

How Lao PDR Will Benefit from the Demographic Dividend

*Understand generation economy via
National Transfer Account (NTA) approach*

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Outline

- Laos' achievement on NTA
- Key finding on Lao NTA
- Limitations and future concerns

Laos' achievement on NTA

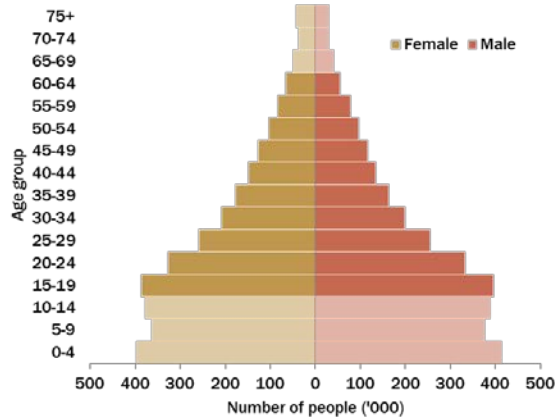
Laos' achievement on NTA

- Laos first introduced to NTA in 2009 by NUPRI's training on integrate population factors into the national socio-economic plan.
- In conjunction with National Economic Research Institute (NERI) and Planning Department, Lao Statistic Bureau (LSB) is assigned to take lead in constructing NTA in Laos.
- Joined NTA trainings in Thailand (2010, 2015) and Malaysia (2016)
- In-country training by NUPRI (2011) and East-West Centre (2015)
- The brief report on Lao NTA just printed and will launch soon.

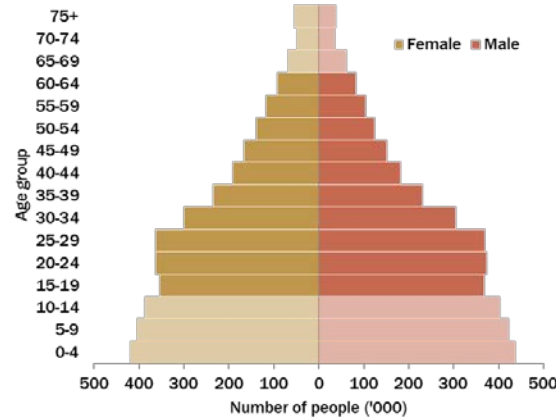
Key finding on Lao NTA

Lao Population structure

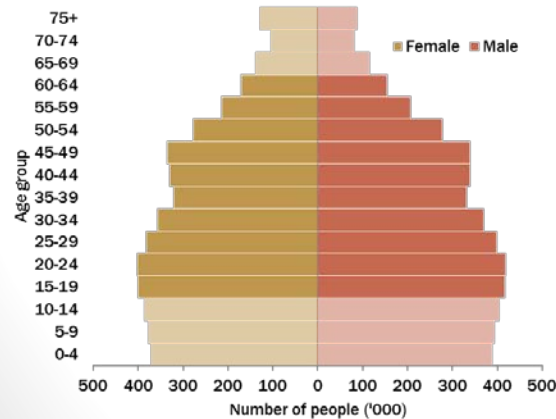
Population Pyramid 2010



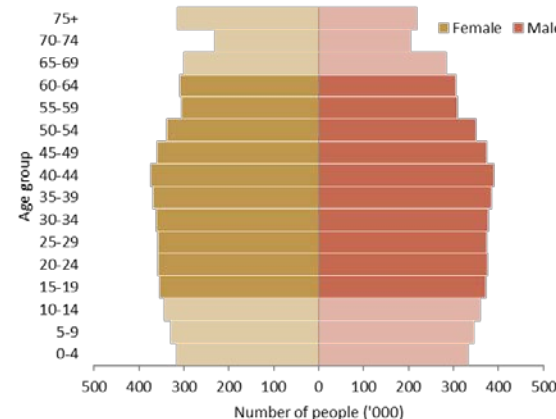
Population Pyramid 2020



Population Pyramid 2040



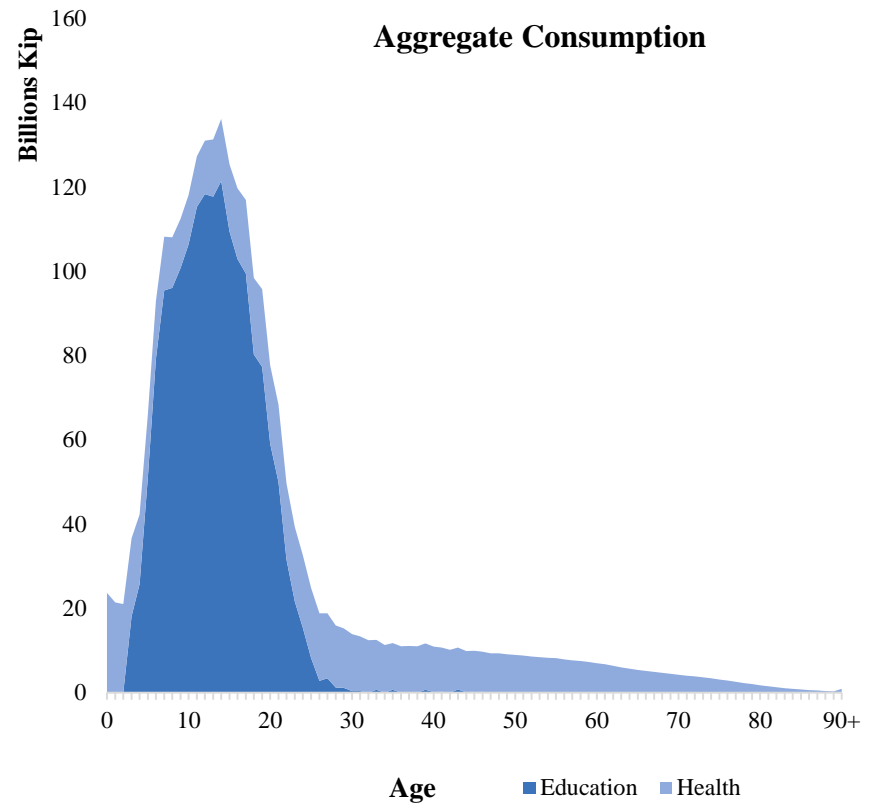
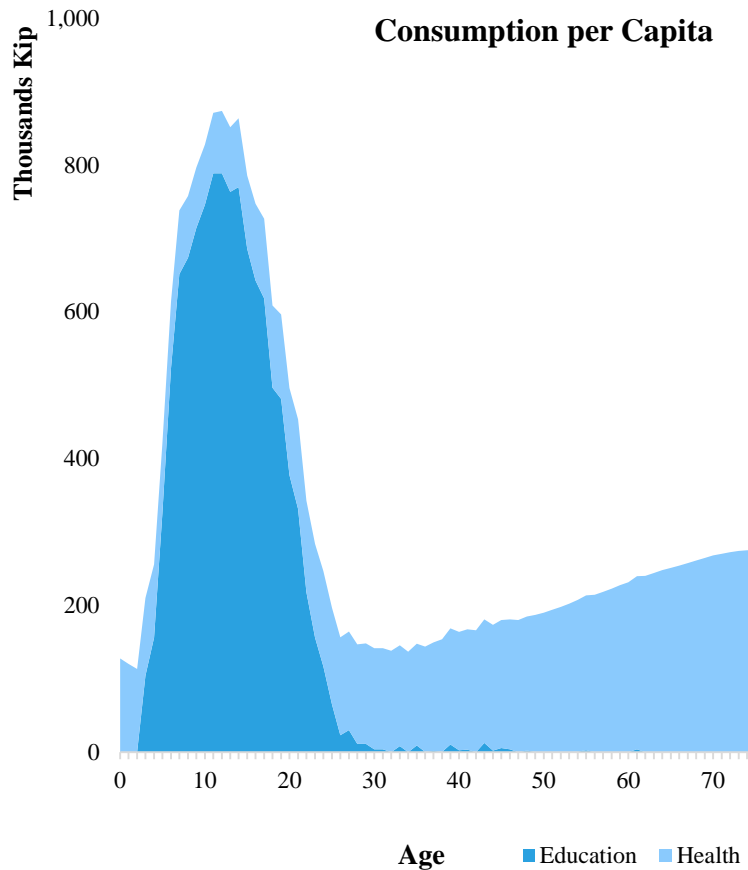
Population Pyramid 2060



- TFR has declined steadily, from 5.6 births per woman in 1995 to 4.5 in 2005 and 3.2 in 2012

- While, proportion of population in working age group increase significantly, pop. growth stays nearly 1.7% in average

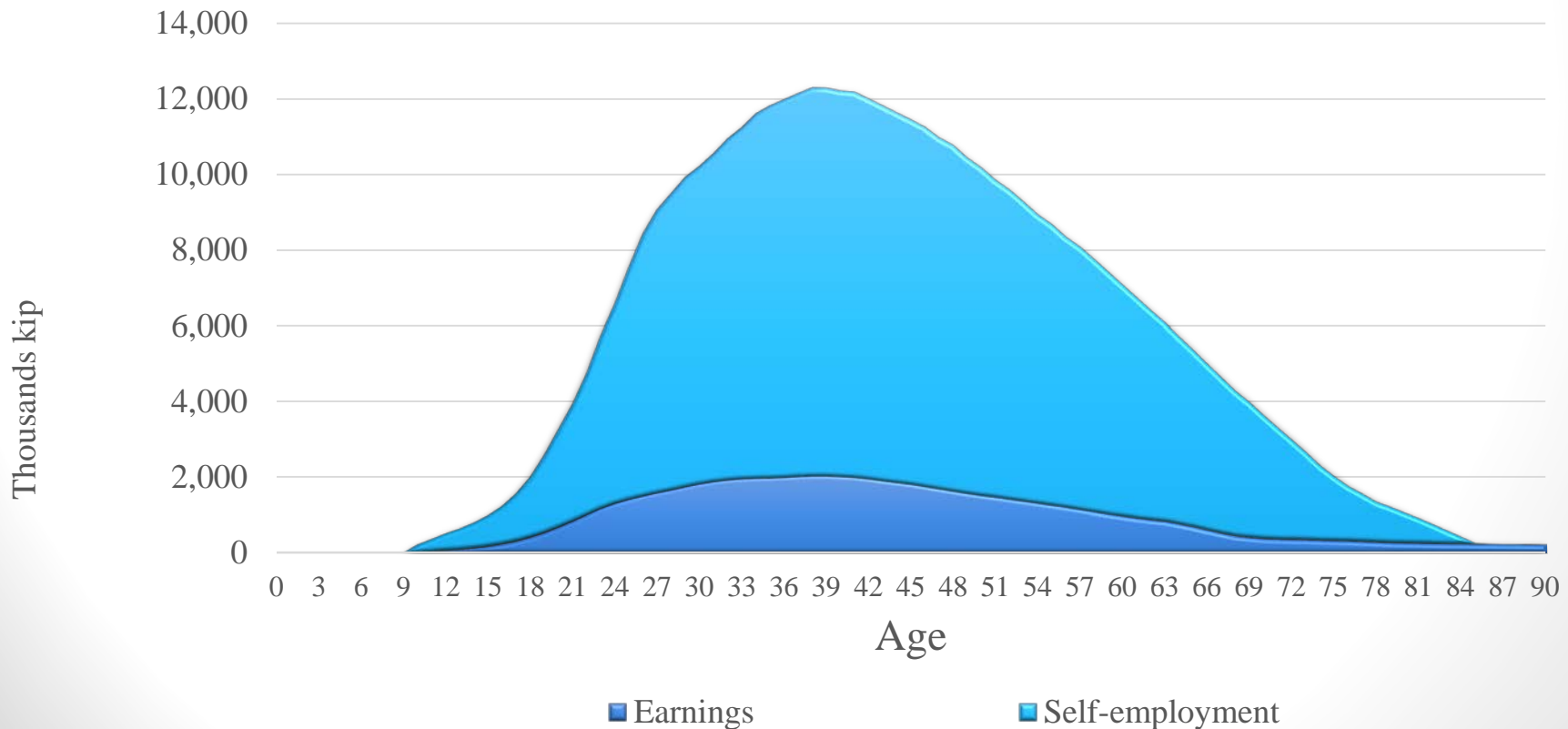
Consumption pattern



- At the individual level, consumption on education is high for children and consumption on health is high for aging people.
- But at the aggregate level, consumption of pop. under age 15 is higher than those ages 65+ around 28%.

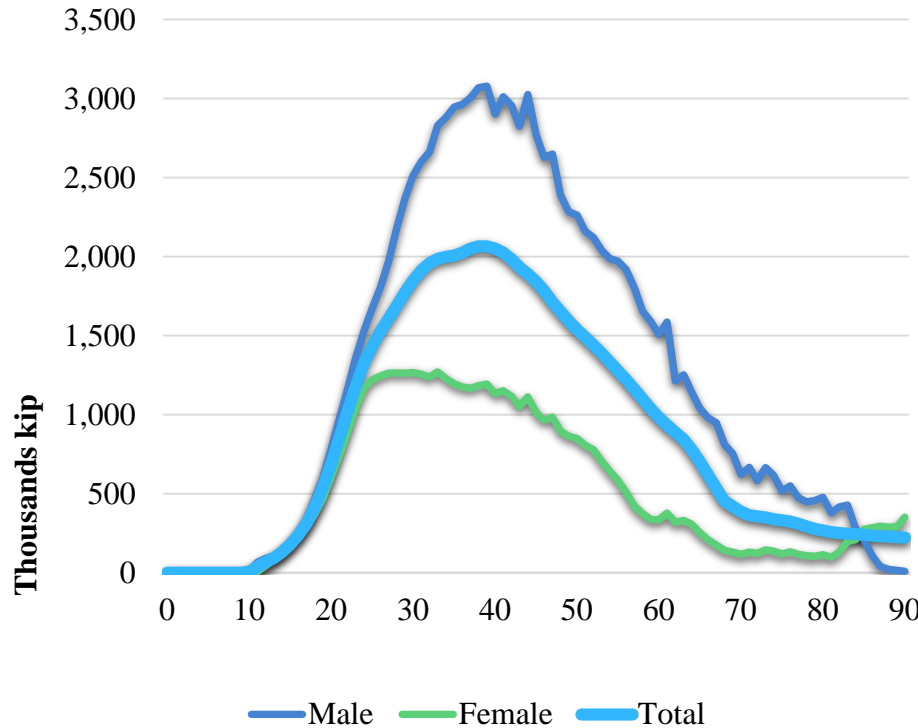
Labour income pattern

- Main sources of income are from self-employed labour income
- At age 39-40, labour income was highest level

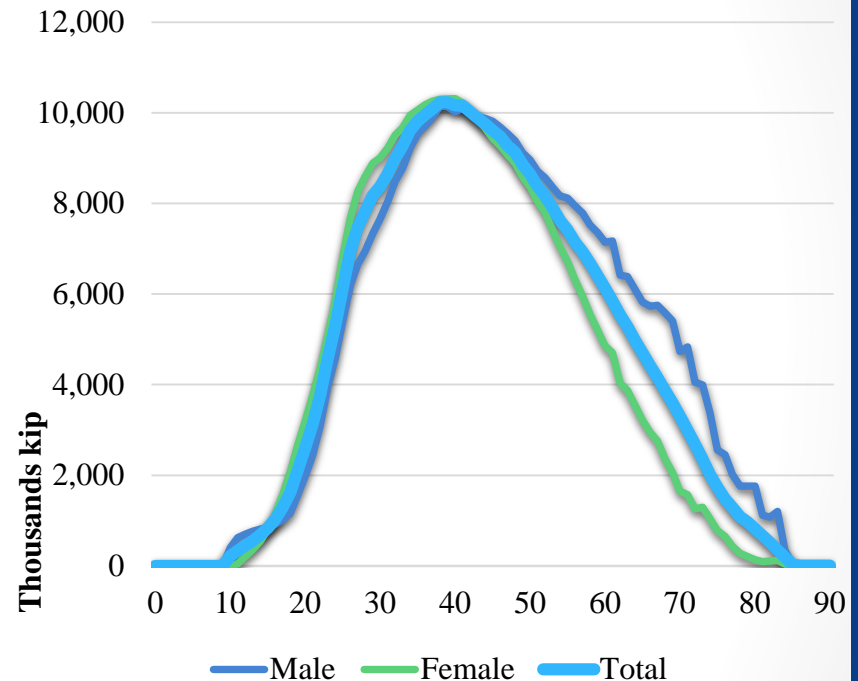


Labour income pattern, per Cap.

Compensation of Employees

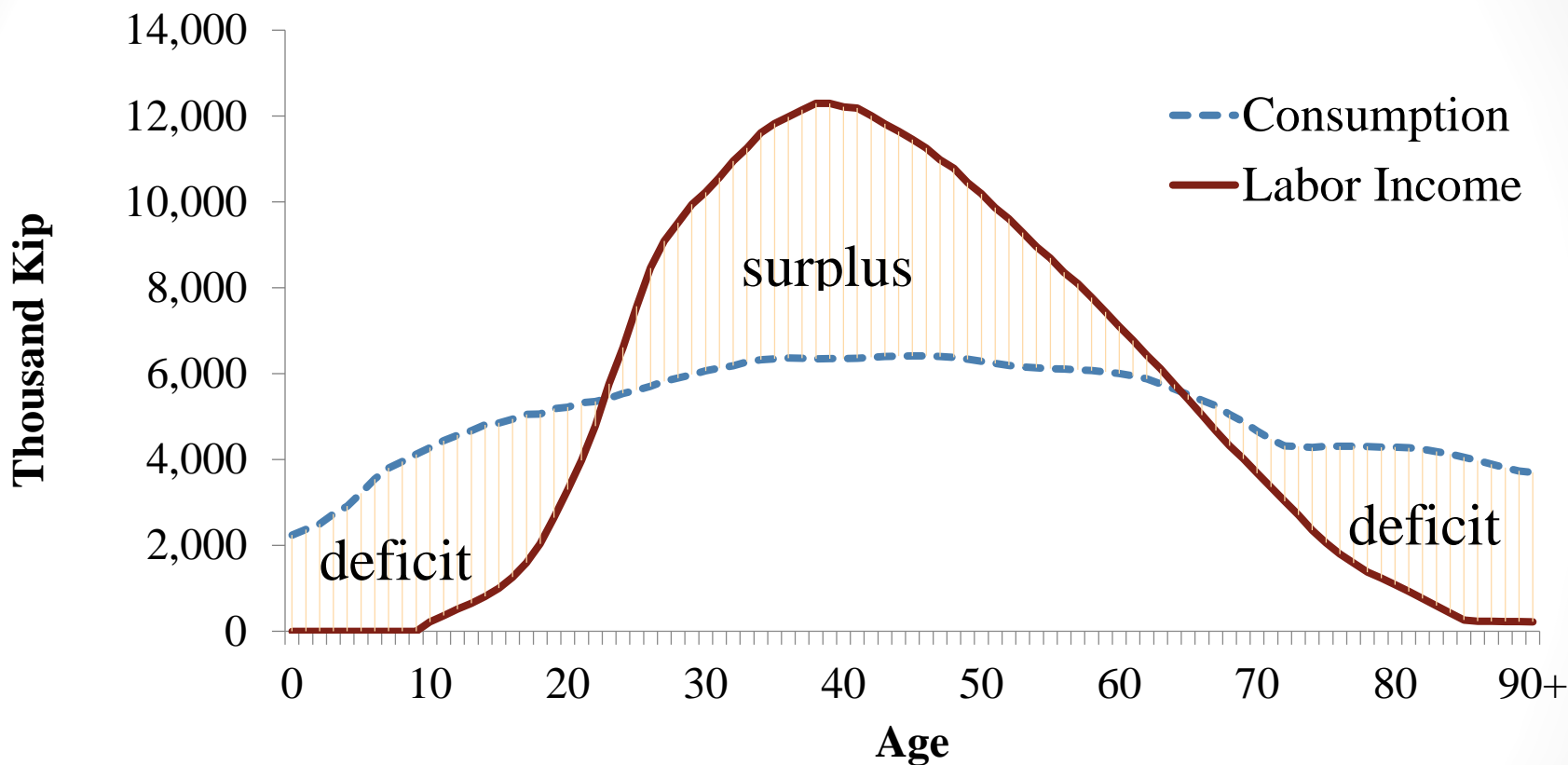


Self-employed income



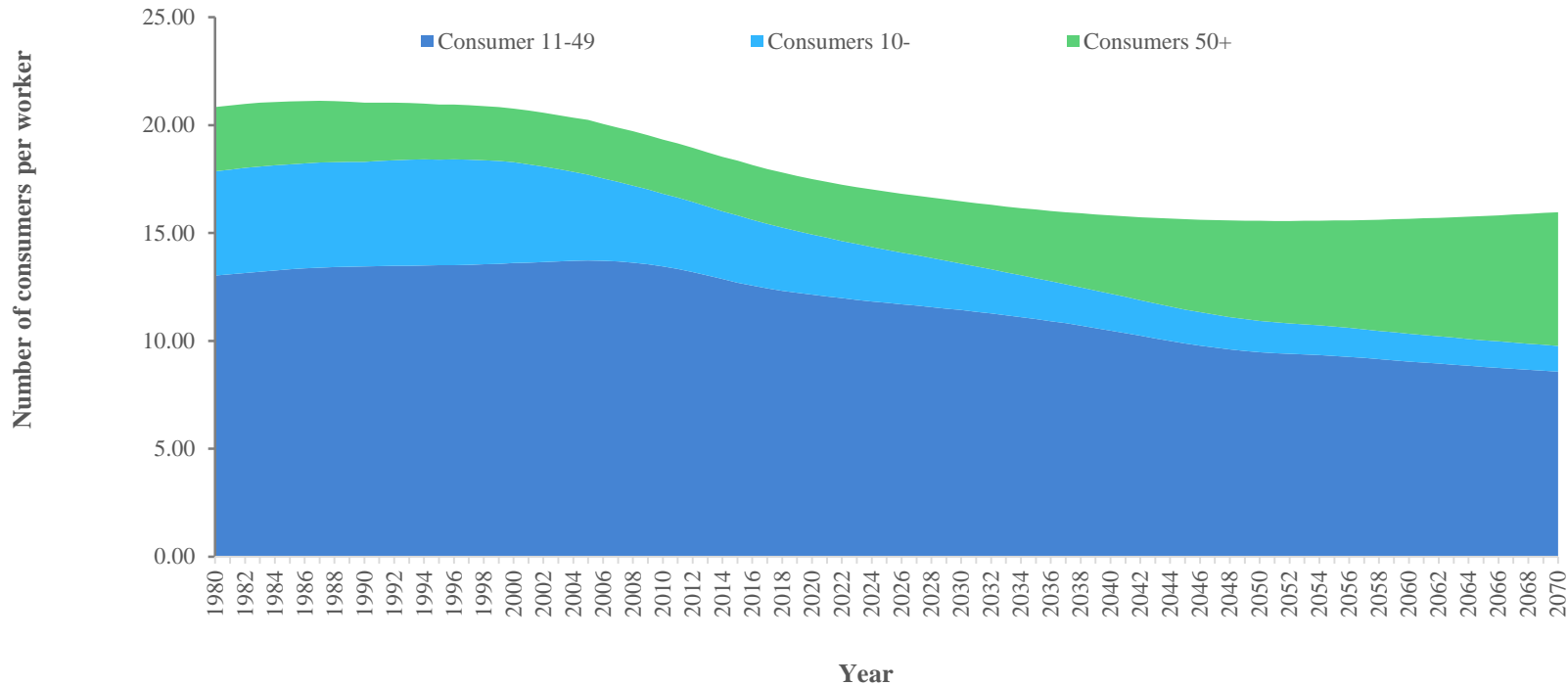
- Pop. start to earn income at early age
- Male could earn income much higher and last longer than female (gender income gap is noticeable, esp. for the compensation of employees)

The economic lifecycle, per Cap.



- Lao pop. had an income surplus during the age 23-64
- While, the rest age group (0-22 and 65+) consume much higher than they earn

The balance between effective producer and effective consumer



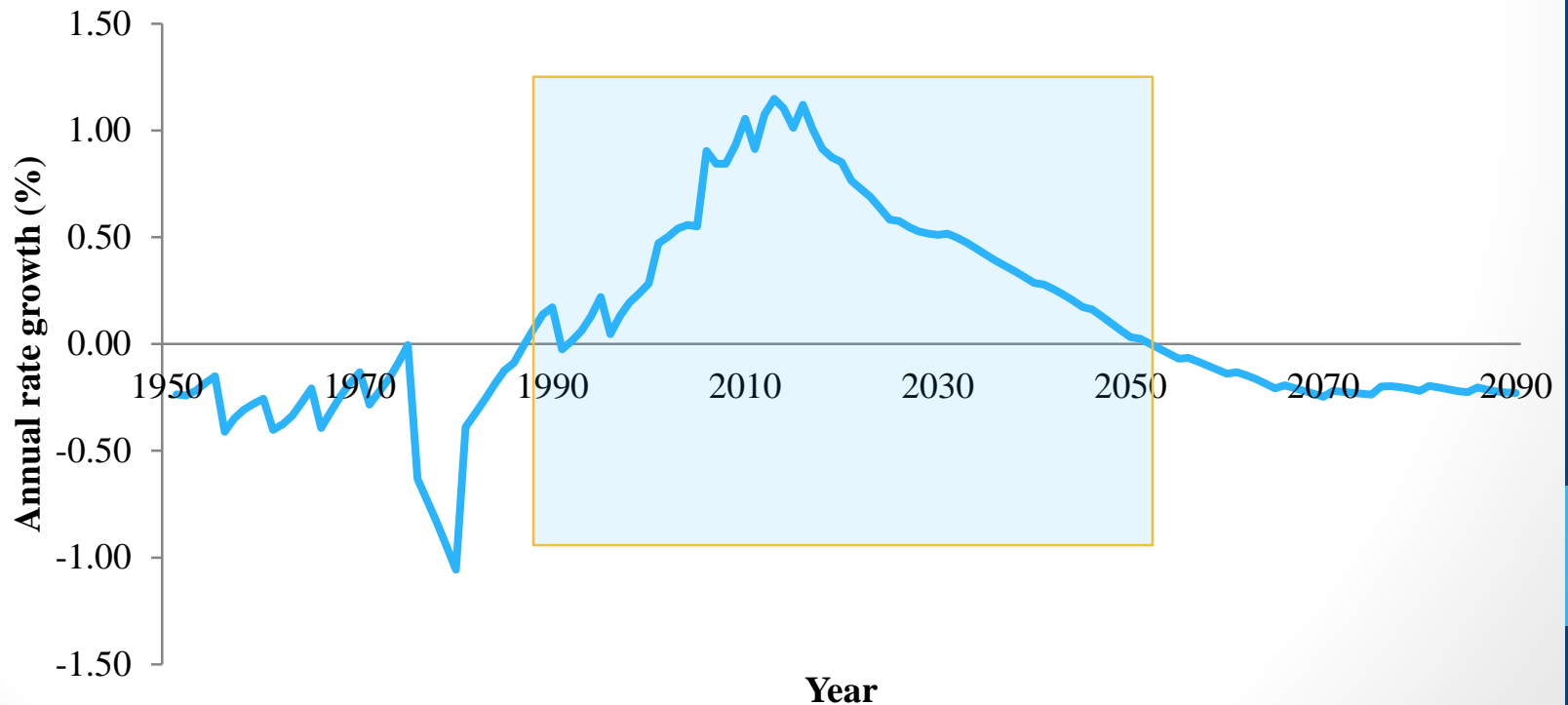
The effective number of workers in Laos is relatively small, about 41% of pop., partly because of

1. There are large numbers of dependent children
2. Labour income for young Laotians tends to be low

However, there will be an upward trend in such number through the coming decades

Demographic dividend

Laos will enjoy a boost to economic growth until about 2052 due to a first demographic dividend



Key highlights for Laos

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- Laos will be able to enjoy higher economic growth from an increasing share of working ages for the (enjoy 1st demographic dividend till 2052).
- However, the first demographic dividend is not automatic. It requires prudent human capital development policy to make it possible.
- **Therefore, need to invest in children's education and health, so that the future labor force will be productive.**
- The share of effective workers to pop. is relative small, partly because labour income of young workers tends to be low, possibly reflecting a low level of skills and capacity. **To improve labour income, it is essential to enhance labour productivity through education, training, and capacity building.**
- Many Lao people still involve in seasonal agriculture, thus, many in the labour force are underutilized. **Raising labour productivity through a shift in the economic structure toward more productive sectors is crucial.**

Limitation and future concerns

- Data availability, reliability and consistency
- The awareness of NTA is narrow particularly among policy makers and planner in line ministries.
- Financial limitation to conduct NTA research and analysis - currently supported by UNFPA and TA from East-West Centre
- Restructuring of NERI to NIER
- The cooperation among LSB/MPI and NIER
- Capacity (human resource) challenges to construct NTA and in-depth research and analysis on NTA – including technical capacity, reshuffling of staff, etc

Thank You

