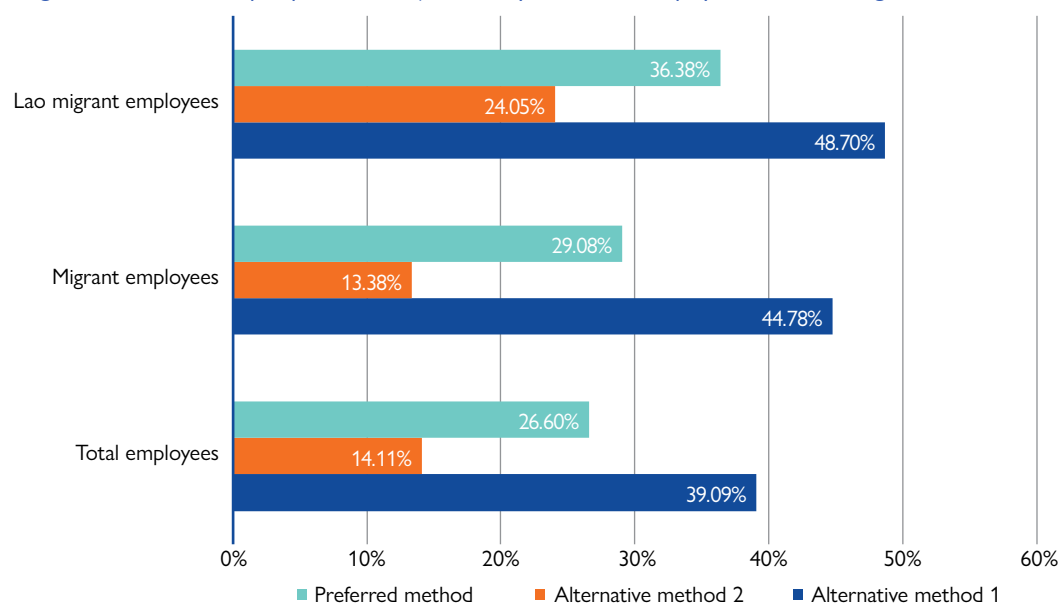
The estimates only relate to the second fiscal quarter of 2020. The estimates also only relate to jobs likely to be lost as a result of shutdowns and spatial distancing; they do not incorporate any further negative effects from lower aggregate demand (such as loss of labour income will translate into lower consumption of goods and services, which is detrimental to the continuity of businesses), nor any

offsetting boost to employment from fiscal or monetary stimulus (such as lowering personal income tax payments for businesses on behalf of their employees, thereby reducing labour cost).

Lao migrants in Thailand

It is estimated that between 24 and 49 per cent of Lao migrant workers in Thailand will be out of work as a result of the COVID-19 shutdown and physical distancing (Figure 8). The preferred method gives results at the middle of that range (approximately 36%).

Figure 8. Estimated proportion of jobs likely lost due to physical distancing and shutdown



Source: Author's calculations (See Appendix A for detailed methodology).

Note: About one quarter to one half of Lao migrant workers in Thailand are likely to be out of work due to COVID-19.

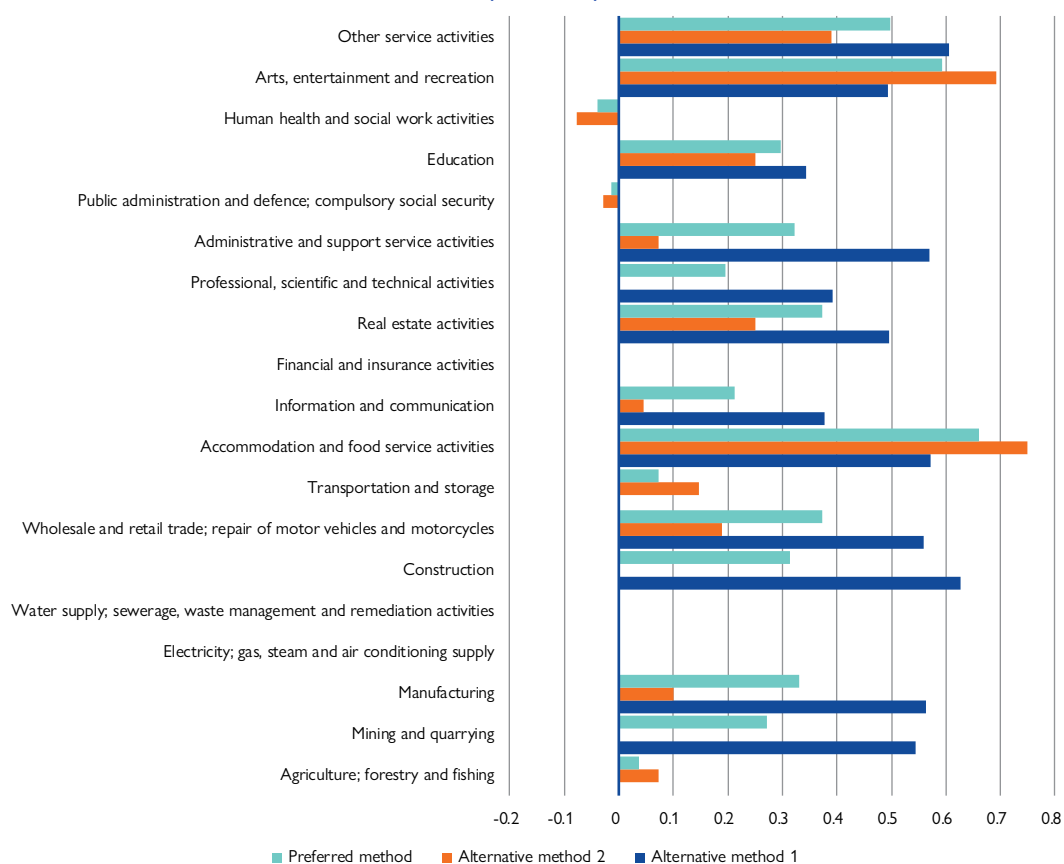
Each of the methods yields slightly different results, but all are in broad agreement: somewhere between one quarter to one half of Lao migrant workers in Thailand are likely to be out of work as a result of the COVID-19 policy response. In December 2019, there were approximately 280,962 registered Lao migrant workers in Thailand who were employed, so between 67,571 and 136,828 Lao migrants would have lost work (ILO, 2020a).

The preferred method suggests about approximately 36 per cent, or 102,211 Lao migrant workers will be out of work. It is not foreseen that Lao migrant workers will return as physical distancing measures are relaxed since international travel restrictions, particularly entry restrictions in Thailand, will stall attempted returns.

It is found that Lao migrant workers in Thailand are approximately 36 per cent more likely to be out of work than Thai workers. This is approximately 26 percentage points more than migrant workers; meaning that Lao migrant workers are more likely to be out of work than the typical migrant worker in Thailand.

It is also found, unsurprisingly, that workers in the accommodation and food services activities will likely be the hardest hit, with more than half of the workers in that industry thrown out of work (Figure 9). Most jobs in this industry require a high degree of proximity to other people, and the industry has been hit hard by government-related shutdowns and international travel restrictions. The preferred method suggests about two thirds (66%) of workers in the accommodation and food services industry will be off work.

Figure 9. Estimated percentage of workers who will be out of work in Thailand, by industry



Source: Author's calculations (See Appendix A for detailed methodology).

Note: Accommodation and food services will be hardest hit in Thailand.

The estimates only relate to the second quarter of 2020. The estimates also only relate to jobs likely to be lost as a result of shutdowns and physical distancing; they do not incorporate any further negative effects from lower aggregate demand, nor any offsetting boost to employment from fiscal or monetary stimulus.

2.6.2. Estimates of the impact on remittance inflows to Lao People's Democratic Republic

It is estimated that between USD 18.96 million and USD 38.47 million will be lost in remittance flows from Thailand to Lao People's Democratic Republic for the second quarter of 2020. The preferred estimate of the employment shock gives results at the middle of that range (approximately USD 28.74 million). The mid-range estimate is on par with the World Bank's estimated reduction of up to USD 125 million in remittance in 2020, or USD 31.25 million in remittance per quarter (World Bank, 2020b).

Based on the estimates, remittances from Thailand to Lao People's Democratic Republic in the second quarter of 2020 are anticipated to drop approximately 36 per cent.

The estimates only relate to the second quarter of 2020. The estimates also only relate to remittances likely to be lost as a result of job loss due to shutdowns and physical distancing; they do not incorporate any further negative effects from ongoing international border closures after physical distancing and lockdown policies have eased in-country.

2.6.3. Estimates of the impact on remittance-receiving households in Lao People's Democratic Republic

It is estimated that between 24,565 households and 49,743 households would have decreased remittance inflows from Thailand to Lao People's Democratic Republic for the second quarter of 2020. The preferred estimate of the employment shock gives results at the middle of that range (approximately 37,159 households). These estimates are approximate, indicative and subject to a high level of uncertainty.

Based on the estimates, impacted households make up an estimated 3 per cent of all households in Lao People's Democratic Republic.

The World Bank estimates that annual remittances to Lao People's Democratic Republic constitute approximately 60 per cent of household income for remittance-receiving households (ibid.). This implies a significant reduction in recipient household income for impacted households and expected to have a negative impact on poverty.

The estimates only relate to the second quarter of 2020. The estimates also only relate to remittances likely to be lost as a result of job loss due to shutdowns and physical distancing; they do not incorporate stalled domestic economic activities in Lao People's Democratic Republic, which could also affect the flow of domestic remittances.

2.6.4. Projected migration trends and patterns in the time of COVID-19

The unprecedented travel and mobility restrictions being seen today will have potential short- and longer-term repercussions. Combined with the estimates of the size of the COVID-19 shock, three possible ways that the COVID-19-related disruptions will impact migration trends and patterns in the foreseeable future are identified.

Labour migration will temporarily halt

While exemptions might be made for key professions, such as those covered by MRAs under AEC, prospective Lao migrants will not be able to travel abroad for work in the foreseeable future. This will have family, economic and potentially food security implications. Lao migrants who are still employed and currently overseas may not be able to get home due to international travel bans and complicated immigration and visa regimes (such as costly health checks and quarantine requirements). Furthermore, Lao migrants, who are laid off due to lockdown and physical distancing measures may be pushed into irregular or vulnerable situations.

For example, the Department of Employment in Thailand issued new policies to extend work permits for eligible workers who have completed at least four years of employment in Thailand, who have recently changed or are changing employers, pink card holders transitioning to MoU status and cross-border seasonal workers (IOM, 2020a).

In order to receive an extension, eligible workers must obtain medical clearance, purchase two-years CMHI or three-months CMHI if the worker is eligible for the Social Security Fund, and pay visa and permit fees, which can total upwards of THB 7,500 for a two-year extension, or approximately THB 5,000 and an additional THB 1,325 every 90 days if they are a border pass holders (IOM, 2020b).

As the COVID-19 pandemic continues to cause financial hardship for migrant workers in Thailand due to layoffs or reduced hours, asking migrant workers to pay the equivalent to a month's salary to legitimize their stay in Thailand may put them in a financially vulnerable position, thus steering them towards irregular means of stay.

It is also conceivable that, in response to current and future quarantines or lockdowns, businesses will accelerate development of automation capabilities, thereby removing some occupations filled by low- and medium-skilled migrants more quickly.

The inability of labour to move efficiently – or at all – will impact future economic output while putting migrant workers and their families under greater financial strain. This will, in turn, increase income inequality in Lao People's Democratic Republic.

Income inequality increases

Income inequality in Lao People's Democratic Republic was already at its highest levels in history when COVID-19 hit, with a Gini coefficient of approximately 0.41 in 2018 (Knoema, n.d.a.). As of 2018, approximately 29.8 per cent of income was held by the top 10 per cent of earners in Lao People's Democratic Republic, compared to only 3.20 per cent held by the lowest 10 per cent (Knoema, n.d.b, n.d.c.).

Income inequality is likely to increase in the medium-to-long term, in part because of the COVID-19 pandemic's lasting impact on migration flows. Approximately 8 per cent of the population of Lao People's Democratic Republic receive remittances from abroad, the majority of which is from Thailand (IOM, 2016). If migrant labour abroad is significantly disrupted by the economic shocks detailed in the estimates, those sources of income for families across Lao People's Democratic Republic will be impacted, creating ripple effects throughout the Lao economy, and in turn, further widening the gap between the rich and the poor.

Increases in irregular migration movements and channels

COVID-19 means that there are fewer regular means for migration than there were a few months ago. If the estimates of the size of the COVID-19 shock are accurate, this will only increase desperation at a time when fewer migration pathways exist. In such a scenario, those feeling compelled to move will do so increasingly using irregular channels, without documentation or health checks. In the age of COVID-19, this will put themselves, fellow migrants and anyone in their extended path at risk of contagion.

2.7. Conclusion and recommendations

As documented within this report, there have been many significant developments in Lao People's Democratic Republic's migration landscape over the past few decades. Yet, many challenges remain. Despite efforts to regularize outward migration, many Lao migrant workers continue to live and work in a precarious legal status that is almost entirely at the discretion of their employers with limited access to health care and other social protections. These challenges are further complicated by the ongoing COVID-19 pandemic, as migrant workers face the risk of contagion and also the possible loss of employment due to lockdowns, travel bans and physical distancing, thereby bringing economic activities to a near standstill.

The subsections below are a select set of recommendations for changes to policy and practice that would help to improve conditions for migrant workers in Lao People's Democratic Republic and Lao migrants living and working abroad, particularly in the time of COVID-19.

2.7.1. Short-term recommendations

Provide food and accommodation for displaced migrant workers.

The anticipated job loss for Lao migrant workers in Thailand and migrant workers in Lao People's Democratic Republic can result in immediate food needs. It can also mean loss of accommodation when housing is provided by an employer. In these cases, the governments of Lao People's Democratic Republic and Thailand, as well as development partners, can provide food assistance and housing subsidies or housing alternatives.

For example, the Ministry of Manpower in Singapore provided temporary housing support to help employers who were affected by Malaysia's implementation of a Movement Control Order (Ministry of Manpower, Government of Singapore, 2020). The Movement Control Order banned Malaysian citizens from going overseas and non-citizens from entering Malaysia (ibid.). To help affected workers who commute across the Singapore–Malaysia border frequently, employers were provided a benefit that covered the costs incurred of temporary housing affected employees in Singapore (ibid.).

The Ministry of Labour and Social Welfare could be the lead agency implementing relief alongside development partners and private sectors providing technical assistance.

This provision could provide short-term relief not only during COVID-19 but also when other disasters occur.

Deploy employment services to promote employment among prospective Lao migrant workers.

Employment services like job matching and job search programmes can help Lao migrant workers who would have entered the international migrant workforce or those who have returned from abroad find jobs, particularly to fill labour market gaps created by international travel restrictions. The programmes could also provide transportation or transportation subsidies for prospective Lao migrant workers to facilitate access to jobs where shortages may develop. This may require incorporating health checks to protect against transmission of COVID-19.

For example, China has been taking measures to promote employment for migrants through online job fairs. Chinese companies seeking workers have collaborated with local governments to advertise and organize online job fairs (*China Daily*, 2020).

Support of this kind should be provided not only during COVID-19 but more generally to promote employment among prospective Lao migrant workers.

2.7.2. Medium-term recommendations

Convene regional consultations between Greater Mekong Subregion governments and countries of destination to support safe migration for economic recovery.

There is a need, especially following discussions among GMS governments currently underway on a “travel bubble”, that these discussions should also address how safe migration of Lao migrant workers can support economic recovery. This would be beneficial for both countries of destination such as Thailand by filling critical labour market gaps and countries of origin, such as Lao People’s Democratic Republic, through provision of employment and remittances.

However, the primary objective should be ensuring the health and safety of citizens. This could include measures such as providing financial support for workers in quarantine. The processes around the repatriation and reintegration of Lao workers after their stay will also be vital to keeping Lao People’s Democratic Republic free from COVID-19.

Allow migrant workers greater agency to change employment.

Work permits and visas in both Lao People’s Democratic Republic and Thailand remain too firmly tied to one employer, and the lack of flexibility to change jobs increases the vulnerability of migrant workers.

For example, in Lao People’s Democratic Republic and Thailand, migrant workers are typically required to leave and re-enter the country to renew work permits with their current employer or to change employers. Due to international border closures, migrant workers in this case are left in a somewhat irregular situation.

Migrant workers should be able to exercise greater agency in deciding to change employers, expanding the restrictive set of conditions that are currently in place in Thailand and Lao People’s Democratic Republic.

Ensure that Lao migrant workers are able to make practical use of their entitlements to health coverage and other social security benefits.

Physical, attitudinal and procedural barriers to accessing health care and other social protections in Thailand have proven to be significant obstacles to translating Lao migrant worker’s entitlements on paper into effective service coverage. Measures to expand enrolment and utilization should be implemented, including ensuring that formal sector employers comply with requirements to enroll migrant workers and improving access to irregular migrants.

Offer Lao migrant workers and their remittance-receiving families support with using formal remittance channels and remittance-linked financial products.

Given the vulnerabilities and constraints faced by Lao migrant workers in Thailand – both for those with regular and irregular legal status – and the importance of remittances to the short- and long-term well-being of recipient households in Lao People’s Democratic Republic, it is vital that steps are taken to ensure that remittance services are as affordable, convenient and safe as possible. The concerns of Lao migrant workers in Thailand and the remittance-receiving households in Lao People’s

Democratic Republic must be at the forefront of efforts to introduce new products, schemes and policies that aim to make the process of remitting as positive as possible.

In line with the Global Compact for Migration, improving accessibility through the expansion of agent networks and partnerships between providers – in addition to efforts to build trust in financial services – has the potential to increase the number of migrants and their remittance-receiving families using formal financial services (United Nations, 2018a). These efforts should be supplemented with financial literacy campaigns, including during pre-departure in Lao People's Democratic Republic and post-arrival trainings in Thailand, and through web-based applications. Incentive programmes may also be offered by financial service providers and the governments of Lao People's Democratic Republic and Thailand to encourage shifting to the use of formal remittance channels, including favourable exchange rates, fees or government matching schemes.

2.7.3. Long-term recommendations

Expand skills recognition for the sectors of work in which Lao migrants are employed.

The establishment of AEC has the potential to bring positive impacts to Lao People's Democratic Republic and its migrant workforce's countries of destination in the region. However, the current recognition arrangements that currently exist provide only limited scope for Lao migrants to benefit. Expanding bilateral or regional agreements for low- and medium-skilled work would fill labour market needs and expand the channels available for Lao migrants to migrate legally, in line with the objectives of the Global Compact for Migration.²³

Promote the use of mobile money.

The COVID-19 pandemic has demonstrated the need for Lao People's Democratic Republic and countries of destination for Lao migrants to promote procedures and regulations based on mobile and electronic payments and transfers.

The fastest and most efficient method to send money internationally, including to Lao People's Democratic Republic, is through money transfer services such as Western Union or MoneyGram. Not only are they available through registered agents but through major financial institutions, such as BCEL and Lao Development Bank.

To further promote the use of mobile money during the COVID-19 pandemic or another crisis, charges between mobile money wallets and bank accounts could be reduced or limited, and transaction limits could be raised. Not only can cashless payments curb the spread of COVID-19 by limiting the need to physically travel to cash pickup services, but its speed, flexibility and cost-effectiveness could bring more Lao migrants into the formal banking sector.

Establish long-term safety nets to provide relief during disasters.

Long-term safety nets could provide disaster relief when threats such as the COVID-19 pandemic or natural disasters occur, necessitating remittance flows to support migrant workers' families. This could be funded, for example, through additional employee and employer contributions, as well as support from the governments of Lao People's Democratic Republic and Thailand under a proposed "migration emergency response fund" to support Lao migrants working in Thailand.

²³ Objective 5 of the Global Compact for Migration (United Nations, 2018b).

Appendix A:

Detailed methodology for estimating COVID-19 shock

A.1. How is the size of the employment shock estimated?

A.1.1. The data used

Occupational Information Network data on United States occupational physical proximity

The process begins with data from the Occupational Information Network (O*NET) on the degree of physical proximity required by various occupations in the United States of America. O*NET, which is sponsored by the US Department of Labour, conducts extensive surveys to understand the “anatomy of an occupation”; its database is the United States’ main source of information on the nature of individual occupations (O*NET, n.d.a.).

Each job demands different knowledge, skills and abilities, and each job requires workers to perform different tasks and activities. The O*NET database quantifies these characteristics in the form of hundreds of standardized descriptors about each occupation. The database contains information about almost 1,000 occupations, covering almost the entire US economy (ibid.). O*NET collects the data for these descriptors by surveying workers in each occupation and asking them about their work and tasks they perform (O*NET, 2018).

The analysis uses the “physical proximity” occupational attribute from O*NET to identify which occupations are at risk of job loss due to coronavirus-related shutdowns and physical distancing. These proximity scores are based on a question O*NET ask workers: “To what extent does this job require the worker to perform job tasks in close physical proximity to other people?” Responses are recorded on a 0 to 100 scale. The higher the score, the closer the proximity.

O*NET provides the following guide for interpreting physical proximity scores:

- Score of 0: I don’t work near other people (They are more than 100 feet away).
- Score of 25: I work with others but not closely (such as in a private office).
- Score of 50: Slightly close (such as in a shared office).
- Score of 75: Moderately close (at arm’s length).
- Score of 100: Very close (near touching) (O*NET, n.d.b.).

Similar to Coates et al. (2020), the O*NET proximity scores are scaled and squared. Scaling is done so that the occupation that requires the highest degree of physical proximity has a value of 1, and

the lowest has a value of 0. These scaled values are then squared, which has the effect of leaving high-proximity occupations' scores relatively unaffected while dragging down those in the middle of the distribution. This transformation – scaling and squaring the proximity scores – is crucial to some of the estimates of job loss. There is limited basis on which to judge whether this transformation of the raw proximity scores is the appropriate one. Job-loss estimates that do not rely on the proximity scores as a cross-check that this approach produces plausible results are produced.

The validity of this transformation was examined by Coates et al. (2020). To test the validity of the transformation, they checked to see how well the rescaled proximity scores correlate with the share of weekly tasks requiring physical proximity in each occupation. Coates et al. (2020) found that there is indeed a strong positive correlation between the rescaled proximity score and the share of weekly tasks requiring physical proximity in each United States' occupation.

Estimates on how many United States' occupations can be performed at home

To identify which occupations are at risk of job loss due to coronavirus-related shutdowns and physical distancing, a fundamental question about the modern economy must be asked: "How many jobs can be performed at home?" To answer this question, Dingel and Neiman (2020) classify the feasibility of working at home for all US occupations. Their feasibility measure is based on responses to two O*NET surveys covering "work context" and "generalized work activities".

If any of the following conditions in the work context survey responses were true, they coded the occupation as one that cannot be performed at home:

- Average respondents say they use email less than once per month (Q4).
- Majority of respondents say they work outdoors every day (Q17).
- Average respondents say they deal with violent people at least once per week (Q14).
- Average respondents say they spend majority of time wearing common or specialized protective or safety equipment (Q43).
- Average respondents say they spend majority of time walking or running (Q37).
- Average respondents say they are exposed to minor burns, cuts, bites or stings at least once a week (Q33).
- Average respondents say they are exposed to diseases or infection at least once a week (Q29).

If any of the following conditions in the generalized work activities survey responses were true, Dingel and Neiman (2020) coded the occupation as one that cannot be performed at home:

- Performing general physical activities is very important (Q16A).
- Handling and moving objects is very important (Q17A).
- Controlling machines and processes (not computers nor vehicles) is very important (Q18A).
- Operating vehicles, mechanized devices or equipment is very important (Q20A).
- Performing for or working directly with the public is very important (Q32A).
- Repairing and maintaining mechanical equipment is very important (Q22A).
- Repairing and maintaining electronic equipment is very important (Q23A).
- Inspecting equipment, structures or materials is very important (Q4A).

Dingel and Neiman (2020) found that approximately 37 per cent of United States' occupations listed on O*NET database can be performed entirely at home.

Converting United States' occupations to ISCO-08

The O*NET data used by Coates et al. (2020) and Dingel and Neiman (2020) measures the extent to which occupations – such as dental hygienists, flight attendants and food service managers – requires physical proximity and whether that occupation could work from home. Occupations in the O*NET database are classified under the United States Standard Occupational Classification System (US SOC). The ILO Department of Statistics uses a different framework, the International Standard Classification of Occupations (ISCO-08).²⁴

A crosswalk between the US SOC and the ISCO-08 developed by the US Department of Labour to translate US occupations into their international equivalents is used. In some cases, multiple US SOC occupations match with single ISCO-08 occupation. In these cases, the (arithmetic) mean of the translated US SOC occupations' physical proximity and work-from-home scores are taken when there are multiple matches under a single ISCO-08 occupation.

It is assumed that occupations under US SOC and ISCO-08 require the same degree of physical proximity to other people and are also able to work at home or not.

Data on the number of migrant workers in Lao People's Democratic Republic in different occupations and industries

Data from the 2017 Labour Force Survey (latest available) in Lao People's Democratic Republic are used to calculate the occupational-level proximity and Dingel and Neiman's (2020) work-from-home scores at the one-digit ISCO-08 occupation level by taking the weighted average of each two-digit ISCO-08 occupation in the Labour Force Survey.²⁵

The industry-level proximity and Dingel and Neiman's (2020) work-from-home scores are then calculated at the International Standard Industrial Classification of All Economic Activities (ISIC) industry level by taking the weighted average of each one-digit ISCO-08 occupation in each ISIC level industry.²⁶

Data from the 2015 Population and Housing Census (latest available) in Lao People's Democratic Republic are also used to calculate the proportion of migrant workers in each aggregate economic activity by taking the number of non-citizens in each aggregate economic activity as a proportion of both citizens and non-citizens (total) in each aggregate economic activity.

However, it cannot be assumed that the proportion of total employed persons who were non-citizens by economic activity are equivalent to the estimates for employees, because the proportion of total employed persons who were non-citizens differs.

In Table A.1, an estimate is made of the proportion of employees who were non-citizens by economic activity. In effect, the proportion of employees who were non-citizens by economic activity is estimated as the proportion of total employed persons who were non-citizens by economic activity minus the difference in the proportion of total employed persons who were non-citizens and the proportion of employees who were non-citizens.

²⁴ US SOC is aligned with ISCO-08 developed by ILO.

²⁵ The weight factor is the proportion of an occupation (two-digit ISCO-08 code) by the sum of all occupations in their respective one-digit ISCO-08 occupation level.

²⁶ The weight factor is the proportion of an occupation grouping (one-digit ISCO-08 code) by the sum of all occupations at the one-digit ISCO-08 occupation in each economic activity.

The formula to estimate the proportion of employees who were non-citizens by economic activity is as follows:

$$\text{Proportion}_{\text{Employees non-citizens by economic activity}} = \text{Proportion}_{\text{Employed non-citizens by economic activity}} - \left(\text{Proportion}_{\text{Employed non-citizens}} - \text{Proportion}_{\text{Employees non-citizens}} \right)$$

Table A.1. Estimating the proportion of employees who were non-citizens by economic activity, Lao People's Democratic Republic (%)

	Employed	Employees
Agriculture	0.23 (a)	1.67 (b)
Manufacturing	3.01 (a)	4.45 (b)
Construction	4.98 (a)	6.42 (b)
Mining and quarrying; electricity, gas and water supply	6.74 (a)	8.18 (b)
Trade, transportation, accommodation and food and business and administrative services	4.63 (a)	6.07 (b)
Public administration, community, social and other services and activities	0.69 (a)	2.13 (b)
Total	1.04 (a)	2.48 (a)

Source: Author's calculations based on 2015 Population and Housing Census in Lao People's Democratic Republic.

Notes: (a) = estimated; (b) = calculated.

The drawback with using the 2017 Labour Force Survey data and 2015 Population and Housing Census data is that these are now several years old. The workforce has grown since 2015 and 2017. The number of people in each industry may have grown or contracted.

Data on the number of migrant workers in Thailand in different occupations and industries

Data from the 2019 Labour Force Survey (latest available) in Thailand are used to calculate the occupational-level proximity and Dingel and Neiman's (2020) work-from-home scores at the one-digit ISCO-08 occupation level by taking the weighted average of each two-digit ISCO-08 occupation in the Labour Force Survey.²⁷

The industry-level proximity and Dingel and Neiman's (2020) work-from-home scores at the ISIC industry level are then calculated by taking the weighted average of each one-digit ISCO-08 occupation in each ISIC-level industry.²⁸

Data from the 2018 Labour Force Survey and Migration Survey in Thailand are also used to calculate the proportion of migrant workers in each aggregate economic activity by taking the number of non-citizens in each aggregate economic activity as a proportion of both citizens and non-citizens (total) in each aggregate economic activity.

²⁷ The weight factor is the proportion of an occupation (two-digit ISCO-08 code) by the sum of all occupations in their respective one-digit ISCO-08 occupation level.

²⁸ The weight factor is the proportion of an occupation grouping (one-digit ISCO-08 code) by the sum of all occupations at the one-digit ISCO-08 occupation in each economic activity.

However, it cannot be assumed that the proportion of total employed persons who were non-citizens by economic activity are equivalent to the estimates for employees, because the proportion of total employed persons who were non-citizens differs.

In Table A.2, an estimate is made of the proportion of employees who were non-citizens by economic activity. The formula is the same mentioned above Table A.1.

Table A.2. Estimating the proportion of employees who were non-citizens by economic activity, Thailand (%)

	Employed	Employees
Agriculture	1.09 (a)	3.77 (b)
Manufacturing	8.20 (a)	10.88 (b)
Construction	3.57 (a)	6.25 (b)
Mining and quarrying; electricity, gas and water supply	1.50 (a)	4.18 (b)
Trade, transportation, accommodation and food and business and administrative services	2.69 (a)	5.37 (b)
Public administration, community, social and other services and activities	1.53 (a)	4.21 (b)
Total	2.98 (a)	5.66 (a)

Source: Author's calculations based on 2018 Labour Force Survey and Migration Survey Thailand.

Notes: (a) = estimated; (b) = calculated.

The drawback with using the 2019 Labour Force Survey data and 2018 Labour Force Survey and Migration Survey data is that these are now a few years old. The workforce has grown since 2018 and 2019. The number of people in each industry may have grown or contracted.

Data on the number of Lao migrant workers in Thailand in different occupations and industries

Data from the 2019 Labour Force Survey (latest available) in Thailand are used to calculate the occupational-level proximity and Dingel and Neiman's (2020) work-from-home scores at the one-digit ISCO-08 occupation level by taking the weighted average of each two-digit ISCO-08 occupation in the Labour Force Survey.²⁹

The industry-level proximity and Dingel and Neiman's (2020) work-from-home scores are then calculated at the ISIC industry level by taking the weighted average of each one-digit ISCO-08 occupation in each ISIC level industry.³⁰

A survey on migrant workers' remittances commissioned by the ILO is used to estimate the share of Lao migrant workers in each aggregate economic activity (IOM, 2016).

²⁹ The weight factor is the proportion of an occupation (two-digit ISCO-08 code) by the sum of all occupations in their respective one-digit ISCO-08 occupation level.

³⁰ The weight factor is the proportion of an occupation grouping (one-digit ISCO-08 code) by the sum of all occupations at the one-digit ISCO-08 occupation in each economic activity.

Job loss probabilities by industry

The probability that a particular job will be lost is determined not only by the nature of the occupation, but also the nature of the industry. People working in most occupations in the health industry, for example, will be relatively safe from job losses: a cleaner at a hospital is unlikely to lose his job, but a cleaner of a restaurant might. Therefore, there is a need to take the industry as well as the occupation into account in estimating how much each job is at risk of being lost. Three data sources are used to quantify the risk of each industry.

The first approach is based on the occupational physical proximity and work-from-home scores. Industry proximity scores for the following industries are manually specified so that these industries contain zero job loss risk:

- Agriculture; forestry and fishing;
- Electricity; gas, steam and air conditioning supply;
- Water supply; sewerage, waste management and remediation activities;
- Transportation and storage;
- Financial and insurance activities;
- Public administration and defence; compulsory social security;
- Human health and social work activities;
- Activities of extraterritorial organizations and bodies.³¹

Industries that rely on physical proximity and cannot work from home – such as accommodation and food services activities – will be more at risk than those that do not rely on physical proximity and can work from home. It is assumed that all occupations within a high-risk industry are at greater risk of job loss than the same occupations in a low-risk industry.

The second approach to quantifying industries' job-loss probabilities is entirely separate from the proximity-based and teleworkable approaches. Coates et al.'s (2020) industry-level job loss probability estimates are used. For this approach, Grattan researchers manually estimated what they judged to be the likely effect on employment in each of Australia's 88 sub-industries.³² The median of Grattan researchers' estimates are used as the industry-level job loss probability.

A.1.2. The methods

Three methods for combining this information on occupations and industries are used to arrive at estimates of the size of the COVID-19 shock to migrant workers doing paid work in Lao People's Democratic Republic and Lao migrants abroad.³³

The **preferred method** uses the occupational-level proximity and Dingel and Neiman's (2020) work-from-home scores, as well as Coates' et al. (2020) industry estimates. In this method, each occupation (two-digit ISCO code) has a probability of job loss given by the (arithmetic) mean of the scaled-and-squared occupational physical proximity score and Dingel and Neiman's (2020) work-from-home score.

³¹ Physical proximity scores classify industries – such as human health and social work activities – and occupations within it as high risk due to their requirement for close human contact. But it is expected that these industries as a whole are safe from job losses during this period. Individual occupations such as dental hygienists may suffer job loss, while others such as nurses may experience an increase in employment. It is assumed that the net effect is zero.

³² Grattan staff gave each of the 88 two-digit ANZSIC codes a rating of -100 per cent (complete job loss), -75 per cent, -50 per cent, -25 per cent, 0 (no job loss) or +10 per cent (job gains).

³³ Note that the "shock" here is meant to be the number of people actually carrying out paid work, as opposed to being stood down.

The weighted average of the industry-level combined scaled-and-squared occupational physical proximity and work-from-home scores are then taken by the (arithmetic) mean of Coates' et al. (2020) industry estimates.³⁴

Combining the physical proximity and work-from-home scores, as well as Grattan researchers' estimates, provides a way to incorporate a broader range of information about the likely labour market impacts of COVID-19 than using one data source only.

Alternative method one uses combined scaled-and-squared occupational physical proximity and work-from-home scores to estimate the likelihood of job loss. It does not use Coates' et al. (2020) manually estimated probabilities of job loss. Industry scores are set to zero for jobs in the following industries:

- Agriculture; forestry and fishing;
- Electricity; gas, steam and air conditioning supply;
- Water supply; sewerage, waste management and remediation activities;
- Transportation and storage;
- Financial and insurance activities;
- Public administration and defence; compulsory social security;
- Human health and social work activities;
- Activities of extraterritorial organizations and bodies.³⁵

Alternative method two uses Coates' et al. (2020) manually estimated probabilities of job loss. It does not use the occupation- and industry-level combined scaled-and-squared occupational physical proximity and work-from-home scores. For this method, Coates' et al. (2020) do not distinguish between different occupations in an industry.

A.1.3. How plausible are the results?

Since the Lao and Thai economies have never previously experienced the kind of shutdown and labour force shock resulting from COVID-19, there is no way to directly test the validity of the method.

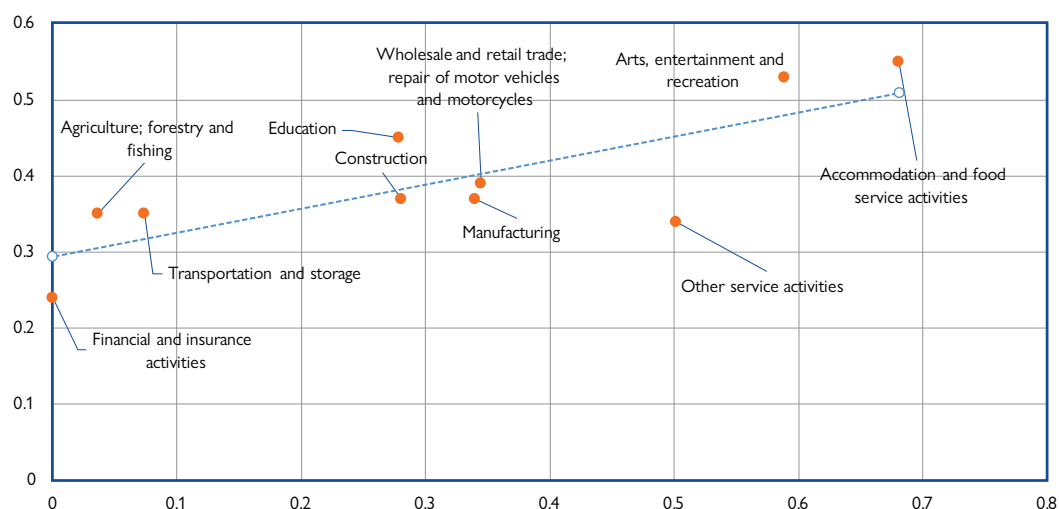
To roughly gauge the plausibility of the method in Lao People's Democratic Republic, the probability of job loss using the preferred method for the Lao labour force with ILO estimates on occupation and economic activity is estimated, and the estimates are compared with the survey results on the impact of COVID-19 on businesses conducted by the Lao National Chamber of Commerce and Industry (LNCCI, 2020). The LNCCI asked businesses a series of questions about the impact of COVID-19; 474 businesses were asked from 6 to 27 April 2020 whether they planned to take a range of actions in response to COVID-19, including standing down workers. The figures are not weighted by businesses' size. Larger businesses are more likely to have stood down staff or placed them on unpaid leave.

These figures are not directly comparable to the estimates. The LNCCI figures pertain to the proportion of businesses that would likely reduce employment rather than the share of workers who have actually lost work. Nevertheless, the comparison with the LNCCI data gives some confidence that the approach is broadly accurate in capturing the reduction in total work done.

³⁴ The weight factor is the proportion of an occupation (one-digit ISCO code) by the sum of all occupations.

³⁵ Physical proximity scores classify industries – such as human health and social work activities – and occupations within it as high risk due to their requirement for close human contact. But it is expected that these industries as a whole are safe from job losses during this period. Individual occupations such as dental hygienists may suffer job loss, while others such as nurses may experience an increase in employment. It is assumed that the net effect is zero.

Figure A.1. Comparison of LNCCI survey data on the proportion of workers expected to be laid off due to COVID-19 and the industry-level estimates of the proportion of Lao people out of work during lockdown



Source: Author's calculations; Coates' et al., 2020; LNCCI, 2020.

Note: The preferred method of industry-level job loss estimates is broadly in line with LNCCI survey data. Industries shown are only those with above 10 respondents in the LNCCI survey.

Within each industry, the job loss estimates given by the preferred method strongly correlate with the proportion of workers expected to be laid-off (Figure A.1). For example, the preferred method predicts 68 per cent of workers in the accommodation and food services activities industry could be out of work; the LNCCI survey data shows that businesses in the accommodation and food services activities industry expect to lay off, on average, 55 per cent of their workforce.

To roughly gauge the plausibility of the method in Thailand, the results for Lao migrant workers in Thailand are compared with data retrieved by ILO staff from the Ministry of Labour of Social Welfare of Lao People's Democratic Republic (ILO, 2020c). According to the source, the Ministry of Labour and Social Welfare have recorded 119,401 returnees from 20 March to 17 June 2020 (ibid.).³⁶ It is important to note that a combination of factors motivated Lao migrants to return during this period, including the following: (a) physical distancing and lockdown restrictions; (b) fear of the COVID-19 pandemic worsening; (c) migrants having lost their jobs or expecting to lose them; and (d) work permits of Lao migrants under the national verification system that were due to expire (ibid.).

If it is assumed that Lao migrants returning to Lao People's Democratic Republic have lost their jobs as a result of the COVID-19 policy response, this represents approximately 42 per cent of registered Lao migrant workers in Thailand as of 2019. This figure is within the estimate that between 24 and 49 per cent of Lao migrant workers in Thailand will be out of work as a result of the COVID-19 shutdown and physical distancing.

While the two estimates do not perfectly align, the broad correlations between the industries and the estimated values of job loss not being statistically different from each other provides some reassurance that the method has produced plausible results for both migrant workers in Lao People's Democratic Republic and Lao migrant workers in Thailand.

³⁶ It is likely that the official numbers of returnees reported above are underestimates, as many returnees crossed through unofficial border points.

A.2. How is the impact on remittances estimated?

A.2.1. The data used

Estimates of the size of the COVID-19 shock to Lao migrants doing paid work in Thailand

The estimates acquired from the preferred method in section A.1 are used to obtain the number of workers impacted by COVID-19. It is assumed that each worker who lost his/her job due to COVID-19 restrictions would cease sending remittances back home to Lao People's Democratic Republic from Thailand because of loss of income.

Data on the average annual remittance per Lao migrant worker in Thailand

A survey on migrant workers' remittances commissioned by ILO to obtain estimates on the frequency and volume of Lao migrant workers' remittances to Lao People's Democratic Republic from Thailand (IOM, 2016). This face-to-face survey was conducted in 2015 with a total of 1,209 Lao migrant workers across Thailand. It showed that approximately 90 per cent of Lao migrant workers from Thailand had sent money home.

The World Bank estimates a reduction of up to USD 125 million in remittances in 2020 due to more than 100,000 migrant workers returning to Lao People's Democratic Republic from Thailand (World Bank, 2020b). From this, it can be deduced that the average Lao migrant worker from Thailand sent home approximately USD 1,250. Broken down by fiscal quarter, it is estimated that the average amount of remittances Lao migrant workers would send back home to Lao People's Democratic Republic from Thailand in each fiscal quarter of 2020 is approximately USD 312.50.

Is USD 1,250 per year per Lao migrant worker a plausible estimate of the average amount of remittances Lao migrant workers sent back home to Lao People's Democratic Republic from Thailand?

Based on the World Bank's estimate, and assuming Lao migrant workers were paid the national minimum wage in Thailand, the average Lao migrant worker would send home less than half of their wage (approximately 38%).

A saving-income ratio of 38 per cent is considered high, especially for low-income earners. However, the majority, if not all, of Lao migrant workers migrated to Thailand with a single purpose – to get work and save as much money as possible to send home to their families in Lao People's Democratic Republic.

Additionally, the cost of living between Thailand and Lao People's Democratic Republic is near equivocal for low-income earners, although the minimum wage in Thailand is better.

As of 2020, the national minimum wage in Lao People's Democratic Republic was approximately LAK 13,200,000 per year (approximately THB 45,000). This was approximately 56 per cent lower than or more than half of what the minimum wage in Bangkok was in 2020.

Assuming Lao migrant workers in Thailand had the same standard of living as they did in Lao People's Democratic Republic; it is plausible for the average Lao migrant worker to send home approximately 38 per cent of their wage, or USD 1,250 per year per Lao migrant worker in Thailand in 2020.

A.2.2. The methods

One method was used for combining this information on the estimated job loss in Thailand for Lao migrant workers due to COVID-19 and average remittances per Lao migrant worker in Thailand to arrive at an estimate of the size of the COVID-19 shock to remittances in Lao People's Democratic Republic.

In this method, the estimated number of Lao migrant workers in Thailand to likely been impacted by COVID-19 is taken and multiplied by the estimated average remittance that a Lao migrant worker from Thailand would have sent back to Lao People's Democratic Republic in the first quarter of 2020.

A.3. How to estimate the impact on remittance-receiving households in Lao People's Democratic Republic

A.3.1. The data used

Data on the number of remittance-receiving households in Lao People's Democratic Republic

Results from a survey on Lao migrant workers in Thailand indicate that approximately 90 per cent of Lao migrants sent remittance home, and that approximately 8 per cent of the population of Lao People's Democratic Republic receive remittances from abroad, the majority of which is from Thailand (IOM, 2016).

Based on data provided by the Lao Statistics Bureau, there were approximately 1,276,771 households in Lao People's Democratic Republic as of 2018 (latest available figure) (Lao Statistics Bureau, 2020).

This implies that there are approximately 102,142 remittance-receiving households.

Estimates of the size of the COVID-19 shock to Lao migrants doing paid work in Thailand

The estimates acquired from the preferred method in section 1.1 are used to obtain the number of workers impacted by COVID-19, and thereby remittance-receiving households.

A.3.2. The methods

One method for combining this information on the number of remittance-receiving households in Lao People's Democratic Republic and the estimated job loss in Thailand for Lao migrant workers due to COVID-19 is used to arrive at an estimate of the size of the COVID-19 shock to remittance-receiving households in Lao People's Democratic Republic.

In this method, the estimated number of remittance-receiving households in Lao People's Democratic Republic is taken and multiplied by the estimated number of Lao migrants in Thailand to likely been impacted by COVID-19 in the first quarter of 2020.

A.4. Limitations to estimating the various COVID-19 shocks

Broadly speaking, it can be assumed that the level of restrictions in place as of late March 2020 remain in place through the second quarter of 2020 (April, May and June).³⁷ If the level of restrictions is changed, this would obviously affect the number of people who will lose their jobs.

The approach does not enable to estimate these effects with any precision, such as quantifying the employment consequences of easing restrictions. One difficulty is that the employment effects of COVID-19 are affected not only by government policy; voluntary physical distancing over and above that mandated by the Government can affect the number of businesses that are open and the number of people they employ.³⁸

The figures obtained using these methods are approximate and indicative. There is a high degree of uncertainty around these estimates, and it is not possible to quantify that uncertainty. Results using the three methods outlined above are presented, but these results do not represent upper and lower bounds on the plausible range of outcomes. Lao People's Democratic Republic – indeed, the world – is facing a situation without modern precedent. Forecasting the effect on the labour market is fraught with difficulty.

The methods do not account for the prospect that firms adjust their operations in response to physical distancing directives, altering the need for proximity in jobs compared to O*NET data upon which the estimates are based. For example, many restaurants have shifted from in-house dining to takeaway and delivery only. The estimates may therefore overestimate the degree to which jobs continue to require physical proximity today, inflating the estimates of the jobs lost as a result of COVID-19. Similarly, some workers may instead find themselves on reduced hours rather than being out of work entirely.

On the other hand, the methods do not factor in any additional job loss caused by deficient aggregate demand, over and above the direct effects of physical distancing and shutdowns, nor do they factor in the boost to aggregate demand from fiscal and monetary stimulus. Although such stimulus is unlikely to materially affect the severity of job loss in occupations and industries directly affected by physical distancing.

³⁷ While the Government of Lao People's Democratic Republic has relaxed domestic restrictions, international travel restrictions limit Lao migrants' ability to return to the country of employment and migrant workers' ability to return to Lao People's Democratic Republic.

³⁸ For example, Lao People's Democratic Republic's low travel season is during this period.

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