

Improving Home-Based Workers' Access to Social Security in Vientiane Capital, Lao PDR

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Chanthone Phanyphit, 71, a skilled weaver, meticulously crafts intricate patterns on her loom, transforming her home into a workshop and boutique. However, like many home-based weavers, her income from weaving has declined in recent years due to reduced tourism in her area since the pandemic and the rise of cheaper, factory-made woven cloth, compounded by increased cotton thread prices. Photo credit: Aura Sevilla

Key Points

- 1 The social protection system in Lao PDR has three main pillars: health insurance, social security and social welfare. The National Social Security Fund offers nine social security benefits: health care, old-age pensions, death grant and survivor benefits, sickness, maternity and childbirth benefits, unemployment benefits, and occupational disease and work injury benefits. It has extended coverage to workers outside of formal enterprises and to the self-employed through a voluntary scheme, which provides all benefits except for unemployment and occupational disease and work injury.
- 2 This qualitative analysis examines 75 home-based workers in Vientiane. The study sheds light on the financial and other barriers these workers encounter in accessing social security.
- 3 Findings include that there are significant disparities in insurance coverage among the different groups of home-based workers; that limited disposable income, and irregular income, renders monthly premium payments unfeasible for many; and that without formal social protection, home-based workers resort to informal networks and family support as coping mechanisms to mitigate risks associated with illness, death in the family, or business-related challenges.
- 4 While there is wide recognition of the importance of health-care benefits among home-based workers, perceptions of these being of poor quality is a deterrent to enrolment in the National Social Security Fund. Lack of information is reported to be another reason for low enrolment levels, for example, focus group discussions revealed that many home-based workers were unaware of the fund's comparative advantages over private insurance, such as a range of benefits at a reduced cost.
- 5 Policy recommendations relate to strengthening the legal and policy framework, funding mechanisms, benefits and incentives, administrative barriers, and awareness and representation of home-based workers and other workers in informal employment.

Introduction

Lao People's Democratic Republic, also known as Lao PDR, has made notable strides in poverty reduction, with the poverty rate declining from 46% in 1992–1993 to 18.3% in 2018–2019 (LSB 2022a; OECD 2024). Despite this progress, poverty remains widespread. In 2018, 32.5% of the population lived on less than USD3.65 per day, and 70.5% on less than USD6.85 per day (OECD 2024).

A significant portion of the workforce in Laos is in informal employment. The 2022 Labour Force Survey shows that 86.4% of the working population, or 2.14 million people, are in informal employment, with the rate slightly higher for women than men (87.5% versus 85.5%). Among them, 64% are in agriculture, 26% in services, and 10% in industry. By employment type, most (38%) are own-account workers, 36% are contributing family workers, 25% are wage earners (employees) and a just 1% are employers. Women in informal employment are more likely than men to be contributing family workers (43% vs. 30%) and also less likely to be employees (19% vs. 31%). Vientiane Capital, with a working-age population of 788,300 people, has the highest labour force participation rate in the country at 61%. Despite having the second-lowest rate of informal employment in the country (71.9%), nearly all own-account workers and contributing family workers in Vientiane Capital are in informal employment.

Home-based workers are defined as those who produce goods or services in or near their homes for local, domestic or global markets (WIEGO n.d). They may be self-employed (assuming all the risks of being independent operators) or sub-contracted through an intermediary (homeworkers). Home-based workers are difficult to cover with social security due to their self-employed or family-worker status. In lower-

income countries, up to 98% of home-based workers work informally, without social protection or paid leave (WIEGO 2022). The majority of these workers are women, who must juggle their income-earning activities alongside child care and domestic responsibilities (WIEGO 2022).

In 2023, the International Labour Organization (ILO) conducted a study in Lao PDR with two main objectives: to provide a detailed understanding of informality in the country, and to explore strategies for expanding social security coverage. The study involved quantitative analysis using national surveys and Lao Social Security Organization (LSSO) administrative data, complemented by qualitative research with key stakeholders such as government officials, development partners, workers, and small and medium enterprises (Merttens et al. 2024). This policy brief contributes to the broader qualitative analysis by focusing on home-based workers' access to social security in Vientiane Capital.

The Social Protection System in Lao PDR

The social protection system in Lao PDR has three main pillars: health insurance, social security and social welfare. In recent years, significant progress has been made in expanding coverage across these three pillars. This section provides an overview of the National Social Protection Strategy and the coverage of the National Social Security Fund (NSSF) and the National Health Insurance Fund.

National Social Protection Strategy, 2020-2025

Adopted in 2020, the National Social Protection Strategy envisions that by 2030 all Lao people will have equitable, adequate, effective, and sustainable access to basic social protection services.

It aims to enhance social protection, reduce inequality and distribute economic growth more equitably. Strategy goals include strengthening health insurance, improving social security and enhancing social welfare.

To achieve the goal of improving the social security system, the strategy focuses on expanding coverage through a contributory scheme. This targets civil servants, formal-enterprise workers and self-employed workers. For formal-enterprise workers, the strategy involves regular information visits and communication campaigns to companies, promoting enrolment, designing robust systems based on actuarial valuations and legal assessments, and maintaining sufficient fund reserves. However, for workers in informal employment, the main strategy is to “adapt the current scheme designs to the characteristics of workers in non-standard forms of employment” (Lao PDR, 2020).

The National Social Protection Strategy’s objective to bolster social welfare involves expanding benefits and services for poor and vulnerable populations including low-income workers and those in informal employment. This includes providing allowances for vocational training, skills enhancement and technical education, with a focus on scaling up these initiatives.

National Social Security Fund

The NSSF in Lao PDR operates under the supervision of the LSSO, which is a department under the Ministry of Labour and Social Welfare. Governed by the 2018 Law on Social Security, the

NSSF is overseen by a board of directors comprising employer and worker representatives and government officials.

The NSSF is funded from a variety of sources including government revenue, civil servants’ salaries, employer and employee contributions, and contributions from voluntary insured persons. It offers nine social security benefits: health care, old-age pensions, death grant and survivor benefits, sickness benefits, maternity and childbirth benefits, unemployment, and occupational disease and work injury benefits.

Under the compulsory scheme, both employers and employees contribute monthly at specified rates. For workers in private-sector enterprises, the combined contribution rate is 11.5%, with employers contributing 6% and employees 5.5%. For civil servants, the total contribution is 16.5%, split between the government (as the employer) at 8.5% and the civil servants (as the employees) at 8%.

Since the enactment of the Social Security Law in 2013, the NSSF has extended coverage to workers outside of formal enterprises and to the self-employed through a voluntary scheme.

Members of the NSSF’s Voluntary Social Security scheme can choose from 17 different levels for their monthly contributions, which are set at 9% of their insurable earnings. The minimum contribution is calculated based on the national minimum wage,¹ set at LAK1,300,000² (approximately USD70.12),³ and contributions are capped at a maximum based on an earnings ceiling of LAK4.5 million (approximately USD242.72).

¹ The national minimum wage is set by a meeting of tripartite constituents (Government, Lao National Chamber of Commerce and Industry, and Lao Federation of Trade Unions) in accordance with the economic situation in each period.

² This was the minimum wage when the study was conducted in June 2023. The minimum wage was raised to LAK1.6 million in October 2023.

³ All monetary amounts in this brief are converted to US dollars using the exchange rate of LAK18,540 to USD1, as reported by the Lao Statistics Bureau in June 2023 during the field mission for this study.

Contributions can be made monthly or paid in advance for up to two years. Late payments are allowed within a three-month grace period. Members can make payments at the LSSO or through commercial banks that have partnership agreements with LSSO.

Voluntary contributions are allocated among three of the five benefit funds as follows: 1.25% to the health insurance benefit fund, 2.5% to the short-term benefits fund (covering sickness benefits, birth grants and funeral grants), and 5.25% to the long-term benefits fund (covering old-age pensions, disability grants and survivors' benefits). Voluntary Social Security scheme members are not eligible for two benefits available to civil servants and enterprise workers: work injury or occupational-disease-related disability benefits, and unemployment benefits.

By the end of 2023, 353,962 individuals (excluding military and police officers) had registered and contributed to the NSSF, predominantly through government (49.3%) and enterprise (43.1%) schemes. However, participation in the voluntary scheme remained notably low, with merely 7.6% of the total membership enrolled, indicating limited outreach to workers in informal employment, despite their significant presence in the labour market. Furthermore, a gender gap persists in voluntary scheme registration, with women comprising only 45% compared to 55% of men.

National Health Insurance Fund

In 2019, the Ministry of Health began integrating all health protection schemes, including the NSSF health sub-fund, into the National Health Insurance Fund as mandated by the National Health Insurance Law. The National Health Insurance Fund aims to achieve Universal Health Coverage by offering a range of

medical and non-medical benefits. It is primarily funded through tax-based financing, supplemented by contributions from NSSF members – equivalent to 1.25% of their monthly contributions – and further supported by co-payments from non-NSSF members at the point of service. These co-payments range from LAK5,000 to LAK30,000 (approximately USD0.50 to USD3), varying according to treatment needs, with exemptions for pregnant women, children under five, and patients without income.

Currently operational in 17 provinces, the National Health Insurance Fund plans to expand into Vientiane. It is overseen by a Fund Management Committee chaired by the Minister of Health, with the National Health Insurance Board serving as the secretariat. Legal coverage of the fund reached 94.5% as of 2023.

Before the National Health Insurance Fund, Community-based Health Insurance was the country's sole voluntary health insurance scheme. By 2016, the fund had replaced Community-based Health Insurance in all provinces except Vientiane, where Community-based Health Insurance covered approximately 6% of the target population in 2019. Community-based Health Insurance is funded by member contributions and government co-funding, providing benefits including free medical treatment at any selected public health facility. Families can enrol in both Community-based Health Insurance and NSSF schemes concurrently.

Methodology and Sample Characteristics

For this research study, qualitative data was gathered through interviews with home-based workers in Vientiane Capital that focused on vulnerable sectors. Those interviewed include tailors, bamboo-tray makers, textile hand-weavers, waste

Box 1: HomeNet Laos

HomeNet Laos, comprising the Environment Conservation and Community Development Association and the Informal Worker Advancement Association, supports workers in informal employment in Lao PDR. The former was established in 2011 and collaborates with 17 worker groups across Vientiane Capital and Luang Prabang and Huaphan provinces, focusing on organizing, leadership, marketing, skills training, occupational safety and health, and accessing social protection. The Informal Worker Advancement Association, registered in 2020, works with 16 groups in Vientiane Capital and Vientiane province, emphasizing product quality improvement and online marketing. It plans to extend support for food production, developing scalable business models and promoting solidarity in the social economy. Both associations collaborate closely with the Lao Federation of Trade Unions at the capital and provincial levels, and report to the Ministry of Home Affairs.

Source: Key informant interviews

recyclers⁴ and organic-vegetable growers with greenhouse operations at home. Most are own-account workers with irregular, seasonal incomes and bear all economic risks. Their homes double as workplaces, exposing them and their families to hazardous conditions, especially those involved in recycling waste.

Data collection and initial analysis were conducted by local researchers in collaboration with HomeNet Laos (**Box 1**)

through eight focus group discussions involving 75 home-based workers (both HomeNet Laos members and non-members) (**Table 1**) from June 5–19, 2023. Additionally, key informant interviews were held with leaders of six home-based worker organizations and representatives from seven organizations: Environment Conservation and Community Development Association, Informal Worker Advancement Association, the Vientiane Capital branch of the Lao Federation

Table 1: Characteristics of home-based workers in the study

Distance to LSSO office	Occupation	Products	Type of employment	No. of focus group discussion participants	Average age	Percentage of women	Average annual income (USD)	Working hours per week ⁵
5-14 km	Tailors	Clothes, uniforms	Self-employed	9	38	89	1,499	50
17 km	Bamboo-tray makers	Trays for household uses	Sub-contracted (piece-rate)	12	44	100	1,575	42
30 km	Recyclers living in dumpsites	Plastics, cans, metals	Self-employed	9	36	78	1,111	36
40 km	Organic-vegetable farmers	Organic vegetables	Self-employed	23	45	87	1,575	42
69 km	Textile hand weavers	Handwoven skirts and shoulder coverings	Sub-contracted (piece-rate)	22	45	100	593	42

Source: Authors estimated the distance using location points in Google maps; key informant interviews and focus group discussions conducted in June 2023

⁴ These workers sort recycling materials in their homes, which are typically located in or near dumpsites. For the purpose of this qualitative study and analysis and as recommended by the ECCDA's understanding of home-based workers, the policy brief takes into consideration recyclers as home-based workers.

⁵ This pertains to remunerative work; in most instances home-based workers, especially women, also have child care and domestic responsibilities.

of Trade Unions, Vientiane Capital Lao Women’s Union, District Finance Office, District Industry and Commerce Office, and District Agriculture and Forestry Office in the Xathany district of Vientiane Capital. A validation workshop on October 17, 2023, presented initial findings to stakeholders for feedback on data accuracy.

The sampling criteria were purposive, with participants selected based on the following categories: (i) HomeNet Laos members who were insured or already registered at the LSSO; (ii) HomeNet Laos members who were not yet insured; and (iii) home-based workers who reside in the same village and engage in the same occupation but were not members of HomeNet Laos. In total, 69 women and 6 men participated in the focus group discussions, while 22 women and 10 men served as key informants. The average age of focus group discussion participants was 44 years of age. So as to cover the diverse challenges, the selected participants lived between 5 and 69 kilometres from the LSSO office (**Figure 1**).

Research Findings: Home-Based Worker Perspectives on Social Security Schemes

Social Protection Coverage of Home-Based Workers

There were significant disparities in insurance coverage among the different groups of home-based workers in the study. Among the 75 workers who participated in focus group discussions and interviews, only 20% were covered by social security (Voluntary Social Security), with 22.6% having private insurance, and 13% enrolled in Community-based Health Insurance (**Table 2**). About 15% are former contributors to the Voluntary Social Security scheme. Vegetable farmers lead in insurance enrolment, albeit in private schemes, while recyclers lag behind with the lowest coverage. Furthermore, many members of groups like organic-vegetable farming and weaving are insured by private companies, with life insurance being the most popular.⁶ The high coverage of Community-based Health Insurance among vegetable workers is attributed to the facilitation efforts of the village Lao Women’s Union, which assists with applications and payment collection every three months.

Figure 1: Map showing proximity of study participants to the LSSO office



⁶ In Lao PDR, there are more than 20 private insurance companies, which provide a variety of insurance packages. A life insurance package would typically cost LAK50,000 or USD2.69 per person per month.

Table 2: Social protection coverage and coping strategies of home-based worker groups

Sector	Formal social protection		Private schemes	Informal	
	Voluntary Social Security scheme	Community-based Health Insurance		Saving/Welfare funds in the home-based worker group	Other coping strategy
Tailors (9)	2	0	2	None	Relatives, money lender
Bamboo tray makers (12)	5	0	0	Yes	Relatives, money lender, village saving group
Recyclers living in dumpsites (9)	0	0	1	None	Relatives, money lender, friends, international organization
Organic-vegetable farmers (23)	0	10	8	Yes	Relatives, money lender, village saving group
Textile hand weavers (22)	8	1	6	Yes	Relatives, money lender, village saving group

Source: Key informant interviews and focus group discussions

Without formal social protection, home-based workers resort to informal networks, personal savings and family support as coping mechanisms to mitigate risks associated with factors such as illness, death in the family, or business-related challenges. These coping strategies offer limited protection and sustainability:

1. Savings groups and welfare funds:

In mature home-based worker groups, members contribute to savings groups and social welfare funds. These groups offer microloans to members at interest rates ranging from 12% to 24% per year. These loans are typically small and the welfare benefits provided for hospitalization, surgery, childbirth, and death are limited. Because the funds are small, there are restrictions on claiming welfare benefits, such as once per year, and the value of the benefits is modest. As a result, members often turn to informal money lenders when facing significant financial constraints. On the other hand, the Village Savings Groups introduced by the Lao Women's Union provide savings and credit products to members at interest rates from 24% to 36% per year. This model is widely utilized by home-based worker groups for their members.

2. Informal money lenders: Home-based workers do use informal money lenders. Interest rates for informal loans range from 120% to 240% per year, with collateral such as land or houses often required. Despite government efforts to eliminate this lending, it still exists due to demand and insufficient formal financial options.

3. Borrowing from relatives: Borrowing conditions vary. Some relatives do not charge interest or require collateral initially, but if borrowing continues they sometimes shift to commercial loan terms.

Appropriateness of social security benefits

The need for social security benefits for home-based workers and their families was universally acknowledged, with maternity benefits mostly important for younger respondents. Home-based workers rated the importance of various benefits offered by the NSSF's Voluntary Social Security scheme on a scale of 1 to 5 (least to most important). The social security benefits were considered necessary by the respondents, with all scores above 4 except for maternity benefits at 1.75.

When analyzed by age group, younger respondents placed greater value on maternity benefits (**Figure 2**), indicating that respondents prioritized benefits that relate to their own lives and current needs. This insight underscores the importance of tailoring benefits to different age groups.

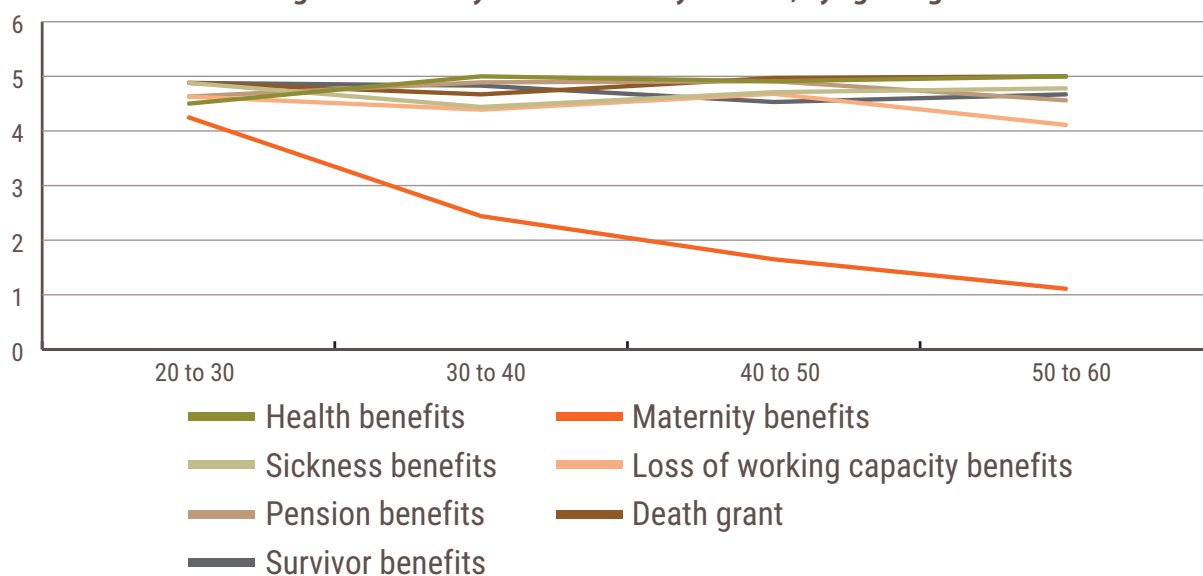
Reasons for not registering and contributing to Voluntary Social Security

Home-based workers face significant barriers in accessing social security benefits. Financial challenges include affordability due to low and irregular incomes. Other obstacles include lack of awareness about social security schemes, difficulties navigating the application process and payment methods, and concerns about service quality. With only a small percentage of respondents covered by the NSSF and most being new members, information on service quality and benefits primarily pertains to health care.

Financial barriers

Limited disposable income renders monthly premium payments unfeasible for many home-based workers. When asked to assess their capacity to pay the Voluntary Social Security contribution fee, which starts at LAK117,000⁷ or USD6.31 per month, 40% indicated that they could not afford it. Among this group, 93.75% cited low disposable income, often due to the cost of school fees for their children. Notably, income disparities exist across occupations; for example, weavers, with an average annual income of USD593, struggle as their earnings fall below the national minimum wage threshold.⁸ While 60% believe they have the financial means to cover the contribution fee, many are still hesitant to join the NSSF for various reasons. Women home-based workers, in particular, express the need to consult with their spouses before deciding.

Figure 2 Necessity of social security benefits, by age range



Source: Private session in focus group discussion

⁷ This is 9% of the minimum wage at LAK1.3 million.

⁸ Weavers' income has significantly dropped due to both declining demand for traditional woven goods and the proliferation of cheaper factory-produced products.

While some home-based workers may earn enough to join social security schemes, their commitment to signing up is influenced by their disposable income. Qualitative research indicates that the incomes of four out of five home-based worker groups – tailors, bamboo tray makers, recyclers and organic-vegetable farmers – mostly exceed the national minimum wage of USD841.42⁹ per year comparable to formal-sector workers in their respective fields (e.g., home-based tailors earn an average of USD1,499.46 annually, compared to USD1,526.21 for service-sector workers, based on 2022 Labour Force Survey figures).

Furthermore, according to ILO estimates (2024), 52% of employees could potentially afford the maximum 9% portion of their income required for the comprehensive benefits offered by the NSSF voluntary scheme.¹⁰ However, the adequacy of disposable income is affected by various factors, as illustrated in this quote from a 39-year-old female basket maker:

“Now I see that social security is important, but I don’t think I can afford it because we have a lot of expenses at home and my children are still in school. After deducting expenses, our disposable income is usually insufficient.”

Home-based workers face challenges in making regular contributions due to their reliance on irregular and seasonal income. Among the selected groups, only recyclers reported relatively stable earnings. Tailors, tray makers, hand weavers and organic-vegetable farmers experience fluctuating income. Tailors, tray makers and hand weavers earn most from November to May, following Buddhist Lent and before the rainy season. Organic-vegetable farmers

can maintain their income year-round, especially with greenhouses, but peak demand and prices occur from May to December.

Because of this income instability, home-based workers often increase their hours of work during high-demand periods or take on other jobs in slow periods. A weaving-group leader observed:

“Our members are taking other jobs because weaving doesn’t earn like it used to.”

The long hours tailors and weavers work to meet seasonal demands leads to exhaustion, injury and eye strain. One worker said:

“For rush orders, we might work from 5 a.m. to 11 p.m., which can cause shoulder and lower back pain.”

Home-based workers, as self-employed individuals, also face the challenge of securing capital for equipment and materials, assuming all associated economic risks. Unlike wage employees in enterprises where income fluctuations are buffered by stable wages, home-based workers must navigate these uncertainties independently. They often have limited access to training and support services, hindering skills development. Additionally, home-based workers lack bargaining power, making them vulnerable to underpayment or coercion to sell at reduced prices. Developing more stable and productive livelihoods is crucial for enabling consistent social security scheme contributions.

Furthermore, the country’s economic uncertainty hinders home-based workers’ willingness to join the scheme. The May 2023 Lao Economic Monitor report by

⁹ Based on the national minimum wage of LAK1.3 million or approximately USD70.12 per month and the labour law’s specified working hours. Note that the minimum wage was raised to LAK1.6 million in October 2023.

¹⁰ In exploring the capacity to contribute, the ILO (Merttens et al., 2024) analyzed the potential surplus income that employees might have available for social security contributions after covering household expenses.

the World Bank highlighted significant economic challenges, including structural issues and macroeconomic instability. A key concern was the sharp depreciation in 2022 of the Lao kip which had fallen by 32% against the Thai baht and 43% against the US dollar by April 2023. Coupled with global inflation, this led to a 40% inflation rate, affecting income, consumption and investment.

These economic pressures disproportionately affect the vulnerable, such as home-based workers. Field data collected during the study period underscored the significant impact on home-based workers' cost of production and living. For instance, recyclers faced increased expenses for protective gear:

"We spend quite a lot on buying food and safety equipment for working... Right now, a pair of gloves costs 10,000 kip, and the price doubles for better quality. The price may increase again very soon." (A woman recycler said this while holding up her used gloves)

Meanwhile, rising raw-material prices posed challenges for home-based worker collectives, especially weavers and tailors. An own-account bamboo-tray weaver illustrates the struggle:

"Currently, it is more challenging to source bamboo, and the costs of other materials have surged. My group members have requested higher wages, but we can't raise selling prices significantly. As a result, my income has dwindled compared to before."

Inflation also leads to higher electricity bills, which disproportionately affect home-based workers since they operate from home.

Home-based workers argue that tying the contributory rate to the national minimum wage is unfair for workers in

informal employment. In response to the depreciation of the kip against foreign currencies and the rising cost of daily necessities, the government has increased the minimum wage three times since mid-2022 (RAF 2023). The latest increase took effect in October 2023, raising the minimum wage from LAK1.3 million to LAK1.6 million. This change resulted in a 23% increase in the minimum social security scheme contribution rate.

Additionally, home-based workers face the "double contribution" challenge, covering both the workers' and employers' share of contributions. While 9% of the minimum wage is not as high as the 11.5% and 16.5% of earnings contributed by formal-enterprise workers and civil servants, respectively, it is crucial to understand that these percentages for formal workers are aggregate figures shared between employers and employees. This situation has two significant implications for workers in informal employment: their contribution rate is relatively higher when considering that it is their share alone, and without employer contributions and a lower reference wage, their overall benefits are reduced.

Non-financial barriers

While there is wide recognition of the importance of health-care benefits, perceptions of these being of poor quality is a deterrent to NSSF enrolment. As mentioned above, the management of the NSSF health-care benefits falls under the purview of the National Health Insurance Board and affiliated hospitals. While beneficiaries have the option to choose a hospital for medical treatment annually, the perceived low quality of services at public hospitals poses a significant challenge. This issue has been highlighted in previous studies, including one conducted by [Oxfam](#) in 2021. This study noted comparable grievances from focus group discussion

Box 2: NSSF contributions suspended amid difficulties in claiming health-care benefits

A group of weavers in a remote village joined the NSSF in 2020, selecting the district hospital as their venue for medical benefits. In September 2022, the husband of an insured weaver fell ill and, despite possessing a social security card, the district hospital did not know about the social security and rejected his card, leading to out-of-pocket expenses of approximately LAK1,000,000 or USD53.94.

Similarly, in November 2022, the husband of the group leader was transferred to a central hospital from the district hospital due to the severity of his condition, but his social security card was not accepted there despite official documentation provided by the district hospital. With the guidance of the Informal Worker Advancement Association and the LSSO, the group leader was advised to keep the receipts from the district hospital for reimbursement. Despite submitting all receipts, totalling USD21.57 in treatment costs, reimbursement had not been received by the completion of the study.

The weavers were disillusioned by these incidents and stopped their contributions for 8–12 months. The group leader and team then approached the LSSO to renew the contract and change the selected treatment venue to the central hospital.

Source: Focus group discussions and key informant interviews

participants who are NSSF beneficiaries and reported encountering problems such as additional expenses for medications. A tailor explained:

“I think the social security organization needs to improve the service at public hospitals. I am a contributor to the NSSF and went to a selected hospital for health-care services in April 2023. They told me the hospital had run out of medicine, and I had to buy it from an outside pharmacy.”

Some also experienced unfriendly treatment from medical staff. Another tailor said:

“I cannot believe there’s a fee for moving patients from one hospital to another. Furthermore, when we want to consult with the doctors about the difficulties we’ve had, they don’t want to speak with us.”

There were instances where social security cards were rejected at district hospitals, and claims for health-care benefits went unpaid (**Box 2**). Consequently, many home-based workers expressed reluctance to continue contributing to NSSF, with some halting contributions for extended periods.

Merttens et al. (2024) highlight that hospitals’ liquidity constraints negatively

impact health care. Delayed payments to suppliers for medicine and equipment lead to resource shortages. Additionally, hospitals do not receive the full amount that the NSSF transfers to the National Health Insurance Fund, which exacerbates the financial issues as they must still provide free services to vulnerable groups. Consequently, the quality of health care diminishes for all patients, harming the reputation of the NSSF.

Aside from health care, home-based workers also need work injury or occupational disease benefits and unemployment insurance, yet they currently lack coverage. With homes doubling up as workplaces, hazardous by-products are common and limited space often results in no clear distinction between living and working areas, increasing the risks for occupational injuries. As one recycling worker shared:

“Working (and living) in a dump site is quite dangerous for us, as there is a possibility of being involved in a truck accident, stepping on broken glass or used syringes, and experiencing other accidents during the rainy season due to slippery surfaces, strong winds, and thunder.”

Lack of information about the Voluntary Social Security scheme is reported to be one reason that home-based workers do not enrol, and communication challenges persist. For example, despite having a relatively good income and the capacity to contribute to private insurance or Community-based Health Insurance, organic-vegetable farmers were not members of the Voluntary Social Security scheme as they had not heard about it until they joined HomeNet Laos. While HomeNet Laos disseminates information about the NSSF through various channels (**Box 3**), it was clear during focus group discussions that limited awareness persists. While the NSSF does sometimes host public relations events, many home-based workers had not attended and were surprised to learn about the comparative advantages of NSSF over private insurance, such as a range of benefits at a reduced cost. This information is particularly useful for home-based workers who have private insurance and the capacity to pay. Confusion also arises over the broad range of benefits that social security provides, with health insurance as one benefit in a comprehensive package.

Home-based workers see the registration system as generally inconvenient. To enrol in the voluntary scheme, they must visit the NSSF office to fill out an application form, choose their insurable earnings,

and select a hospital for health-care benefits. The contract lasts two years and is renewable. However, mandating applicants to visit the LSSO office creates hurdles, especially for home-based workers residing in remote areas. Despite recognizing the benefits of social security, respondents expressed dissatisfaction with this process, citing disruption to their busy work schedules and limited familiarity with urban settings and government procedures.

Furthermore, home-based workers regarded the existing payment methods as impractical. Due to their irregular disposable income, almost all home-based workers capable of paying their contributions reported a preference for monthly contributions rather than paying in advance for the entire contract period. Despite several options for payments, such as cash payments at the LSSO office, mobile application payments, or utilizing the service counter of the Lao Development Bank, these choices often present practical challenges for home-based workers. Key informant interview respondents expressed concerns that cash payments at the LSSO office could be time-consuming and costly for home-based workers in remote areas, particularly those committed to monthly payments. Similarly, the use of mobile applications may not

Box 3: Role of the Informal Worker Advancement Association in extending social security to members

The Informal Worker Advancement Association incorporates social security information into its regular training sessions, with support from LSSO officers. The association covers transportation expenses for home-based workers in remote areas to visit the LSSO office for NSSF applications and offers continuous assistance as needed.

After the NSSF applications have been completed, the group leaders assist members in paying their contribution fees and submitting claims. Among the five home-based worker groups visited, three reported members benefiting from NSSF enrolment. Home-based workers within these groups attributed their successful enrolment to the guidance provided by their group leaders.

This case illustrates the importance of HomeNet Laos's follow-up support after the LSSO's promotional events in motivating home-based workers and their group leaders, particularly those with the capacity or potential to make contributions.

Source: Key informant interviews

Box 4: Home-based workers' experience and perception of private insurance

Before the Voluntary Social Security scheme was introduced, private insurers had already penetrated the insurance market, establishing networks of agents and brokers at the grass-roots level. This allowed them to reach a broader segment of the population compared to the LSSO. Some home-based workers in weaving groups mentioned that they had purchased life insurance for several years and were hesitant to switch providers for fear that they would lose their accumulated benefits.

Interviews with organizations and focus group discussion participants confirmed that insurance companies have networks extending from provincial to village levels. This facilitates promotional activities, contract establishment, premium collection, and claims processing for villagers. For example, home-based workers whose homes are in dumpsites described how insurance companies offered free registration, e.g., waiving the registration fee of LAK30,000 at promotional events to expedite the decision-making process. Representatives of the Lao Women's Union suggested that many people lack a clear understanding of insurance products, making them more susceptible to persuasion to purchase private insurance policies.

Source: Focus group discussions and key informant interviews

be viable for individuals with lower levels of education or limited familiarity with technology. The focus group discussions underscored participants' preference for payments to be collected within their villages, mirroring the convenience offered by private insurance agents. A woman recycler explained:

"Before speaking with you, I believed social security was costly. Now I understand it's affordable, but can they collect payments from us in the village? I'm aware that someone can assist with transferring the contribution, but I still want to keep the receipt."

The expansion of the **LSSO Mobile Office** could potentially address some of the non-financial barriers to NSSF access. In 2023, as part of the SOLAR Project,¹¹ the LSSO and the ILO launched a pilot to bring social security services to rural areas in Vientiane and southern Lao using a mobile office for on-the-spot registrations and payments. In early 2024, the mobile office registered 158 people in 15 villages on the Bolaven

Plateau. Following this success, the LSSO is expanding to six northern provinces and has introduced an incentive programme.¹²

Conclusions and Recommendations

Home-based workers face interconnected challenges that affect their income. Incomes are irregular and subject to seasonal fluctuations, with some workers earning below the national earnings threshold, especially those in the weaving sector. They bear all the economic risks inherent in their businesses, heightened by high inflation. At the same time, the majority are not covered by social protection.

Despite home-based workers and other workers in informal employment having *de jure* coverage under the law, they often face *de facto* exclusion due to prohibitive costs, complex procedures, and regulations ill-suited to their circumstances. The current Social Security Law imposes minimum income thresholds for contributions and limits payment schemes

¹¹ "Reducing vulnerability in Lao PDR: Advancing social protection and labour rights and entitlements in the coffee and tea sectors", or SOLAR Project, implemented by the ILO and Oxfam from 2021–2024, aims to promote labour rights and improve access to social protection and occupational safety and health for coffee and tea sector workers in three contiguous districts of the Bolaven Plateau region of southern Lao PDR.

¹² ILO is piloting an "Incentive Programme" to enhance mobile services by offering a small incentive to local representatives (e.g., group leaders, village chiefs) for facilitating social security. The program provides 200,000 kip for every 10 registrations.

strictly to monthly and advance payments throughout the contract period. As noted by the ILO (2022, p. 22), “the benefits and modalities [of NSSF] mainly cater to the needs of formal economy workers.” This stands in stark misalignment with the National Social Protection Strategy’s aim to adjust scheme designs to suit the complexities of non-standard employment, typified by fluctuating incomes.

Administrative barriers also dissuade home-based workers from registering and contributing to the voluntary scheme, exacerbated by the low quality of health-care benefits, and low levels of awareness about the benefits and enrolment processes. These findings highlight the need for innovative solutions to accommodate the diverse circumstances of home-based workers.

Policy recommendations that reflect the workers’ priorities include:

Legal and policy framework

- **Improve the coherence between the Social Security Law and the National Social Protection Strategy.** As the Social Security Law undergoes review, a crucial policy imperative is to align it with the National Social Protection Strategy’s objective of tailoring scheme designs to suit the dynamics of non-standard employment. Part of this is conducting a comprehensive study on the alternatives to the minimum wage as the index to minimum contributions, and embracing more adaptable payment terms.

Funding mechanisms

- **Subsidize premiums for low-income home-based workers:** A government subsidy to boost contributions of low-income home-based workers could lead to inclusive development, poverty alleviation, growth of the

social security system, increased resilience of home-based workers, and preservation of culture for weavers and other worker groups.

- **Facilitate a gradual increase in contributions:** New self-employed contributors could be permitted to start with lower rates of contribution, progressively raised to reach the full level, thereby giving them time to adjust. This should be explored further in dedicated operation/actuarial assessments.
- **Using savings/mutual funds to fund and register members:** Village authorities and membership-based organizations with savings and mutual funds could explore using the savings mechanisms for funding and registering members in the NSSF, thus enabling more comprehensive benefits than those offered by the savings groups.

Benefits and incentives

- **Improve the quality and reputation of the health-care benefits.** Continued cooperation with the National Health Insurance Board to seek solutions for improving the quality of health-care services at public hospitals and easing the claims procedure for health-care benefits is recommended. Specifically, different health-care packages for NSSF members and non-members should be explored to make registration more attractive.
- **Expand the short-term benefits under the Voluntary Social Security scheme.** Work injury and unemployment insurance are crucial for home-based workers who are exposed to hazardous work and should be included among short-term benefits. Additionally, offering low-interest loans and disaster-relief

payouts would be particularly attractive to workers in informal employment.

Administrative barriers

- **Expand mobile units:** Expanding mobile units through collaboration with CSO networks would serve not only to bridge the gap between potential contributors and the LSSO but also to compete with private insurance providers. The LSSO mobile unit should adopt strategies that are already utilized effectively in villages, such as organizing monthly gatherings where home-based workers can apply for NSSF, make contributions, claim benefits, and seek clarifications. Alternatively, the LSSO could deploy staff to collect contribution fees from home-based workers at their homes at the end of each month, similar to practices by utility providers.
- **Ease payment procedures:** For instance, allowing convenience stores to accept payments, and small enterprises, cooperatives, or membership-based organizations such as HomeNet Laos to collect contributions.

Awareness and representation

- **Establish Social Security Ambassadors or models at the village level:** These ambassadors could be selected from among community leaders, and leaders of home-based worker groups. Incentives such as recruitment commissions could be institutionalized if the pilot is successful.
- **Improve communications:** It is crucial to align communication content with the specific needs of home-based workers. For example, it should be explained that by registering with the NSSF, home-based workers will be joining the same system that covers

government employees and private sector employees, thus emphasizing the fund's sustainability and reliability.

- **Involve established worker groups throughout the entire process:** Groups such as HomeNet Laos should be involved from initial needs assessments to design and governance, thus ensuring meaningful engagement for home-based workers.

Supporting workers in informal employment demands a holistic approach that encompasses both economic empowerment and inclusion measures that extend beyond mere social assistance or insurance (Barca and Alfers 2021). This entails providing tailored business support and initiatives to enhance skills, job creation and entrepreneurial prospects. It also requires offering workers in informal employment low or no-interest credit and loans to facilitate financial stability and growth within the informal economy, thereby increasing and stabilizing workers' contributory capacity.

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About WIEGO



Women in Informal Employment: Globalizing and Organizing (WIEGO) is a global network focused on empowering the working poor, especially women, in the informal economy to secure their livelihoods. We believe all workers should have equal economic opportunities, rights, protection and voice. WIEGO promotes change by improving statistics and expanding knowledge on the informal economy, building networks and capacity among informal worker organizations and, jointly with the networks and organizations, influencing local, national and international policies. Visit www.wiego.org

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The International Labour Organization (ILO) is the United Nations agency for the world of work. The ILO brings together governments, employers and workers to drive a human-centred approach to the future of work through employment creation, rights at work, social protection and social dialogue.