

Country Report

Social Protection and Development in Lao PDR

the 10th ASEAN & Japan High Level Officials Meeting On Caring Societies:

Caring societies for the socially vulnerable people suffering after natural disasters”

Tokyo , Japan October, 23 – 25, 2012

I. Background.

1. **Geography:** Lao People’s Democratic Republic is landlocked country in Southeast Asia. It has 236,800 square kilometers and shares a 505 km border with China to the north, 435 km of border with Cambodia to the south, 2,069 km of border with Vietnam to the east, 1,835 km of border with Thailand to the west, and a 236 km border with Myanmar to the northwest. The country stretches 1,700 km from north to South, with an east-west width of over-500 km at its widest, and only 140 km at the narrowest point.

2. Demographic Structure

According to the three previous population censuses, the population of Lao PDR has increased by approximately one million every 10 years; in 1985 Lao PDR had approximately 3.5 million inhabitants, in 1995 approximately 4.5 million inhabitants and in 2005 approximately 5.6 million. With a growth rate of 2% in the population (women between the reproductive ages have 4-5 children), it is estimated that the population of Lao PDR will be 6.9 million by 2015. The majority of population of Lao PDR is young, with 50% of the total population under the age of 20. When classified by age group, it is estimated that in 2011, those aged 0-14 years old numbered approximately 2.38 million (of whom 1.17 million are female); those aged 15-64 years number approximately 3.76 million (of whom 1.89 million are female); and those aged over 65 years old number approximately 237 thousand (of whom 127 thousand are female). Moreover, it is also estimated that in 2015, those aged 0-14 years will number approximately 2.54 million (of whom 1.25 million will be female); those aged 15-64 years old will number approximately 4.10 million (of whom 2.06 million will be female); and those aged over 65 years will number 254 thousand (of whom 137 thousand will be female). The Census of 2005 suggests that population of those aged under 15 decreased from 43% in 1995 to 39% in 2005. This proportion is expected to be 36% in 2015. The labour force (i.e. those aged between 15-64 years) increased from 51% in 1995 to 57% in 2005, and is expected to further increase to 60% in 2015. The proportion of the population aged over 65 years old is forecast to be approximately 4%. It was indicated that the economic dependency

rate would be 0.68 in 2015 (down from 0.76 in 2010). This means that every 100 working-age people (15-64 years old) will support 68 (out of workforce) people.

II. Implementation of Social Economic Development Plan

The Sixth Five Year Socio-Economic Development Plan (2006-2010) was formulated to accomplish the general goals of the Socio-Economic Development Strategy until 2020 and Resolution No.8 of the Party Congress, which was approved at the inaugural session of the Sixth National Assembly in July 2006. The plan was a breakthrough strategy and met the development vision of the Party, placing a strong economy at the centre of development. The main targets and overall goals of the Sixth Plan included: average economic growth at 7.58% per year; growth in agriculture and forestry at 3.0-3.4%, industry at 13.0-14.0%, services at 7.5-8.0%, exports at 18.1%, and imports at 8.8%. The Sixth Plan also aimed to achieve revenue on average of 14.8% of GDP per annum, total investment 32% of GDP (10% is public investment (consumption); and 22% is foreign and private investment); increase the population to 6.17 million in 2010; decrease the number of poverty households to below 15% of the total number of households; completely halt slash and burn by 2007; create jobs for approximately 652,000 people; increase the attendance rate of children between 6-10 years at the primary level to 90.6%; decrease the infant mortality rate of children under the age of 1 year to 55 per 1,000 live births, and decrease the maternal mortality rate to 300 per 100,000 live births. During the implementation of the Sixth Five-Year Plan, the country experienced both achievements and challenges. However, the Party leadership and the government have made strong efforts, and with support from friendly countries and development partners who supported the government of Lao PDR, the country has overcome many obstacles and achieved the planned targets. Nonetheless, there still exist constraints and valuable lessons learned.

III. Rural development - poverty eradication and development Country Report of the Lao Delegation at the 10th ASEAN & Japan High Level Officials Meeting on Caring Societies, 23 – 25 October 2012

First of all, on behalf of the Lao Delegation, I would like to congratulate and thank to the Government of Japan to organize the **10th ASEAN & Japan High Level Officials Meeting on Caring Societies** with the theme of **” caring society for the socially vulnerable people suffering after natural disasters”**.

Rural development and poverty eradication Lao PDR has a larger proportion of poor people (a higher poverty rate) compared to most other countries in East Asia and the Pacific. According to the poverty estimate in 2008 based on the LECS4 Survey 2007-2008, the poverty rate was 27.6%. This rate is quite high when compared with the rates in neighbouring countries like Vietnam, Cambodia and Thailand. Poverty is critical in rural and remote areas, particularly in the priority areas in the north and south. At the same time, inequality between the rich and the poor is an obstacle for poverty reduction.

According to the principles and goals of the Party and the government on the achievement

of the targets of poverty reduction by 2010, the achievement of the Millennium Development Goals (MDGs) by 2015 and graduation from Least Developed Country status by 2020, poverty reduction has become the primary objective and a priority of the government. The government has prepared a number of measures, programmes, funds and human resources to achieve poverty reduction, through the promotion of rural development, for example, through further developing villages and Kumbans across the country. The government has identified priority areas and special policies have been put in place for remote areas and the former revolutionary base areas.

The activities implemented have made good progress and achieved satisfactory results, with a particular focus placed on building capacity of 2,760 local officials for Kumban development, and completing Kumban development plans in 133 Kumbans in 69 poor districts with a total of 1,620 projects; of these 491 projects have been approved and funded by 124 billion kip from the government. Additionally, village development funds have been established in 528 villages in 54 districts with fund members consisting of a total of 34,856 families. The funds cover 46 poorest districts and 4 poor districts and have amounted to 42.53 billion Kip to date, of which 6.78 billion Kip has been saved by the people, with a total of 1,664 projects. Additionally, the Agriculture Promotion Bank provided loans worth 1,248 billion Kip to farmers to invest in agriculture, animal husbandry and small businesses to 130,000 families located in 4,152 villages in 140 districts. The Nayobai Bank released total loans worth 805.55 billion Kip to 65,431 households located in 1,171 villages in 46 districts. The Nayobai Bank has expanded its service units to 33 units across the country. The Poverty Reduction Fund (PRF) of 203 billion Kip has been distributed between 2006 and 2010 to implement 1,673 projects in five target provinces, which covered 21 poor districts, 161 Kumbans and 1,900 villages. Furthermore, there are also sources from village development funds and saving groups of the Women's Union, Lao Youth Union, Trade Union, Lao Front for National Construction, Spring Water Fund, Rice Bank, Livestock Bank, Credit Union and other sources of funds, which were supported and directed by the Lao Front for National Construction, mass organizations, international organizations and other financial institutions.

The progress made in poverty eradication has so far been satisfactory. Examples include: poverty in terms of consumption has decreased; food consumption has improved; and property ownership rights have risen.. According to the LECS surveys conducted between 1992-1993 and 2007-2008, poverty trends have shown a decline at all levels: provincial, regional and national. Between 1992 and 1993, the poverty rate was 46%, which declined to 39.1% in 1997-1998, 33.5% in 2002-2003, 27.6% in 2007-2008 and 26% in 2009-2010. From these figures, it can be observed that from FY 1992-1993 to FY 1997-1998 the poverty rate declined significantly during this ten-year period. The poverty rate in the priority areas (the poorest districts) has decreased more than in other areas. Furthermore, roads, electricity, water supply, schools and hospitals in villages and Kumbans in the 47 priority (poor) districts have been developed and improved.

1. Social Security

The government has established Social Security Organisation and expanded the services in Vientiane Capital, Vientiane Province, Borikhamxay Province,

Khammouan Province and Savannakhet Province, increasing the health care cost from 65.000 Kip/person/year in 2006 to 85.000 Kip/person/year in 2009. At the present, workers have registered and get code 119.419 in total. There are 84.566 member of community health insurance fund and 121.919 member of health fund for the poor people. Moreover, it's established the State Authority for Social Security and functioning the services and provide the lump sum payment to staff from five kinds of lump sum based on the decree No. 178/PM to 8 kinds of lump sum based on decree No. 70/PM, improved the rate of contribution for social security fund to 16,5percentage, this is contributed from staff as workers from 6 percentage to 8 percentage and government as employers contributes 8,5 percentage from payroll fund. There are now staff who get the social security cards and rights for health caring in the amount of 144.529 people, cover 35 percent of target group.

2. People with disabilities.

Established National Committee for Disabled People and Lao Disabled People Association in order to implement the responsibilities to manage the people with disabilities in accordance with regulation, law and international treaty, those are the key tools to defining and coping the barrier of people with disabilities by fully participation of society.

People with disabilities are caring by local and central authorities, and it's also cooperated to run activities that will benefit for them. To ensure employment, we also register people with disabilities are seeking the jobs about 324 persons, 203 female, skills development for people with disabilities about 247 persons in the field of auto machnic, television repair, haircut, sewing, beauty salon and husbandry. Depart from that he training was conducted on self employment. The promotion and protection the rights of people with disabilities has made through media, disseminate information by conducting the workshop, brochure and others.

The statistic of people with disabilities are collected as shown below:

| No | Province | Female | Male | Total |
|-----------|-------------------|---------------|-------------|--------------|
| 01 | Champasak | 250 | 382 | 632 |
| 02 | Saravane | 118 | 160 | 278 |
| 03 | Sekong | 348 | 531 | 879 |
| 04 | Luangprabang | 235 | 463 | 698 |
| 05 | Xiengkhouang | 266 | 552 | 818 |
| 06 | Oudomexay | 199 | 90 | 289 |
| 07 | Houaphane | 139 | 347 | 486 |
| 08 | Viengchane | 140 | 386 | 526 |
| 09 | Vientiane Capital | 2.723 | 3.341 | 6.064 |
| 10 | Savannakhet | 1.055 | 1.584 | 2.639 |

| | | | | |
|----|--------------|--------------|--------------|---------------|
| 11 | Xayabouly | 138 | 228 | 366 |
| | Total | 5.611 | 8.064 | 13.675 |

IV. Future Plan.

- To enhance education to people and social, participation and ownership for involvement of social welfare system to growth and enable to serve the society majority.
 - To create the national equity social security system to provide the service to staff, official and workers who get salary, expand services for the half of self-employment and initiate the community services at local level.
 - To create the network of protecting the rights and interests of children, prevent and combat the human trafficking, especially the widely social participation.
 - To create the network of disaster management, especially the social participation, regional and international widely.
- Merging SASS and SSO to national social security organisation
- expansion the social security to community and the poor people;
- improving social security service .