

**Lao People's Democratic Republic  
Study for Poverty Profiles  
of the Asian Region**

**Final Report**

**August 2010**

**JAPAN INTERNATIONAL COOPERATION AGENCY**

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**OPMAC Corporation**

## Poverty Indicator

Region (*)	Country	Basic data					
		Year	Population, total (millions)	Population growth (annual %)	GDP, PPP (constant 2007 international \$) (billions)	GDP per capita, PPP (constant 2007 international \$)	GDP growth (annual %)
Ap	Lao PDR	2007	6.1	2.1	12.7	2,165	4.2

(Source) United Nations Development Programme, "Human Development Report 2009" (2009)

(Note) \* AF: Africa, Ap: Asia and Pacific, CLA: Central and Latin America, ME: Middle-east and Europe

Poverty						Inequality		
Poverty incidence (%)			Poverty Gap Index at \$1.25	Poverty Gap Index (National)	Source	Survey year	Gini index	Year
National	Rural	Urban						
33.5	37.6	19.7	14.9	8.0	Lao Expenditure and Consumption Survey III	2002/03	32.6	2002/03

(Source) Committee for Planning and Investment National Statistics Center and World Bank, "Lao PDR Poverty Trends 1992/93-2002/03" (2004)

(Note) \* Data of Poverty Index at \$1.25 is for 2004. (World Bank, "World Development Indicator 2010" (2010))

Remarks
(Areas, populations & social groups considered to be vulnerable and Gini index disadvantageous)
Not specified.

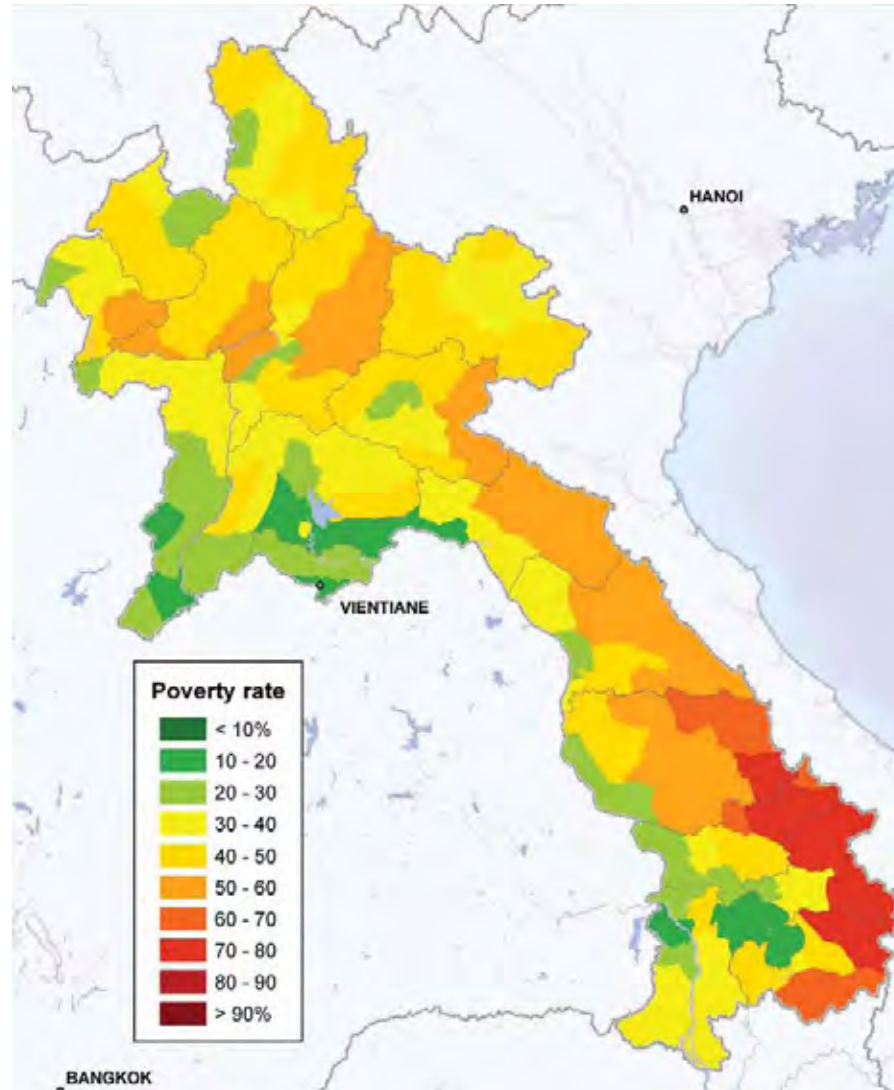
# Map of Laos



## Maps of Social indicators

貧困者比率%（郡別）2002/03年

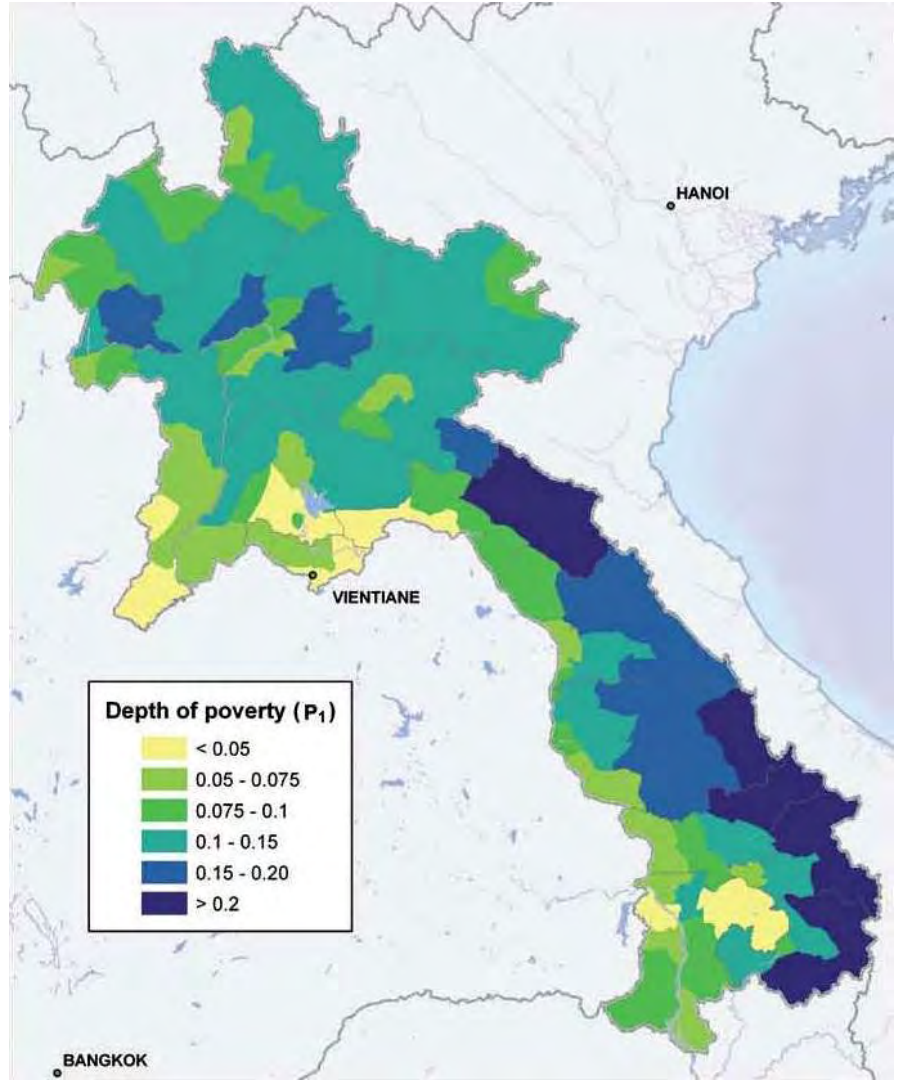
Poverty Headcount Ratio (%) by District (2002/03)



Source: Swiss National Centre of Competence in Research North-South and International Food Policy Research Institute, "The Geography of Poverty and Inequality in the Lao PDR", Figure 5. Map of incidence of poverty of each district

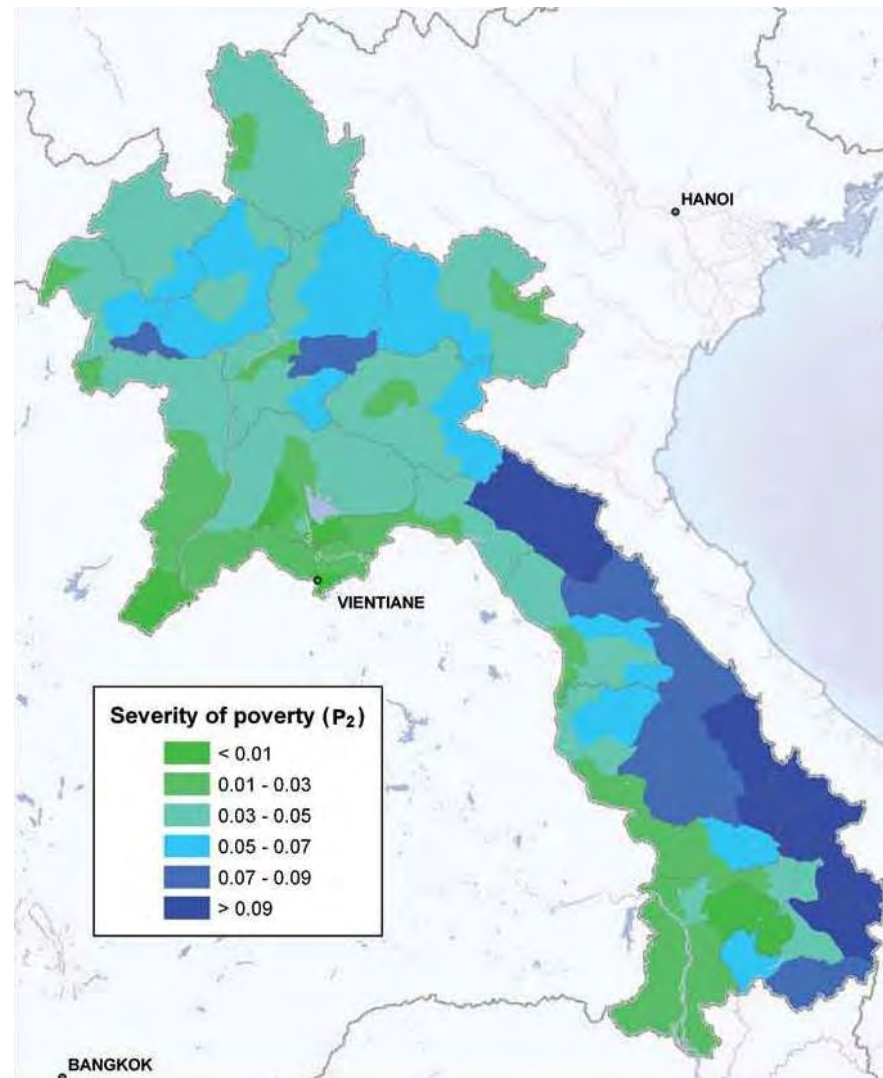
貧困ギャップ比率（貧困の深度）%（郡別）2002/03年

Poverty Gap Ratio (Poverty Depth) (%) by District (2002/03)



Source: Swiss National Centre of Competence in Research North-South and International Food Policy Research Institute, "The Geography of Poverty and Inequality in the Lao PDR", Figure 13. Maps of the depth of poverty and severity of poverty for each district

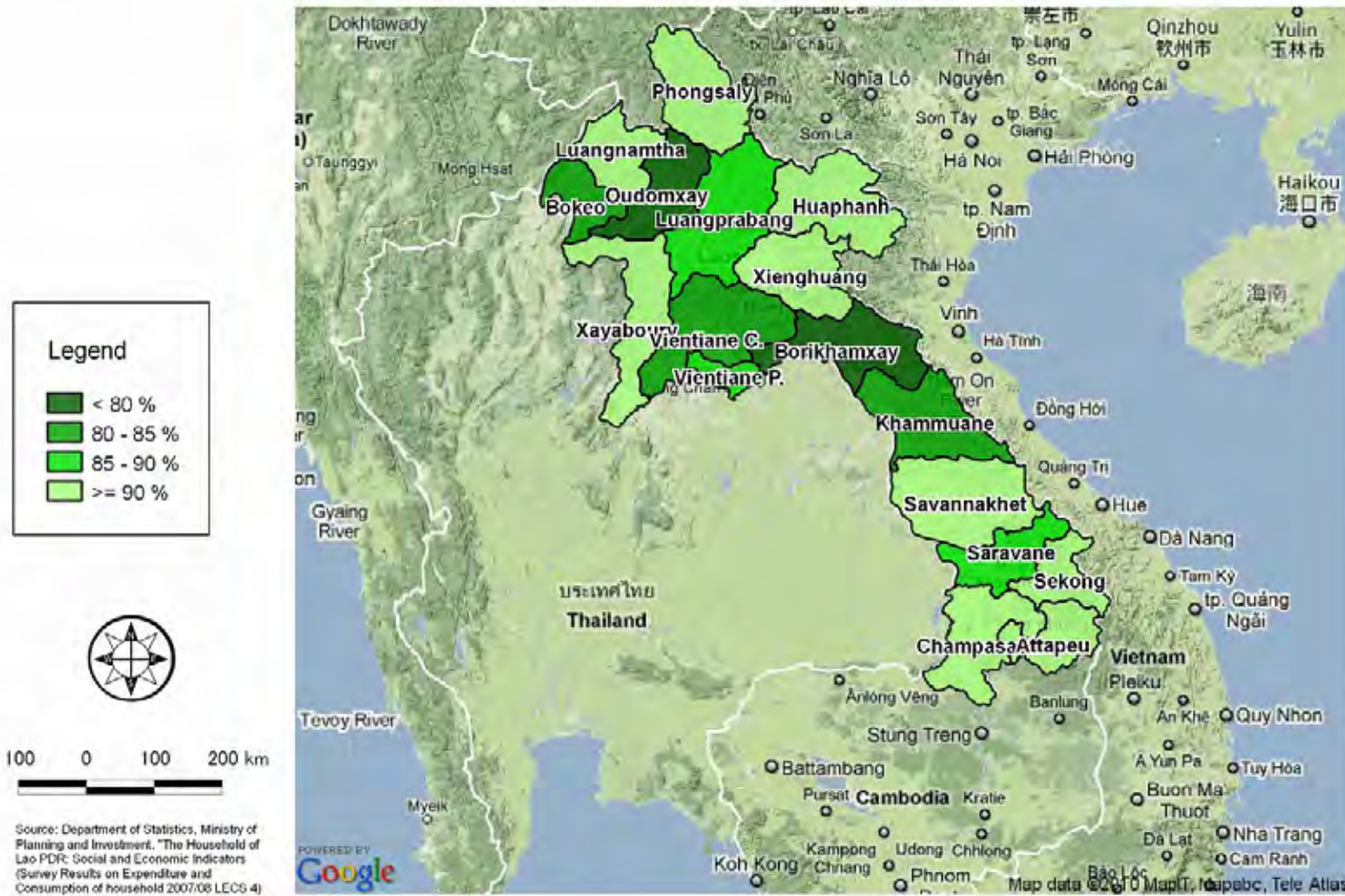
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Source: Swiss National Centre of Competence in Research North-South and International Food Policy Research Institute, "The Geography of Poverty and Inequality in the Lao PDR", Figure 13. Maps of the depth of poverty and severity of poverty for each district



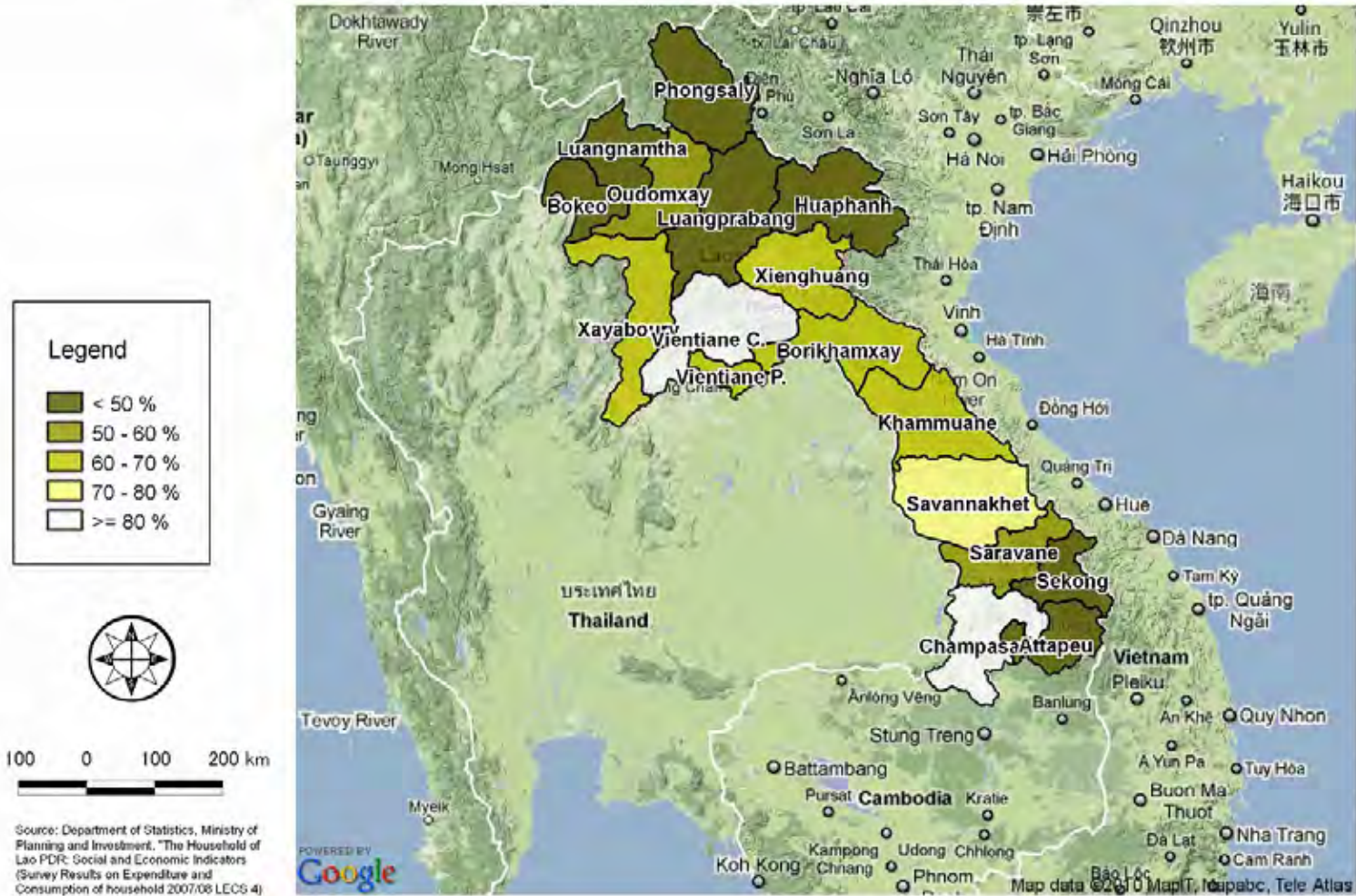
村落内に小学校がある村の割合%(県別)2007/08年  
 % of Villages having Primary School by Province, 2007/08





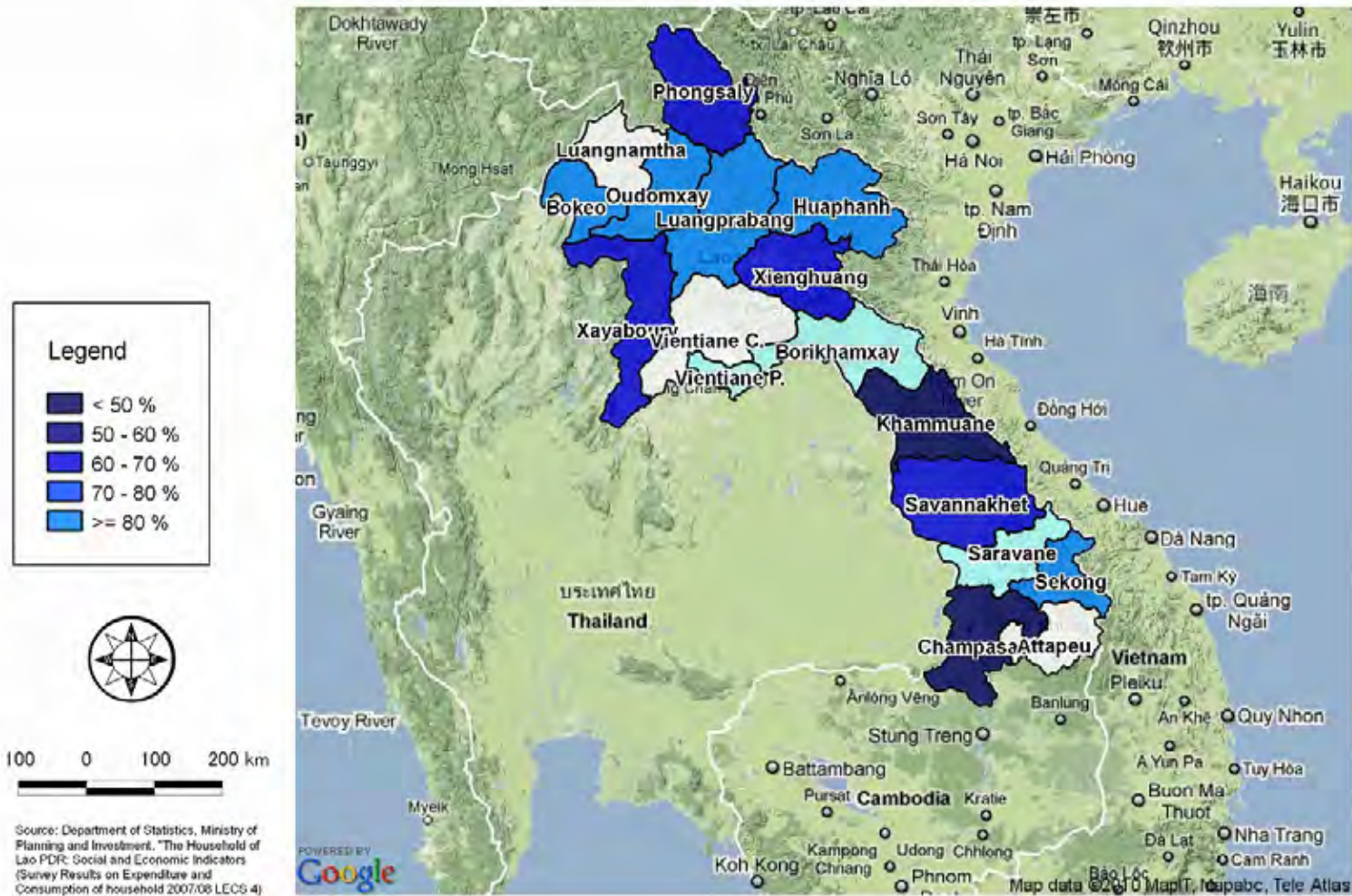
最寄の保健センターへの距離が10キロ以内の人口の割合% (県別) 2007/08年

% of Population to the Nearest Health Center within 10km by Province, 2007/08



安全な水が村落内にある人口の割合%(県別)2007/08年

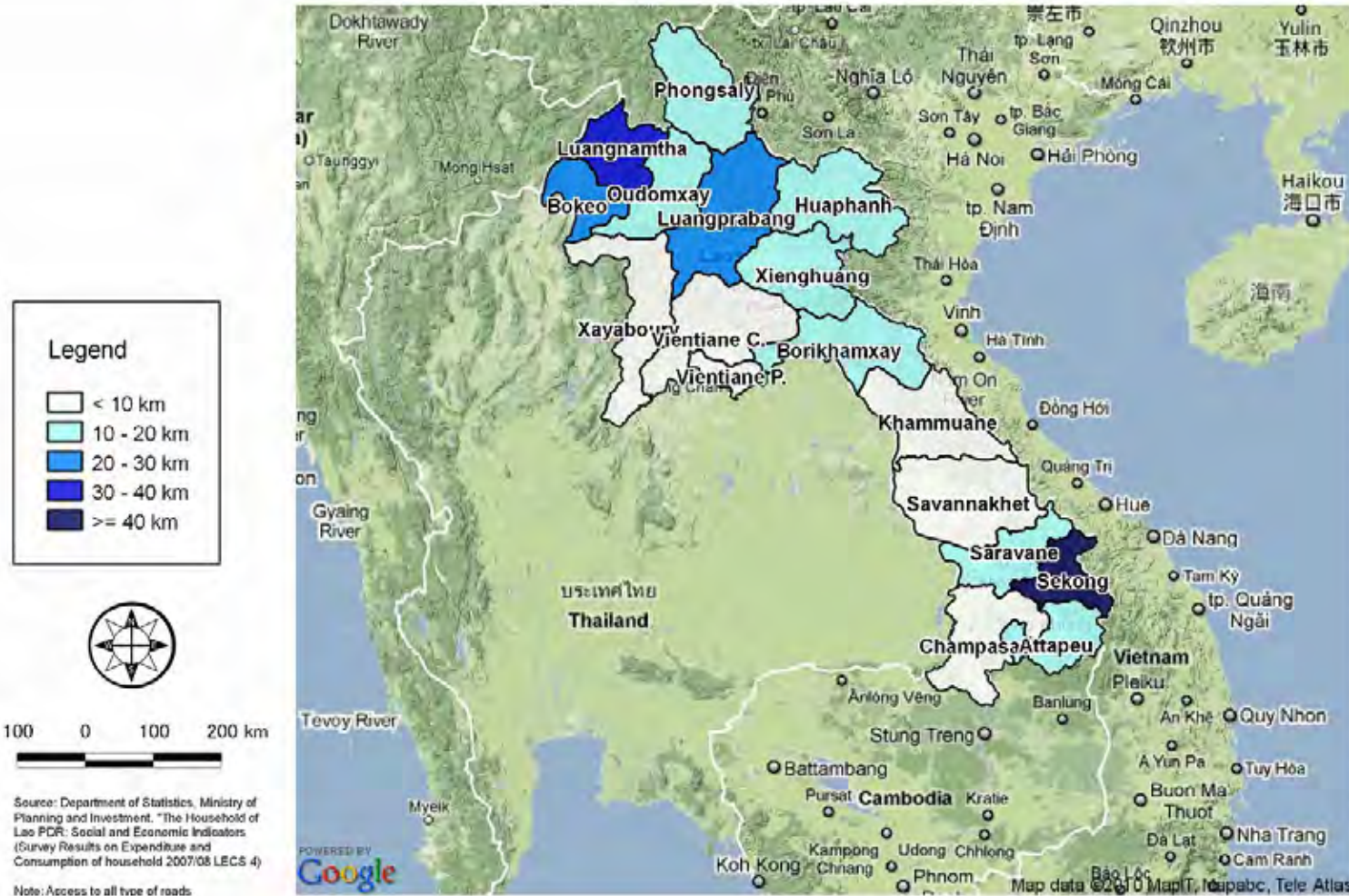
% of Population having Safe Water in the Village by Province, 2007/08





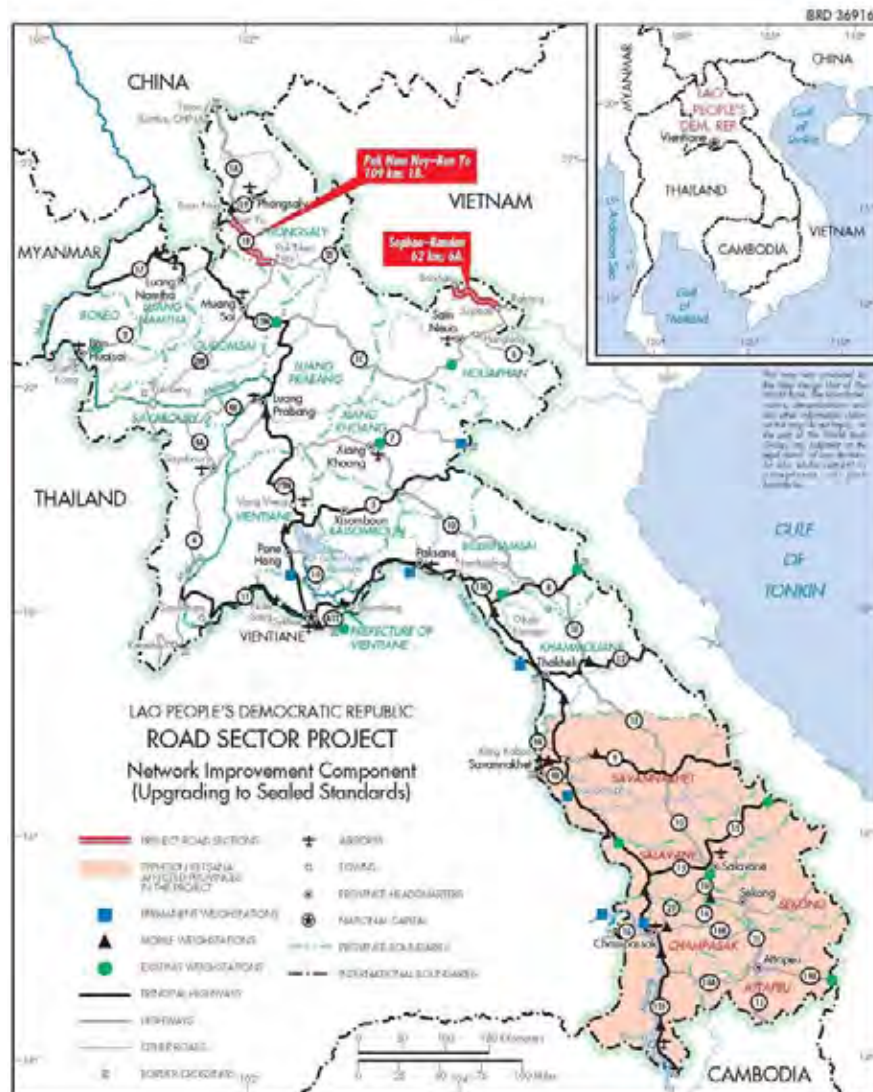
村落からの最寄の道路への平均距離km(県別) 2007/08年

Average Distance to the Nearest Road (km) by Province, 2007/08



# 主要道路ネットワーク

## Major Road Network

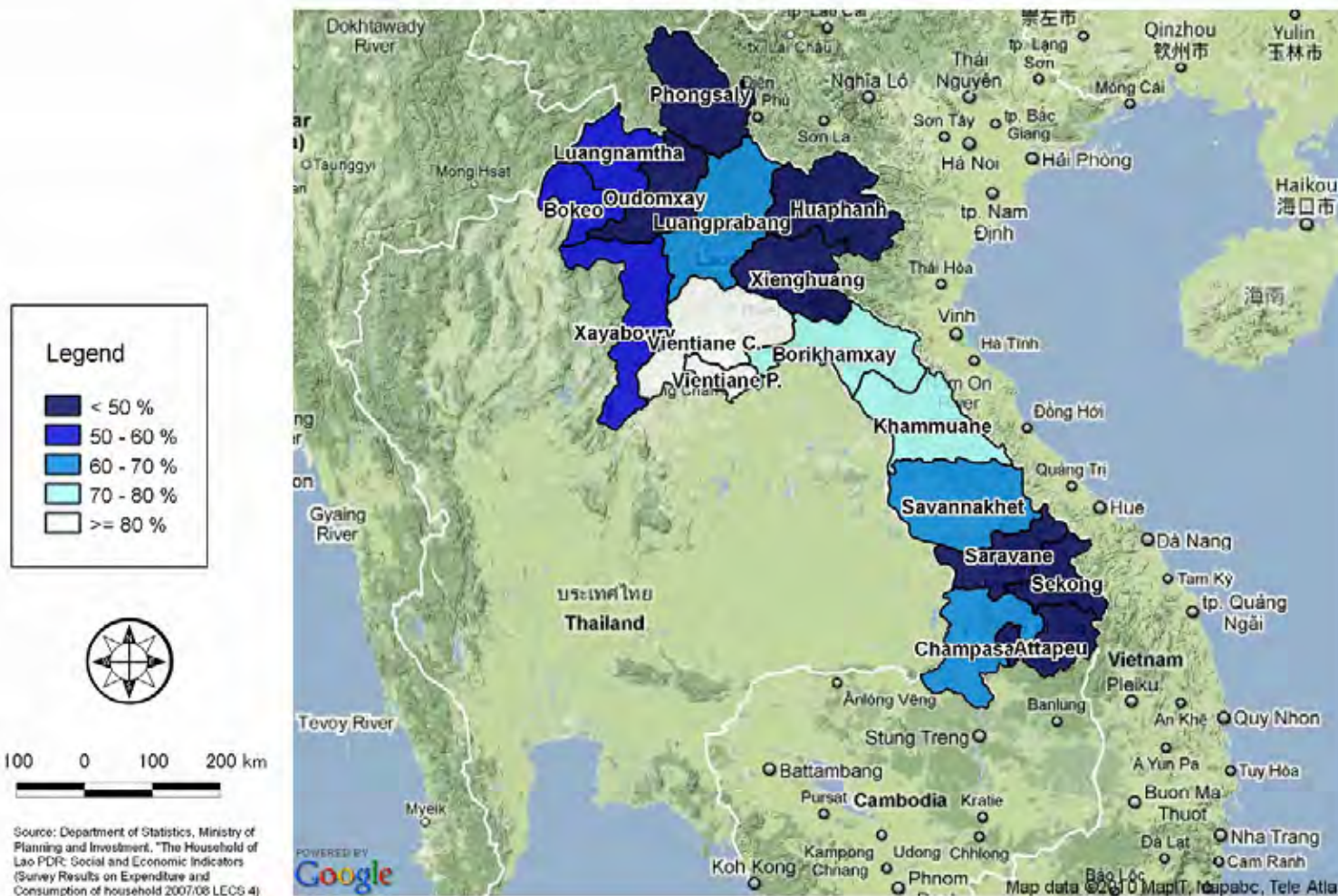


Source: World Bank, "Project Appraisal Document for A Road Sector Project", (2010), Map



村落電化率%(県別)2007/08年

% of Villages with Electricity by Province, 2007/08



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## List of Abbreviations and Acronyms

ADB	:	Asian Development Bank
APB	:	Agriculture Promotion Bank
BHN	:	Basic Human Needs
BOL	:	Bank of the Lao PDR
CBHI	:	Community Based Health Insurance
CFSVA	:	Comprehensive Food Security & Vulnerability Analysis
CI	:	Confidence Interval
DOS	:	Department of Statistics
DOTS	:	Directly Observed Treatment Short Course
FAO	:	Food and Agriculture Organization of the United Nations
GMS	:	Greater Mekong Sub-Region
HIV/AIDS	:	Human Immunodeficiency Virus / Acquired Immune Deficiency Syndrome
IFPRI	:	International Food Policy Research Institute
LAOPA	:	Lao PDR Poverty Assessment Project
LECS	:	Lao Expenditure and Consumption Survey
LWU	:	Lao Women's Union
MFI	:	Microfinance Institution
MDGs	:	Millennium Development Goals
MMR	:	Maternal Mortality Rate
MPI	:	Ministry of Planning and Investment
NBCA	:	National Biodiversity Conservation Areas
NGO	:	Non-Governmental Organization
NGPES	:	National Growth and Poverty Eradication Strategy
NLC-RDPR	:	National Leading Committee for Rural Development and Poverty Reduction
NSEDP	:	National Socio-Economic Development Plan
NSC	:	National Statistics Center
PPA	:	Participatory Poverty Assessment
RMFC	:	Rural and Micro Finance Committee
SASS	:	State Authority of Social Security
SCU	:	Saving and Credit Union
SSO	:	Social Security Organization
SIDA	:	Swedish International Development Agency
SOE	:	State Owned Enterprise
UNDP	:	United Nations Development Programme
UNFCCC	:	United Nations Framework Convention on Climate Change
UNFPA	:	United Nations Population Fund
UNIAP	:	United Nations Inter-Agency Project on Human Trafficking

UNICEF : United Nations Children's Fund  
UNODC : United Nations Office on Drugs and Crime  
UXO : Unexploded Ordnance  
UXO Lao : Lao National Unexploded Ordnance Programme  
VRF : Village Revolving Fund  
VSB : Village Statistic Book  
VSCG : Village Savings and Credit Group  
WB : World Bank  
WFP : United Nations World Food Programme  
WHO : World Health Organization

## Chapter 1 Income Poverty Analysis

### 1.1 Measurement of Income Poverty

#### 1.1.1 Source of Data for Poverty Analysis

Poverty Analyses of the Lao PDR are based on the Lao Expenditure and Consumption Surveys (LECS), which are sample surveys to show situations of households in the country. Every five years since 1992/93, four rounds of LECS were conducted by the Department of Statistics (DOS)<sup>1</sup> under the Ministry of Planning and Investment: LECS 1 (1992/93), LECS 2 (1997/98), LECS 3 (2002/03) and LECS 4 (2007/08).

In addition, the Population and Housing Census, which is carried out every ten years, is another key source of poverty analysis. The latest census was conducted in 2005.

Since the results of the latest LECS 4 were released in May 2009, no detailed poverty assessment has been conducted up to now. Therefore, this Study is mainly based on existing poverty assessments from the results of LECS 1 to 3 and the Population and Housing Census 2005.

#### 1.1.2 Poverty Line

In general, the measurement of income poverty is based on a comparison between the level of household income or consumption and the poverty line<sup>2</sup>. The poverty line is determined by the minimum requirement deemed necessary to satisfy basic human needs (BHN).

Following discussions with the World Bank (WB) and the Swedish International Development Agency (SIDA), the Government endorsed the official poverty lines as part of its National Growth and Poverty Eradication Strategy (NGPES). Under the NGPES, a key national development agenda is to eradicate poverty by 2020. There are two kinds of poverty lines: “food poverty line” and “absolute poverty line”<sup>3</sup>.

The food poverty line is estimated by the income needed to purchase a food consumption basket which satisfies the minimum nutritional requirement for surviving<sup>4</sup>, whereas the absolute poverty line considers this income plus non-food basic needs, including expenditure on health and education. The poverty lines are adjusted over time by changes in prices of the consumption basket<sup>5</sup> as well as spatial price differences.

The national poverty line in 2002/03 was Kip 92,959 (USD 8.79)<sup>6</sup> per person per month. The original poverty lines are shown in Appendix 2.

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<sup>1</sup> DOS is the former National Statistical Center.

<sup>2</sup> See Appendix 1 for a detailed definition of poverty line

<sup>3</sup> In NGPES, the poverty line base on both food and non-food consumptions is called as “poverty line”. In order to avoid confusion, the poverty line to satisfy the minimum food and non-food consumption is called as “the absolute poverty line”.

<sup>4</sup> The standard minimum requirement of calorie intake by WHO and FAO is 2,000 – 2,400kcal for people in developing countries. The standard level is adjusted by country, age and ethnicity.

<sup>5</sup> In the WB report, it is pointed out that the consumption basket should reflect changes in consumption patterns of households during the period from LECS 2 to LECS 3. Since the consumption patterns in LECS 4 had changed even more since the LECS 2 was conducted, it is necessary to reconstruct the poverty lines based on a new consumption basket for poverty analysis based on data of LECS 4.

<sup>6</sup> Average exchange rate for 2003 is 1 USD = 10,569.04 Kips (International Monetary Fund, “International Financial Statistics Yearbook 2009” )

$$\text{Absolute Poverty Line} = \text{Minimum food consumption (Food Poverty Line)} \\ + \text{Minimum non-food consumption}$$

## 1.2 Income Poverty Indicators

### 1.2.1 Poverty Trends at National Level

At the national level, poverty reduced in the decade between 1992/93 and 2002/03 in the Lao PDR. The food poverty headcount ratio declined from 37.6% in 1992/93 to 22% in 2002/03. For the same period, absolute poverty (hereinafter referred to as “poverty incidence”)<sup>7</sup> decreased from 46.0% to 33.5%. The population below the absolute poverty line also decreased from more than 2 million to less than 1.85 million people. The poor population decreased by 10% during the decade.

Table 1-1: Poverty Incidence and Number of Poor in Lao PDR

	1992/93	1997/98	2002/03
Food Poverty (%)	37.6	32.6	22.0
Absolute Poverty (%)	46.0	39.1	33.5
No. of Poor by Absolute Poverty	2,054,020	1,987,060	1,849,444
Total Population of Lao PDR	4,468,830	5,087,012	5,519,368

(Source) Committee for Planning and Investment National Statistics Center and the World Bank, “Lao PDR Poverty Trends 1992/93-2002/3” (2004), p.33, Table 2, p.35, Table 5 and p.41, Table 11

Both the poverty gap and the severity of poverty also improved during the decade. The poverty gap ratio, which shows the gap between the average consumption of the population living below the poverty line and the poverty line, dropped from 11.2% to 8%, indicating that the shortfall of consumption to cover the minimum cost of basic needs by the poor decreased.

The poverty severity ratio, which is measured by the squared poverty gap ratio, indicates the inequality of income or consumption amongst the poor. For the period 1992/93 to 1997/98, the poverty severity ratio remained at the same level at 3.9% while the absolute poverty incidence dropped from 46.0% to 39.1%. This implies that the reduction of poverty during this time did not reduce inequality among the poor. However, the poverty severity ratio improved from 3.9% to 2.8% during the period between 1997/98 and 2002/03, implying that the reduction of poverty benefited the poorest.

Table 1-2: Poverty Gap and Severity

Indicator	1992/93	1997/98	2002/03
Poverty Gap	11.2	10.3	8.0
Poverty Severity	3.9	3.9	2.8

(Source) Committee for Planning and Investment, National Statistics Center and World Bank, “Lao PDR Poverty Trends 1992/93-2002/3” (2004), p.36, Table 6 and p.38, Table 8

<sup>7</sup> In this report, “poverty incidence” or “the poor” mean “the absolute poverty headcount ratio” or “the poor population below the absolute poverty line” unless otherwise stated.



## 1.2.2 Poverty Trends in Urban and Rural Areas

Poverty has gradually fallen in both urban<sup>8</sup> and rural areas of the country, but the magnitude of the decline differs by region.

In terms of food poverty, food poverty incidence in rural areas declined significantly from 41.0% in 1992/93 to 22.5% in 2002/03, while in the same period food poverty incidence in urban areas dropped from 26.6% to 20.2%. As a result, the gap in the food poverty incidence between urban and rural areas decreased. However, the gap between rural areas with an all-season road and areas without a all-season road is still significant. In rural areas without an all-season road, the share of the population living below the food poverty line in 2002/03 was 28.4%, which is 10 points higher than the share in rural areas having an all-season road, though it dropped considerably from 47.2% in 1992/93.

Absolute poverty decreased in both urban and rural areas as well. Urban poverty incidence declined to less than 20% in 2002/03 from 26.5% in 1992/93. The reduction of poverty in rural areas was more dramatic. The incidence of poverty in rural areas decreased from 51.8% to 37.6% for the same period. In particular, the share of the absolute poor in rural areas without an all-season road declined from 60.4% to 36.2%.

Table 1-3: Poverty Incidence by Area

Area	1992/93		1997/98		2002/03	
	Food Poverty	Poverty	Food Poverty	Poverty	Food Poverty	Poverty
Urban	26.6	26.5	22.4	22.1	20.2	19.7
Rural	41.0	51.8	34.7	42.5	22.5	37.6
With all-season road	34.4	42.8	27.4	31.7	18.2	31.3
W/O all-season road	47.2	60.4	40.2	50.8	28.4	36.2

(Source) Committee for Planning and Investment, National Statistics Center and World Bank, "Lao PDR Poverty Trends 1992/93-2002/3" (2004), p.33, Table 2 and p.41, Table 11

Although it is obvious that the majority of the poor inhabit rural areas, the trends in the number of the poor differ by area. The number of urban poor increased in 2002/03 after decreasing between 1992/93 and 1997/98. On the other hand, the total rural poor population decreased in 2002/03 after increasing slightly between 1992/93 and 1997/98. By accessibility of rural villages, the number of the poor in villages with a all-season road slightly increased from 0.728 million to 0.758 million for the same period while the number of the poor in villages without a all-season road decreased from 1 million to 0.84 million for the same period. That may be partly because the rural infrastructure development including rural road decreased the number of villages without an all-season road.

<sup>8</sup> In Lao PDR, a village that has at least three out of the following five characteristics is classified as an urban village: (1) The village is situated in the municipal vicinity of provinces or districts, or has more than 100 households and a population above 600 people. (2) There is an all-season road. (3) At least 70 percent of the households use tap water. (4) At least 70% of the households are electrified. (5) There is a daily market in the village (NSC 2004b) (Committee for Planning and Investment National Statistics Center and World Bank, "Lao PDR Poverty Trends 1992/93-2002/3", (2004), p.8)

Table 1-4: Number of Poor by Area

Area	1992/93		1997/98		2002/03	
	No. of Poor	% of total population	No. of Poor	% of total population	No. of Poor	% of total population
Urban	279,096	23.6	187,808	16.7	249,948	23.0
Rural	1,768,213	76.4	1,799,263	83.3	1,599,452	77.0
With all-season road	728,993	38.1	580,507	36.0	758,841	43.9
W/O all-season road	1,033,001	38.3	1,223,070	47.3	844,044	33.1

(Source) Committee for Planning and Investment National Statistics Center and World Bank, "Lao PDR Poverty Trends 1992/93-2002/3" (2004), p.32, Table 1 and p.35, Table 5

The depth and the severity of poverty dropped in both urban and rural areas though the difference between urban and rural areas was still considerable. In 2002/03, the poverty gap and poverty severity ratio in urban areas were 4.1% and 1.3%, respectively, whereas the poverty gap and poverty severity ratio in rural areas was 9.2% and 3.2% respectively. The poverty gap and severity in rural areas without an all-season road is notable: the poverty gap is 12.0% and the poverty severity ratio is 4.4% in 2002/03. This indicates that rural areas without access to an all-season road suffer from lower consumption level far below the poverty line and exhibit serious inequality among the poor.

Table 1-5: Poverty Gap and Severity by Area

Area	1992/93		1997/98		2002/03	
	Gap	Severity	Gap	Severity	Gap	Severity
Urban	5.5	1.6	4.9	1.7	4.1	1.3
Rural	12.9	4.6	11.4	4.4	9.2	3.2
With all-season road	9.9	3.5	7.3	2.5	7.1	2.3
W/O all-season road	15.8	5.8	14.5	5.8	12.0	4.4

(Source) Committee for Planning and Investment National Statistics Center and World Bank, "Lao PDR Poverty Trends 1992/93-2002/3" (2004), p.36, Table 6 and p.41, Table 11

### 1.2.3 Poverty Trends by Geographical Region and by Location

#### (1) Geographical Region and Province

By geographical region, there is no significant difference among North, Centre and South. In 2002/03, the poverty incidence of North (37.9%) and Central (35.4%) were higher than the national level for the country, whereas the poverty incidence in the South (32.6%) was slightly lower. However, there are significant gap among the provinces within each region.

Vientiane Capital had the lowest poverty headcount ratio in the country. The poverty incidence in the capital decreased from 33.6% in 1992/93 to 16.7% in 2002/03, though this was higher than the ratio of 1997/98 (13.5%).

In the North, apart from Xaynaboury, the poverty headcount ratio dropped in all provinces over the period between 1992/93 and 2002/03. In Xaynaboury, the poverty incidence increased from 22.4% in 1992/93 to 25.0% in 2002/03 after falling to 17.7% in 1997/98. In Phongsaly and Houa Phan, the poverty headcount ratio was still more than 50% in 1992/93, though this was a significant fall from more than 70% in 1992/93. For the same period, Bokeo and Louang Namtha experienced significant poverty reduction: the poverty incidence declined from more than 40% to 21-22%.

In the Central, poverty reduced in all provinces over the decade between 1992/93 and 2002/03, except in the province of Borikhamxay. Although Borikhamxay had a relatively low poverty headcount ratio of 16.6% in 1992/93, this rose to 28.7% in 2002/03. In Xieng Khoang and Savannakhet, more than 40% of population suffered from poverty, although the incidence of poverty dropped from 63% and 53% in the two provinces, respectively.

In the South, all provinces had a poverty incidence of more than 40% in 1992/93. Then in Champasak, poverty incidence considerably reduced to 18.4% in 2002/03. On the other hand, in Saravanh, the poverty headcount ratio increased to 54.3% in 2002/03 though it had decreased from 1992/93 to 1997/98. Xékong and Attapeu still had a poverty incidence of more than 40% in 2002/03, although this was considerably lower than the incidence in 1992/93.

Table 1-6: Poverty Incidence by Region and Province

Area	1992/93	1997/98	2002/03
Vientiane Capital	33.6	13.5	16.7
<b>North</b>	<b>51.6</b>	<b>47.3</b>	<b>37.9</b>
Phongsaly	72.0	57.9	50.8
Louang Namtha	40.5	51.1	22.8
Oudomxay	45.8	66.1	45.1
Bokeo	42.4	38.9	21.1
Louang Prabang	58.5	40.8	39.5
Houa Phanh	71.3	71.3	51.5
Xaygnaboury	22.4	17.7	25.0
<b>Central</b>	<b>45.0</b>	<b>39.4</b>	<b>35.4</b>
Xieng Khoang	63.0	42.9	41.6
Vientiane	30.7	27.8	19.0
Borikhamxay	16.6	27.9	28.7
Khammuane	47.1	44.5	33.7
Savannakhet	53.1	41.9	43.1
Xaysomboun	-	62.8	30.6
<b>South</b>	<b>45.7</b>	<b>39.8</b>	<b>32.6</b>
Saravanh	43.6	39.2	54.3
Xékong	67.0	49.7	41.8
Champasak	41.4	37.4	18.4
Attapeu	60.5	48.0	44.0
<b>Lao PDR</b>	<b>46.0</b>	<b>39.1</b>	<b>33.5</b>

(Source) Committee for Planning and Investment National Statistics Center and World Bank, "Lao PDR Poverty Trends 1992/93-2002/3" (2004), p.34, Table 3

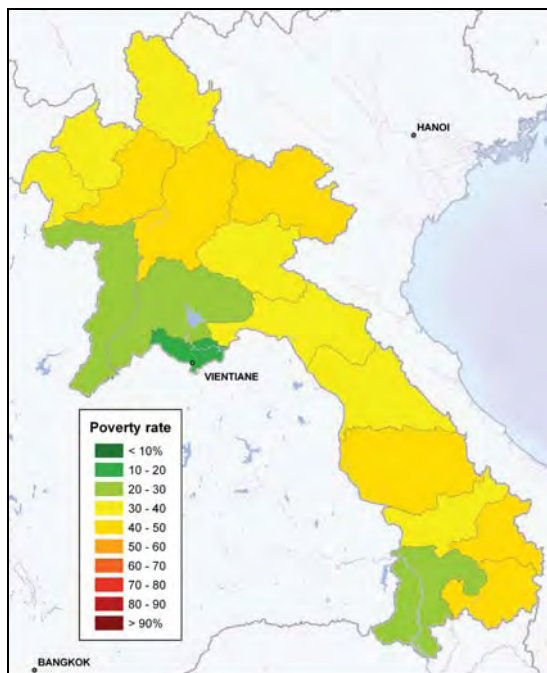
The poor population of the country concentrated in the North<sup>9</sup>: 86% of poor inhabited in 2002/03. The size of poor population in North more than doubled over the period between 1992/93 and 2002/03. In the South, the population below the poverty line expanded by more than twice for the same period though it reduced by 30% from the poor population in 1997/98. While the poor population in the country decreased for the decade, the poor population in Vientiane Capital continuously increased by 14%.

<sup>9</sup> The poor population in the seven provinces of Huaphanh, Phongsaly, Oudomxay (in the North), Xiengkhuane and Savannakhet (in the Central), and Attapeu and Saravanh (in the South) accounted for more than 50% of the total poor population despite the fact that their population makes up less than 40% of the country's total.

Table 1-7: Number of Poor by Region

Area	1992/93		1997/98		2002/03	
	No. of Poor	% of total population	No. of Poor	% of total population	No. of Poor	% of total population
Vientiane Capital	175,831	11.7	187,808	11.3	249,948	11.5
North	734,914	31.9	1,799,263	31.7	1,599,452	32.6
Central	742,435	36.9	580,507	37.2	758,841	36.1
South	398,405	19.5	1,223,070	19.9	844,044	19.9
Lao PDR	2,054,020	100.0	1,987,060	100.0	1,849,444	100.0

(Source) Committee for Planning and Investment National Statistics Center and World Bank, "Lao PDR Poverty Trends 1992/93-2002/3" (2004), p.32, Table 1 and p.35, Table 5



(Source) Swiss National Center of Competence in Research North-South and International Food Policy Research Institute, "The Geography of Poverty and Inequality in the Lao PDR", p.24, Figure 3 and p.26, Figure 5

Figure 1-1: Map of Poverty Incidence by Province

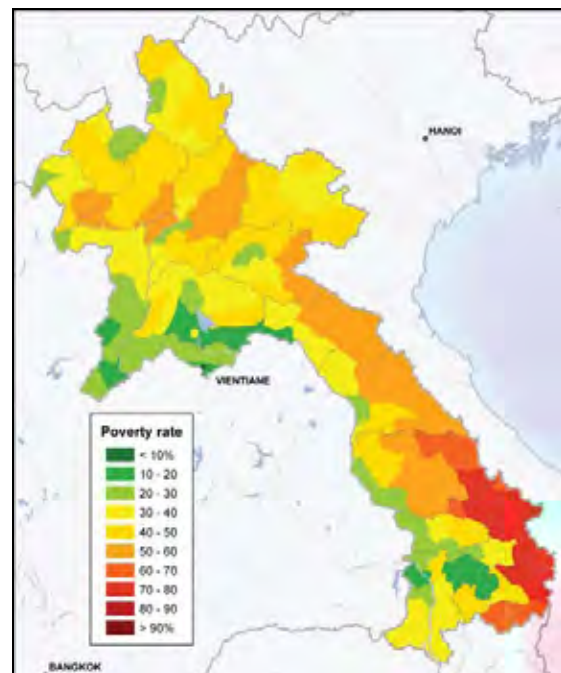


Figure 1-2: Map of Poverty Incidence by District

The poverty gap and severity also differs according to province. In the capital Vientiane, the poverty gap dropped from 7.0% in 1992/93 to 3.4% in 2002/03 while the poverty severity remained at the low level. It is indicated that the disparity of the poor's consumption level from the poverty line decreased and the inequality among the poor was very limited.

In the North, four provinces, Louang Namtha, Odomxay, Louang Prabang, and Houa Phan had poverty gap ratios of more than 10%, though there were improvements from 1992/93. In those provinces, the poverty severity ratio was also very high.

In the Central, in Vientiane Province, the poverty gap and severity ratio deteriorated over the decade though the incidence of poverty declined from 30.7% to 19.0%. The poverty gap in Vientiane Province increased from 6.5% in 1992/93 to 12.3% in 2002/03. It implies that a

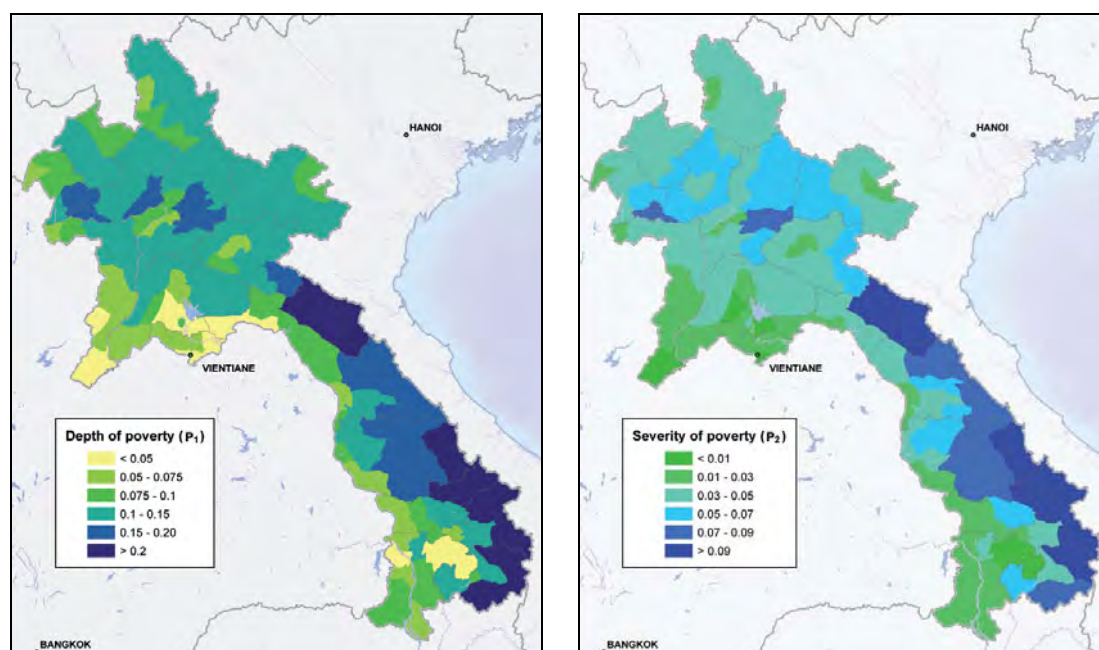
large number of poor households living near the poverty line could move out the poverty but the rest of poor households with more difficult living conditions fell into severe poverty in Vientiane Province. Xaysomnoun, which had a poverty incidence of 30% in 2002/03, also had a high poverty gap and severity ratio.

In the South, three provinces, except Champasak, had high poverty gap and severity ratios. These ratios improved in Xékong and Attapeu over the decade, but worsened in Saravanh.

Table 1-8: Poverty Gap and Severity by Region and Province

Area	1992/93		1997/98		2002/03	
	Poverty Gap	Poverty Severity	Poverty Gap	Poverty Severity	Poverty Gap	Poverty Severity
Vientiane Capital	7.0	2.1	2.8	0.8	3.4	1.0
<b>North</b>	<b>13.4</b>	<b>4.8</b>	<b>13.9</b>	<b>5.8</b>	<b>9.4</b>	<b>3.3</b>
Phongsaly	16.3	4.7	17.0	7.1	11.8	4.0
Louang Namtha	10.3	3.5	14.4	5.4	4.1	1.1
Oudomxay	9.7	2.8	24.7	12.1	10.8	3.6
Bokeo	7.0	1.7	9.5	3.5	5.3	1.9
Louang Prabang	15.5	5.6	9.8	3.6	10.4	3.7
Houa Phanh	24.6	11.2	23.4	10.1	13.9	5.2
Xaygnaboury	4.8	1.5	3.1	0.8	5.8	1.9
<b>Central</b>	<b>10.3</b>	<b>3.4</b>	<b>9.7</b>	<b>3.4</b>	<b>7.1</b>	<b>2.6</b>
Xieng Khoang	18.0	6.9	11.9	4.6	8.4	3.0
Vientiane	6.5	2.0	5.7	1.8	12.3	5.5
Borikhamxay	2.3	0.5	7.4	2.8	3.4	0.9
Khammuane	11.5	4.3	11.3	3.9	5.5	1.5
Savannakhet	11.2	3.4	9.8	3.2	7.7	2.6
Xaysomboun	n.a	n.a	19.9	8.5	10.5	3.6
<b>South</b>	<b>11.9</b>	<b>4.5</b>	<b>10.0</b>	<b>3.7</b>	<b>7.6</b>	<b>2.5</b>
Saravanh	8.7	2.5	10.0	3.6	13.1	4.3
Xékong	23.5	10.4	15.0	6.5	11.8	4.7
Champasak	10.2	3.8	9.0	3.3	3.6	1.1
Attapeu	22.4	10.2	12.1	4.3	11.6	4.1
<b>Lao PDR</b>	<b>11.2</b>	<b>3.9</b>	<b>10.3</b>	<b>3.9</b>	<b>8.0</b>	<b>2.8</b>

(Source) Committee for Planning and Investment National Statistics Center and World Bank, "Lao PDR Poverty Trends 1992/93-2002/3" (2004), p.37, Table 7 and p.41, Table 11



(Source) Swiss National Center of Competence in Research North-South and International Food Policy Research Institute, “The Geography of Poverty and Inequality in the Lao PDR”, p.26, Figure 13

Figure 1-3: Maps of Poverty Gap and Severity by District

## (2) Location

“Inland” areas which are non-border districts and “Thai border” areas have a relatively lower poverty incidence and experienced modest poverty reduction for the period 1992/93 to 2002/03. The most drastic poverty reduction occurred in areas bordering China and Myanmar: the poverty incidence dropped from 49% to 28%. Areas bordering Cambodia also showed reductions in poverty but the poverty headcount ratio was still high at 39.8%. Poverty incidence worsened in areas bordering Vietnam, where they had the highest poverty headcount ratio at 61.6% in 2002/03.

Areas bordering Vietnam and Cambodia still had more than 30% of their population suffering from food poverty in 2002/03, while food poverty in other border areas decreased considerably to less than 20%. In “Inland” areas, the population living below the food poverty line accounted for 21.6%.

Table 1-9: Poverty Incidence by Location

Area	1992/93		1997/98		2002/03	
	Food Poverty	Poverty	Food Poverty	Poverty	Food Poverty	Poverty
Inland	35.3	47.2	31.5	37.5	21.6	32.3
Thai border	32.3	33.4	25.1	29.4	15.6	22.5
Urban	31.0	26.8	24.2	22.8	17.3	18.1
Rural	32.8	35.8	25.3	30.8	14.9	24.2
Vietnamese border	48.7	58.4	52.9	66.3	35.3	61.6
North	51.3	71.6	58.6	72.5	38.1	59.0
South-Central	45.8	44.3	47.7	60.3	32.1	63.5
Chinese-Myanmar border	37.4	49.1	30.1	46.4	10.0	28.1
Cambodian border	75.2	68.1	36.9	38.5	33.3	39.8

(Source) Committee for Planning and Investment National Statistics Center and World Bank, “Lao PDR Poverty Trends 1992/93-2002/3” (2004), p.33, Table 2 and p.41, Table 11

(Note) “Inland” is defined as the areas not having country borders.



Since most of the population inhabit “Inland” areas, it has the largest number of poor people (more than 900,000). However the incidence of poverty in these areas is relatively modest. On the other hand, areas bordering Vietnam have quite a significant number of poor people (more than 440,000), although their share of the total population was only 13.2%.

Table 1-10: Number of Poor by Location

Area	1992/93		1997/98		2002/03	
	No. of Poor	% of total population	No. of Poor	% of total population	No. of Poor	% of total population
Inland	1,185,034	56.1	1,017,761	53.3	929,173	52.1
Thai border	372,846	25.0	403,739	27.0	349,313	28.1
Urban	80,997	27.1	56,839	18.1	77,267	27.6
Rural	291,033	72.9	346,767	81.9	272,050	72.4
Vietnamese border	309,096	11.8	401,807	11.9	444,798	13.2
North	196,395	51.9	215,020	49.0	227,707	53.0
South-Central	112,747	48.1	186,610	51.1	217,092	47.0
Chinese-Myanmar border	81,046	3.7	72,177	3.1	47,541	3.1
Cambodian border	102,597	3.4	92,168	4.7	78,600	3.6

(Source) Committee for Planning and Investment National Statistics Center and World Bank, “Lao PDR Poverty Trends 1992/93-2002/3” (2004), p.32, Table 1 and p.35, Table 5

Areas bordering Thailand, China and Myanmar had low poverty gaps and severity ratios, whereas areas bordering Vietnam had very high poverty gaps and severity ratios. In most areas, the poverty gap and severity ratio improved between 1992/93 and 2002/03. However, the South and Central areas bordering Vietnam witnessed a deteriorating poverty gap and severity over the same period.

Table 1-11: Poverty Gap and Severity by Location

Area	1992/93		1997/98		2002/03	
	Poverty Gap	Poverty Severity	Poverty Gap	Poverty Severity	Poverty Gap	Poverty Severity
Inland	11.0	3.7	9.8	3.7	7.5	2.5
Thai border	6.8	2.1	6.2	1.9	4.8	1.5
Urban	6.0	1.7	4.5	1.3	3.5	1.1
Rural	7.1	2.2	6.6	2.1	5.3	1.7
Vietnamese border	19.1	8.2	21.3	9.0	17.1	6.6
North	24.8	11.2	24.7	10.9	16.4	6.1
South-Central	13.0	4.9	18.1	7.3	17.9	7.1
Chinese-Myanmar border	11.4	3.5	12.9	5.1	5.3	1.5
Cambodian border	18.1	6.9	9.7	3.8	9.3	3.0

(Source) Committee for Planning and Investment National Statistics Center and World Bank, “Lao PDR Poverty Trends 1992/93-2002/3” (2004), p.36, Table 6 and p.41, Table 11

#### 1.2.4 Poverty Trends by Agro-ecological Zone and Topography

##### (1) Agro-ecological Zone

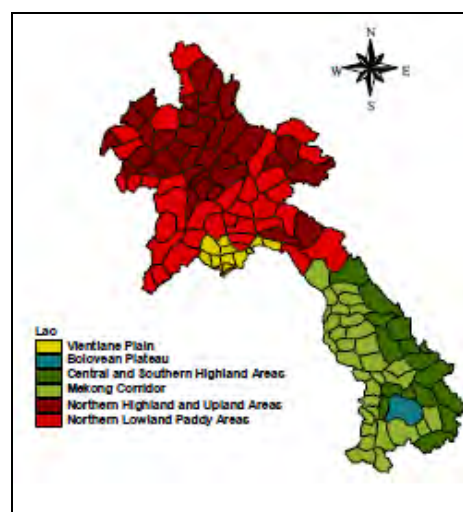
By agro-ecological zone, the Bolven Plateau and the Vientiane Plain had the lowest poverty headcount ratio of 15% and 16%, respectively. The Boloven Plateau, including part of

Saravane, Xekong, and Attapeu provinces in the South, has active cash crop production including coffee, tea and cardamon plantation as well as livestock production. Tourism is also important for the local economy in this zone.

Table 1-12: Poverty Status by Agro-ecological Zone

Agro-ecological Zone	Population	Poverty Incidence (%)
Vientiane Plain	832,989	16
Mekong Corridor	1,870,584	33
Northern Lowlands	1,123,031	28
Northern Midlands	690,169	46
Northern Highlands	537,700	42
South-Central Lowlands	257,616	60
South-Central Midlands	28,670	65
South-Central Highlands	23,731	75
Boloven Plateau	126,302	15

(Source) Swiss National Center of Competence in Research North-South and International Food Policy Research Institute, "The Geography of Poverty and Inequality in the Lao PDR", p.38, Table 8



(Source) World Bank, "Lao PDR: Rural and Agriculture Sector Issues Paper" (2006), p.4, Box 1

Figure 1-4: Maps of Agro-ecological Zone

The Mekong Corridor and the Northern Lowlands had modest poverty incidence of 28% and 33%, respectively. The Mekong Corridor includes the banks and floodplains of the Mekong River and the lower alluvial valleys of its tributaries. The villages in this zone have intensive farming for wide range of crops, particularly lowland rice. The agriculture income from cash crops enabled the rural households to move out the poverty. The Northern Lowlands comprises parts of Luang Prabang, Phongsaly, Oudomxay, and Xayabury. Although its landforms are similar to those in the Northern Highlands which are predominantly mountainous, the poverty incidence was much lower than the Northern Midlands and Highlands.

In the Northern Midlands and Highlands, which cover the mountain areas of Phongsaly, Luang Namtha, and Bokeo in the extreme northwest, parts of Huaphanh and Xieng Khuang and eastern parts of Bolikhamxay, the poor population accounted for more than 40%. Despite the potential for animal husbandry and good soil for farming, the most of rural population in this zone has been facing the poverty due to the predominance of the low productive and subsistence shifting cultivation.

In the South-Central Lowlands and Midlands, more than 60% of people lived below the poverty line. The situation in the South-Central Highlands was the most serious: the poverty incidence was 75% which was the highest by ecological zones. The South-Central Highlands includes parts of Khammouane, Savannakhet, Saravane, and Sekong and Attapeu provinces and extends parallel to the Mekong covering the upper valleys of its tributaries and upland areas. The zone is generally characterized by poor acid soils with little potential for productive agriculture. In addition, the high risk of unexploded ordnance (UXO) prevents the cultivation of a large portion of the available land.

(2) Topography

By district slope, the “Mostly Flat areas” had lower poverty incidence than the “Somewhat Steep areas” and the “Mostly Steep areas”. While poverty reduction in the “Mostly Flat areas” progressed from 42.2% to 27.4% between 1992/93 and 2002/03, the poverty incidence in “the Somewhat Steep areas” remained at almost the same level around 40%. In the “Mostly Steep areas”, more than 40% of population still lived below the absolute poverty line in 2002/03, although the poverty incidence dropped from 56.2% in 1992/93.

Food poverty declined in all areas by district slope, which classifies districts by proportion of area with significant (greater than 16°) slopes. The food poverty incidence declined from more than 30% to around 20% for the same period. In the “Somewhat Steep areas”, the share of population with food poverty decreased to 19.0% though the absolute poverty incidence did not change significantly.

By village altitude, the data for 1992/93 and 1997/98 are not available. In 2002/03, villages at lower altitude had a lower absolute poverty incidence compared to villages at higher altitudes: 28.2% in the Lowland, 36.5% in the Midland, and 43.9% in the Upland. The Lowland also had a lower food poverty incidence of 19.1%. On the other hand, the Midland and the Upland had almost the same level of food poverty incidence at around 26%.

In the “Mostly Flat areas”, where most of the population is concentrated, the number of poor people decreased from more than 961,000 in 1992/93 to around 750,000 in 2002/03, while other areas experienced increases in number of poor in 1997/98. The “Mostly Steep areas” had the largest poor population of more than 850,000, despite the fact that its share of total population was less than those in the “Mostly Flat areas”.

Table 1-13: Poverty Incidence by Topography

Topography	1992/93		1997/98		2002/03	
	Food Poverty	Poverty	Food Poverty	Poverty	Food Poverty	Poverty
District Slope*						
Mostly flat	38.7	42.2	28.5	30.3	20.2	27.4
Somewhat steep	30.8	38.4	29.5	40.5	19.0	37.1
Mostly steep	38.5	56.2	39.4	50.9	25.7	40.4
Village Altitude**						
Lowland	n.a	n.a	n.a	n.a	19.1	28.2
Midland	n.a	n.a	n.a	n.a	25.6	36.5
Upland	n.a	n.a	n.a	n.a	26.4	43.9

(Source) Committee for Planning and Investment National Statistics Center and World Bank, “Lao PDR Poverty Trends 1992/93-2002/3” (2004), p.33, Table 2 and p.41, Table 11

(Note) \* “Mostly flat”: Districts where more than three quarters of the land with a slope of less than 16 degrees  
 “Mostly steep”: Districts where the share of district total land area with a slope land higher than 16 degrees

“Somewhat steep”: All other districts than “Mostly flat” and “Mostly steep”

\*\* “Lowland”: Terrain at elevations below 200 meters above sea level, including flood plains

“Midland”: mountains and plateaus between 200 and 1,000 meters

“Upland”: mountains and plateaus 1,000 meters or more

By village altitude, the Lowland had the largest population living below the poverty line of approximately 900,000. The second largest poor population of around 600,000 was in the Upland, whose share of the total population was only 25%. It implies that poor people are concentrated in the Upland.

Table 1-14: Number of the Poor by Topography

Area	1992/93		1997/98		2002/03	
	No. of Poor	% of total population	No. of Poor	% of total population	No. of Poor	% of total population
District Slope						
Mostly flat	961,709	51.0	770,775	50.0	750,619	49.6
Somewhat steep	221,404	12.9	275,195	13.4	243,975	11.9
Mostly steep	908,113	36.1	947,998	36.6	857,513	38.5
Village Altitude						
Lowland	n.a	n.a	n.a	n.a	895,057	57.5
Midland	n.a	n.a	n.a	n.a	352,109	17.5
Upland	n.a	n.a	n.a	n.a	605,398	25.0

(Source) Committee for Planning and Investment National Statistics Center and World Bank, "Lao PDR Poverty Trends 1992/93-2002/3" (2004), p.32, Table 1 and p.35, Table 5

Between 1992/93 and 2002/03, the poverty gap and poverty severity ratio declined in all areas classified by district slope. However, the poverty gap and the severity ratio shows a similar pattern, with "The mostly Flat areas" having a lower poverty gap and severity of 6.2% and 2.0%, respectively compared with the "the Somewhat Steep areas" and the "Mostly Steep areas". Inequality among the poor in those areas was also higher than in the "Mostly Flat areas".

The poverty gap and severity by village altitude shows the same pattern as those of district slope: villages at higher altitudes had more serious poverty gaps and poverty severity ratios than villages at lower altitudes.

Table 1-15: Poverty Gap and Poverty Severity Ratio by Topography

Area	1992/93		1997/98		2002/03	
	Poverty Gap	Poverty Severity	Poverty Gap	Poverty Severity	Poverty Gap	Poverty Severity
District Slope						
Mostly flat	9.1	2.9	6.9	2.3	6.2	2.0
Somewhat steep	9.8	3.7	10.6	3.8	8.7	2.9
Mostly steep	15.5	5.8	15.0	6.2	10.3	3.8
Village Altitude						
Lowland	n.a	n.a	n.a	n.a	6.2	2.0
Midland	n.a	n.a	n.a	n.a	9.7	3.7
Upland	n.a	n.a	n.a	n.a	11.1	3.9

(Source) Committee for Planning and Investment National Statistics Center and World Bank, "Lao PDR Poverty Trends 1992/93-2002/3" (2004), p.36, Table 6 and p.38, Table 8

### 1.2.5 Poverty Trends by Ethno-Linguistic Group

Following international practice, there are four classifications of ethno-linguistic families in the Lao PDR: Lao-Tai (Tai-Kadai); Mon-Khmer (Austro-asiatic); Hmong-Mien (Hmong-Yao, Miao-Yao); and Sino-Tibetan (mostly Tibeto-Burman)<sup>10</sup>.

<sup>10</sup> ( ) shows a name of linguistic family

For 2002/03, the Lao-Tai had the lowest poverty incidence at 26%, lower than the national average of poverty incidence. However, as the Lao-Thai make up the largest proportion of the population with more than 3.3 million people, it had the highest number of poor people at 871,000.

On the other hand, other ethnic groups, such as Mon-Khmer, Tibeto-Burman and Hmong-Mien, had higher poverty headcount ratios: 50% of Mon-Khmer and 44% of Tibeto-Burman and Hmong-Mien lived in poverty. It was estimated that more than 600,000 of Mon-Khmer and 275,000 of Tibeto-Burman and Hmong-Mien lived in poverty. In addition, approximately 92,000 other ethnic minorities in the country suffered from poverty.

Table 1-16: Poverty Incidence by Ethnicity (2002/03)

Ethnicity	Population	Poverty Incidence (%)
Lao-Tai (Tai-Kadai)	3,352,856	26
Mon-Khmer	1,280,016	51
Tibeto-Burman & Hmong-Mien	626,273	44
Others	231,647	40
<b>Lao PDR</b>	<b>5,490,792</b>	<b>34</b>

(Source) Swiss National Center of Competence in Research North-South and International Food Policy Research Institute, "The Geography of Poverty and Inequality in the Lao PDR", p.38, Table 8

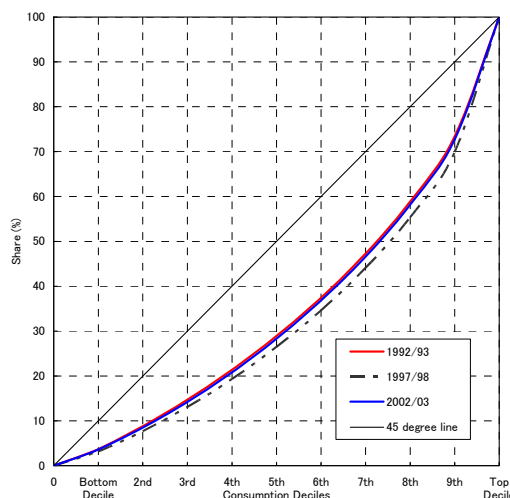
### 1.3 Inequality Indicators

#### 1.3.1 Inequality Trends at National Level and by Area

The Lorenz curves (Figure 1-5) indicate that inequality in the Lao PDR did not improved significantly between 1992/93 and 2002/03 although it showed a slight improvement in 1997/98.

The Gini Index<sup>11</sup>, based on the Lorenz curve<sup>12</sup>, worsened slightly from 30% to 35%<sup>13</sup>. Looking at the share of total consumption by consumption decile, the share of the lower deciles from the bottom to the 4<sup>th</sup>, including the poor, slightly decreased between 1992/93 and 2002/03, while the other deciles kept the same shares. The share of the top decile increased slightly from 26.5% in 1992/93 to 27.4% in 2002/03.

The limited changes in inequality for this period suggest that despite considerable poverty reduction, this did not contribute to an improvement in inequality at the national level.



(Source) Committee for Planning and Investment National Statistics Center and World Bank, "Lao PDR Poverty Trends 1992/93-2002/3" (2004), p.34, Table 4

Figure 1-5: Lorenz Curve of Lao PDR

<sup>11</sup> Gini index is derived from the Gini coefficient multiplied by 100.

<sup>12</sup> See Appendix 1 for a detailed definition of inequality indicators.

<sup>13</sup> A Gini Coefficient of larger than 50% indicates severe inequality with a high risk of social instability.

Inequality in urban areas is more severe than in rural areas. In 2002/03, the Gini Index for urban areas was 34.8%, which was higher than the country average, whereas the indicator for rural areas was 30.3%. Changes in inequality in both urban and rural areas had the same pattern at the national level. Among the Rural areas, the areas without an all-season road had lower inequality with higher poverty incidence than areas with roads. Although accessibility to an all-season road is a key factor to create income opportunities in rural areas in the country, it can induce unequal distribution of income among the rural population. In other words, in the villages without roads, people have limited opportunities to earn income.

Table 1-17: Gini Index by Area

(%)

Area	1992/93	1997/98	2002/03
Lao PDR	30.5	34.9	32.6
Urban	30.9	39.7	34.8
Rural	29.0	32.1	30.3
With all-season road	29.3	32.1	30.3
W/O all-season road	27.5	30.9	29.4

(Source) Committee for Planning and Investment National Statistics Center and World Bank, "Lao PDR Poverty Trend 1992/93-2002/3" (2004), p.40, Table 10

### 1.3.2 Inequality by Region

By region, Vientiane Capital had the highest Gini Index. Inequality in the capital worsened to 36% in 2002/03 from 29.7% in 1992/93. In the North, inequality also increased from 26.9% to 30.7%, although the Gini Index was the lowest among the regions in 2002/03. In the Central, the Gini Index remained at 31-32%. The South experienced a slight decrease in inequality from 32.3% to 31.4% for the same period.

Table 1-18: Gini Index by Region

(%)

Area	1992/93	1997/98	2002/03
Vientiane Capital	29.7	36.9	36.0
North	26.9	34.5	30.7
Central	31.5	32.5	31.0
South	32.3	32.4	31.4

(Source) Committee for Planning and Investment National Statistics Center and World Bank, "Lao PDR Poverty Trends 1992/93-2002/3" (2004), p.40, Table 10

Table 1-19: Gini Index by Location

(%)

Area	1992/93	1997/98	2002/03
Inland	30.2	34.6	33.5
Thai border	28.9	35.2	30.9
Urban	31.2	41.8	31.7
Rural	27.4	32.7	30.1
Vietnamese order	34.2	28.9	25.8
North	25.5	26.7	25.8
South-Central	36.4	30.0	25.8
Chinese-Myanmar border	21.1	31.1	25.9
Cambodian border	26.8	29.3	28.0

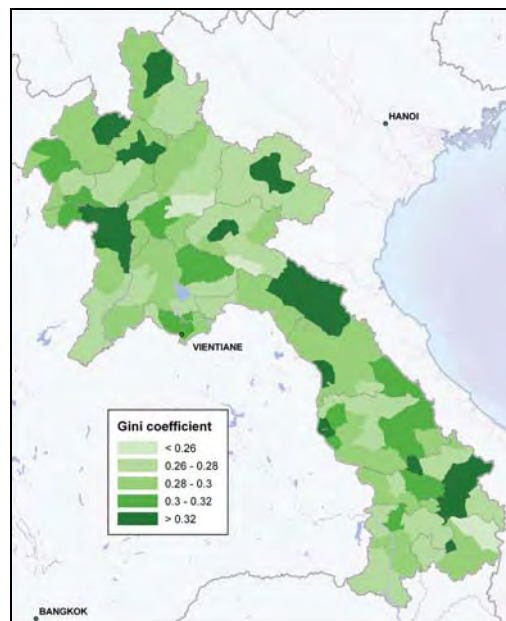
(Source) Committee for Planning and Investment National Statistics Center and World Bank, "Lao PDR Poverty Trends 1992/93-2002/3" (2004), p.40, Table 10

By location, changes in the Gini Index showed different patterns. In the “Inland” areas, inequality deteriorated from 30.2% in 1992/93 to 34.6% in 1997/98, and did not improve significantly in 2002/03. In the urban areas bordering Thailand, the Gini Index dropped to 31.7% in 2002/03, which is the same level in 1992/93, after significantly deteriorating to more than 40% in 1997/98. Although these areas have a relatively lower poverty incidence, inequality was higher than in other areas.

The areas bordering China had a similar experience: starting at 21.1% in 1992/93, it rose to 31.1% in 1997/98 and then fell to 25.9% in 2002/03. These areas had a lower poverty incidence and lower inequality compared to other regions.

Among the areas bordering Vietnam, the South-Central areas continuously improved from 36.4% to 25.8% over the decade, while inequality in the Northern areas remained at a lower level around 26%. Despite lower inequality, however, these areas had a relatively high poverty incidence.

The areas bordering Cambodia had the same pattern as the areas bordering Vietnam. The level of inequality in these areas was relatively lower but had a higher poverty incidence. Their inequality worsened slightly from 26.8% in 1992/93 to 28.0% in 2002/03.



(Source) Swiss National Center of Competence in Research North-South and International Food Policy Research Institute, “The Geography of Poverty and Inequality in the Lao PDR”, p.26, Figure 13

Figure 1-6: Map of Inequality by Gini Index

### 1.3.3 Inequality by Agro-ecological Zone and Topography

#### (1) Agro-ecological Zone

By agro-ecological zone, there was no significant difference in the level of inequality.

The Boloven Plateau, which had the lowest poverty incidence, had the lowest Gini Index of 27% among the regions. It means that the population in the region suffered from less poverty and inequality.

On the other hand, the South-Central zone had lower inequality but a high poverty incidence of more than 60%.

In the regions with lower poverty incidence, such as the Vientiane Plain, the Mekong Corridor and the Northern Lowlands, the Gini Indexes were relatively higher than the other zones at 31%.

The Northern Midlands and Highlands, which had a

Table 1-20: Gini Index by Agro-ecological Zone

Agro-ecological Zone	Gini Index (%)
Vientiane Plain	31
Mekong Corridor	31
Northern Lowlands	31
Northern Midlands	31
Northern Highlands	32
South-Central Lowlands	29
South-Central Midlands	30
South-Central Highlands	28
Boloven Plateau	27

(Source) Swiss National Center of Competence in Research North-South and International Food Policy Research Institute, “The Geography of Poverty and Inequality in the Lao PDR”, p.38, Table 8

poverty incidence of more than 40 %, had also relatively higher Gini Indexes at 31% and 32%, respectively.

## (2) Topography

There was also no considerable difference in inequality in 2002/03 among the areas when classified by topography. The Gini Index of the “Mostly Flat” areas deteriorated from 31.5% to 33.7% between 1992/93 and 2002/03. In the “Mostly Steep” areas, inequality slightly worsened from 28.1% to 30.1% over the same period. In the “Somewhat Steep” areas, the Gini Index sharply increased to 38.5% in 1997/98 from 31.5% in 1992/93, then decreased 31.4% in 2007/08.

Table 1-21: Gini Index by Topography

Area	1992/93	1997/98	2002/03
(%)			
District Slope			
Mostly flat	31.5	34.7	33.7
Somewhat steep	29.3	38.5	31.4
Mostly steep	28.1	31.4	30.1
Village Altitude			
Lowland	n.a	n.a	33.3
Midland	n.a	n.a	31.1
Upland	n.a	n.a	29.4

(Source) Committee for Planning and Investment, National Statistics Center and World Bank, “Lao PDR Poverty Trends 1992/93-2002/3” (2004), p.40, Table 10

## 1.3.4 Inequality by Ethnicity

By ethno-linguistic family, there was no significant difference in inequality although there was a significant difference in poverty incidence between the different groups.

Inequality amongst the Lao Tai was slightly higher than Mon-Khmer and Tibeto-Burman & Hmong-Mien. Inequality among the other ethnic groups was greater, with a Gini Index of 34%.

Table 1-22: Gini Index by Ethnicity

Ethnicity	Gini Index
Lao-Tai (Tai-Kadai)	32
Mon-Khmer	30
Tibeto-Burman & Hmong-Mien	30
Others	34

(Source) Swiss National Center of Competence in Research North-South and International Food Policy Research Institute, “The Geography of Poverty and Inequality in the Lao PDR”, p.38, Table 8



## Chapter 2 Non-Income Poverty Analysis

### 2.1 Designated Poor Areas and Socially Vulnerable Groups by the Government

In June 2004, the Government of Laos announced the first national poverty reduction strategy, the “National Growth and Poverty Eradication Strategy (NGPES)”. The NGPES sets out poverty criteria to support local authorities to monitor changes in poverty and to better understand the poverty situation at household, village, and district level. The poverty criteria are shown in Table 2-1.

At the household level, households which do not have enough income to obtain 16 kg of rice per person per month, are considered as “poor”. At the village and district level, the poverty criteria are based not only on income level but also access to basic services, such as education, health care, roads and safe water.

Table 2-1: Poverty Criteria

	Poverty Criteria
<b>Household Level</b>	<ul style="list-style-type: none"> <li>■ Income (or the equivalent in kind) of less than Kip 85,000, per person per month (at 2001 prices)               <ul style="list-style-type: none"> <li>➢ Less than Kip 100,000 for urban areas</li> <li>➢ Less than Kip 82,000 for rural areas</li> </ul> </li> </ul>
<b>Village Level</b>	<ul style="list-style-type: none"> <li>■ Villages where at least 51% of the total households are poor</li> <li>■ Villages without schools or schools in nearby and accessible villages</li> <li>■ Villages without dispensaries, traditional medical practitioners or villages requiring over 6 hours of travel to reach a hospital</li> <li>■ Villages without access to roads (at least trails accessible by cart during the dry season)</li> </ul>
<b>District Level</b>	<ul style="list-style-type: none"> <li>■ Districts where over 51% of the villages are poor</li> <li>■ Districts where over 40% of the villages do not have local or nearby schools</li> <li>■ Districts where over 40% of the villages do not have a dispensary or pharmacy</li> <li>■ Districts where over 60% of the villages without an access road</li> <li>■ Districts where over 40% of the villages do not have safe water</li> </ul>

(Source) Lao People’s Democratic Republic, “National Growth and Poverty Eradication Strategy” (2004), p.30

(Note) The average exchange rate in 2001 was 1 USD=8,954.58 Kips.

According to the definition of poor households by NGPES, there were more provinces with a large proportion of poor households in the North and South. In all provinces of the North, with the exception of Xaygnaboury, more than 50% of households were classified as poor. In the Central, there were considerable differences between the provinces. Only 4.4% of households were classified as poor in the capital Vientiane while 71% of households were considered as poor in Boikhamxay. In the South, the share of poor households in Champasak was 19.7% whereas in the rest of the provinces the share was greater than 60%. In Xékong in particular, more than 80% of households were classified as poor.

On the other hand, at the village level, the majority of villages in the country were classified as “poor” according to the definition given in the NGPES.

Table 2-2: Number and Percentage of Poor Villages and Households by NGPES Poverty Criteria (2003)

Province	No. of Poor Villages	% of Poor Villages	No. of Poor Households	% of Poor Households
<b>North</b>				
Phongsaly	369	94.4	9,241	53.3
Louang Namtha	195	88.6	7,918	70.0
Oudomxay	500	91.6	18,288	60.1
Bokeo	114	64.0	5,082	52.6
Louang Prabang	246	76.4	12,964	72.2
Houa Phan	636	91.1	21,299	65.1
Xaynaboury	136	47.4	8,040	30.9
<b>Central</b>				
Vientiane Capital	27	73.0	191	4.4
Xieng Khoang	204	47.6	9,228	35.4
Vientiane	129	84.9	4,190	33.7
Borikhamxay	134	88.2	10,885	71.2
Khammuane	310	82.7	7,658	36.8
Savannakhet	523	72.5	21,086	57.5
Xaysomboun	72	83.7	2,919	58.0
<b>South</b>				
Saravanh	119	65.7	5,483	61.2
Xékong	153	85.5	3,966	82.4
Champasak	160	51.5	5,893	19.7
Attapeu	99	86.1	6,261	69.3
Total	4,126	76.7	160,592	50.4

(Source) Lao People's Democratic Republic, "National Growth and Poverty Eradication Strategy" (2004), p.31

Based on the classification of poor districts by NGPES, the Government of Laos identified 72 districts as "Poor" out of the total of 142 districts in the country in 2003. As of 2003, the poor population in the 72 districts indentified as "Poor" exceeded 60 % of the poor population in the country. (Table 2-3)

Of the "Poor" districts, 40 districts in which at least half of the households were poor according to the NGEPS's poverty criteria were classified "very poor districts". In addition, another 7 districts were selected in order to ensure a minimum geographical representation of all provinces. Then, in total 47 districts, including 40 very poor districts and additional 7 districts were designated as the First Priority Districts which were the target investment group by the national development programs for 2003-2005. The rest 25 were defined as the Second Priority Districts. The target poor population in the First Priority Districts was more than 655,000 according to LECS 3<sup>14</sup>. The Priority Districts are mainly located on the border with Vietnam and the North. This is consistent with the results of the income poverty analysis given in Chapter I.

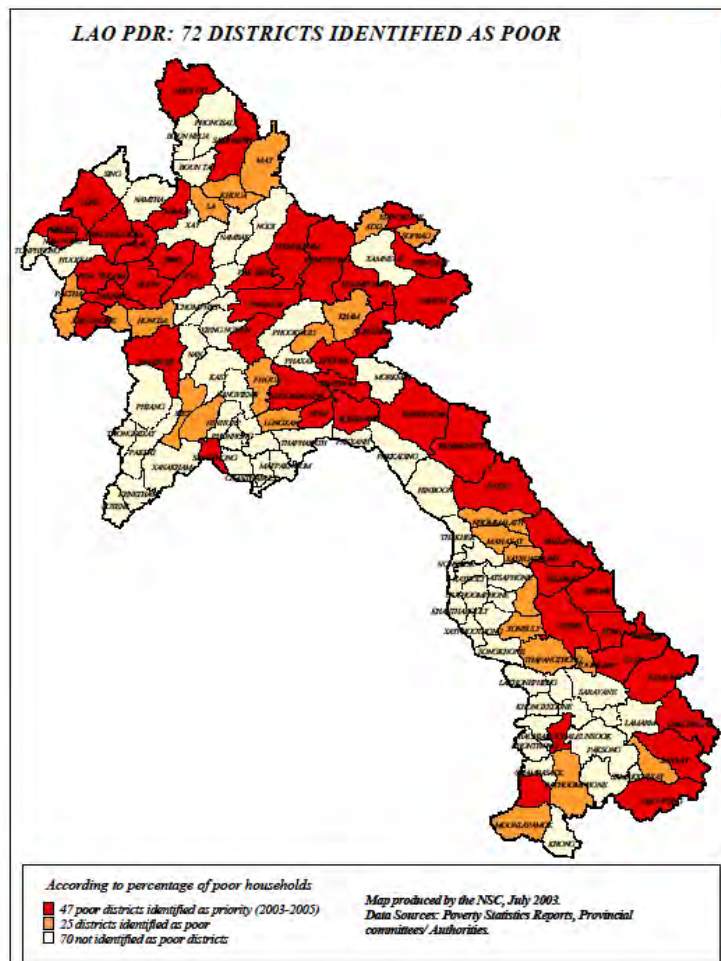
<sup>14</sup> Committee for Planning and Investment, National Statistics Center and World Bank, "Lao PDR Poverty Trends 1992/93-2002/03", (2004), p.35, Table 5

Table 2-3: Poverty and Poor District Classification by NGPES

Indicator	Classification		
	Poor Districts (72 districts in total)	First Priority Districts (2003-2005) (47 districts)	Non-Poor (70 districts)
Avg. poverty incidence (%)	55	64	23
% of district to total population	37.8	24.3	61.4
% of poor to total poor population	62.2	46.9	37.8
% of poor	50.6	-	18.9

(Source) Lao People's Democratic Republic, "National Growth and Poverty Eradication Strategy" (2004), p.32

(Note) The total number of districts as of 2004 was 142.



(Source) Lao People's Democratic Republic, "National Growth and Poverty Eradication Strategy" (2004)

Figure 2-1: The 72 Districts Identified as Poor

Table 2-4 shows the poverty incidence measured by the absolute poverty line for each category of district defined by the NGPES. A comparison by district priority shows a clear-cut difference in poverty incidence: prioritized districts have more poverty incidence than other districts (First Priority Districts: 51.6%, Second Priority Districts: 40.5%, and Non-Poor Districts: 25.9%). In the First Priority Districts, more than 30% of the population lived below the food poverty line. While poverty incidence continuously declined in the Second Priority

Districts and the other districts between 1992/93 and 2002/03, the First Priority Districts experienced only limited poverty reduction. The fact indicates that the First Priority District required more public investments in to promote further poverty reduction. Therefore, it can be considered that the targeting of the priority districts by NGPES has been quite rational.

Table 2-4: Poverty Incidence by Priority

Area	1992/93		1997/98		2002/03	
	Food Poverty	Poverty	Food Poverty	Poverty	Food Poverty	Poverty
First Priority	40.9	55.8	53.6	65.0	30.2	51.6
Second Priority	46.6	59.5	32.4	41.9	26.5	40.5
Other	34.7	39.7	25.5	29.8	18.3	25.9

(Source) Committee for Planning and Investment National Statistics Center and World Bank, "Lao PDR Poverty Trends 1992/93-2002/3" (2004), p.33, Table 2 and p.41, Table 11

The poverty gap and poverty severity index in the priority districts were also higher than in the other districts (Table 2-5). While the poverty gap was more than 10% in the priority districts, the ones in the other districts was limited to 5.6%. The poverty severity ratio of the priority districts was 4.0-5.0% whereas the ones in the other districts was only 1.8%. Furthermore, improvement of poverty gap and severity in the priority districts were limited while the other districts continuously decreased the ratios. Expenditures by the poor are far less than the poverty line and inequality among the poor is in severe situation. In other words, there is a huge gap between the poor who are close to the poverty line and the destitute.

Table 2-5: Poverty Gap and Severity by Priority

Area	1992/93		1997/98		2002/03	
	Poverty Gap	Poverty Severity	Poverty Gap	Poverty Severity	Poverty Gap	Poverty Severity
First Priority	15.6	6.0	21.3	9.1	13.5	5.0
Second Priority	16.0	6.1	10.5	4.0	10.9	4.0
Other	8.7	2.7	6.6	2.2	5.6	1.8

(Source) Committee for Planning and Investment National Statistics Center and World Bank, "Lao PDR Poverty Trends 1992/93-2002/3" (2004), p.36, Table 6 and p.41, Table 11

On the other hand, the districts with higher priority had less inequality (Table 2-6). The Gini Index in the First Priority District was 27.8% in 2002/03 which declined from 29.9% in 1992/93. In the Second Priority District, inequality among the population slightly increased to 31.9% from 29.6% for the same period. In the other districts not prioritized, the Gini Index increased from 30.1% in 1992/93 to 32.5% in 2002/03.

Table 2-6: Gini Index by Priority

District	1992/93	1997/98	2002/03
First Priority	29.9	30.2	27.8
Second Priority	29.6	29.2	31.9
Other	30.1	34.6	32.5

(Source) Committee for Planning and Investment National Statistics Center and World Bank, "Lao PDR Poverty Trends 1992/93-2002/3" (2004), p.40, Table 10

## 2.2 Vulnerability Analysis

### 2.2.1 Comprehensive Food Security and Vulnerability Analysis

#### (1) Food Security

Comprehensive Food Security and Vulnerability Analysis (CFSVA)<sup>15</sup> shows the level of food security by area. There are three level of food security:

- Poor: Almost vegan. Marginal diversity and food with low nutrient density.
- Borderline: Vegetable based diets with marginal and opportunistic meat intake. Borderline diversity and food with nutrient diversity, yet low frequency.
- Acceptable: Balanced food group ratios with meat intake > 3 days/week. Sufficient diversity and potential for adequate nutrient intake through regular consumption of foods with nutrient density.

The level of food security is determined by the level of food consumptions considering not only calorie intake but also variety of diet. According to the CFSVA conducted in 2006, the majority of the population in the country lived with food security at the acceptable level, as defined by the United Nations World Food Programme (WFP). On the other hand, 2% of all households in the country suffered from food insecurity and 11% of households lived at the borderline of food security<sup>16</sup>.

Seventy percent (70%) of households with poor and borderline food consumption were concentrated in only seven provinces:

- Oudomxay and Bokeo in the Northern Highlands (28% of poor and 17% of borderline food consumption)
- Luang Prabang and Houa Phan in the North
- Xieng Khong in the Central
- Saravane and Sekong in the Southern Highlands (22% of poor and 20% of borderline food consumption)



(Source) World Food Programme, “Comprehensive Food Security & Vulnerability Analysis”, (2006), p.87, Map 1

Figure 2-2: Food Security Status of Rural Villagers in the Lao PDR, by province

<sup>15</sup> The overall objective of a CFSVA is provide information to WFP and other development partners in Lao PDR focusing on food insecurity on how best to programme food assistance. It also aims to improve the country’s reports and data sets for detailed secondary data analysis in terms of food security and nutritional status in the country as well as links between food security and factors such as government policies.

<sup>16</sup> The estimated average rice intake is 575g per person per day based on data from the LECS 3 (2002/03). The urban population consumes 15% less rice than the rural population. Regional differences in the consumption pattern of food were also found. The people in the North tend to eat more rice than the people in the Central and the South. According to the CFSVA, many households eat non-rice staples, including maize, cassava and other roots and tubers, on a daily basis even in the rice harvest period when they should have enough rice available.

In some provinces, in particular in the Vientiane Plaine and the Mekong Corridor, the number of households with poor or borderline food consumption is small.

The CFSVA report indicates that development level of key village infrastructure affects food insecurity: 49% of food insecure households, including 54% of households with poor food consumption and 48% of households with borderline consumption, live in villages with little or no key infrastructure, compare with 34% of households with acceptable food consumption. Also, the report points out that resettlement causes temporary food insecurity for some villagers: 23% of households living in the village for less than 5 years compared to only 12% of those living for more than 5 years are food insecure. Another factor to affect food security is the source of livelihoods of households. The food insecure households are mainly farmers and unskilled labors. The proportion of households with acceptable food consumption is only 57% for farmers and 10% for unskilled labors.

Table 2-7: Food Insecurity Status of Households in Rural Lao PDR

Province	Level of Food Consumption					
	Poor		Borderline		Acceptable	Total Rural Households
	% of HHs*	No. of HHs	% of HHs	No. of HHs	No. of HHs	No. of HHs
<b>Lao PDR</b>	<b>2</b>	<b>14,000</b>	<b>11</b>	<b>70,000</b>	<b>582,000</b>	<b>666,200</b>
<b>North</b>						
Phongsaly	4	1,100	14	3,400	20,000	24,400
Louang Namtha	2	300	15	3,000	17,100	20,400
Oudomxay	4	1,400	15	5,200	29,100	35,800
Bokeo	11	2,500	30	6,700	12,800	22,000
Louang Prabang	2	1,400	14	7,900	47,800	57,100
Houa Phanh	2	600	19	7,200	29,700	37,600
Xaynaboury	1	600	9	4,200	42,700	47,500
<b>Central Total</b>						
Xieng Khoang	3	800	22	6,600	21,900	29,300
Vientiane	0	0	4	2,000	54,400	56,400
Borikhamxay	1	200	3	900	26,900	28,000
Khammuane	1	400	9	4,100	43,800	48,400
Savannakhet	1	900	3	2,800	97,000	100,700
<b>South Total</b>						
Saravanh	4	2,000	26	12,600	33,500	48,100
Xékong	10	1,000	14	1,300	7,400	9,700
Champasak	0	300	1	1,000	83,100	84,500
Attapeu	1	200	8	1,300	14,800	16,300

\* HHs = Households

(Source) World Food Programme, "Comprehensive Food Security & Vulnerability Analysis", (2006), p.86, Table 16.

(Note) Food consumption groups are categorized as follows:

- Poor: Food Consumption Score (FCS) cut-off point  $\leq 21$
- Borderline: FCS cut-off-point 21.5-35CS cut-off-point 21.5-35
- Acceptable: FCS cut-off point  $> 35$

## (2) Child Nutrition

There are significant differences in nutritional status across the agro-ecological zones. In general, the nutritional status is assessed by the following three dimensions:

- Underweight: low weight for age which is primarily malnutrition caused by the unavailability of adequate food to take sufficient calorie,
- Stunting: low height for age which is chronic protein-energy malnutrition associated with especially inadequate protein intake and repeated infectious diseases,
- Wasting: low weight for height which is acute protein-energy malnutrition and infectious diseases.

The children in the Vientiane Plain have the best nutritional status. On the other hand, the prevalence of underweight and stunting are very high in the Central & Southern Highlands as well as in the Northern Highlands. The geographical region is closely associated with different concentrations of ethnic groups, although the nature of this relationship requires further study.

Table 2-8: Prevalence of Child Malnutrition by Ecological Zone (Confidence Interval of 95%) (%)

Agro-ecological zone	Underweight	Wasting	Stunting
Vientiane Plain	18.7	4.6	34.6
Central & Southern Highlands*	35.9	9.3	55.3
Mekong Corridor	34	9.4	44.7
Northern Highlands	32.8	6.5	58
Northern Lowlands	25.5	6.2	45.7

(Source) World Food Programme, “Comprehensive Food Security & Vulnerability Analysis” (2006), p.99, Table 18

(Note) \* including the Bolaven Plateau

By presence of fragile land<sup>17</sup>, there is no significant difference in underweight and wasting. However, in the areas with more than 70% of fragile land, children suffer from the highest level of stunting at 54%.

Table 2-9: Child Nutrition Status by Presence of Fragile Land (Slope of more than 16%) (%)

Sloping Class	Underweight	Wasting	Stunting
0-30%	32.8	7.8	48.3
31-70%	28.6	9.1	45.3
More than 70%	31.3	6.3	54.2

(Source) World Food Programme, “Comprehensive Food Security & Vulnerability Analysis” (2006), p.99, Table 19

The nutritional status of households belonging to the Lao-Tai family is better than that of other ethno-linguistic families. According to the CFSVA, this is because the majority of Lao-Tai households had sufficient food security despite that 7% of Lao-Tai were food insecure households. Hmong-Mien also had a better nutrition status rather than the other ethnic groups, although 28% of households belonging to Hmong-Mien were food insecure.

On the other hand, Mong-Khmer and Tibeto-Burman had a very poor nutritional status of the children due to poorer food security: The prevalence of underweight and stunting among Mong-Khmer were 36% and 54% while 44% of their households were food insecure. Tibeto-Burman had the highest underweight ratio of 39.8% and the highest stunting ratio of 61.9% though food insecure Tibeto-Burman households accounted for 22% of the total number

<sup>17</sup> Fragility of land is defined by the degree of slope. The slope with more than 16 degree is considered as “fragile land”.

of food insecure households in the country, which was better than the food security status of Mong-Khmer. Most of Mong-Khmer and Tibeto-Burman could neither have sufficient nutrition nor adequate diet, in particular protein. They have limited access to food and nutritional variety due to their low productive subsistence shifting cultivation and remoteness far from the market.

Many ethnic groups, in particular those practicing shifting cultivation, substitute or mix rice with maize, roots and tubers, especially in the months before the rice harvest (June-September). It is a coping strategy for some households to make dwindling rice stocks last longer.

Table 2-10: Child Nutrition Status by Ethnicity

Ethno-linguistic Families	Underweight	Wasting	Stunting
Lao-Tai	28.6	8.6	42.4
Austro-Asiatic (Mong-Khmer)	36.1	7.6	55.5
Sino-Tibetan (Tibeto-Burman)	39.8	6.3	61.9
Hmong-Mien	25.8	5.2	54.4

(Source) World Food Programme, “Comprehensive Food Security & Vulnerability Analysis” (2006), p.100, Figure 31

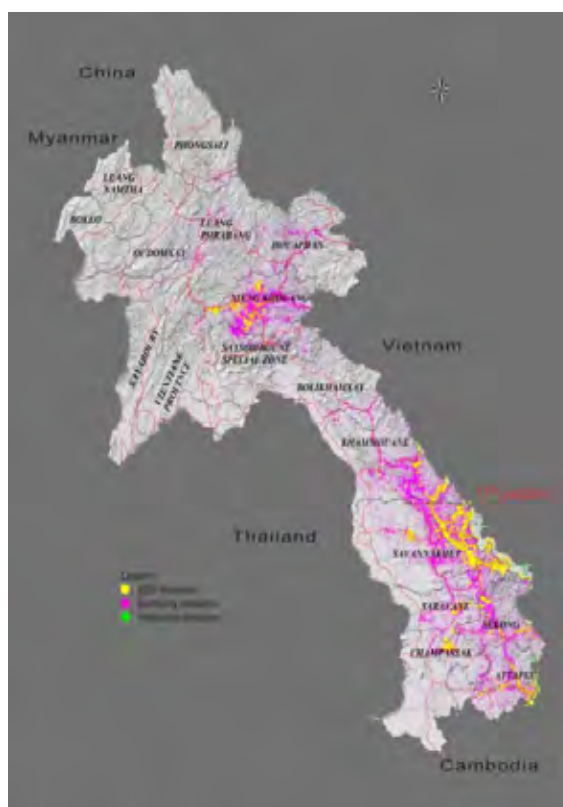
### 2.2.2 Hazard Analysis

#### (1) Unexploded Ordnance (UXO)

The Lao PDR is the most heavily bombed country in the world per capita. During the Indochina war from 1964 to 1973, it is estimated that more than 2.6 million tons of bombs were dropped over an area of 84,000km<sup>2</sup> which account for one third of the country’s land. The estimated number of unexploded sub-munitions is 78 million.

UXOs were confirmed in 15 provinces which have been affected severely. In particular, the following 8 provinces have suffered from the most severe UXO contamination: Savannakhet, Saravane, Champasack, Attapeu (South), Khammuane, Luang Prabang (Central), Xiengkhuang, and Hauphanh (North). A country-wide survey on the socio-economic impact of UXO<sup>18</sup> reported that 25% of all villages in the country were contaminated by UXO.

Unexploded ordnances are believed to be one of cause of poverty. Some of the most UXO-contaminated communities are also the poorest in the country. Since the affected areas represent 50% of all agricultural land, the UXO contamination



(Source) Lao National Unexploded Ordnance Programme, “2009 Work Plan”

Figure 2-4: UXO Contamination Map

<sup>18</sup> The survey was carried out for the years 1996 and 1997.



restricts access to agricultural land and production, causing food shortages. Also, many of the poor and vulnerable groups in remote rural communities face the dilemma of risking life and limb in tampering with UXO, or continuing to live in impoverished conditions. According to the CFSVA, 17% of households living in villages with UXO problems have poor or borderline food consumption against 12% of households in other villages.

Since UXO clearance is critical to ensure the safety of the people living in the affected areas and to increase available land for food production as well as other socio-economic activities, the Lao Government established the Lao National Unexploded Ordnance Programme (UXO Lao)<sup>19</sup> with the support of donors, including United Nations Development Programme (UNDP) and United Nations Children’s Fund (UNICEF), in 1996. UXO clearance activities contribute to the country’s poverty eradication strategy.

Between 1996 and 2007, UXO Lao destroyed more than 371,000 sub-munitions which account for only 0.47% of the estimated number of UXO in the country.

Table 2-11: UXO Clearance (1996-2008)

Province	Agricultural Land (ha)	Others (ha)	Total Area (ha)	Beneficiaries
<b>North</b>				
Louang Prabang	1,222.5769	281.2277	1,503.8046	254,496
Houa Phan	1,360.7489	145.5436	1,506.2925	376,901
<b>Central</b>				
Xieng Khoang	2,820.9550	324.9612	3,145.9162	574,513
Khammuane	715.9779	269.2542	985.2321	123,880
Savannakhet	2,019.5717	227.1232	2,246.6949	263,393
<b>South</b>				
Saravanh	1,212.2215	364.0038	1,576.2253	469,628
Xékong	774.1316	309.3360	1,083.4676	137,012
Champasak	1,026.4717	278.0842	1,304.5559	639,134
Attapeu	699.5831	467.2163	1,166.7994	232,518
<b>Total</b>	<b>11,852.2383</b>	<b>2,666.7502</b>	<b>14,518.9885</b>	<b>3,071,475</b>

(Source) Lao National Unexploded Ordnance Programme, “Annual Report” (2007 and 2008)

## (2) Natural Disasters

For every year from 1966 to 2002, at least part of the country was affected by drought or flood, or a combination of both. According to CFSVA, it is estimated that 46% of the rural population is vulnerable to drought. The vulnerable population inhabit the lowlands, in particular, in the South and the provinces of Xaygnaboury and Luang Prabang. Most households vulnerable to drought are farmers or agricultural unskilled labors. In addition, it is estimated that around 188,000 households (around 20% of the total households in the country as of 2005 by the Census) are at risk of food insecurity caused by drought. Most of them live in Khammuan, Savannakhet, Vientiane Province (Central), Saravane, Champasak (South), Xaygnaboury (North) (Refer the brown-colored area of Figure 2-5).

Flooding is the main natural disaster in the country, both in terms of frequency and consequences. Usually, floods occur from August to September in the Central and Southern parts of the country. Although the annual floods along the Mekong river benefit the people

<sup>19</sup> This is a Nationally Executed Project of the Ministry of Labour and Social Welfare and UNDP.

through the increase in availability of fish and other aquatic animals, as well as by enriching the soil and thereby possibly increasing rice production, large floods cause damage to assets, including housing, agricultural production and livestock. The number of people affected in each major flood ranged from 2,000 to more than 590,000. All households in flooded areas have a high risk of becoming worse off if they depend on agricultural crop production, livestock production, labor and other activities inside the flooded area.



(Source) World Food Programme, “Comprehensive Food Security & Vulnerability Analysis” (2006)

Figure 2-5: Households at Risk of Food Insecure by Drought (excluding chronically food insecurity)



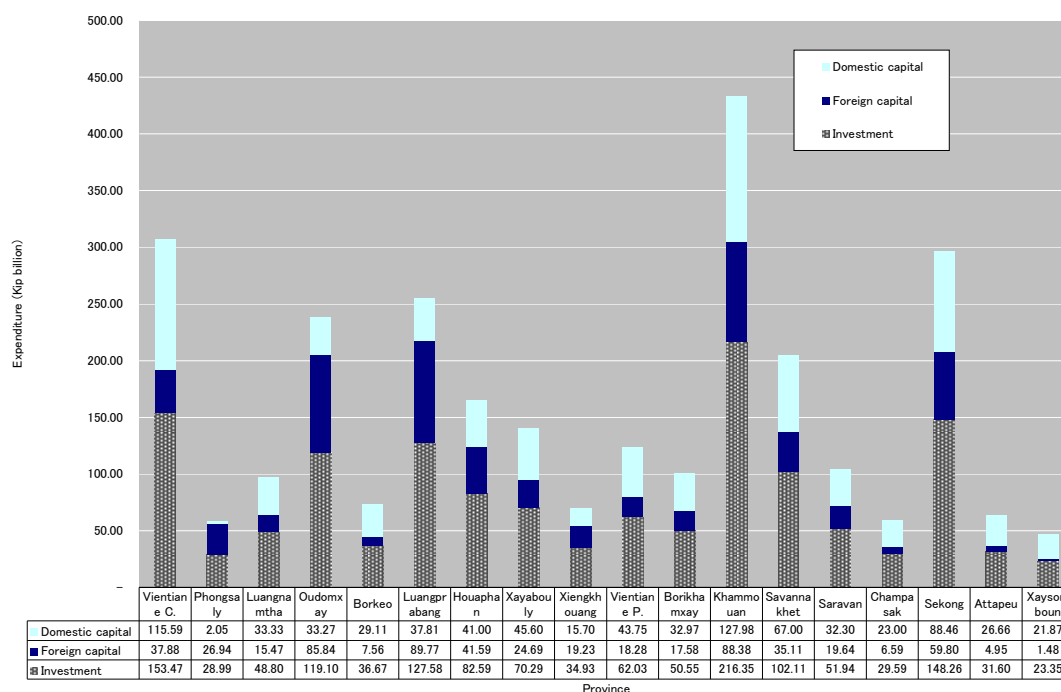
Figure 2-6: Drought Prone Areas in Lao PDR

## Chapter 3 Explanatory Factors of Poverty in Laos

### 3.1 Domestic Factors

#### 3.1.1 National Development and Public Expenditure

In the early 2000s, the Government of Lao PDR set forth a national development as well as poverty reduction strategy to help it to graduate from the Least Developed Country (LDC) status by 2020, as laid out in the National Socio-Economic Development Plan 2001-2005 (NSEDP) and the National Growth and Poverty Eradication Strategy (NGPES). Based on these strategy and plan, the Government shifted public investment programs more towards the Northern Highlands, the Northern Lowlands and the Central-Southern Highlands. Donors supported the Government’s strategies and increased their assistance to these areas. The WB report published in 2006<sup>20</sup> pointed out that through both public and donor-funded investment, the number of rural households involved in development projects in those areas increased and is correlated with the reduction of poverty in those areas. Infrastructure investment created better links to markets and social services, and therefore reduced poverty in remote uplands areas.



(Source) Ministry of Finance, “Official Gazette: State Budget Implementation Report FY2002/03”

(Note) Reference exchange rate is 1 USD = 10,569.04 Kips (period average of 2003, by IMF, “International Financial Statistics Yearbook 2009”)

Figure 3-1: Public Investment by Province (2002/03)

In terms of food security, a “Food Security Strategy” has been implemented under the Ministry of Agriculture and Forest from 2000 to 2010. While the strategy aimed to boost rice production to meet the caloric needs of the entire population, it did not address associated issues such as malnutrition, lack of dietary diversity and knowledge among the population which affect vulnerability of food and nutritional security. On the other hand, although nutritional policies had not been highly prioritized in the Government’s agenda, a National Nutrition Policy was adopted in 2008 by the Ministry of Health in cooperation with the Ministry of Health and

<sup>20</sup> World Bank, “Lao PDR: Rural and Agriculture Sector Issues Paper”, (2006)

other ministries, including the Ministry of Agriculture and Forestry, the Ministry of Education, and the Ministry of Planning and Investment<sup>21</sup>.

### 3.1.2 Industrial Structure and Employment

#### (1) Industrial Structure

In the Lao PDR, agriculture remains the single largest source of food and income for the rural population, accounting for 50% of GDP and 70% of total employment. However, it is estimated that around 40% of the population involved in agricultural activities are impoverished.

According to the WB's poverty assessment, poverty reduction for the decade from 1992/93 to 2002/03 is linked to the growth of non-agriculture sector rather than the growth of agriculture. When the poverty incidence for the two periods of 1992/93-1997/98 and 1997/98-2002/03 are compared, the decline in the first period is larger than the second period. It implies that the higher growth of non-agriculture sector led the faster poverty reduction in urban areas though it slowed down. In other words, the lower growth of the agriculture sector brought about the slower poverty reduction in the rural areas than in urban areas. On the other hand, the non-agriculture sector, such as manufacturing, construction and service sectors, can provide employment opportunities with the people in the urban and peri-urban areas where those industries are located and so far less benefit to the rural population with limited access to such employment opportunities.

Table 3-1: Poverty and Sectoral Growth (1992/93-2002/03)

Indicator	1992/93	1997/98	2002/03	Growth Rate (%)	
				1992/93-1997/98	1997/98-2002/03
Poverty Incidence	46.0	39.1	33.5	-3.2	-3.0
GDP Share	100	100	100	6.8	6.0
Agriculture	59	52	50	4.8	4.8
Non-agriculture	41	48	50	9.6	7.3
Employment Share	100	100	100	2.5	2.5
Agriculture	86	70	67	-1.5	1.4
Non-agriculture	15	30	33	17	4.9

(Source) World Bank, "Lao PDR Poverty Assessment Report Volume II: Main Report", p.19, Table 6

Most rural households operate small plots of farm without irrigation, and most farming is subsistence farming. According to LECS 3, only 23% of grain production in rural areas was sold at market. It suggests that the most agriculture productions are consumed by rural households for their food subsistence. Therefore, those rural households partly or fully engaged in crop production have higher poverty because their limited crop production results in limited income.

For the recent years, the contribution to GDP growth has been shifting towards the resource sectors, such as the mining sector (mostly copper and gold) and the power sector. Also it is expected that the exports of the country will be boosted by the implementation of large hydropower plant projects and the further expansion of mining will benefit to the national

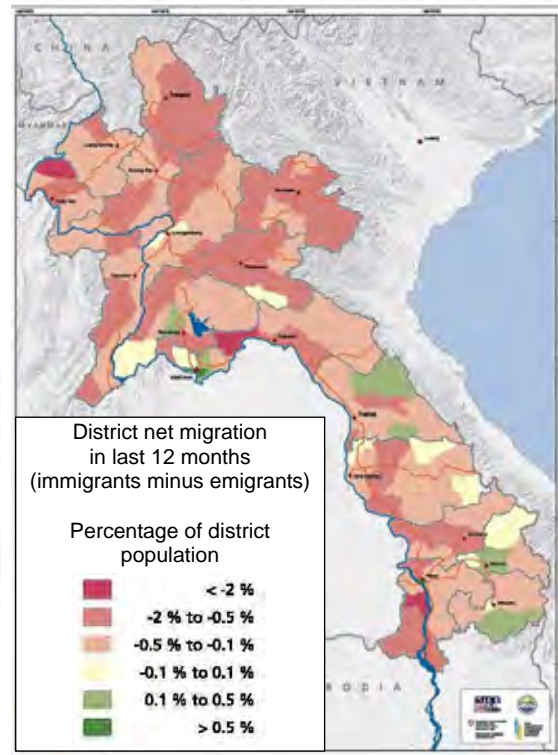
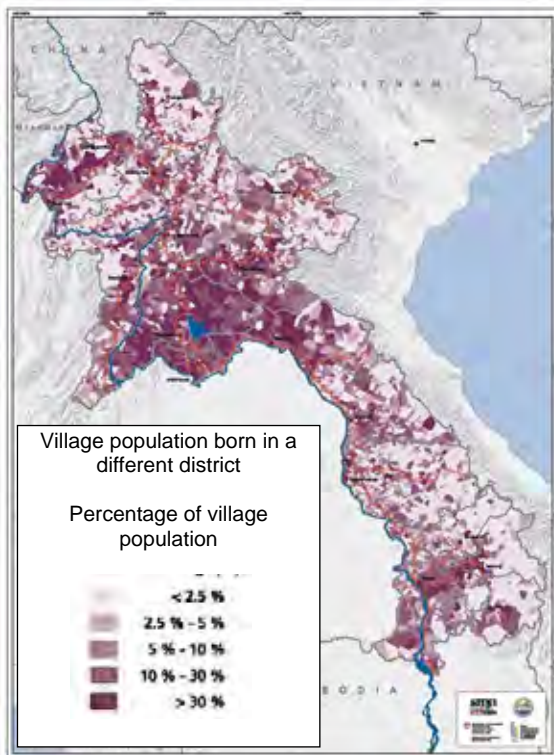
<sup>21</sup> The policy was prepared with the support of international donors, including FAO, WHO, WHO, UNICEF and WFP.

economy. Since it can be assumed that the such macroeconomic growth led by the resource sector may enhance the national economic level as well as may contribute to further poverty reduction in the country, it is necessary to analyze changes in poverty incidence after LECS 3 and factors affecting poverty in the country.

(2) Employment Opportunities and Internal Migration

According to the WB’s poverty assessment, triggers for internal migration from rural areas include: improved infrastructure access; rural development policies, including stabilization of shifting cultivation; land reallocation; focal site development; and opium eradication. These policies may have increased vulnerabilities of the rural poor population, which in turn may have forced them to migrate to lowland areas. In addition, urbanization and economic growth in Vientiane Capital, Savannakhet, Pakse, Thakek and Luang Prabang is a driving force for rural-to-urban and upland-to-lowland migration. Such internal migration with remittance, may be contributing to poverty reduction in the North and the highland areas.

On the other hand, low levels of formal education and ethnic differences are impediments to rural people considering migration. Internal migration is often from upland to lowland. Rural poor who have limited opportunities to migrate may have fewer chances to move out of poverty. At the same time, differences in opportunities to migrate may increase inequality among the rural population.



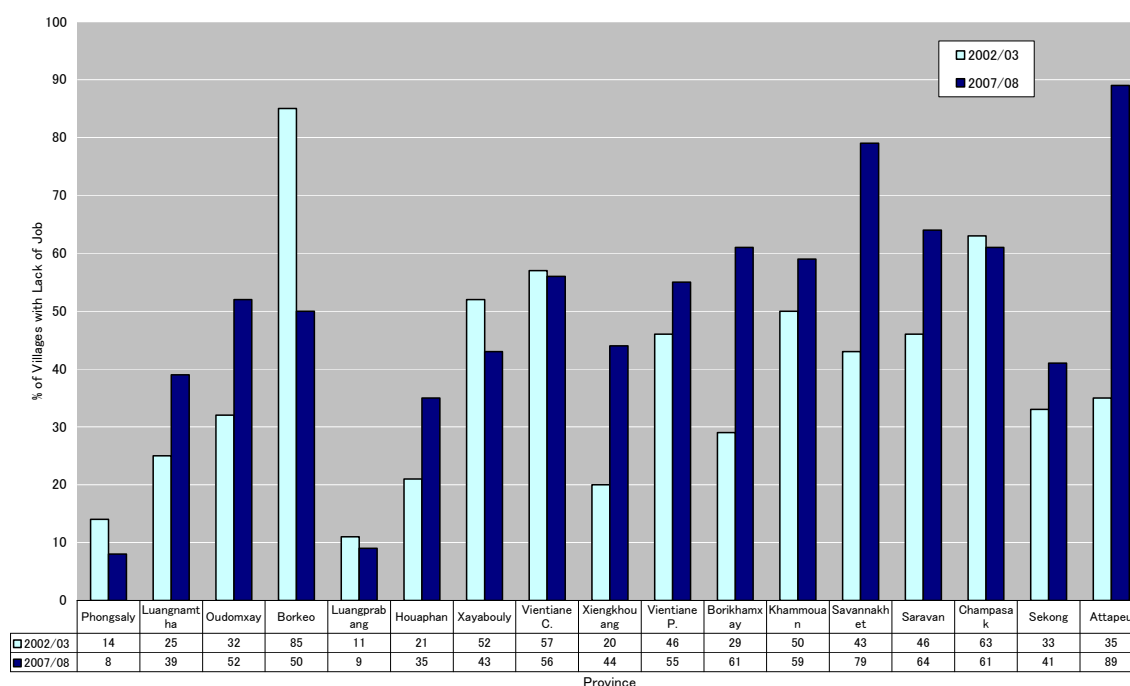
(Source) Swiss National Center of Competence in Research North-South and International Food Policy Research Institute, “Socio-economic ATLAS of the Lao PDR”, p.43 and p.45

Figure 3-2: Internal Migration

Figure 3-3: District Migration

Figure 3-4 shows availability of job in villages. The higher percentage of villages with lack of job indicates the higher motivation of villagers for migrating to a place with more income

opportunities. In some provinces, the share of villages with less opportunities increased, in particular Savannakhet in the Central and Attapeu in the South, which have higher poverty incidence in 2002/03.



(Source) Ministry of Planning, Department of Statistics, “The Households of Lao PDR”, LECS 3 (2002/03) and LECS 4 (2007/08)

Figure 3-4: Percentage of Villages of having Lack of Job (%), (2002/03-2007/08)

On the other hand, while the pressure for internal migration has been expanding, poor road infrastructure and difficult transport conditions in rural villages constrains the mobility of the rural population. In the North, in the most provinces, the majority of the population has to travel on average more than 20kms to the district center by foot. In particular, in Xaygnaboury, which had a poverty incidence of more than 50%, the average distance to district center is approximately 50 km and the main means of transport is the hand tractor. In the Central, people travel 20-40 km by motorbike or hand tractor to their district center. In the South, the average distance to the district center ranges from 10 to 30 km, but the main means of transport differs from province to province.

Table 3-2: Road Access and Transport Conditions by Province

Region	Average Distance to District Center (km)	Motorable Road Availability Score*	Main Means of Transport (% of Villages)
<b>North</b>			
Phongsaly	7.1	1	Foot (68)
Louang Namtha	15.6	3	Foot (68)
Oudomxay	22.2	2	Foot (80)
Bokeo	34.1	2	Foot (40)
Louang Prabang	31.1	3	Foot (32)
Houa Phan	28.8	1	Foot (60)
Xaygnaboury	49.6	2	Hand Tractor (52)



Region	Average Distance to District Center (km)	Motorable Road Availability Score*	Main Means of Transport (% of Villages)
<b>Central</b>			
Xieng Khoang	29.2	3	Foot (68)
Vientiane	20.6	3	Motorbike (50)
Borikhamxay	40.1	3	Motorbike (20)
Khammuane	5.0	2	Bicycle (24)
Savannakhet	32.2	2	Hand Tractor (42)
Xaysomboun	-	-	-
<b>South</b>			
Saravanh	10.7	2	Hand Tractor (24)
Xékong	14.3	2	Foot (46)
Champasak	31.4	1	Motorbike (36)
Attapeu	23.2	2	Bicycle (60)

(Source) World Food Programme, "Comprehensive Food Security & Vulnerability Analysis" (2006), p.44, Table 4.

(Note) \* 1= Low access (track and earth roads), 2= Moderate access (gravel/paved and track/earth road), 3= Better access (gravel and paved roads)

### 3.1.3 Resources

#### (1) Land and River

The Lao PDR has traditionally been divided into three topographical regions: the "Lowland Flood region", the "Midlands/Plateau", and the "Uplands". The Lowlands have relatively flat land which is suitable for food production and agriculture, making them the most productive areas in the country. The Midlands is less suitable for paddy rice production, but is still suitable for industrial crops such as coffee and fruit, as well as animal husbandry, which bring about cash income opportunities. On the other hand, the Uplands, which cover the largest area of the country, face constraints in food production and agriculture

Fragility of land also affects agriculture productivity which is closely linked to household income in rural areas. Land with slopes steeper than 16 degrees is considered "fragile land" which is unsuitable for intensive and productive agricultural production. Fifty eight percent (58%) of the land in the country can be characterized as "fragile land". The presence of fragile land varies across provinces. Champasak and Savannakhet have relatively little fragile land at 14% and 15% respectively, whereas provinces in the North, such as Huaphanh, Luang Prabang, Phongsaly, Luang Namatha, Oudomxay and Xiengkhuang, have 75-85% fragile land. The provinces covered by fragile land have limited agricultural production which contributes to poverty and food insecurity in the areas.

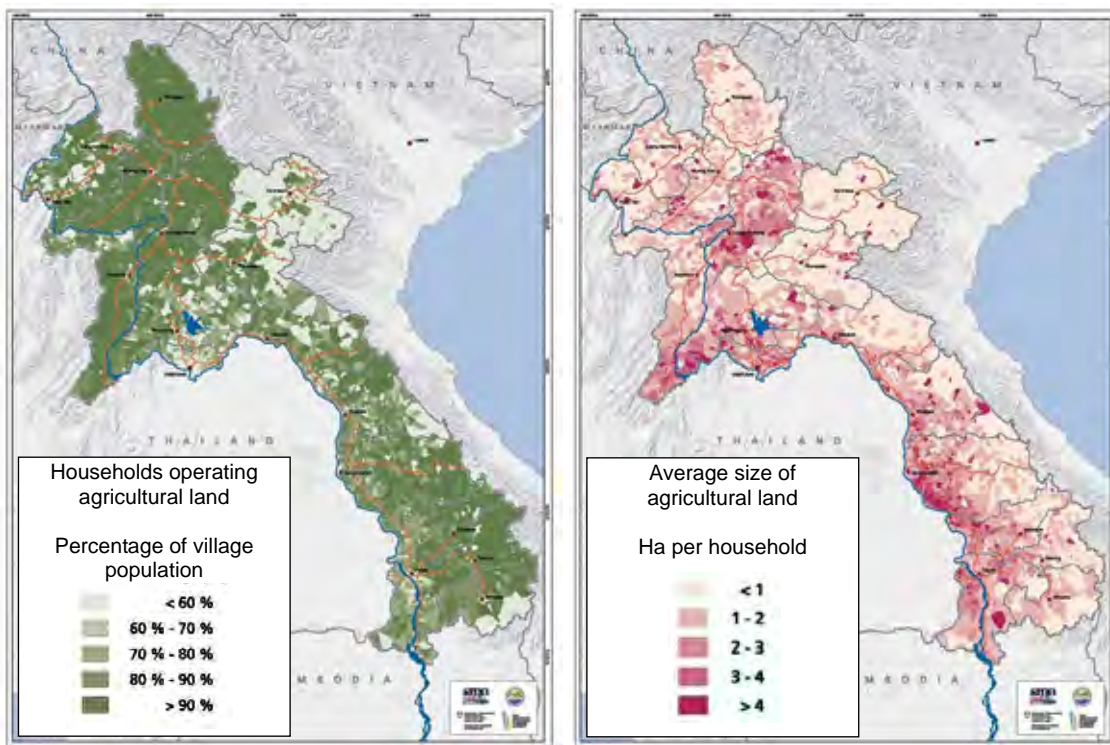
In addition, the Lao PDR is characterized by the many rivers which traverse the country: 87% of the land is within the Mekong River Basin System which has 28 big tributary rivers. Besides the Mekong Basin, in northeastern areas four other rivers flow to Vietnam and have water throughout the year, even in the dry season. These rivers are an important source of irrigation for more productive agriculture. However, for rice production, only 15% of the total harvested land was irrigated in 2008<sup>22</sup> despite of the abundant water source for irrigation. The limited development of irrigation in the country, in particular, in the northeastern areas, is because of fragile topography.

Low agriculture production hinders food security as well as income opportunities, which are

<sup>22</sup> The total rice harvested area is 619,950 ha and the irrigated area is 94,072 ha. (Department of Statistics, Ministry of Planning and Investment, "Statistical Yearbook 2008" (2009), p.40-41)

both key factors in determining levels of poverty.

The Participatory Poverty Assessment (PPA)<sup>23</sup> in 2006 found that the primary cause of poverty identified by villagers is limited access to land to cultivate, which was the same response given for the last PPA conducted in 2000. For example, among the 65 Mon-Khmer villages targeted by the PPA, only 19 villages were cultivating more than an average of 1 ha per household, which is far below the minimum size to obtain rice or staple sufficiently.



(Source) Swiss National Center of Competence in Research North-South and International Food Policy Research Institute, “Socio-economic ATLAS of the Lao PDR”, p.109 and p.111

Figure 3-5: Households Operating Agricultural Land

Figure 3-6: Average Size of Agricultural Land per Household

(2) Forest

The Lao PDR also has vast tracts of forested land. Forest areas still cover up to 25% of land in some Northern provinces and as much as 70% in some Southern provinces.

In the country, poverty is linked to environmental conditions because the poor rely disproportionately on the environment, in particular, agricultural biodiversity resources, in order to meet their daily needs. Forests supply the poor with non-timber forest products for consumption, shelter, fuel and also provide a source of income.

In the North, the lack of flat land for permanent and stable agricultural cultivation causes the continuous traditional practice of shifting cultivation. In the Central and the South, forested areas have more pressures to expand cultivated land by encroaching lowland farmers because low yield agriculture depending on traditional cultivation. The high dependency on natural

<sup>23</sup> A PPA was carried out with the technical assistance of the Asian Development Bank (ADB). It provided a qualitative analysis to complement the quantitative poverty analysis for better understanding of poverty status.

resources for food security and income generation increases the rate of environmental degradation.

Environmental degradation with loss of agricultural biodiversity not only affects food availability and production but also threaten the livelihoods of people.

According to the CFSVA, the households affected by a continuous degradation of forest resources, or by reduced access to natural resources, have less access to wild vegetables, fruits, fish, other aquatic animals and wild meat. Overall, it is estimated that around 157,000 households, or 24% of the rural population in the country, would become food insecure if opportunities for fishing, hunting and gathering were limited.

Households in the two provinces of Bokeo (North) and Khammuane (Central) are considered to be highly vulnerable because they have more restricted forest access. The other provinces in the North and the South have 21-30% of vulnerability.

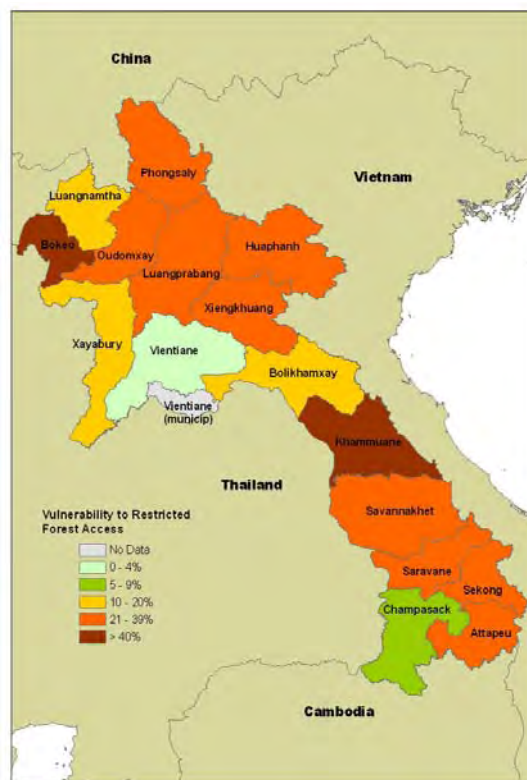
In order to mitigate the increase in pressures on forest areas for cultivation, the Government has been implementing policies to reduce the extent of swidden agriculture. The introduction of National Biodiversity Conservation Areas (NBCA) is also supposed to improve management of natural resources.

### 3.1.4 Ethnicity

Differences in tradition and culture, as well as differences in where different ethnic groups are geographically located and their primary source of livelihood, are linked to access to economic opportunities and social services. According to the Population and Housing Census 2005 (hereinafter referred to as “the 2005 Census”), 43% of all villages are inhabited by only ethno-linguistic family while villages dominated by one ethno-linguistic family accounted for 45% of the total number of villages. On the other hand, only 12% of the villages have a mix of inhabitants with more than two ethno-linguistic families. Therefore, it is important to analyze how ethnic factors may be linked to poverty in the country.

Within the four main ethno-linguistic families in the country, there are 49 recognized ethnic groups and some 160 *seng* or subcategories. In addition, according to the 2005 Census, other ethnic minorities accounted for 0.2% of the total population.

According to the 2005 Census, 66% of the population is Lao-Tai. They live in the Mekong Corridor along the Thai border, with relatively good access to markets and economic activities, or in the Northern Lowlands. They are engaged in settled cultivation in rural areas, and formal

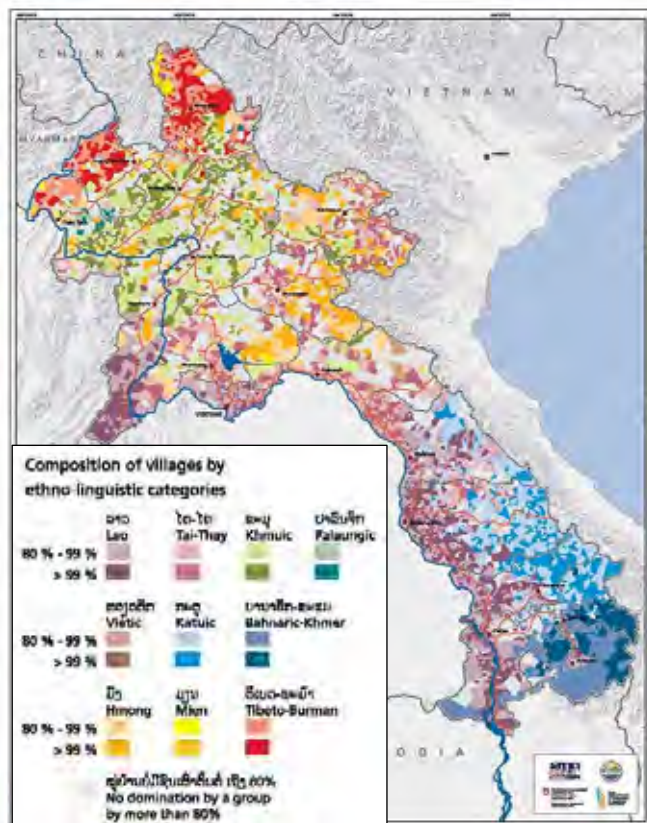


(Source) World Food Programme, “Comprehensive Food Security & Vulnerability Analysis” (2006), p.122, Map 4

Figure 3-7: Vulnerability of households to Restricted Forest Access (excluding chronically food insecure)

or informal economic activities in urban areas. Since they have more income opportunities and social services than other ethnic groups, the poverty incidence among them is much lower than that of other ethnic groups.

Mon-Khmer comprises 24% of the total population. They mainly live in highland areas across the country from North to South. Most of them are engaged in shifting cultivation and are fairly assimilated into Lao-Tai communities due to hundreds of years of interaction. Most mixed villages are comprised of these two families, Lao-Tai and Mon-Khmer. On the other hand, other some Mon-Khmer communities are isolated and engage in hunting and gathering activities in forests. Due to severe living conditions in the highlands and limited access to markets, basic infrastructure and social services, more than half of the Mon-Khmer suffer from poverty.



(Source) Swiss National Center of Competence in Research North-South and International Food Policy Research Institute, “Socio-economic ATLAS of the Lao PDR”, p.89

Figure 3-8: Composition of Villages by Ethno-Linguistic Families

The Sino-Tibet (Tibeto-Burman) family, including the Akha, Lahu and Sila, is a minority group in the country accounting for 3% of the country’s population. They mainly live in poorly-connected upland areas and are engaged in shifting cultivation. Their challenging living conditions with limited connectivity to market and public services contribute to a high poverty incidence.

The Hmong-Mien accounts for 8% of the total population. They also depend on shifting cultivation in the mid- and upland areas in the North. They also face difficult living conditions and consequently experience high levels of poverty.

### 3.2 Geopolitical Factors

#### 3.2.1 Employment Opportunity and Border

##### (1) Labor Migration

In Thai border areas, the poverty incidence has been relatively lower than in other border areas and non-border “Inland” areas. Households living in the “Thai border areas” have more opportunities to emigrate to Thailand as migrant workers and to receive remittances while there is limited employment or cash earning opportunities within the country. According to the WB’s poverty assessment, more substantial migration out of the country appears to take place from richer flood-prone lowlands than from poorer drought-prone areas. Since the areas along



the Mekong are better connected to the border economy, in particular Thailand, households living in districts along the Thai border receive nearly three times more remittances than other households. Common language and similar traditions are also strong forces for Lao migration to Thailand.

It is striking that poverty has also been reduced in the areas along the China-Myanmar border. This is because of dynamic economic growth in the southern region of China, strong demand for agricultural products, and the growth of tourism<sup>24</sup>. The rural economy in the country has been opening up and beginning to benefit from trade with dynamic cross-border markets, including cross-border contract farming and commercial plantations, financed by foreign or domestic agro-business. Such economic activities also often include unrecorded informal trade.

The greatest challenges persist on areas bordering Vietnam, where a large and increasing number of rural poor live. The main determinants of poverty in these areas are remoteness and inaccessibility on both sides of the border, which hinder the kind of dynamic economic activities found on the China-Myanmar border.

(2) Human Trafficking

The same factors which encourage labor migration, including improved transport infrastructure and services, stabilization of shifting cultivation, land reallocation and opium eradication, also contribute to human trafficking<sup>25</sup> from the Lao PDR.

Human trafficking is closely linked to rising legal and illegal labor migration from the country. The main destination of the victims of human traffickers is Thailand, due to the proximity, similarities in culture and language, and better economic conditions. It is estimated that there may be an additional 80,000 unregistered migrants in Thailand besides the 181,614 registered migrants from the country in 2004. The trafficking of Laotians to Myanmar and China for the purposes of buying and selling brides has also been reported.

Provinces along the Thai border have the highest rates of migration and official cases of human trafficking. However, there are well-established informal networks that act as safeguards in some areas with high migration. It is estimated



(Source) United Nations Inter-Agency Projects on Human Trafficking (UNIAP), “Human Trafficking Data Sheet” (2008)

Figure 3-9: Human Trafficking Routes of Lao PDR

<sup>24</sup> The Government of Lao PDR, “Millennium Development Goals Progress Report Lao PDR 2008” (2009), p.24

<sup>25</sup> Human trafficking is a serious violation of human rights. It involves the illegal trading of women, children, and men for the purpose of sexual and labor exploitation. (UN Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Woman and Children, UN 2000)

that the number of trafficking cases from rural areas in Laos to Thailand over the last ten years number more than 20,000.

Factors which increase the vulnerability of people to trafficking include poverty, lack of education and awareness, lack of employment opportunities, and dysfunctional families. It is estimated that 1.4% of the total Lao migrant workers in Thailand is considered to be at high risk of trafficking.

### 3.2.2 Opium Cultivation

Opium poppy farmers in the Lao PDR are ethnically diverse and live in remote, mountainous areas. In these upland areas, difficult agricultural and geographic conditions contribute to high poverty incidence. In addition, opium addiction increases the vulnerability and risk of poverty for households with addicts. The estimated total number of opium addicts is 12,680 which are predominantly from the Northern provinces in 2008. It accounted for around 1% of the total population in the Northern Provinces. Almost 40% of addicts come from Houaphanh and Phongsaly.

Table 3-3: Eradication of Opium Cultivation by Province (2008)

Province	Eradicated Area (ha)
<b>North Total</b>	<b>530.764</b>
Phongsaly	310.42
Louang Namtha	36.19
Oudomxay	46.57
Bokeo	36.075
Louang Prabang	47.3
Houa Phanh	52.71
Xaygnaboury	1.499
<b>Central Total</b>	<b>44.63</b>
Xieng Khoang	19.27
Vientiane	6.27
Borikhamxay	19.09

(Source) United Nations Office on Drugs and Crime, “Opium Poppy Cultivation in South East Asia: Lao PDR, Myanmar, Thailand” (2008), p.26, Table 4.



(Source) United Nations Office on Drugs and Crime, “Opium Poppy Cultivation in South East Asia: Lao PDR, Myanmar, Thailand”, p.29, Map 3

Figure 3-10: Number of Opium Addicts and Prevalence, Northern Lao PDR, 2008

The majority of opium poppy cultivation was identified in five provinces in the North. The Government of Lao PDR made a commitment to end opium cultivation in these areas by 2006. As a result, a total of 575ha constituting 36% of all cultivated opium poppy, has been destroyed.



According to the Lao PDR Opium Survey 2009<sup>26</sup>, the most vulnerable former poppy growing communities reorganized their entire agricultural system by intensifying production, such as rubber planting due to the financial assistance by the Alternative Development Funds. This resulted in an improvement in their living standards<sup>27</sup>.

However, these communities are falling behind the non-opium poppy growing communities in terms of living standards. In the most vulnerable former poppy growing districts, only 41% of former poppy growing households have enough livelihoods assets to cope with the end to opium cultivation. This suggests that 59% of the households have enough livelihoods resources to preserve a minimum standard of living, but not enough to cope with shocks and/or to invest in new alternatives. In other words, those households need additional development support. Furthermore, 15% of them have very poor living standards and are considered at risk of quickly reverting back to poppy cultivation since they subsist day by day, due to their limited access to alternative sources of income. It is estimated that a maximum of 1,400 villages currently need additional development assistance.

In response to this situation, the Government of Laos, supported by the United Nations Office on Drugs and Crime (UNODC), has developed a Comprehensive National Drug Control Master Plan (2009-2013), which provides support to families during the critical 3-5 year period after poppy cultivation elimination.

### 3.3 Factors related to Globalization

#### 3.3.1 Remittance

According to the CFSVA, 8% of households reported receiving some support in the form of cash transfers or in-kind from friends or relatives living outside the households over the past 12 months, but very few reported receiving support regularly and the majority of them receive support occasionally.

Households living in four provinces have a relatively higher incidence of remittances: Saravane, Vientiane, Champasak and Savannakhet. On the other hand, the following five provinces received few remittances: Phongsaly, Oudomxay, Khammuane, Xekong and Attapeu.

By ethnicity, Hmong-Mien and Lao-Tai had tighter links and more support from outside, with their incidence of remittance at 15% for Hmong-Mien and 14% for Lao-Tai. On the other hand, Mong-Khmer and Tibeto-Burman households had very low incidence: 3% for Mong-Khmer and 6% for the Tibeto-Burman.

The WB's poverty assessment pointed out that remittances from abroad are an important source

Table 3-4: Incidence of Remittance

% of Incidence	Province
15%=>	Saravane (20%) Vientiane (18%) Champasak (17%) Savannakhet (15%)
5%<	Phongsaly Oudomxay Khammuane Xekong Attapeu

(Source) World Food Programme, "Comprehensive Food Security & Vulnerability Analysis" (2006), p.59

<sup>26</sup> United Nations Office on Drugs and Crime and Lao National Commission for Drug Control and Supervision jointly conducted the survey.

<sup>27</sup> The Lao Opium Survey 2009 shows a case study of alternative income generation activities in former opium poppy cultivating villages in Phongsali province supported by the Phongsali Alternative Development Fund.

of income to mitigate poverty, though only 3% of households in the country received cash remittances or cash gifts from abroad. There are also differences across the different ethnic groups. While Mon-Khmer and Tibeto-Burman rarely receive funds from abroad, about 9% of Hmong-Mien benefited from overseas remittances since a large number of Hmong-Mien live abroad<sup>28</sup> following their resettlement after the U.S-Vietnam war. Among Hmong-Mien households receiving remittances, poverty incidence went down by almost 80%. Another group benefiting from remittances is Lao-Tai: 3.3% of them received remittances from abroad, mainly from Thailand.

### 3.3.2 Regional Growth in the Greater Mekong Sub-Region

Despite facing constraints as a landlocked country, the Lao PDR has benefited from growing neighboring economies in the Greater Mekong Sub-Region (GMS). The GMS region experienced rapid economic growth over the last two decades. Areas which were formerly impoverished and remote have changed through expansion, integration, diversification and convergence. The economic growth and expansion of Thailand, which has traditionally had the most developed economy in the GMS region, slowly accelerated economic reform and liberalization in the Lao PDR. Rapid economic growth in Vietnam and the Yunnan Province of China has also stimulated the local economies of the border areas.

In particular, it is expected the foreign investments in hydropower projects as well as mining industries from the GMS countries, including China, and the non-GMS countries, will boost further growth of the Lao economy. Such macroeconomic growth may contribute to further poverty reduction in the country through reinvestment and redistribution of the economic benefits.

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<sup>28</sup> The majority of Hmong-Mien abroad live in countries such as Australia, New Zealand, Canada and the United States. In the United States alone, there are more than 180,000 Hmong-Mien.

## Chapter 4 Mechanism of Social Protection

### 4.1 Formal Public Social Protection System

As of August 2009, the total number of persons covered by the formal social protection system was approximately 465,000<sup>29</sup>, or 7.82 % of the total population of 6 million in the Lao PDR.

#### 4.1.1 Social Security Schemes

The Ministry of Labor and Social Welfare and the Ministry of Health provide social security schemes, with different systems for specific target populations: civil servants; enterprise employees, and the self-employed including farmers.

##### (1) Social Security Scheme for the Public Sector

A pension and social security fund for civil servants started in 1993 with the Decree 178/PM and Implementing Guidelines 2282/ML&SW. It is managed by the Department of Social Security of the Ministry of Labor and Social Welfare.

Benefits are provided for civil servants, their spouses and dependants less than 18 years old working for the Party, Government, Mass Organizations, military and police: (i) health care insurance, (ii) work accident compensation, (iii) maternity benefits, (iv) invalidity pensions, (v) old age pensions, (vi) funeral grants, (vii) lump sum survivors' benefits, and (viii) pensioners' orphans allowances. The Government provides subsidies to secure funds for social security, and civil servants are required to pay 6% of their basic salary on a monthly basis.

With the Decree No. 70/PM dated 20 April 2006, reforms to further develop social security schemes for public sector have been promoted. Since 2008, the State Authority of Social Security (SASS), a financial autonomous organization under the guidance of the Ministry of Labor and Social Welfare, has handled the public sector scheme, and benefits are: (i) health insurance, (ii) Child birth benefit and child birth grants, (iii) employment injury and occupational diseases benefits, (iv) invalidity benefits, (v) sickness benefits, (vi) old age pension benefits, (vii) survivors' benefits, and (viii) funeral grants. Under the scheme, 8% of civil servants' basic salaries is deducted monthly and 8.5% of it is borne by their employers. Currently, 300,000 persons are covered by this social health insurance scheme<sup>30</sup>.

##### (2) Social Security Scheme for Enterprises

The Social Security Organization (SSO) was established in 2000 under the supervision of the Social Security Agency of the Ministry of Labor and Social Welfare and started operations in June 2001 to handle social security schemes for enterprises. The system is compulsory applied to the state owned enterprises (SOE) and joint and private enterprises employing 10 or more employees as stipulated by the Decree No. 207/PM (23 Dec 1999)<sup>31</sup>. Their employees, spouses and children up to the age of 18 are benefited with (i) funeral benefits, (ii) medical care benefits, (iii) sickness benefits, (iv) maternity benefits, (v) employment injury and occupational diseases benefits, (vi) invalidity benefits, (vii) retirement pensions, (viii) survivors' benefits, (ix)

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<sup>29</sup> According to the International Social Security Association, the coverage by the four schemes are the following: SASS: 300,000, SSO: 85,000, CBHI: 65,000, HEF: 15,000 as of August 2009. To deal with low compliance and to improve institutional arrangements, a Social Security and Social Health Protection Law is planned to be enacted and phased in from 2015 to 2020 with the nation-wide introduction of the Lao National Social Security System and the National Social Health Protection Fund.

<http://www.issa.int/aiss/News-Events/News2/Pursuing-universal-health-care-provision-in-Lao-People-s-Democratic-Republic> (accessed June 2010)

<sup>30</sup> Number of government employees was approximately 138,000 in the 2005 Census.

<sup>31</sup> Smaller enterprises employing less than 10 employees can also participate voluntarily in the system.

child allowances, and (x) unemployment benefits. The calculation of contributions or premiums draws on an individual employee's salary or wage. The total contribution rate is 9.5%, of which 5% comes from employer's contributions and another 4.5% from the individual employee based on his or her monthly salary.

As of 31 December 2008, 43,058 persons from 493 employment units paid contributions to the Social Security Fund<sup>32</sup>. The total number of beneficiaries (including insured persons and their dependents) covered by the scheme was 85,854<sup>33</sup>.

#### 4.1.2 Health Insurance Scheme for Self-Employees and Informal Sector

Health insurance is still relatively new to the Lao population. Unlike the social security schemes for public servants and enterprise that compulsory cover their employees, majority of the population: self-employed persons including farmers, their spouses and dependents, and employees in the informal sector, are not benefited by such insurance. According to the 2005 Census, there are 7,000 employers, 1.15 million self-employed, 1.26 million unpaid family workers existing in the country, who are not in the basket that social security scheme has reached yet.

Several options have been introduced for those out of the basket. One of them is health insurance package offered by private insurance companies such as a subsidiary from AGF of France<sup>34</sup>. Others are community-based options for health insurance: Community Based Health Insurance and Equity.

##### (1) Community Based Health Insurance

The Community Based Health Insurance (CBHI) was initiated on a pilot basis<sup>35</sup> by the Community-Based Health Insurance Division under the Department of Planning and Finance of the Ministry of Public Health. The scheme is currently being expanded throughout the country under the Regulation No 723/MoH dated 13 April 2005. 65,000 people are covered by the CBHI as of August 2009.

##### (2) Special fund for the poor

With the low percentage of the population covered by health insurance and low prospects for the health insurance scheme to cross-subsidize health care costs, the Health Equity Funds (HEFs) have been piloted to improve the access to and affordability of health care services (including food and transportation costs) for the poor. It is currently funded by bilateral donors and lending banks and implemented by external partners and NGOs. The Ministry of Health stipulates that the funds be used to purchase CBHI membership for low-income families for free services at hospitals. The target group is mainly the very poor. Benefits include medical services, drugs, supplies, laboratory tests, transport, food and soap. Approximately 15,000 people are covered by the HEFs as of August 2009.

##### (3) Welfare Policy for Vulnerable Groups

Benefits are offered by the Government to particular vulnerable groups as shown in the following Table.

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<sup>32</sup> Private employees and state enterprise employees reached 120,000 and 20,000 respectively (as of 2005).

<sup>33</sup> <http://www.asean-ssa.org/> (accessed June 2010)

<sup>34</sup> The subsidiary from AGF of France, was allowed to operate in 1990.

<sup>35</sup> Sethathirath, Luangphabang and Champasack districts

Table 4-1: Welfare Program for Vulnerable Groups

Target	Contents
War victims	War victims are transferred to state-owned houses and land, where they live with their proper ownership. The Government also builds up new villages with new houses for those who do not own houses. It also established centers for people with disabilities in both the central cities and provinces.
Elderly People and the Disabled	The Government established a National Policy towards the Elderly. For the disable people, the Decree of the Prime Minister No.18 was issued in June 1995 for the establishment of a National Commission for the Disabled.
The Remote Poor without Food	Food assistance
Residents suffered from Natural Calamities	Food Assistance

## 4.2 Quasi-formal Social Security System

Demand for microfinance services in the country is immense. It is partly due to the weakness of the financial sector, which is characterized by weak capitalization, insufficient expertise and a lack of product diversity. People in lower income groups have only a very limited access to adequate financial services such as means for financing investments or emergency funds. Rural households, which make up 80% of all households and 90% of poor households, are particularly poorly served by the financial sector and have unsatisfied demand for credit that amounts to USD 500 million.

### 4.2.1 Microfinance Activities by Public Sector and Banking Sector

Government projects and mass organizations are still the major players of microfinance activities in the country, providing 80% of all microfinance loans. Commercial banks provide loans to the lower segment, making up an estimated 15% of the total amount of microfinance lending. Among mass organizations, Lao Women's Union (LWU) is the largest recipient of funds from NGOs, government and foreign donors, and approximately over 200,000 of their members are the beneficiaries of microfinance.

The Government has given the Agriculture Promotion Bank (APB), a state-owned commercial bank (SOCB), the responsibility to support rural economic development using subsidized, targeted lending and group guarantee lending technology, and until recently, the APB was the only bank involved in microfinance in the country. The APB has one of the largest networks with branch offices in each of the 17 provinces and 46 service units. As of the end of 2004, out of 120,000 households (15% of the population) with access to the APB, 40,000 (5% of the population) had access to the APB's microfinance initiatives<sup>36</sup>.

Since the promulgation of the Law on the Promotion of Foreign Investment (2005) and the improvement of the Law on Commercial Banks (2007), new commercial banking licenses have been issued, and some newly created banks such as ACLEDA Bank Lao Ltd.<sup>37</sup>, Phongsavanh

<sup>36</sup> [http://www.bwtp.org/arcm/laos/II\\_Organisations/Supporting\\_Organisations/APB\\_laos.htm](http://www.bwtp.org/arcm/laos/II_Organisations/Supporting_Organisations/APB_laos.htm) (accessed June 2010)

<sup>37</sup> ACLEDA was originally established in January 1993 as a national NGO in Cambodia or micro and small enterprises development and credit. It obtained a license as a commercial bank in 2003 with more funding options to expand microfinance business nationwide. As of the end of 2008 it has a loan portfolio of USD 590 million to more than 253,186 borrowing customers. ACLEDA Bank established its first international subsidiary commercial bank in

Bank and Indochina Bank are expanding their outreach with experience and expertise in delivering financial services to the lower segment.

As part of its strategy to alleviate poverty, the Government has identified 47 districts out of 142, as mentioned in the Chapter 2, that are considered the poorest and in greatest need of assistance. In the said districts, subsidized targeted lending is used as part of poverty reduction program, financed from the state budget. For this purpose, village revolving funds (VRF) are created (as described below) by the National Leading Committee for Rural Development and Poverty Reduction (NLC-PDRP), which is part of the Prime Minister's Office. The Government also established the Rural and Micro Finance Committee (RMFC) under the Bank of the Lao PDR (BOL) to assess the rural and microfinance industry, formulate policy statements<sup>38</sup>, and develop action plans for the implementation of reform programs<sup>39</sup>.

#### 4.2.2 Microfinance Activities by the Non-Banking Sector

##### (1) Regulation and Licensing of Microfinance Institute

It is world-widely promoted to regulate and license organizations dealing with microfinance activities as Microfinance Institutions (MFIs), and the Lao PDR is not an exception. The Regulations on microfinance<sup>40</sup> have been introduced as of the end of 2008 covering (i) Deposit-Taking MFI (five organizations), (ii) Savings and Credit Unions (SCUs) (11 member-owned microfinance providers), and (iii) Non-Deposit Taking MFI (eight organizations).

Deposit-taking MFIs and SCUs have received 2 million US dollars in about 13,000 savings accounts, and 7,000 outstanding loans with a total portfolio of around 2 million US dollars as of the end of 2008.

According to the Regulation For Non-Deposit Taking Microfinance Institutions No. 02/BOL (dated 20 Jun 2008), any existing, new state, international organization, group or enterprise carrying out microfinance activities either solely or as part of its overall activities, including village banks, savings groups, village funds, development funds and others, are required to register under the Regulation. Approximately 1,000 village savings and credit groups (VSCG) and 4,000 village revolving funds (VRF) and all others undertaking MF activities are therefore obliged to register as non-deposit taking MFIs, although the majority of them have not yet done so. VSCG and VRF have served 85% of the 206,000 existing MF clients and provided 72% of total loan amounts disbursed in the rural and microfinance segment. Total outstanding loans amounted to 20 million US dollars for 100,000 borrowers (as of 2006). The Regulation also stipulates that non-deposit taking MFIs generating annual revenues of more than 1 billion kips shall be required to convert to a deposit-taking MFI or a SCU by applying for a license.

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The Lao PDR, with its headquarters in Vientiane Capital and later had two more branches in Savannakhet and Champasak.

<sup>38</sup> "Policy Statement for the Development Of Sustainable Rural and Micro Finance Sector" by Rural and Micro Finance Committee (RMFC), Bank of the Lao PDR (Notice No. 1760/PMO Dec. 17, 2003). [http://www.bol.gov.la/english/mf\\_policystatementEng.pdf](http://www.bol.gov.la/english/mf_policystatementEng.pdf) (accessed June 2010)

<sup>39</sup> "Action Plan of Rural Finance Sector Development Program" (March 2007). [http://www.bol.gov.la/english/mf\\_actionplaneng.pdf](http://www.bol.gov.la/english/mf_actionplaneng.pdf) (accessed June 2010)

<sup>40</sup> Regulation For Non-Deposit Taking Microfinance Institutions No. 02/BOL (20 Jun 2008), Regulation For Savings and Credit Unions No. 03/BOL (03 Jun 2008), Regulation For Deposit-Taking MFIs, No. 04/BOL (20 Jun 2008)



Table 4-2: Regulations for Licensed MFIs

License	Deposit Taking MFI	Savings and Credit Unions (SCU)	Non-deposit taking MFI
Deposit	Allowed to take deposits from the general public	Allowed to take deposits only within their member group	Allowed to accept and receive voluntary deposits but not exceeding Kip 200 million
Lending limits	Kip 10 million (USD 1,150) per client		Kip 10 million (USD 1,150) per client
	The scope to borrow externally as a basis for funding is limited to 30% of its capital	Lend only within their member group	-
Initial organization volume and deposits	-	Minimum of two hundred fifty (250) members and voluntary deposits of Kip 300 million	-
Minimum initial capital	Kip 1 billion (USD 115,000)	Kip 100 million	-
Reporting and inspection	Strictly regulated and monitored through monthly off-site reports and six monthly on-site inspections by BOL's MF division	Strictly regulated and monitored through monthly off-site reports and six monthly on-site inspections by BOL's MF division.	An income statement and a balance sheet should be submitted annually, using a prescribed Chart of Accounts (COA).

(Source) Developed from data on <http://www.bol.gov.la/english/microfinanceeng.html> (accessed June 2010).

All licensed MF providers operate in an urban or semi-urban setting, with relatively easy access to markets, good infrastructure, high monetary income and population density. They face difficulty in meeting the needs of the remote poor, whereas the Savings Institute of the Lao Postal Service has succeeded in doing so with 120 post offices spread throughout the country and money transferring service with smaller commission cost. As of the end of 2007, it had some 12,000 savings accounts with accumulated savings totaling 2.8 million US dollars and 3,850 outstanding loans totaling 2.4 million US dollars<sup>41</sup>.

## (2) Characteristics of Microfinance Activities

Taking a look at how microfinance is used by region, number of borrowers in the Central Region, especially Vientiane Capital, is slightly higher than in the North, and much higher than in the South. People in the Central Region have better market access and access to microfinance services than in other regions. In Vientiane Capital and Khammuane there found more service providers and microfinance clients compared to the number of the poor household. Whereas the fact that service providers' outreach in Houa Phan in the Northern Region, for instance, is relatively small although the mountainous province bordering Vietnam has numerous numbers of poor households (See the Appendix 2). The reasons behind such facts are (i) it is not financially feasible for MFIs to open their branches and explore in remote, mountainous areas with low population density, and (ii) MFIs do not have sufficient skilled manpower, do not have a lot of training opportunities, and their skilled staff do not wish to stay in remote areas for long-term.

As per the size of lending, it is also high in the Central Region, at about three times higher than

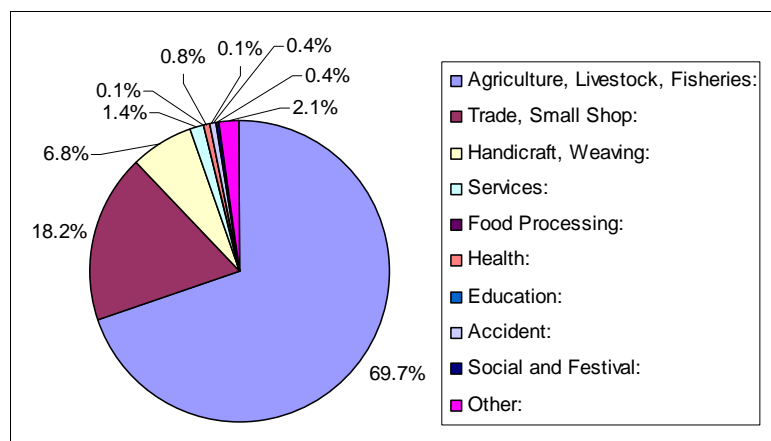
<sup>41</sup> The Savings Institute of the Lao Postal Savings was established and licensed before the issuance of the MF regulations, is a deposit taking MFI that is allowed to lend amounts up to Kip 20 million (USD 2,300). In relation to savings and loan products, consists of civil servants, salaried employees of the government. Loans are provided as a percentage of a year's salary and with a salary 'guarantee' as collateral.

in the Southern Region. There are numerous economically active provinces in the Central Region including Vientiane Capital, and they use microfinance more often with larger amount for their trade and commerce, and their livelihood improvement. It shows that depositors in the Central Region are more active, particularly females. This could be explained by the fact that mass organizations such as LWU are more active there, and female groups can easily find day-to-day credit needs<sup>42</sup>.

Throughout the country, the number of depositors surpasses that of borrowers, while the amount of deposit is much lower than that of loan. Non-Deposit Taking MFIs, VSCGs and VRFs do not actively collect deposits (or collect minimum amount of compulsory deposits), and they prioritize in meeting the credit needs. And the nature of group lending limits number of borrowers in order to ensure repayment by selecting specific members to receive credit among all members.

(3) Purpose of borrowing microfinance

As for how loans are used, nearly 70% of borrowers use the loans for agriculture, livestock and fisheries. In second place, nearly 20% of loans are used to support trade and small shops. Except in urban areas like Vientiane Capital, people tend to use microfinance for their main products, which suggests that microfinance is vital to generate main incomes and sustain their livelihoods. Microfinance by sector is shown in the Appendix 3.



(Source) Committee for Planning and Investment, National Economic Research Institute (2006). Rural & Microfinance Statistics in the Lao PDR 2006.

Figure 4-1: Microfinance by Sector

4.2.3 Micro-insurance

Insurance products are not generally offered, but insurance for the outstanding principal or costs for a funeral is available from two MFIs such as VCSGs<sup>43</sup>. Needs varies from health, funerals, marriage, housing, and education.

<sup>42</sup> The amount of deposit however does not show a big difference by gender.

<sup>43</sup> The Foundation for Development Cooperation and The Banking With the Poor Network (2010). Microfinance Industry Report – Lao People’s Democratic Republic.

### 4.3 Informal Social Security System

#### 4.3.1 Informal Health Insurance

Apart from the Community Based Health Insurance piloted by the Ministry of Health, many Lao villages have a mutual fund that can be used to obtain small loans for starting or expanding a home business. Most of these village funds are also used for major health care expenses. This is evidence of an informal, village-based, health insurance through mass organizations and village authorities, but little information is available about its workings and how it is used for health expenses<sup>44</sup>.

#### 4.3.2 Informal Finance

Informal finance has provided services for savings and loans where banks, formal and semi-formal microfinance providers have failed. Some 33% of households have borrowed from friends, family or money lenders, with the latter at interest rates as high as 100% to 200% per annum<sup>45</sup>. However, informal finance eventually offers low transaction costs in the form of convenient locations, low collateral requirements and simple loan procedures. VSCG emerged from such village level activities.

The widely use of informal finance in the country is explained by the lack of familiarity with the formal banking system and the non-economic costs specific to cultural settings. Entering a bank or even a microfinance institution is still considered as something for the upper class, making the poor feel too awkward to use services that would otherwise be available to them. Instead, the certainty that a loan will be made is seen as highly important, as a refusal would be seen as a huge loss of face within the local culture. The poorer household are more likely to use loans for emergency, rather than productive, reasons.

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<sup>44</sup> Dr. Souraxay Phrommala Nioph, MOH, Lao PDR, COUNTRY REPORT The 4th ASEAN & Japan High Level Officials Meeting on Caring Societies: Support to vulnerable people in welfare and medical services – Collaboration of social welfare and health services, and development of human resources 28-31 August 2006, Tokyo, Japan

<sup>45</sup> The Foundation for Development Cooperation and the Banking With the Poor Network (2010). Lao People's Democratic Republic Microfinance Industry Report



## Chapter 5 Poverty Monitoring

### 5.1 MDGs Progress

The most recent progress on MDGs in the Lao PDR was reported by the “Millennium Development Goals (MDG) Progress Report for the Lao PDR (2008)” (hereinafter referred to as “the Progress Report”), which was jointly prepared by the Government of the Lao PDR and the agencies of the United Nations. In this section, progress of the Government in meeting the MDGs is presented, based on the Progress Report and the MDGs country table prepared by WB.

#### 5.1.1 MDG 1: Eradicate Extreme Poverty and Hunger

Since poverty eradication is at the center of the Government’s development agenda in NGPES and NSEDP, the Government is strongly committed to it. As mentioned in Chapter 1, poverty declined by more than 30 percentage points during the period between 1992/93 and 2002/03. Although the country achieved significant progress in poverty reduction for the period, there are still substantial differences across provinces and regions. Also, as mentioned in Chapters 1 and 2, patterns of poverty vary among different ethnic groups.

Economic growth during the period contributed to poverty reduction in the country. However, growth did not equally benefit all provinces and regions. In addition, food insecurity is still a critical issue for the country since policies on food security and nutrition have been a lower priority in the past.

While it is projected that the MDG target of poverty reduction will be achieved, the target of reducing hunger which is measured by the prevalence of malnutrition under 5-years children is unlikely to be achieved. For improvement of nutritional status of the country, the Ministry of Health developed the National Nutrition Policy for 2020 under the cooperation with other key ministries, such as Ministry of Agriculture, Ministry of Education, Ministry of Planning and Investment and development partners, such as Food and Agriculture Organization of the United Nations (FAO), World Health Organization (WHO), United Nations Children’s Fund (UNICEF) and WFP.

#### 5.1.2 MDG 2: Achieve Universal Primary Education

It is expected that the country will achieve the targeted primary enrollment rates of MDG 2 by 2015 since education is one of the better-performing sectors. In particular, indicators on primary education show a continuous path of progress towards universal education. In 2008, the net enrollment rate of the country reached 86%. However, there are still differences in primary enrollment rates between urban and rural areas, as well as among ethnic groups. The enrollment rates are higher among children in urban areas than in rural areas. In rural areas, non-Lao Tai children have lower enrollment rates than Lao-Tai children. The differences can be attributed to disparities in household spending on education<sup>46</sup>.

In terms of other indicators, including literacy and primary completion rates, progress has been limited. These targets are therefore unlikely to be achieved by 2015.

In order to promote access to basic education among the people in the country, the Ministry of Education, with technical assistance from Asian Development Bank (ADB) and the Australian Agency for International Development (AusAID), developed a 10-year Educational Sector

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<sup>46</sup> The MDG Progress Report 2008, p.32

Development Framework (ESDF) for 2008-2018.

### 5.1.3 MDG 3: Promote Gender Equality and Empower Women

The achievement of MDG 3 by 2015 seems unlikely. The ratio of females to males enrolled in primary school improved to 90% in 2008 and is expected to be achieved by 2015, but the gender equality in higher education is unlikely to be achieved.

There are also differences in gender equality in education across urban/rural areas and ethnic groups. In urban areas, there are limited gaps in the net primary enrollment rate between males and females for all ethnic groups. Females tend to have higher enrollment rates than males amongst the Lao-Tai and Tibeto-Burman families. In rural areas, Lao-Tai do not have much difference since both males and females have more than 80% enrollment rates in primary education. On the other hand, the female net primary enrollment rates of Mon-Khmer and Mhong-Mien are much less than the males enrollment rates, which are more than 60%. For Tibeto-Burman families, the female enrollment rate is only 32.7%, while the male rate is also low at 38.7%.

In 2008, the proportion of seats held by women in the national parliament was only 25%.

For further promotion of gender equality and empowerment of women, the National Commission for Advancement of Women (NCAW) prepare a national policy plan on the advancement of women 2006-2010 besides the agenda for gender equality in the NSEDP 2006-2010.

### 5.1.4 MDG 4: Reduce Child Mortality

Indicators on the reduction in child mortality significantly improved. The under-five mortality rate dramatically dropped from 101 per 1,000 in 2000 to 70 in 2007. The infant mortality rate also continuously decreased from 70 per 1,000 live births in 2000 to 56 in 2008. Therefore, it is expected that the target of 49 deaths per 1,000 live births will be achieved by 2015.

The overall improvement can be attributed to the availability of vaccinations to children under five years of age. However, the immunization rate has remained at a low level of between 40-50%, far below the national target of 90%. In particular, there has been little success in delivering full immunization to children in remote communities, although the Government implemented an Expanded Programme on Immunization Multiple Year Plan. Thus, it can be assumed that there are regional disparities in the improvement of child health in the country.

For the further improvement of child health, the Government established the National Commission for Mothers and Children and incorporated the 12 strategic programmes for eradicating poverty in the health sector under the NGPES into the NSEDP 2006-2010, such as child health promotion and immunization programs.

### 5.1.5 MDG 5: Improve Maternal Health

The Government set the targets on the following indicators of MDG 5: adolescent fertility rate, births attended by skilled health staff, and maternal mortality rate (MMR).



The adolescent fertility rate<sup>47</sup> gradually decreased from 51 per 1,000 women aged 15-19 in 2000 and to 37 in 2007. However, the rate in 2007 is far from the target by 2010 which is 17. The share of births attended by skilled health staff has not significantly improved. The rate increased from 17 in 2000 to 20 in 2006 which is far below the target of 50%.

The reduction in maternal mortality has also posed to be a challenge. Although MMR dropped from 530 per 100,000 live births to 405 for the period between 2000 and 2005, it is very difficult to achieve the target of 260 by 2015. Also, large disparities remain between urban and rural areas since the decline in MMR occurs mainly in urban areas. In rural areas, the high rate of home deliveries without skilled care may contribute to the both higher MMR and rates of neonatal mortality<sup>48</sup>.

The major causes of maternal mortality are hemorrhage, obstructed labor, pregnancy-induced hypertension and sepsis. In addition, for poor women, there is a higher rate of risk depending on the availability and quality of health care, female education, geographic accessibility and poverty. In particular, poverty affects maternal health through food insecurity and malnutrition.

The Government released the National Reproductive Health Policy in January 2005 to enhance efforts for improvement of maternal and child health.

#### 5.1.6 MDG 6: Combat HIV/AIDS, Malaria and Other Diseases

Since the prevalence of HIV/AIDS in the country has been limited, the target for combating HIV/AIDS have already been achieved before 2015. The MDG target on malaria prevention is also expected to be reached thanks to the continuous efforts by the Government with donor support. Although malaria has consistently been among the three major causes of morbidity and mortality in the country, as of 2007, village-based interventions with bed nets and early diagnosis and treatment had reached almost 8,000 villages nationwide.

The prevalence of tuberculosis (TB) has been considerably reduced as well. The two MDG targets on tuberculosis were already achieved in 2005. Under DOTS (Directly Observed Treatment Short Course)<sup>49</sup>, 72% of cases were detected by 2005 compared to the MDG target of 70%. Of these cases detected, the proportion of cases cured was 90%, which is higher than the MDG target of 85%. However, the prevalence level of the country still remains high at 306 persons per 100,000 in 2005, in spite of the fact that the TB National Programme reaches all provinces and districts.

For combating HIV/AIDS, the National Committee for the Control AIDS (NCCA), which is a multi-sectoral body chaired by the Minister of Health, developed and launched the National Strategic and Action Plan (NSAP) on HIV/AIDS/STI 2006-2010. In terms of Malaria, since the Lao National Malaria Control Programme started in 1980, the Government continuously addressed the malaria control through the National Policy for Malaria Control as well as the Malaria Strategic Plan. Also, the Government tackled TB by several national programmes, including the National TB Policy and the TB National Programme.

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<sup>47</sup> The adolescent birth rate is measured as the total number of live births during one year by women aged 15-19 to the number of women of that particular age group in the same year. The rate is expressed per 1,000.

<sup>48</sup> According to the "Lao Reproductive Health Survey 2005", approximately 90% of rural women deliver at home while 50% of urban women do.

<sup>49</sup> DOTS is a recommended prevention strategy for tuberculosis by WHO.

#### 5.1.7 MDG 7: Ensure Environmental Sustainability

As the Lao PDR is a signatory of the United Nations Framework Convention on Climate Change (UNFCCC), the Government has committed to a target on preserving the proportion of land area covered by forests. The country needs to carefully manage natural resources, including forests, and to manage agriculture production in a sustainable way. In order to meet its obligations under UNFCCC, the Government has been taking measures to reduce swidden agriculture.

In terms of access to safe drinking water, the proportion of population with access to a safe source of water increased considerably from 28% to 74% for the period from 1990 to 2007, compared to the target of 80%. Although the target is expected to be achieved by 2015, there are considerable differences across provinces. More remote provinces and districts with poor roads tend to have lower coverage than provinces and districts with access to major national roads.

Access to improved sanitation facilities varies more acutely between different regions and areas. There is a significant gap between urban and rural areas. More than 80% of the urban population has access to improved sanitation facilities as compared with less than 50% of the rural population. It seems unlikely that the Government will achieve the target of 60% by 2015.

#### 5.1.8 MDG 8: Develop a Global Partnership for Development

The Government of Lao PDR has developed locally relevant indicators and targets that are both useful and possible to report on consistently over time. In terms of market access, there are four indicators, including average tariff imposed on exports to developed markets and border costs. Also, indicators related to ODA have been monitored. The targets related to information technologies, such as telephone lines, cellular subscribers, internet users, and access to radio and television, have improved gradually since 2000 because the Government is committed to investment in computer technology and in facilitating access to the Internet, particularly in remote and poor areas. These are likely to further improve as they are covered by the NSEDP 2006-2010.

Table 5-1: MDGs Progress in the Lao PDR

MDGs Indicator		2000	2005	2006	2007	2008	Target 2015 (National)	Progress (National)
<b>Goal 1: Eradicate extreme poverty and hunger</b>								
1.1	Employment to population ratio, 15+, total (%)	79	78	78.2"	78.2"	78	no target	on track
1.2	Employment to population ratio, ages 15-24, total (%)	68	65	..	64	..	target under consideration	on track
1.3	GDP per person employed (annual % growth)	3	4	5	4	4.3	no target	on track
1.4	Income share held by lowest 20%	8.6	8'	..	..	..	target under consideration	
1.5	Malnutrition prevalence, weight for age (% of children under 5)	36.4 40'	..	37'	..	..	22 20**	seriously off track
1.6	Poverty gap at \$1.25 a day (PPP) (%)	12	8	..	..	..	6	on track
1.7	Poverty headcount ratio at \$1.25 a day (PPP) (% of population)	44	..	..	..	..	22	on track
1.8	Poverty gap at national poverty line (%)	12	8'	..	..	..	6	on track
1.9	Poverty headcount ratio below national poverty line (% of population)	48	33'	..	..	..	24	on track
1.10	Prevalence of undernourishment (% of population)	31**	19	..	..	..	16**	seriously off track
1.11	Vulnerable employment, total (% of total employment)	..	..	..	..	..	no target	
<b>Goal 2: Achieve universal primary education</b>								
2.1	Literacy rate, youth female (% of females ages 15-24)	75	79	67.3*	..	..	99	off track
2.2	Literacy rate, youth male (% of males ages 15-24)	83	89	..	..	..	99	off track
2.3	Persistence to last grade of primary, total (% of cohort)	53	62	67.8 65.4*	..	61.0	95	off track
2.4	Primary completion rate, total (% of relevant age group)	68.0	72.0	75.0	77.0	..	100	off track
2.5	Total enrollment, primary (% net)	77.0	83.0	83.7"	86.3"	86.0	98	on track, satisfactory
<b>Goal 3: Promote gender equality and empower women</b>								
3.1	Proportion of seats held by women in national parliaments (%)	21	23	22.9"	25.2"	25	no target	off track
3.2	Ratio of female to male enrollments in tertiary education	53	71	62'	..	72	100	off track
3.3	Ratio of female to male primary enrollment	85	88	86'	..	90.0	100	on track
3.4	Ratio of female to male secondary enrollment	70.0	76.0	78'	..	79.0	100	off track
3.5	Share of women employed in the nonagricultural sector (% of total nonagricultural employment)	38**	44.0	50.0	..	..	no target	off track
<b>Goal 4: Reduce child mortality</b>								
4.1	Immunization, measles (% of children ages 12-23 months)	42 60'	41 69'	48	40	..	90	off track
4.2	Mortality rate, infant (per 1,000 live births)	77 82'	62 70'	..	..	56	49	on track
4.3	Mortality rate, under-5 (per 1,000)	101 107'	79 98'	75	70	..	80	on track
<b>Goal 5: Improve maternal health</b>								
5.1	Adolescent fertility rate (births per 1,000 women ages 15-19)	51	42	40	37	..	17	off track
5.2	Births attended by skilled health staff (% of total)	17'	23'	20	..	..	50	on track
5.3	Contraceptive prevalence (% of women ages 15-49)	32	38	..	..	..	no target	
5.4	Maternal mortality ratio (modeled estimate, per 100,000 live births)	530'	660 405'	..	..	..	260	off track
5.5	Pregnant women receiving prenatal care (%)	29 21'	28.5'	39.3*	..	..	no target	potentially
5.6	Unmet need for contraception (% of married women ages 15-49)	40	27	..	..	..	no target	on track
<b>Goal 6: Combat HIV/AIDS, malaria, and other diseases</b>								
6.1	Children with fever receiving antimalarial drugs (% of children under age 5 with fever)	9	8.2*	..	..	..	no target	lack of data
6.2	Condom use, population ages 15-24, female (% of females ages 15-24)	..	..	..	..	..	no target	lack of data
6.3	Condom use, population ages 15-24, male (% of males ages 15-24)	..	..	..	..	..	no target	lack of data
6.4	Prevalence and death rates associated with tuberculosis	357	306	..	..	..	240	on track

MDGs Indicator		2000	2005	2006	2007	2008	Target 2015 (National)	Progress (National)
6.5	Prevalence of HIV, female (% ages 15-24)	..	0	..	0	..	<5	on track
6.6	Prevalence of HIV, male (% ages 15-24)	..	..	..	0	..	<5	on track
6.7	Prevalence of HIV, total (% of population ages 15-49)	0	0	..	0	..	<1	on track
6.8	Tuberculosis cases detected under DOTS (%)	40 42'	72	..	78	..	70	on track
6.9	Death rated associated with malaria (per 100,000 population)	7	..	0.4	..	..	0.2	on track
6.10	Proportion of children under 5 sleeping under bed nets	82	..	87	..	..	95	achieved
6.11	Proportion of tuberculosis cases cured under DOTS	80	..	90	..	..	85	achieved
<b>Goal 7: Ensure environmental sustainability</b>								
7.1	CO2 emissions (kg per PPP \$ of GDP)	0.13"	0	0.12"		..	no target	
7.2	CO2 emissions (metric tons per capita)	0	0.2 0.3'	0.24"	..	..	no target	
7.3	Forest area (% of land area)	42'	..	..	..	..	under consideration	off track
7.4	Improved sanitation facilities (% of rural population with access)	14"		38	49		60	off track
7.5	Improved sanitation facilities (% of urban population with access)	57"	..				87 83.5*	on track
7.6	Improved water source (% of rural population with access)	39"	..	53	74		80	off track
7.7	Improved water source (% of urban population with access)	76"	..				86 70.4*	on track
7.8	Marine protected areas, (% of surface area)	..	..	..	..	..	not relevant	
7.9	Nationally protected areas (% of total land area)	..	16	..	..	16	no target	
<b>Goal 8: Develop a global partnership for development</b>								
8.1	Aid per capita (current USD)	54	50 81'	..	68	..	no target	
8.2	Debt service (PPG and IMF only, % of exports, excluding workers' remittances)	8	23	19	19	..	no target	
8.3	Internet users (per 100 people)	0	1	1	2	..	no target	
8.4	Mobile cellular subscriptions (per 100 people)	0	11 9.8'	17	24	..	no target	
8.5	Telephone lines (per 100 people)	1 0.7'	2 1.5'	..	..	2	no target	

(Source) World Bank, "Country Table" (<http://ddp-ext.worldbank.org/ext/ddpreports/> as of June 2010) and "World Development Indicators data base" (<http://databank.worldbank.org/ddp/> as of June 2010)

(Note) ' Data source: the Government of the Lao PDR and the United Nations, "Millennium Development Goals: Progress Report Lao PDR 2008" (2008)

" Data source: United Nations Statistic Division, "MDG Info 2009" (<http://www.devinfo.info/mdginfo2009/>, <http://mdgs.un.org/unsd/mdg/Data.aspx>, as of June 2010)

\* Data source: Department of Statistics and UNICEF, "Lao PDR Multiple Indicator Cluster Survey 2006" (2008)

\*\* Data source: the Government of the Lao PDR and the United Nations, "Millennium Development Goals: Progress Report Lao PDR 2004" (2004)

## 5.2 Poverty Monitoring System

### 5.2.1 MDG Monitoring

Progress on the MDGs is jointly monitored by the National Technical Working Group and the UN Theme Groups under the guidance of the National Supervisory Committee on MDGs. The MDG Progress Report 2008 is based on the existing database, including LECS 3, the Population Census 2005, the Multiple Indicator Cluster Survey (2006), the Lao Reproductive Health Survey (2005) and Economic Census 2007.

In 2007, the technical working group revised the MDG monitoring framework to include new targets and corresponding indicators. The Government of Lao PDR, along with international partners, reviewed the new targets and indicators and decided which were relevant to Laos.

The Population and Housing Census have been conducted every ten years: 1985, 1995 and 2005. The past three censuses are comparable because of consistency in the general design and content, including the questionnaire. The implementation of the census is a collaborative effort of government offices with the Department of Statistics (DOS) as the coordinating unit. The Swedish International Development Agency (SIDA) provided financial and technical assistance to the Census process through the Department of Statistics.

LECS is a large sample survey undertaken every 5 years: 1992/93, 1997/98, 2002/03 and 2007/08. With the exception of LECS 1, the number of sample villages normally ranges between 450 and 540, while the number of sample households is between 8,000 and 8,900. LECS provides key data on the living situation of households, and serves as the main source for poverty assessment at the national and sub-national level, including by province. However, the World Bank report on poverty trends<sup>50</sup> has pointed out that LECS is representative at province level not representative at the district level. Therefore, it is not possible to analyze poverty status at the district level without using an estimation technique for smaller areas.

Since DOS does not have enough capacity in the areas of finance and human resources, it will be difficult to conduct data collection, processing and analysis activities without donor support.

### 5.2.2 Poverty Monitoring

In order to support implementation and operationalization of NSEDP, Sector Working Groups were established in health, gender and HIV/AIDS; education and gender; infrastructure; macroeconomic issues and private sector development; agriculture; rural development and natural resources management; governance; drug prevention; and mine action.

For monitoring progress on the NSEDP, including poverty reduction, there are two systems under different government authorities.

One monitoring system is based on the Village Statistic Book (VSB) which is managed by the DOS under the Ministry of Planning and Investment (MPI). The VSB contains 250 indicators which are collected at the village level. The data related to the 250 indicators is collected annually by villages and submitted to the MPI through the Kumban (village cluster), District Planning Office and Provincial Planning Department. The 250 indicators are reviewed every 5 years. The VSB-based monitoring system has been supported by UNDP.

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<sup>50</sup> Committee for National Planning and Investment, National Statistics Center and World Bank, "Lao PDR Poverty Trends 1992/93 – 2002/03" (2006)

Another poverty monitoring system is controlled by the National Leading Committee for Rural Development and Poverty Reduction (NLC-RDPR), which is under the Prime Minister's Office. NLC-RDPR also collects data based on a "poverty monitoring form". Most items of data collected by the NLC-RDPR are duplicates of the VSB. On the other hand, some key data indicators, such as for the poverty monitoring form, including "poor household", are defined differently from the VSB.

Besides the two monitoring system, other ministries, including education, health and agriculture, and the Party also collect similar data from villages or Kumban. It means that villages and Kumban are required to collect almost 1,000 data. Such data collection activities impose a heavy burden on village and Kumban administrations, and their capacity is also limited. On the other hand, the lack of feedback on results of surveys to villages and Kumban limits the effective use of monitoring results in villages and Kumban.

### 5.2.3 Lao Info

Lao Info is a common indicator database system which provides a statistical tool for monitoring MDGs and is a key data source for NGPES and NSEDP as well as other national development frameworks. It includes data from the national census, surveys, and government reporting systems and provides easy access to indicators organized by sector, goal, theme, source, institution or convention.

With the assistance of UNDP, UNICEF and UNFPA, the database system was developed to promote and encourage a dialogue among development partners. By using the database system, users can process tables, graphs as well as maps for planning, monitoring, and evaluation at the national and sub-national level.

The first system was released as Lao Info Version 4.1 in 2005. An updated version of Lao Info version 5.1 is currently available by CD-ROM<sup>51</sup>.

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<sup>51</sup> Although the UN agencies such as UNDP, UNICEF and UNFPA, appeal the advantages of this database, such as a user-friendly system, it is not utilized by the government authorities and donors. In fact, it is not so user-friendly for users who are not familiar with this database system. Also the limited variety of statistical data as well as timing of update are issues for dissemination of the database among the stakeholders.



# **Appendices**

## Appendix 1: Poverty and Inequality Indicator

### (1) Poverty Indicator

Term	Explanation
Poverty Line	<p>■ <b>Relative poverty lines</b> These are defined in relation to the overall distribution of income or consumption in a country. The relative poverty indicates the people who are relatively poor compared to the majority of the population. The relative poverty lines, for example, could be set at 50% of the country's mean income or consumption. Then, the people, who have income or consumption below the relative poverty line, can be classified as "the relative poor".</p> <p>■ <b>Absolute poverty lines</b> These are anchored in some absolute standard of what households should be absolute to count on in order to meet their basic needs. For monetary measures, the absolute poverty lines are often based on estimates of the cost of basic food needs, that is the cost of a nutritional basket considered minimal for the health of a typical family, to which a provision is added for nonfood needs. The minimal requirement of calorie intake is adjusted by age, gender, weight and temperature.</p>
P0: Poverty Headcount Index/ Poverty Incidence	<p>Proportion of the population living below the poverty line. The most widely used measure to show the size of poverty. It is simple to construct and easy to understand but it does not take and the living standard of the poor population and the intensity of poverty into account.</p> $HCI = \frac{q}{N}$ <p>q: Number of Poor N: Total Population</p>
P1: Poverty Gap Index/ Poverty Depth	<p>The average income or consumption shortfall compared to the poverty line across the whole population. It is obtained by adding up all the shortfalls of the poor (assuming that the non-poor have a shortfall of zero) and dividing by the total population. In the case that the poverty line is constant, the increase in the shortfall of the poor leads the higher poverty gap index. The index can be considered as the minimum cost of eliminating poverty because it shows how much would have to be transferred to the poor to bring their income or expenditure to the poverty line.</p> $PGI = \frac{1}{N} \sum_{i=1}^q \left( \frac{z - y_i}{z} \right)$ <p>N: Total Population z: Poverty Line y: Individual Income or Consumption</p>
P2: Squared Poverty Gap Index/ Poverty Severity)	<p>A weighted sum of poverty gaps (as a proportion of the poverty line), where the weights are the proportionate poverty gaps themselves. The index shows poverty severity which is inequality among the poor because a higher weight is placed on those households further away from the poverty line. In the case that the poverty line is constant, more unequal income or consumption distribution among the poor leads the higher poverty severity.</p> $SPI = \frac{1}{N} \sum_{i=1}^q \left( \frac{z - y_i}{z} \right)^2$ <p>N: Total Population z: Poverty Line y: Individual Income or Consumption</p>

(2) Inequality Indicator

Term	Explanation
Gini coefficient and Lorenz Curve	<p>Gini Coefficient shows the disparity of income or consumption distribution from the completely equal distribution in a economy. It is based on the Lorenz curve, a cumulative frequency curve the compares the distribution a specific variable (for example, income) with the uniform distribution that represents equality. Gini Coefficient varies between 0, which reflects complete equality, and 1, which indicates complete inequality (one person or one household has all the income or consumption; all others have none)</p>
Theil index	<p>The index is obtained by the proportion of the individual income to the mean income per person and the proportion of the individual income to the total income. The index varies between 0, which represents an equal distribution among the total population, and 1, which represents complete unequally distribution among the total population.</p> $Z(1) = \frac{1}{n} \sum_{i=1}^n \frac{y_i}{\bar{y}} \log \frac{y_i}{\bar{y}}$ <p>n: Total Population            yi: Individual Income  <math>\bar{y}</math> : The Mean Income per capita</p> <p>The Theil Index has the advantage of being additive across different subgroups or regions in the country, then enables to understand attribution of each subgroup to the total inequality in the country.</p> $I \text{ (Total Inequality)} = I_w \text{ (Inequality within subgroup)} + I_b \text{ (Inequality among the subgroups)}$

(Reference) World Bank, "Poverty Reduction Strategy Paper (PRSP) Sourcebook", (2004)  
 World Bank, "Handbook on Poverty + Inequality", (2009)

## Appendix 2: Poverty Lines in 1997/98

Area	Urban	Rural	Whole
<b>Food Poverty Line (per capita per month)</b>			
Lao PDR	19,270	14,407	15,218
Vientiane Capital	20,504	17,589	19,422
North	18,016	13,783	14,197
Central	19,042	14,677	15,214
South	17,316	14,170	15,214
<b>Absolute Poverty Line (per capita per month)</b>			
Lao PDR	23,902	18,239	19,184
Vientiane Capital	24,802	21,768	23,676
North	23,749	18,070	18,626
Central	23,637	18,264	18,925
South	21,493	17,644	19,184

(Source) Kakwani, N., et al., "Poverty in Lao PDR" (2001), p.26, Annex Table 4 and p.28, Annex Table 5.  
 (Note) The annual average exchange rate was 1 USD = 3,298.33 in 1998.

### Appendix 3: List of 72 poor districts

**Table 1.3: List of 72 poor districts by provinces and poverty criteria ( household poverty), 2001/2002.**

Poor districts	Province	Total population	Of which women	Total number of households	Number of poor households	Percentage of poor households	Number of household poor by criteria					Percentage of household poor by criteria					
							Lack of rice	lack of clothes	Lack of shelter	Insufficient to cover the cost of medical treatment	Insufficient to cover the cost of children schooling cost	Lack of rice	lack of clothes	Lack of shelter	Insufficient to cover the cost of medical treatment	Insufficient to cover the cost of children schooling cost	
1	Saoukay district	Attapeu	15,293	7,899	2,589	2,558	98.8	420	480	580	590	550	16.4	18.8	22.7	23.1	21.5
2	Kaleum district	Xekong	10,736	5,650	1,673	1,613	96.4	1,468	290	565	1,129	323	91.0	18.0	35.0	70.0	20.0
3	Phouvong district	Attapeu	10,030	4,997	1,833	1,688	92.1	260	330	390	376	350	15.4	19.5	23.1	22.3	20.7
4	Vienthong district	Borikhamxay	18,968	9,538	2,908	2,589	89.0	806	2,033	1,839	1,635	622	31.1	78.5	71.8	63.2	24.0
5	Nam nhu Special Region	Bokeo	3,923	1,718	553	480	86.8	297	158	474	192	253	61.9	32.9	98.8	40.0	52.7
6	Huameuang district	Houa Phane	26,405	13,045	3,792	3,287	86.7	1,144	591	582	663	1,858	34.8	18.0	17.7	20.2	56.5
7	Pakbeng district	Oudomxay	24,690	12,450	3,864	3,335	86.3	2,850	532	2,762	531	1,119	85.5	16.0	82.8	15.9	33.6
8	Nong district	Savannakhet	19,266	9,633	3,066	2,637	86.0	2,307	0	2,637	2,637	2,637	87.5	0.0	100.0	100.0	100.0
9	Ta oi district	Saravanh	20,662	10,607	3,663	3,042	83.0	3,042	3,042	3,042	3,042	3,042	100	100	100	100	100
10	Long district	Louang Numtha	24,204	12,196	4,412	3,557	80.6	1,692	1,566	2,997	1,795	2,453	47.6	44.0	84.3	50.5	69.0
11	Samphanh district	Phongsaly	26,531	13,123	4,134	3,306	80.0	1,953	813	2,133	1,539	1,461	59.1	24.6	64.5	46.6	44.2
12	Phomxay district	Luang Phrabang	24,396	10,180	3,876	3,097	79.9	689	764	756	564	324	22.2	24.7	24.4	18.2	10.5
13	Vienkham district	Luang Phrabang	40,723	20,636	6,650	5,253	79.0	1,759	588	1,691	777	438	33.5	11.2	32.2	14.8	8.3
14	Vienthong district	Houa Phane	24,351	11,896	3,684	2,823	76.6	1,723	1,197	2,428	1,293	916	61.0	42.4	86.0	45.8	32.4
15	Sepone district	Savannakhet	38,896	19,527	6,824	5,214	76.4	4,955	0	5,214	2,726	3,966	95.0	0.0	100.0	52.3	76.1
16	Bolikhanh district	Borikhamxay	29,453	14,188	4,685	3,570	76.3	1,848	1,970	2,981	2,366	815	51.8	55.2	83.5	66.3	22.8
17	Dakcheung district	Xekong	18,127	9,203	3,143	2,353	74.9	2,118	471	471	1,412	518	90.0	20.0	20.0	60.0	22.0
18	Nelae district	Louang Numtha	23,584	12,898	3,832	2,655	69.3	1,078	860	269	162	286	40.6	32.4	10.1	6.1	10.8
19	Xamtay district	Houa Phane	53,279	26,316	7,992	5,325	66.6	976	835	942	1,673	899	18.3	15.7	17.7	31.4	16.9
20	Meung district	Bokeo	5,941	2,904	1,152	748	64.9	594	51	700	93	303	79.4	6.8	93.6	12.4	40.5
21	Samnol district	Saravanh	10,225	5,368	1,975	1,266	64.1	1,266	1,266	1,266	1,266	1,266	100.0	100.0	100.0	100.0	100.0
22	Phoukhoum district	Luang Phrabang	20,768	10,280	3,075	1,964	63.9	403	254	378	462	467	20.5	12.9	19.2	23.5	23.8
23	Khoum district	Xieng Khoang	30,943	15,464	3,075	1,964	63.9	403	254	378	462	467	20.5	12.9	19.2	23.5	23.8
24	Saysomboun district	Xaysomboun	14,476	7,162	2,197	1,379	62.8	976	88	1,034	226	101	70.8	6.4	75.0	16.4	7.3
25	Viangxay district	Houa Phane	34,920	17,318	5,502	3,398	61.8	1,352	698	492	741	796	39.8	20.5	14.5	21.8	23.4
26	Khamkeuth district	Borikhamxay	51,151	25,096	7,699	4,726	61.4	1,921	4,760	4,539	3,528	1,944	40.6	100.7	96.0	74.7	41.1
27	Pak xeng district	Luang Phrabang	25,886	12,968	4,353	2,650	60.9	945	603	487	491	124	35.7	22.8	18.4	18.5	4.7
28	Beng district	Oudomxay	30,807	15,407	6,102	3,697	60.6	1,509	291	2,366	288	347	40.8	7.9	64.0	7.8	9.4
29	Xiengkhor district	Houa Phane	25,646	12,672	3,861	2,337	60.5	1,153	360	287	269	270	49.3	15.4	12.3	11.5	11.6
30	Nga district	Oudomxay	25,079	11,784	3,912	2,356	60.2	1,854	771	2,135	815	967	78.7	32.7	90.6	34.6	41.0
31	Hoon district	Oudomxay	55,539	27,748	8,850	5,227	59.1	3,230	1,114	4,000	1,298	1,915	61.8	21.3	76.5	24.8	36.6



32	Hom district	Vientiane	7,618	3,852	958	544	56.8	542	0	414	152	38	99.6	0.0	76.1	27.9	7.0
33	Pha oudom district	Bokeo	31,498	16,149	5,356	2,994	55.9	2,424	660	2,368	682	885	81.0	22.0	79.1	22.8	29.6
34	Viengphoukha district	Louang Nountha	15,813	8,217	3,062	1,706	55.7	1,584	1,326	1,204	1,366	1,219	92.8	77.7	70.6	80.1	71.5
35	Phine district	Savannakhet	45,798	23,086	6,647	3,701	55.7	3,085	0	3,166	2,412	3,539	83.4	0.0	85.5	65.2	95.6
36	Vilabuly district	Savannakhet	27,937	13,514	4,373	2,425	55.5	2,425	0	2,425	2,425	2,425	100.0	0.0	100.0	100.0	100.0
37	Thathom district	Xaysomboun	8,316	4,092	1,369	756	55.2	281	76	698	64	61	37.2	10.1	92.3	8.5	8.1
38	Namnor district	Oudomxay	29,673	14,837	4,511	2,480	55.0	1,645	506	1,622	751	727	66.3	20.4	65.4	30.3	29.3
39	Nhotou district	Phongsaly	26,419	12,972	4,152	2,280	54.9	1,490	682	1,368	620	715	65.4	29.9	60.0	27.2	31.4
40	Nonghed district	Xieng Khoang	36,165	17,940	5,153	2,823	54.8	564	1,155	2,823	869	905	20.0	40.9	100.0	30.8	32.1
41	Phoon district	Xaysomboun	8,517	4,302	1,470	784	53.3	499	76	672	49	48	63.6	9.7	85.7	6.3	6.1
42	Thapangthong district	Savannakhet	27,937	14,233	3,985	2,099	52.7	1,261	0	1,478	1,070	1,382	60.1	0.0	70.4	51.0	65.8
43	Add district	Houa Phane	26,467	13,041	4,007	2,106	52.6	1,561	215	650	594	439	74.1	10.2	30.9	28.2	20.8
44	Sopbao district	Houa Phane	25,533	12,882	3,894	2,023	52.0	1,180	1,195	1,057	1,451	1,349	58.3	59.1	52.2	71.7	66.7
45	Meungngeun district	Xayaboury	14,495	7,451	2,532	1,258	49.7	736	344	1,258	349	280	58.5	27.3	100.0	27.7	22.3
46	Nakai district	Khammouane	18,264	9,261	3,309	1,632	49.3	1,376	255	1,505	525	508	84.3	15.6	92.2	32.2	31.1
47	Thaphalaxay district	Savannakhet	28,573	14,645	5,312	2,476	46.6	2,476	0	1,572	57	1,395	100.0	0.0	63.5	2.3	56.3
48	Mooulapamok district	Champasak	36,437	18,947	5,873	2,704	46.0	na	na	na	na	na	na	na	na	na	na
49	Longxan district	Vientiane	18,024	8,909	2,433	1,110	45.6	812	132	1,110	445	251	73.2	11.9	100.0	40.1	22.6
50	Xaysetha district	Attapeu	26,119	13,938	4,612	2,015	43.7	450	375	385	438	367	22.3	18.6	19.1	21.7	18.2
51	Khua district	Phongsaly	27,607	14,081	4,952	2,010	40.6	1,657	850	1,760	990	1,347	82.4	42.3	87.6	49.3	67.0
52	Mai district	Phongsaly	23,035	11,663	4,112	1,645	40.0	975	591	1,008	643	675	59.3	35.9	61.3	39.1	41.0
53	Xonbully district	Savannakhet	44,911	23,197	6,470	2,534	39.2	2,048	0	2,027	1,285	1,428	80.8	0.0	80.0	50.7	56.4
54	Xaybuathong district	Khammouane	18,839	9,523	3,336	1,302	39.0	802	112	1,302	129	262	61.6	8.6	100.0	9.9	20.1
55	Mad district	Vientiane	14,608	7,169	2,432	943	38.8	361	39	352	144	105	38.3	4.1	37.3	15.3	11.1
56	Xienghoh district	Xayaboury	25,991	13,033	4,703	1,800	38.3	1,800	1,798	1,797	1,051	873	100.0	99.9	99.8	58.4	48.5
57	La district	Oudomxay	16,071	8,131	3,181	1,193	37.5	781	276	798	430	417	65.5	23.1	66.9	36.0	35.0
58	Nhomemalath	Khammouane	25,612	13,216	4,889	1,786	36.5	1,256	85	1,615	71	208	70.3	4.8	90.4	4.0	11.6
59	Toomiam district	Saravanh	19,340	9,972	3,326	1,175	35.3	na	na	na	na	na	na	na	na	na	na
60	Paktha district	Bokeo	15,679	7,910	2,598	860	33.1	717	203	639	194	204	83.4	23.6	74.3	22.6	23.7
61	Bualapha district	Khammouane	23,022	11,187	4,049	1,294	32.0	772	60	1,294	125	203	59.7	4.6	100.0	9.7	15.7
62	Mahaxay district	Khammouane	28,261	14,451	5,246	1,644	31.3	1,644	113	1,644	79	140	100.0	6.9	100.0	4.8	8.5
63	Pek district	Xieng Khoang	66,284	33,480	11,127	3,467	31.2	1,154	558	478	907	592	33.3	16.1	13.8	26.2	17.1
64	Hongsia district	Xayaboury	26,118	13,065	4,288	1,216	28.4	1,216	1,198	1,216	1,198	1,157	100.0	98.5	100.0	98.5	95.1
65	Khop districts	Xayaboury	17,968	8,961	3,183	891	28.0	891	0	891	0	0	100.0	0.0	100.0	0.0	0.0
66	Xayabury district	Xayaboury	68,206	34,129	11,347	2,875	25.3	1,048	534	2,875	709	988	36.5	18.6	100.0	24.7	34.4
67	Feuang district	Vientiane	42,700	20,924	6,600	1,593	24.1	1,071	115	522	247	149	67.2	7.2	32.8	15.5	9.4
68	Sukhama district	Champasak	49,893	26,598	8,016	1,575	19.6	1,575	0	415	0	155	100.0	0.0	26.3	0.0	9.8
69	Kham district	Xieng Khoang	46,979	23,471	6,885	974	14.6	974	0	0	194	0	100.0	0.0	0.0	19.9	0.0
70	Bachiangchaleumsook district	Champasak	39,308	19,738	7,393	924	12.5	924	774	924	0	866	100.0	83.8	100.0	0.0	93.7
71	Pathoomphone district	Champasak	49,241	25,228	8,693	690	7.9	690	na	382	690	690	100.0	na	55.4	100.0	100.0
72	Sangthong district	Vientiane Mun.	22,507	11,166	4,317	191	4.4	179	0	55	0	15	93.7	0.0	28.8	0.0	7.9
Total			1,956,681	972,432	318,877	160,592	50.4	93,917	41,333	98,603	58,446	58,803	58.5	25.7	61.4	36.4	36.6

Source: National Statistical Center, Poverty Statistical Reports, Provincial Committees/Authorities as of March 2003

## Appendix 4: Microfinance at a Glance

### 1. Microfinance at a Glance by Province (2006) (1)

Province	No. of Poor Households by NGPES	No. of Service Providers	Clients (Number)			Borrowers (Number)			Depositors (Number)		
			Total*	Male	Female	Total	Male	Female	Total	Male	Female
<b>Lao PDR</b>	<b>160,592</b>	<b>190</b>	<b>206,456</b>	<b>58,458</b>	<b>67,368</b>	<b>99,743</b>	<b>28,963</b>	<b>28,229</b>	<b>162,773</b>	<b>36,824</b>	<b>57,438</b>
<b>North Total</b>		<b>79</b>	<b>-</b>	<b>27,314</b>	<b>20,498</b>	<b>40,158</b>	<b>14,159</b>	<b>11,442</b>	<b>57,890</b>	<b>18,704</b>	<b>16,781</b>
Phongsaly	9,241	10	4,586	3,060	1,526	3,022	2,094	928	2,533	1,490	1,043
Louang Namtha	7,918	9	7,212	1,851	799	2,542	480	368	6,827	1,543	722
Oudomxay	18,288	12	11,850	4,346	4,335	7,994	3,904	3,799	9,737	2,258	4,310
Bokeo	5,082	9	16,753	3,701	3,099	5,925	32	402	11,922	485	1,484
Louang Prabang	12,964	13	14,080	5,014	2,064	7,150	2,054	751	8,466	4,858	1,846
Houa Phanh	21,299	7	7,932	2,621	2,334	4,803	1,966	1,493	7,652	2,621	2,054
Xaygnaboury	8,040	14	9,524	5,012	4,512	5,479	2,921	2,558	7,855	3,740	4,115
<b>Central Total</b>		<b>79</b>	<b>-</b>	<b>16,694</b>	<b>38,685</b>	<b>41,993</b>	<b>8,130</b>	<b>14,889</b>	<b>75,489</b>	<b>15,598</b>	<b>36,013</b>
Vientiane Capital	191	15	26,641	3,094	18,061	10,396	612	5,705	26,582	3,328	17,768
Xieng Khoang	9,228	5	4,390	1,709	1,829	3,243	708	1,143	2,898	1,709	1,189
Vientiane	4,190	17	14,064	2,784	7,728	3,633	815	2,501	13,484	2,601	7,272
Borikhamxay	10,885	8	8,704	4,685	4,019	6,268	4,032	2,236	6,068	3,861	2,207
Khammuane	7,658	14	18,430	3,517	6,103	13,506	1,666	3,084	15,975	3,256	6,042
Savannakhet	21,086	25	15,097	2,560	2,774	8,190	1,105	1,363	13,380	2,552	2,724
<b>South Total</b>		<b>32</b>	<b>-</b>	<b>14,450</b>	<b>8,185</b>	<b>17,592</b>	<b>6,574</b>	<b>1,968</b>	<b>29,394</b>	<b>2,540</b>	<b>4,644</b>
Saravanh	5,483	12	6,751	3,477	1,150	5,586	2,917	840	2,857	1,069	584
Xékong	3,966	5	1,375	-	0	1,197	-	-	1,375	-	-
Champasak	5,893	10	33,713	8,736	5,391	9,739	3,407	959	24,021	1,125	3,507
Attapeu	6,261	5	4,814	2,237	1,644	1,070	250	169	1,832	346	553

(Source) Committee for Planning and Investment, National Economic Research Institute, Rural & Microfinance Statistics in the Lao PDR 2006 (2006).

(Note) \* Figures in the "Total" do not always support the sum of figures in 'Male' and 'Female' as some districts did not fill in the sex ratio on the questionnaire.



2. Microfinance at a Glance by Province (2006) (2)

Province	Loan amount (Kip)			Deposit amount (Kip)		
	Total*	Male	Female	Total	Male	Female
<b>Lao PDR</b>	<b>169,553,500,479</b>	<b>41,997,905,011</b>	<b>32,290,832,611</b>	<b>66,556,978,554</b>	<b>3,912,766,855</b>	<b>11,728,405,774</b>
<b>North Total</b>	<b>63,531,466,390</b>	<b>23,385,855,416</b>	<b>12,039,573,813</b>	<b>12,847,754,973</b>	<b>2,673,133,666</b>	<b>2,739,613,710</b>
Phongsaly	3,594,942,500	2,341,712,500	934,030,000	336,720,500	249,753,000	59,047,500
Louang Namtha	3,118,733,900	1,517,661,500	924,564,500	691,224,900	248,708,000	101,824,000
Oudomxay	10,574,410,500	6,241,214,000	2,066,935,000	853,913,500	23,399,000	269,043,000
Bokeo	5,339,552,000	117,500,000	528,649,000	656,688,000	123,123,000	322,344,000
Louang Prabang	20,018,092,991	5,987,599,000	752,453,000	1,863,857,329	845,490,932	453,408,449
Houa Phanh	8,031,681,270	2,860,908,000	1,636,997,000	5,607,381,659	17,192,000	52,402,000
Xaygnaboury	7,549,364,729	3,178,604,416	4,370,760,313	2,602,346,885	1,036,803,034	1,374,587,261
<b>Central Total</b>	<b>79,713,716,059</b>	<b>7,942,831,000</b>	<b>17,735,568,000</b>	<b>44,030,098,900</b>	<b>1,110,322,189</b>	<b>8,295,500,064</b>
Vientiane Capital	24,313,740,000	1,761,254,000	8,739,937,000	18,537,610,753	623,116,189	5,640,105,564
Xieng Khoang	5,304,688,500	1,140,656,000	765,185,000	235,622,200	128,664,700	106,957,500
Vientiane	19,694,097,059	326,830,000	906,479,000	7,733,473,647	70,972,000	2,501,000,000
Borikhamxay	3,844,075,000	2,525,306,000	1,167,110,000	535,795,500	217,124,000	214,620,500
Khammuane	16,156,653,500	3,197,989,000	6,611,096,000	8,792,451,000	46,574,000	1,089,350,000
Savannakhet	15,705,145,500	131,452,000	310,946,000	8,430,768,000	152,536,000	364,981,000
<b>South Total</b>	<b>26,308,318,030</b>	<b>10,669,218,595</b>	<b>2,515,690,798</b>	<b>9,679,124,681</b>	<b>129,311,000</b>	<b>693,292,000</b>
Saravanh	7,600,230,464	4,561,270,785	854,768,600	171,721,739	71,679,000	16,472,000
Xékong	3,895,780,000	-	-	2,633,267,000	-	-
Champasak	13,470,354,566	5,748,802,810	1,321,789,198	6,701,029,942	1,340,000	572,522,000
Attapeu	1,341,953,000	359,145,000	339,133,000	173,106,000	56,292,000	104,298,000

(Source) Committee for Planning and Investment, National Economic Research Institute (2006). Rural & Microfinance Statistics in the Lao PDR 2006.

(Note) \* Figures in the "Total" do not always support the sum of figures in 'Male' and 'Female' as some districts did not fill in the sex ratio on the questionnaire.

### 3. Microfinance at a Glance by Sector

Province	Agriculture, Livestock, Fisheries (Kip)	Trade, Small Shop (Kip)	Handicraft, Weaving (Kip)	Services (Kip)	Food Processing (Kip)	Health (Kip)	Education (Kip)	Accident (Kip)	Social and Festival (Kip)	Other (Kip)
<b>Lao PDR</b>	<b>86,668,931,781</b>	<b>22,608,639,692</b>	<b>8,409,077,823</b>	<b>1,794,504,719</b>	<b>130,625,000</b>	<b>964,957,438</b>	<b>124,841,195</b>	<b>537,424,500</b>	<b>471,164,000</b>	<b>2,662,155,542</b>
<b>North Total</b>	<b>29,186,232,795</b>	<b>8,263,389,070</b>	<b>4,948,297,525</b>	<b>1,412,940,527</b>	<b>33,240,000</b>	<b>208,130,238</b>	<b>19,322,195</b>	<b>241,028,500</b>	<b>139,535,000</b>	<b>2,497,679,550</b>
Phongsaly	1,453,337,000	12,600,000	43,000,000	0	0	0	0	0	0	0
Louang Namtha	2,012,288,500	162,817,000	48,750,000	306,300,000	0	0	0	32,170,500	64,976,000	0
Oudomxay	7,721,561,500	556,820,500	3,000,000	0	0	0	0	0	0	0
Bokeo	4,537,842,000	494,759,000	5,471,000	0	0	29,695,000	2,571,000	184,090,000	51,114,000	32,833,000
Louang Prabang	5,287,044,600	3,980,148,175	4,272,947,725	714,535,000	33,240,000	43,040,000	14,120,000	0	0	90,917,910
Houa Phanh	4,359,594,570	662,517,240	523,049,800	12,500,000	0	113,149,960	0	4,800,000	23,445,000	2,287,894,700
Xaygnaboury	3,814,564,625	2,393,727,155	52,079,000	379,605,527	0	22,245,278	2,631,195	19,968,000	0	86,033,940
<b>Central Total</b>	<b>40,443,164,586</b>	<b>11,927,533,331</b>	<b>2,840,448,000</b>	<b>76,484,000</b>	<b>35,000,000</b>	<b>329,123,000</b>	<b>47,250,000</b>	<b>260,614,000</b>	<b>9,529,000</b>	<b>158,696,142</b>
Vientiane Capital	6,268,865,000	7,243,092,000	1,896,683,000	50,000,000	21,000,000	198,517,000	22,500,000	173,100,000	2,000,000	44,162,000
Xieng Khoang	4,989,875,000	36,860,000	192,947,000	6,100,000	0	13,389,000	2,446,000	3,000,000	0	15,071,500
Vientiane	10,729,820,586	792,206,331	425,677,000	0	0	0	0	18,237,000	0	64,915,642
Borikhamxay	3,969,204,000	311,222,000	211,100,000	0	0	5,400,000	0	20,317,000	2,800,000	2,000,000
Khammuane	7,719,349,500	1,288,073,000	30,500,000	0	0	77,290,000	0	0	0	0
Savannakhet	6,766,050,500	2,256,080,000	83,541,000	20,384,000	14,000,000	34,527,000	22,304,000	45,960,000	4,729,000	32,547,000
<b>South Total</b>	<b>17,039,434,400</b>	<b>2,417,717,291</b>	<b>620,332,298</b>	<b>305,080,192</b>	<b>62,385,000</b>	<b>427,704,200</b>	<b>58,269,000</b>	<b>35,782,000</b>	<b>322,100,000</b>	<b>5,779,850</b>
Saravanh	6,548,500,000	242,800,193	39,950,000	164,230,192	62,385,000	33,842,000	8,269,000	16,405,000	0	0
Xékong	659,559,500	183,050,000	1,000,000	0	0	78,260,000	50,000,000	0	0	0
Champasak	8,796,341,900	1,959,112,098	501,724,298	0	0	315,602,200	0	3,000,000	322,100,000	5,779,850
Attapeu	1,035,033,000	32,755,000	77,658,000	140,850,000	0	0	0	16,377,000	0	0

(Source) Committee for Planning and Investment, National Economic Research Institute, Rural & Microfinance Statistics in the Lao PDR 2006 (2006).

# **Annex**

(1) List of Major Policy Documents

File No.	Name of Document	Publisher	Year	Source
1	National Nutrition Policy (Strategy and Action Plan)	The Ministry of Health with online ministries and with the support from UN agencies.	2008/12	<a href="http://www.moh.gov.la/index.php?option...id...30122008...">www.moh.gov.la/index.php?option...id...30122008...</a>
2	The Sixth National Socio Economic Development Plan (NSED) 2006-2010	Committee for Planning and Investment (CPI), Government of Lao PDR	2006/10	<a href="http://www.undplao.org/official%20docs/NSEDP%20partI.pdf">http://www.undplao.org/official%20docs/NSEDP%20partI.pdf</a>
3	National Programme Strategy for the Post Opium Scenario: "The Balanced Approach to Sustaining Opium Elimination in the Lao PDR (2006-2009)" Policy paper final draft	Lao National Commission for Drug Control and Supervision, UNODC	2006/01	<a href="http://www.unodc.org/unodc/en/crop-monitoring/index.html?tag=Lao%20PDR">http://www.unodc.org/unodc/en/crop-monitoring/index.html?tag=Lao%20PDR</a>
4	National Growth and Poverty Eradication Strategy (NGPES)	Government of Lao PDR (GOL)	2004/06	<a href="http://www.undplao.org/newsroom/ngpes.php">http://www.undplao.org/newsroom/ngpes.php</a>
5	Socio-Economic Development Plan From present to the Year 2020, 2010 and the fifth 5-year plan for socio-economic development (2001-2005)	Committee for Planning and Cooperation, Government of Lao PDR	2001/07	Obtained from Lao PDR.
6	Official Gazette Special Issue: State Budget Plan FY 2001-2002	Ministry of Finance	2002/03	Obtained from Lao PDR.
7	Social Security Schemes, Pension and Elderly policy in Lao P.D.R	ILO Subregional Office for East Asia	-	<a href="http://www.jicwels.or.jp/about_jicwels/ASEAN&amp;JapanHighLevelOfficialsMeeting/5th%20Mtg.%20Country%20Report%202007%20-Community%20Services%20for%20the%20Elderly-/Laos%20Welfare.pdf">http://www.jicwels.or.jp/about_jicwels/ASEAN&amp;JapanHighLevelOfficialsMeeting/5th%20Mtg.%20Country%20Report%202007%20-Community%20Services%20for%20the%20Elderly-/Laos%20Welfare.pdf</a>
	Lao PDR Social Security (series of social security extension initiatives in East Asia)		2006	<a href="http://www.ilo.org/public/english/region/asro/bangkok/events/sis/download/paper30.pdf">http://www.ilo.org/public/english/region/asro/bangkok/events/sis/download/paper30.pdf</a>
8	UXO Lao 2008 Work Plan	the Lao National Unexploded Ordnance Programme (UXO Lao)	2008	<a href="http://www.uxolao.org/Download%20files/UXO%20LAO%202008%20Work%20Plan.pdf">http://www.uxolao.org/Download%20files/UXO%20LAO%202008%20Work%20Plan.pdf</a>
	UXO Lao 2009 Work Plan		2009	<a href="http://www.uxolao.org/Download%20files/2009%20Work%20Plan.pdf">http://www.uxolao.org/Download%20files/2009%20Work%20Plan.pdf</a>

(2) List of Major Statistical Surveys

File No.	Name of Survey	Publisher	Year	Survey Cycle	Source
1	Opium Poppy Cultivation in South East Asia: Lao PDR, Myanmar	United Nations Office on Drugs and Crime (UNODC)	2009/12	Each year since 1992.	<a href="http://www.unodc.org/documents/crop-monitoring/SEA_Opium_survey_2009.pdf">http://www.unodc.org/documents/crop-monitoring/SEA_Opium_survey_2009.pdf</a>
2	Statistical Yearbook of 2008	Department of Statistics (DOS), Ministry of Planning and Investment	2009/06	Each year.	<a href="http://www.nsc.gov.la/Products.htm">http://www.nsc.gov.la/Products.htm</a>
3	Monitoring the situation of children and woman Multiple Indicator Cluster Survey (MICS) 2006	Ministry of Planning and Investment Department of Statistics	2006	MICS 2006 is the third MICS.	Obtained from Lao PDR.
4	Socio-Economic Atlas of Lao PDR. An Analysis based on the 2005 Population and Housing Census	DOS, Ministry of Planning and Investment, Swiss National Centre of Competence in Research (NCCR) North-South Switzerland, Centre for Development and Environment, University of Bern and Lao National Mekong Committee Secretariat, Water Resources and Environmental Administration, Prime Minister's Office, Government of Lao PDR	2008	Census data mapped for the first time.	<a href="http://www.laoatlans.net/Welcome.html">http://www.laoatlans.net/Welcome.html</a>
5	The Geography of Poverty and Inequality in the Lao PDR	Swiss NCCR North-South and International Food Policy Research Institute (IFPRI)	2008	First time.	<a href="http://www.laoatlans.net/links/PDF/The%20Geography%20of%20Poverty%20and%20Inequality%20in%20the%20Lao%20PDR.pdf">http://www.laoatlans.net/links/PDF/The%20Geography%20of%20Poverty%20and%20Inequality%20in%20the%20Lao%20PDR.pdf</a>
6	<Publication> Population and Housing Census 2005	Lao Department of Statistic (DOS). (former National Statistics Centre).	2007	This is the third census undertaken by the Lao PDR Government. It was carried out in March 2005, ten years after the second census 1995 and twenty years after the first survey in 1985.	<a href="http://www.nsc.gov.la/PopulationCensus2005.htm">http://www.nsc.gov.la/PopulationCensus2005.htm</a>
7	Economic Census, 2006 Volume 1	Steering Committee on Economic Census	2007	The first large enterprise survey in Lao	Obtained from National Statistics Centre, March 2010
8	Lao Reproductive Health Survey 2005 (LRHS)	Committee for Planning and Cooperation, National Statistics Centre, supported by UNFPA	2007	Third survey.	Obtained from National Statistics Centre, March 2010
9	Poverty Trend 1992/03-2002/03	Committee for Planning and Investments, National Statistics of Center, and WB	2006/09	This paper draws on the series of three LECS from 1992/3 to 2002/3, to measure trends in poverty over 10 years.	Obtained from National Statistics Centre, March 2010

File No.	Name of Survey	Publisher	Year	Survey Cycle	Source
10	Laos Opium Survey 2005	United Nations Office on Drugs and Crime (UNODC)	2005/06	Each year since 1992.	<a href="http://www.unodc.org/pdf/laopdr/lao_opium_survey_2005.pdf">http://www.unodc.org/pdf/laopdr/lao_opium_survey_2005.pdf</a>
11	Lao Expenditure and Consumption Survey 2002/03 LECS III	Committee for Planning and Cooperation, National Statistics Centre	2004/03	This is the third survey of this type; the first was conducted in 1992/93 and the second one in 1997/98. LECS III was conducted for 12 months from March 2002 to February 2003.	<a href="http://www.nsc.gov.la/LECS3.htm">http://www.nsc.gov.la/LECS3.htm</a>
12	Preliminary Assessment of Illegal Labour Migration and Trafficking in Children and Women for Labour Exploitation	ILO, Mekong Sub-regional project to combat trafficking in Children and Women	2003/01	Part of the project launched in 1997 August to assist children in difficult circumstances with support from UNICEF, Save the Children UK and Church World Service.	Obtained from National Statistics Centre, March 2010
13	Opium Poppy Cultivation in South East Asia: Lao PDR, Myanmar	United Nations Office on Drugs and Crime (UNODC)	2008/12	Each year since 1992.	<a href="http://www.unodc.org/documents/easiaandpacific/2009/02/opium-poppy-cultivation-in-south-east-asia-opium-report-2008.pdf">http://www.unodc.org/documents/easiaandpacific/2009/02/opium-poppy-cultivation-in-south-east-asia-opium-report-2008.pdf</a>
14	<Publication> The household of Lao PDR Social and economic indicators 2007/08 LECS 4	Ministry of Planning and Investment, Department of Statistics	2009/05	This is the fourth survey of this type; the first was conducted in 1992/93, the second in 1997/98 and the third in 2002/03.	Obtained from Lao PDR.
15	Public Expenditure Tracking Survey (PETS) in Primary Education and Primary Health Making services reach poor people	The World Bank	2008/03	PETS projects begin in June 2004. After designing and field-testing the questionnaires in October 2005, field survey was conducted in 2006 (Jan-Mar).	<a href="http://www-wds.worldbank.org/external/default/WDSCContentServer/WDSP/IB/2008/10/24/000334955_20081024063917/Rendored/PDF/452890WP00BOX0334059B01PUBLIC1.pdf">http://www-wds.worldbank.org/external/default/WDSCContentServer/WDSP/IB/2008/10/24/000334955_20081024063917/Rendored/PDF/452890WP00BOX0334059B01PUBLIC1.pdf</a>
16	Digital Map Data of Lao PDR, ArcGIS ver9.1	Geographic Dept of Ministry of	2009	-	Obtained from GeographicaDept
17	Lao PDR LECS IV (SPSS)	Ministry of Planning and Investment, Department of Statistics	2010	-	Purchased at DOS
18	LaoInfo 5.0	NSC	2009	-	CD-ROM (obtained from NSC)
19	Administrative Atlas and Village Location in Lao PDR (Population and Housing Census, 2005)	Nationa Geographic Department, Department of Statistic	-	-	Obtained from DOS

(3) List of Major Microfinance Institutions

No.	Name of MFI	Address	Contact Number	Contact Person	Email Address	Homepage	Activitiy summary	Remarks
1	ACLEDA Bank Lao Ltd	372 21 DongpainaSt PhonsavanNeua, Vientiane 1555, Laos	Tel: 856-21 2649 94 . Fax: +856-21 2649 95	Yin Virak Vice President & Head of International Department	<a href="mailto:yin_virak@acledabank.com.kh">yin_virak@acledabank.com.kh</a>	<a href="http://www.acledabank.com.kh/kh/eng/index.asp">http://www.acledabank.com.kh/kh/eng/index.asp</a>	Offers loan	Main fund sources are savings and shareholder capital
2	Institution Financier de Développement de Phongsaly (IFDP)	Bounnea road, Homsavang village Phongsaly, Laos	Tel: 856 (0) 88-210234	Souvanhtha DEOVANH Director	<a href="mailto:deovanhtha@yahoo.com">deovanhtha@yahoo.com</a>	<a href="http://www.ccl-laos.org/spip.php?article47">http://www.ccl-laos.org/spip.php?article47</a>	Offers loan	-
3	Saynhai Samphanh DTMFI	Savannakhet, Laos	Tel: 041-214596	Samphanhxok Rasphone President	<a href="mailto:saysamone@yahoo.com">saysamone@yahoo.com</a>	-	Offer and provides loans and voluntary savings.	Main fund sources are grants, loans and savings.



(4) List of Major NGOs (international and national) and CSOs

No.	Name of NGO / CSO	Address	Contact Number	Contact Person	Email Address	Website	Activity sectors	Remarks
1	Lao Red Cross	Setthatirath Avenue, Impasse, Xienghune, P.O. Box 650, Vientiane Capital.	Tel: (856-21) 216610; 253014; 215762 Fax: (856-21) 212128; 253014	Dr. Snivourast Sramany, President	<a href="mailto:info@laoredcross.org">info@laoredcross.org</a>	<a href="http://www.laoredcross.org/index_en.php">http://www.laoredcross.org/index_en.php</a>	Currently implementing Primary Health Care Project supported by Danish RC, HIV/AIDS prevention Project supported by Australian and Italian RC, Elderly Care Project supported by Help Age International, Health Education and Wat San Project supported by French, EU, Swiss, Netherlands, New Zealand RC, Safe Blood Recruitment Project supported by Global Fund and German RC, Organizational Development & Capacity Building Project supported by ICRC and Spanish RC and Community Based Disaster Preparedness Project supported by Japanese RC.	Local NGO
2	Action with Lao Children (ALC)	079/2 Samsenthai Road, Ban Sihom, P.O.Box: 1518, Vientiane Municipality Lao PDR	Tel: (856)-(021) 213449 Fax: (856)-(021) 213449	Dara Kanlaya Country representative	<a href="mailto:alclao@laopdr.com">alclao@laopdr.com</a>	-	Education, social development	International NGO
3	Adventist Development and Relief Agency (ADRA)	Unit 5, House 99, Ban Sapanthong Neua, P.O.Box: 5000, Vientiane Municipality Lao PDR	Tel: (856)-(021) 264612 Fax: (856)-(021) 414086	Grant Hillier Country Director, Karmen Till Program Director	<a href="mailto:info@adralos.org">info@adralos.org</a>	<a href="http://www.adralaos.org">www.adralaos.org</a>	Agriculture, Forestry & Fisheries, Data Collection & Analysis, Education, Health Care, Human Resources Development, Natural Resources & Ecology, Social Development	International NGO
4	Agir pour les Femmes en Situation Precaire   Acting for Women in Distressing Circumstances (AFESIP)	Phonesay road, P.O. Box 3128, Vientiane Municipality Lao PDR	Tel: (856)-(021) 413581 Fax: (856)-(021) 413488	Didier BERTRAND Project Director	<a href="mailto:director@afesiplaos.org">director@afesiplaos.org</a>	<a href="http://www.afesiplaos.org">www.afesiplaos.org</a>	Community Development, Education, Emergency and, Humanitarian Relief, Human Resources Development, Income Generation & Economic Development, Social Development	International NGO
5	Aide et Action (AEA)	171/18, Ban Hongkaikao P.O. Box 11019 Vientiane	(856)-(021) 452834 (856)-(021) 453605	Ounheuane Saphakdy Country Program Coordinator	<a href="mailto:ounheuane@aea-sea.org">ounheuane@aea-sea.org</a>	<a href="http://www.aea-sea.org">www.aea-sea.org</a>	Education and Health Care	International NGO
6	BasicNeeds (BN)	House No. 349, Unit 19, Ban Thaphalansay, P.O. Box 3905 Sisattanak, Vientiane Municipality, Lao PDR	Tel: (856)-(021) 480938-9 Fax: (856)-(021) 312981	Chantharavady Choulamany Programme Manager	<a href="mailto:info.laos@basicneeds.org">info.laos@basicneeds.org</a>	<a href="http://www.basicneeds.org">www.basicneeds.org</a>	Community Development, Data Collection & Analysis, Education Health Care, Human Resources Development, Social Development	International NGO

No.	Name of NGO / CSO	Address	Contact Number	Contact Person	Email Address	Website	Activity sectors	Remarks
7	CARE International in Lao PDR (CARE Laos)	329/25 Sibounheuang Road P.O. Box 4328 Ban Sibounheuang, Chanthabouly district, Vientiane	Tel: (856)-(021) 217727, 212991 Fax: (856)-(021) 214 415	Henry Braun Country Director	<a href="mailto:info@carelaos.org">info@carelaos.org</a>	-	Agriculture, Forestry & Fisheries, Community Development Data Collection & Analysis, Education, Emergency and Humanitarian Relief, Health Care, Human Resources Development, Income Generation & Economic Development Natural Resources & Ecology, Social Development	International NGO
8	Christian Reformed World Relief Committee (CRWRC)	Km 3, Thadeau, Siamphon Road 175/15 P.O. Box 4224 Ban Vatnak, Vientiane	Tel: (856)-(021) 313071 Fax: (856)-(021) 313945	Mike Fennema Country Representative	<a href="mailto:crwrclao@gmail.com">crwrclao@gmail.com</a>	<a href="http://www.crwrc.org/development/asia/laos.html">www.crwrc.org/development/asia/laos.html</a>	Community livelihood project in Xiengkhouang supports improvements in basic health and clean water supply for the poor in selected districts.	International NGO
9	Cooperation Internationale pour le Developpement et la Solidarite (CIDSE)	Kamphengmeuang Road P.O. Box 2795 Vientiane Capital	Tel: (856)-(021) 453 995 Fax: (856)-(021) 453 995	Mrs. Khankham Douangvila Country Representative	<a href="mailto:cidseint@cidse.la">cidseint@cidse.la</a>	<a href="http://www.cidse.la">www.cidse.la</a>	Village education, primary health care at village level, household food security, water supply and community forestry with special emphasis on women and youth.	International NGO
10	CONCERN Worldwide	Luang Prabang Road P.O. Box 4374, Vientiane Vientiane	(856)-(021) 213578 (856)-(021) 213577	Luke Stephens Country Director	<a href="mailto:laos.info@concern.net">laos.info@concern.net</a>	<a href="http://www.concernlaopdr.org">www.concernlaopdr.org</a>	Rural development projects in basic health care and education.	International NGO
11	Church World Service (CWS)	047 Saphanthong Rd. P.O. Box 820, Vientiane	Tel: (856)-(021) 313 837 Fax: (856)-(021) 261 841	William H. DANGERS Representative	<a href="mailto:cwslao@laotiel.com">cwslao@laotiel.com</a>	<a href="http://www.cwslao.org">www.cwslao.org</a>	Training of primary school teachers in Oudamxay and Phongsaly; four nonformal training centers for ethnic minority teens in remote northern areas; community center for at risk in Vientiane; and Women and Children in Difficulty Program providing counseling and small scale support for poor women and children in Vientiane.	International NGO
12	Danish Red Cross (DRC)	Setthathirath Rd, Impasse, Xiengnhune, P.O. Box 11845	Tel: (856)-(021) 219559 Fax: (856)-(021) 219420	Dr. Mark Shepherd Delegate	<a href="mailto:masd@drk.dk">masd@drk.dk</a>	-	Supports basic health care service at village level, and awareness-raising	International NGO
13	Family Health International (FHI)	Room 1A/02, Sihom Commerce Center, Souphanouvong Rd., Vientiane	Tel: (856)-(021) 241113, 241131 Fax: (856)-(021) 241140	Phayvieng Philakone Program Manager	<a href="mailto:viengsavanh@fhilaos.org">viengsavanh@fhilaos.org</a>	<a href="http://www.fhi.org">www.fhi.org</a>	Recent projects include HIV/AIDS sentinel surveillance.	International NGO
14	International Cooperation NGO IV-Japan (IV-Japan)	KM2 Ban Nongdouang P.O. Box 7920 Vientiane	Tel: (856)-(021) 261240, (020) 5515122 Fax: (856)-(021) 261240	Sachiko Tominaga Representative	<a href="mailto:ivjapan@laopdr.com">ivjapan@laopdr.com</a>	<a href="http://www.6.ocn.ne.jp/~iv-japan">www.6.ocn.ne.jp/~iv-japan</a>	Recent projects support agriculture and community forestry.	International NGO

No.	Name of NGO / CSO	Address	Contact Number	Contact Person	Email Address	Website	Activity sectors	Remarks
15	Macfarlane Burnet Institute for Medical Research and Public Health	Souphanouvong Road, Building 06, 4B, Vientiane	Tel: (856)-(021) 250853 Fax: (856)-(021) 250854	Dr. Niramong Chanlivong Country Program Manager	<a href="mailto:burnet@laoteil.com">burnet@laoteil.com</a>	-	HIV/AIDS/STI prevention and treatment projects.	International NGO
16	Mennonite Central Committee (MCC)	House 177, Saladaeng Road P.O. Box 1118 Vientiane	Tel: (856)-(021) 312625 Fax: (856)-(021) 312901	Hien Phimmachanh, Wendy Martin Program Co-Administrators	<a href="mailto:mcclaoinfo@gmail.com">mcclaoinfo@gmail.com</a>	<a href="http://www.mcc.org">www.mcc.org</a>	Primary health care project supports training of village health workers and traditional birth attendants, health awareness and health education. Community development project supports enhancement of women`s skills in silkworm raising and silk weaving.	International NGO
17	Norwegian Church Aid (NCA)	338 Donpamai Road, Ban Thaphalanxay Unit 19, Sisat P.O. Box 4804 Vientiane	Tel: (856)-(021) 315812 Fax: (856)-(021) 354017-20	Margrethe Volden Area Representative	<a href="mailto:ncalaos@lao.pdr.com">ncalaos@lao.pdr.com</a>	<a href="http://www.nca.no">www.nca.no</a>	Prevent human trafficking, and spread of HIV/AIDS, and promote alternatives to opium production.	International NGO
18	Save the Children (Australia)	Unit 16, Phonsavanh Road P.O. Box 2783 213 Ban Phonsavanh Neua, Vientiane, Lao PDR	Tel: (856)-(021) 263744, 415432 Fax: (856)-(021) 314471	Mr. Matthew Pickard Country Director	<a href="mailto:office@savethechildrenlaos.org">office@savethechildrenlaos.org</a>	<a href="http://www.savethechildren.org.au">www.savethechildren.org.au</a>	Primary health project in Xayabury; rural water and sanitation improvements; community development, and support for prevention of HIV/AIDS, drug abuse and trafficking.	International NGO
19	World Vision (WV)	333 Nong Bone Road, Phonxay Village, P.O. Box 312, Vientiane	Tel: (856)-(021) 452100 Fax: (856)-(021) 452101	Mr. Stephen Rozario National Director	<a href="mailto:Laos@wvi.org">Laos@wvi.org</a>	<a href="http://www.wvasia.pacific.org/laos">www.wvasia.pacific.org/laos</a>	Health services and education to mothers and women of child bearing age.	International NGO

(5) List of Major Socio-economic Research Institutions

No.	Name of Research Institutions	Address	Contact Number	Contact Person	Email Address	Homepage	Activity summary	Remarks
1	Gender Resource Information and Development Centre (GRID)	-	Tel: (856-21) 413 228 Fax: (856-21) 416 343	-	<a href="mailto:gridvte@etlao.com">gridvte@etlao.com</a>	<a href="http://www.grid-lwu.org.la/index.html">http://www.grid-lwu.org.la/index.html</a>	Development of guidelines and training materials, gender-awareness and skill training for government staff and mass media etc.	Promotes gender mainstreaming
2	Participatory Development Education Training Centre (PADETC)	P O Box 2147 Vientiane Lao PDR 180 Ban Nakham of Luang Prabang Road, Sikhottabong District, Vientiane	Tel & Fax: (856 21) 219130	-	<a href="mailto:padetc@padetc.org">padetc@padetc.org</a>	<a href="http://www.padetc.org/">http://www.padetc.org/</a>	Training of youth in leadership skills	-
3	Rural Resource and Development Training Centre (RRDTC)	House 292, Unit 22, Ban Saphangmor, Saphangmor Road Hohm 5, Saysettha District, P.O. Box 11633, Vientiane, Lao PDR	Tel: (856) 21 453 091 Fax: (856) 21 453 092	-	<a href="mailto:info@rrdtc.org">info@rrdtc.org</a>	<a href="http://www.rrdtc.org/">http://www.rrdtc.org/</a>	Provide training, research and resources for community development.	An independent, non political Lao Not for Profit Association which is locally managed.
4	National Agriculture and Forestry Research Institute (NAFRI)	-	-	Manoluck Bounsilalath Head, ICT	<a href="mailto:manoluck@nafri.org.la">manoluck@nafri.org.la</a>	<a href="http://www.nafri.org.la/">http://www.nafri.org.la/</a>	Improving efficiency in agriculture production, improving land use and land management processes and feeding back the impacts of rapid agrarian change to policy makers at different levels.	Established in 1999 in order to consolidate agriculture and forestry research activities within the country and develop a coordinated National Agriculture and Forestry Research System.
5	Urban Research Institute (URI)	Box Building, Thanon Dongpalanh, Ban Phonsinoun, Muang Chanthaburi, Vientiane, Laos P O Box 5067	Tel: 856 (0) 21 412285 Fax: 856 (0) 21 416527	Keophilavanh Aphaylath Director General Mobile: 856 (0) 20 552 0422	<a href="mailto:saykhamt@yahoo.com">mailto:saykhamt@yahoo.com</a>	<a href="http://www.culturalprofiles.net/Laos/Units/365.html">http://www.culturalprofiles.net/Laos/Units/365.html</a>	Its duties include: (i) translating Ministry strategy in terms of research, elaborating city planning for both urban and rural areas; (ii) elaborating drafts of norms and technical standards concerning the planning of urban and rural areas; (iii) attracting funds from domestic and international sources in order to develop the technique, technology and research capacity of the communications, transport, post and construction sector, etc.	Established in 1999, a legal technical organisation which functions to assist the Minister of Communications, Transport, Post and Construction in the areas of research, technique and technology of urban planning and other fields.

(6) List of Other References

File No.	Name of Document	Publisher	Year
1	Joint Assessment of Impact and Needs arising from the September 2009 Ketsana Typhoon	Government of Lao PDR, UN Country Team	2009/10
2	Lao PDR Economic Monitor 2009, End year update	WB Vientiane Office	2009/12
3	Hazardous Ground. Cluster Munitions and UXO in the Lao PDR.	UNDP	2009
4	MDG Progress Report for the Lao PDR 2008	Jointly prepared by the Government of the Lao PDR and the United Nations	2009
5	Reducing Poverty of Ethnic Minorities through Natural Resource Management	Asian Development Bank (ADB)	2008
6	SIREN Human trafficking data sheet	United Nations Inter-Agency Project on Human Trafficking (UNIAP): Phase III	2008/03
7	World Food Programme Lao PDR Annual report 2008	WFP	2008
8	Comprehensive Food Security and Vulnerability Analysis (CFSVA)	World Food Programme (WFP)	2007/12
9	Participatory Poverty Assessment II (PPA) 2006. Executive summary	NSC and ADB	2007/10
10	Lao Poverty Assessment Report (LAOPA). From Valleys to Hilltops - 15 Years of Poverty Reduction. Volume II: Main Report	The World Bank (WB), Asian Development Bank (ADB) and Swedish International Development Agency (SIDA). Report No. 38083-LA	2006/09
11	National Third Human Development Report (HDR). International Trade and Human Development Lao PDR 2006	Committee for Planning and Investment (CPI), National Statistics Centre (NSC) and United Nations Development Programme (UNDP)	2006
12	United Nations Common Country Assessment CCA Lao PDR	Government of Lao PDR, UN Country Team	2006/06
13	Country Gender Strategy: Lao PDR. Gender, Poverty and the MDGs.	Asian Development Bank (ADB)	2004
14	MDG Progress Report 2008	Government of Lao PDR (GOL) and UN Agencies	2008
15	Country Economic Memorandum: Realizing the Development Potential of Lao PDR. Report No. 30188-LA	Government of Lao PDR (GOL), World Bank	2004/12
16	Child Trafficking. Broken Promises Shattered Dreams. Profile of Child trafficking in the Lao	Ministry of Labour and Social Welfare, UNICEF	2008/3
17	<Publication> Participatory Poverty Assessment (PPA) 2000	ADB	2001/12
18	Road Improvement and Poverty Reduction. A General Equilibrium Analysis for Lao PDR.	Jayant Menon, ADB and Peter Warr, ANU	2006/10
19	Road Development and Poverty Reduction. The Case of Lao PDR	ADB Institute Discussion paper No. 25. Peter Warr	2005/02
20	Trade Liberalization and Poverty Reduction in Lao PDR	George Fane, ANU	2003/08
22	Broken Lives. Trafficking in Human Beings in the Lao PDR	ADB	2009
23	National Human Development Report, Lao PDR 2001, Advancing Rural Development	UNDP	2001
24	Introduction to PRF: Background, results and prospect	PRF National Office at Committee for Planning and Investment	2007/02

File No.	Name of Document	Publisher	Year
25	Poverty Reduction Fund Annual Report 2006	PRF National Office at Committee for Planning and Investment	2007/03
26	Poverty Reducation Fund Semi-Annual Progress Report Jan-Jun 2008	PRF National Office at Committee for Planning and Investment	2008/08
27	UXO LAO, Annual Report 2007	UXO Lao	2007
28	UXO LAO, Annual Report 2008	UXO Lao	2008
29	Lao PDR: Institutional Strengthening for Poverty Monitoring and Evaluation	ADB Technical Assistance Consultant's Report	2008
30	National Workshop on Aquatic Biodiversity and Nutrition From Rice-based Ecosystems: Enhancing Biodiversity and Agricultural Productivity	FAO	2008
31	Lao People's Democratic Republic : Joing Staff Advisory Note on the Second Poverty Reduction Strategy Paper and Annual Progress Report	IMF	2008/10
32	Lao PDR: 72 Districts identified as Poor	Map produced by NSC/ Data Sources: Poverty Statistics Report, Provincial committees	2004
33	Notes on the First Round on Rapid Assessment of the Impacts of the Economic Crisis on Household and Vulnerable Workers in Lao PDR	World Bank	2009/11
34	Poverty in Lao PDR	N.Kakwani, Bounthavy, Sisouphanhthong, Phonesaly Souksavath, Brent	2001
35	Labor Migration in the Greater Mekong Sub-region, Synthesis Report; Phase 1	Ana Revenga, Pierre Yves-Fallavier, Jennica Larrison, Carmen de Paz Nieves	2006/11
36	Food Price Crisis Response Trust Fund Emergency Project Paper on a proposed Grant in the amount of US \$2 million to the Lao PDR for a Community nutrition Project	The World Bank	2009/08
37	Lao PDR Gender Profile	The World Bank	2005/11
38	Lao PDR: Rural and Agriculture Sector Issues Paper	The World Bank	2006/05
39	Lao PDR Economic Monitor End-Year Update 2009 Recent Economic Development	The World Bank Office, Vientiane	2009
40	Beneficiary Assessment of the Poverty Reduction Fund Project Lao PDR , Final Report	Mr. Oudet Souvannavong, Mixai Techno Engineering and Consulting Ltd	2007/01
41	Mid-Term Report 2003-2005	Committee for Planning and Investment, Poverty Reduction Fund	2006/05
42	PRF: Annual Report 2007	PRF National Office at Committee for Planning and Investment	2008/03
43	Trends and Patterns of Foreign Direct Investment in Lao PDR	Pemasiri J. Gunawardana. School of Applied Economics and Centre for Strategic Economic Studies, Victoria University	2008/01
44	Foreign Direct Investment (FDI) in Land in the Lao PDR	gtz	2009
45	Project Appraisal Document on a Proposed Grant in the Amount of SDR 17.9 million including SDR 5.7 million in Pilot Crisis Response window resources to the Lao PDR for a Road Sector Project	The Wolrd Bank	2010/02

File No.	Name of Document	Publisher	Year
46	<i>Pro-Poor Growth: Concepts and Measurement with country case studies</i>	UNDP Nanak Kakwani (UNDP)/ Shahid Khandker (World Bank)/ Hyun H.Son (Macquarie University)	2004/08
47	Global Hunger Index 2009, the challenge of hunger: focus on financial crisis and gender inequality	Welthungerhilfe/ Internaional Food Policy Research Institute/ Concern Worldwide	2009/10
48	Rural Development in Mountainous Areas of Northern Lao PDR	GTZ	-
49	BWTP Asia Resource Centre for Microfinance: LAOS Country Profile	The Banking With the Poor Network	-
50	LAO PDR: SOCIAL SECURITY	ILO	-
51	Doing Business 2010 Lao PDR	IFC	2010
52	Lao PDR Environmental Monitor	WB, Science, Technology and Environmental Agency	-
53	Lao PDR: Rural and Agriculture Sector Issues Paper	WB	2006
54	Assessment of Development Results, Evaluation of UNDP's Contribution, Lao PDR	UNDP	2007
55	RURAL & MICROFINANCE STATISTICS IN THE LAO PDR 2006	COMMITTEE FOR PLANNING AND INVESTMENT NATIONAL ECONOMIC RESEARCH INSTITUTE	2006
56	Policy Statement for the Development of Sustainable Rural and Micro Finance Sector	Rural and Micro Finance Committee (RMFC), Bank of the Lao PDR	2003
57	Action Plan of Rural Finance Sector Development Program	Rural and Micro Finance Committee (RMFC), Bank of the Lao PDR	2007
58	Paving the Road for Better Capacity	Professor Ken Gwilliams, Institute for Transport Studies, University of Leeds	2007
59	The Poverty Reduction Fund SOCIAL AND ENVIRONMENTAL GUIDELINES	Government of Lao PDR (GOL)	2008
60	Public Administration, Country Profile	Division for Public Administration and Development Management (DPADM) Department of Economic and Social Affairs (DESA), United Nations	2005
61	Fact Sheet –March 2010, Aid Coordination and Aid Effectiveness	UNDP	2010
62	Review of Ongoing Health Financing Reform in Lao PDR and Challenges in Expanding the Current Social Protection Schemes	Reviewed by the Health Financing Technical Working Group in Lao PDR Coordinated by Dr Soulivanh Pholsena and Mr Jean-Marc Thomé	2008
63	UNGASS Country Report	National Committee for the Control of AIDS	2007
64	VIENTIANE DECLARATION ON AID EFFECTIVENESS	Government of Lao PDR (GOL)	-
65	Community-driven Approaches in Lao PDR	WB	2008
66	ADB Progress Report on Tranche Release, Environment and Social Program	ADB	2006
67	Road Development and Poverty Reduction: The Case of Lao PDR	ADB Institute	2005
68	Microfinance Industry Report, Lao PDR	The Foundation for Development Cooperation and The Banking With the Poor Network	2010