Lao Government Policy Measures and Education Institutions’ Responses to Labor Supply and Demand Mismatch in Laos

By:
Bounlouane Douangngeune, Ph.D.
Associate Professor, Director
Laos-Japan Human Resource Development Institute
National University of Laos

26 October 2018
Presentation Outline

I. Introduction
II. Education development policy
III. Professional Education in the Education System Structure
IV. Current situation of professional education in Laos
V. Efforts to respond to labor market needs
VI. Conclusion and recommendations
I. Introduction

• Educational development is widely believed to play a vital role in economic development.

• Hayami (2001) argues that to make possible the systematic application of science to problems of economic production, a country needs to establish a modern education system for supplying scientists and engineers capable of improving the methods of production as well as workers capable of understanding and applying the manuals of the new production techniques.

• Yet, educational development is a complicated process with its scale and speed affected by various factors including social environments and resource endowments.

• Spending on education can be divided into broad categories: investment and consumption, and the investment function of spending on education can lag behind the consumption function at time economic growth is largely dependent on natural resource exploitation and external assistance.
I. Introduction

- In Laos, economic development has been progressed rapidly in recent 2 decades due to natural resource exploitation. However, in recent years foreign investments have increased and local small and medium enterprises are also growing and diversifying. As a result, demand for vocational and technical skilled labor has rapidly increased.

- Education institutions did not adjust quickly to meet the changes in labor demand. Many operate same programs for many years without making necessary improvements. Demand is concentrated in higher education while very few people prefer to enter vocational and technical education institutions.

- The result is a mismatch between labor supply and demand. The Lao government has recognized this situation and has issued policy measures to correct the situation and education institutions have made responses.
II. Education Development policy

- Education is a core of human resource development to serve the country’s socio-economic development
- To enhance human resource development is one of the government’s priorities
- HRD is carried out through the three programmes as follows:
  1. Increase equitable access to education
  2. Improve education quality and relevance
  3. Strengthen education management
II. Education Development policy

• Requirements for education development
  • Consistency with national socio-economic development plan and human resource development plan
  • Need to ensure three characteristics: national, modern and scientific, and interpersonal oriented
  • Learners should be developed in five pillars such as morale, intellectual, labor, physical strength and art
  • Learners should gain a good balance between theories and practices
  • Learners should be encouraged to learn both in the classroom and real life situation
  • Ensure high quality and constancy with the regional and global contexts
III Professional Education in the Education System Structure

Business Education

- Kindergarten (3-5 yrs)
- Child Care (3 m - 3 yrs)
- PE (5 yrs)
- LSE (4 yrs)
- USE (3 yrs)

- TVET (2-3 yrs)
- University Medical Sciences, Postgraduate programs
- Higher Diploma (3 yrs)

Non Formal Education

- Higher Diploma (3 yrs)
- TVET (2-3 yrs)
- USE (3 yrs)
- LSE (4 yrs)
- PE (5 yrs)
- Kindergarten (3-5 yrs)
- Child Care (3 m - 3 yrs)
Professional education

• Professional education starts from upper secondary education consisting of technical and vocational education and training (TVET) and main stream higher education through upper secondary education.
TVET - Requirements

• TVET should be conducted according to three features, five education principles and ensuring meeting labor quality standards.
• TVET should ensure good balance between theories and practice, consistency, continuity, connectivity and life-long learning.
• TVET should ensure that learners can be self-employed, balancing between domestic and foreign labor supply.
• TVET should not discriminate learners regardless of their physical, mental, economical and social statuses.
TVET - System

• Formal and non-formal TVET
  – Formal TVET
    • Technical degree (9+3 or 12+2)
    • Diploma degree (12+2 or 12+3)
    • Bachelor degree (12+4)
  – Non-formal TVET
    • Short term trainings conducted either by training institution or by the employers
Main stream professional education

• also called higher education, or post-secondary education or post-technical degree education.

• starts from diploma degree through doctorate degree, for promoting life-long learning, aiming to create experts, researchers and scientists
Higher education institution classification

• Higher education institutions can be classified in four levels:
  – National/international level institutions
  – Regional level institutions
  – Provincial/community level institutions
  – Industry-specific institutions
Requirements for higher education institutions

- Consistent with the need in socio-economic development, sector specific development plan and the need for local development
- Have sufficient education personnel and enough learners
- Sufficient investment capital for infrastructure, equipment and management
IV(1) Current situation of professional education in Laos – TVET (number of institutions)

<table>
<thead>
<tr>
<th>Location</th>
<th>No. of institutions by level and region</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Technical degree</td>
</tr>
<tr>
<td>Vientiane Capital</td>
<td>7</td>
</tr>
<tr>
<td>Northern region</td>
<td>9</td>
</tr>
<tr>
<td>Central region</td>
<td>10</td>
</tr>
<tr>
<td>Southern region</td>
<td>6</td>
</tr>
</tbody>
</table>
### IV(2) Current situation of professional education in Laos – Higher education (number of institutions)

<table>
<thead>
<tr>
<th>Location</th>
<th>Diploma</th>
<th>Bachelor</th>
<th>Master</th>
<th>Doctorate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Public</td>
<td>Private</td>
<td>Public</td>
<td>Private</td>
</tr>
<tr>
<td>Vientiane Capital</td>
<td>7</td>
<td>72</td>
<td>6</td>
<td>48</td>
</tr>
<tr>
<td>Northern region</td>
<td>5</td>
<td></td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Central region</td>
<td>5</td>
<td></td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Southern region</td>
<td>5</td>
<td></td>
<td>2</td>
<td></td>
</tr>
</tbody>
</table>
IV(3). Current situation of professional education in Laos-Dynamics

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Technical degree</td>
<td>22,600</td>
<td>18,800</td>
<td>18,300</td>
</tr>
<tr>
<td>Diploma degree</td>
<td>19,000</td>
<td>40,000</td>
<td>55,000 (TVET: 12,300)</td>
</tr>
<tr>
<td>University</td>
<td>30,000</td>
<td>69,000</td>
<td>42,700</td>
</tr>
</tbody>
</table>
IV(4). Current situation of professional education in Laos-issues

- Professional education in Laos has expanded rapidly in recent decade
- But, such development is not consistent with the actual labor demand
  - Too much main stream professional education compared to TVET
  - In main stream professional education, there is also imbalance among disciplines
V(1). Efforts to respond to labor market needs-Policy changes

• In 2011, the Ministry of Education and Sports asked the National University of Laos to reduce the students in the bachelor degree programs as well as asking private colleges throughout the country to withhold their bachelor degree programs due to quality issues until they have prepared sufficient conditions for organizing such programs.

• The government has promoted industry-education institution partnerships as well as public-private partnerships in education development.
V(2). Efforts to respond to labor market needs-Responses by education institutions

Education institutions have responded to policy directives by improving quality
7 institutions under survey

<table>
<thead>
<tr>
<th>No</th>
<th>Education institution</th>
<th>Types of institution</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Education institution</td>
<td>Public/Private TVET/Higher Education</td>
</tr>
<tr>
<td>1</td>
<td>National University of Laos</td>
<td>Public</td>
</tr>
<tr>
<td>2</td>
<td>Banking Institute</td>
<td>Public</td>
</tr>
<tr>
<td>3</td>
<td>National Painting Institute</td>
<td>Public</td>
</tr>
<tr>
<td>4</td>
<td>Vientiane Human Resource Development College (VHRDC)</td>
<td>Private</td>
</tr>
<tr>
<td>5</td>
<td>Souksavath College</td>
<td>Private</td>
</tr>
<tr>
<td>6</td>
<td>Lao-German Technical College (LGTC)</td>
<td>Public</td>
</tr>
<tr>
<td>7</td>
<td>Pakpasak Technical College</td>
<td>Public</td>
</tr>
</tbody>
</table>
VI. Policy Recommendations

1. Aligning the professional education system with labor markets and government policies
2. Aligning the professional education system with labor markets and students’ needs
3. Making governance structures more flexible and relevant
4. Allowing financial autonomy and linking compensation to performance
5. Endowing Schools with More Skilled Teachers
THANK YOU!