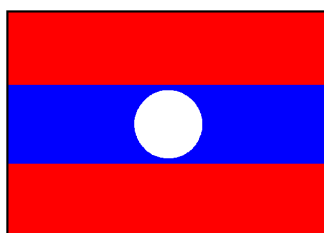


**Regional Environmental Technical Assistance 5771
Poverty Reduction & Environmental Management in Remote Greater Mekong Subregion (GMS)
Watersheds Project (Phase I)**



A REVIEW OF NATIONAL SOCIAL POLICIES

Lao PDR

By

John V. Dennis, Ph.D.

Social Anthropologist

TABLE OF CONTENTS

	Abbreviations	2
1.	Introduction	3
1.1	Early GOL Economic Policy and Impacts on Poverty	3
1.2	Review of the Current Economic Situation	5
	<i>Table 1.1 Growth of Gross Domestic Product</i>	6
	<i>1.2.1. The Regional Recession</i>	6
	<i>1.2.2 Entry into ASEAN</i>	8
	<i>1.2.3 the Greater Mekong Subregion and Risks to Vulnerable Communities</i>	8
2.	Poverty Alleviation Strategy	8
3	Health Policy	10
	<i>Figure 3.1. Immunisation progress in the Lao PDR</i>	11
	<i>Table 3.1 Improvement in Immunisation Coverage in Lao PDR, 1993-97</i>	11
4	Education Policy	12
5	GOL Policy on Minorities	13
6	Conclusions and Recommendations	16
6.2	Implications for upland development policy	17
	<i>6.2.1. Capacity-building</i>	17

6.2.2. <i>Participation and transparency</i>	17
6.2..3 <i>Support for minority cultures</i>	18
6.3 Specific technical issues	18
6.3.1. <i>Stabilize land tenure, and adapt to local conditions and institutions</i>	18
6.3.2. <i>Promote locally appropriate resource management technologies and extension systems</i>	19
6.3.3. <i>Making formal education more accessible to ethnic minorities in remote watersheds</i>	19
6.3.4. <i>Promote food security and nutrition training</i>	29
6.3.5. <i>Promote maternal and child welfare</i>	20
6.3.6 <i>Promote rural credit and the efficiency of markets for farm produce</i>	20
7. References Cited	21

ABBREVIATIONS

ADB	Asian Development Bank
GMS	Greater Mekong Sub-Region, refers to the six Mekong riparian countries: Cambodia, China, Lao PDR, Myanmar, Thailand, and Vietnam
GOL	Government of the Lao People's Democratic Republic
Lao PDR	Lao People's Democratic Republic
n.d.	no date provided
NGO	non-governmental organization
SPC	State Planning Committee
STENO	Science, Technology, and Environment Organisation
UNDP	United Nations Development Programme
UXO	unexploded ordnance

1. Introduction

This paper reviews policies and performance of the Government of the Lao People's Democratic Republic (hereafter Lao PDR) in the areas of rural development, poverty alleviation and settlement, ethnic minorities, education, and health. The two quotations on the cover page reflect different views at different times of what may be the same process: rural development strategy in the Lao PDR to date may have been designed and implemented largely on the basis of lowland perspectives. While the Lao PDR's rural development objectives have always been admirably "inclusive" with respect to minority communities, the development experience to date suggests that closer location to roads, markets, and administrative centers has not by itself been sufficient to confer meaningful development benefits. Many relocated communities have suffered from "late-comer syndrome" and increased health problems and have actually experienced drops in their standard of living.

This review will suggest ways in which ethnic minorities and rural people in general can be empowered to be stronger and more prosperous participants in the rural development process in Lao PDR. It makes what some may find to be an unusual premise: that large development projects implemented in remote rural areas will tend to displace and impoverish upland communities if the resource tenure rights of these communities are not carefully defined, mapped, enabled by law, and implemented *prior* to the initiation of a large project and if the affected rural communities (or proxy institutions that they designate) are not involved from the beginning as equity holders in the projects and as co-managers of the affected resources. The autonomous areas approach

in China and the "co-management" of Kakedu National Park in northern Australia by aboriginal communities resident in the park and State Government are cited as examples that the GOL and local communities may wish to study.

1.1 Early GOL Economic Policy and Impacts on Poverty

During the 1975-86 period, the socialist government sought to control almost all prices and wages within the country. The range of compensation within the pool of government employees was kept remarkably narrow. An agricultural scientist with, for example, six years of study overseas might earn only 10-15% more than an office typist. The Minister of Agriculture was paid only slightly more than an agricultural scientist. The unfortunate trade-off that this egalitarian approach to compensation created was that incentives and capacity to work, produce, save, and invest were all degraded. The implementation of GOL policy during this period became one of "managed poverty." Almost everyone remained poor, rural people remained poorer, and many who could chose to leave the country.

Beginning in 1986, what are referred to as the New Economic Mechanism reforms entrained a process that raised producer prices and raised levels of compensation for work. However, many "rent seekers" and restrictions on the market remained in place. Restrictions on transport, inter-province trade and exports, for example, prevented Lao farmers from benefiting significantly from the much higher farm prices in the region. As of 1993, the GOL estimated that 53% of the rural population remained below the national poverty line compared to 24% of the urban population with a national average of population below the national poverty line being 46% (World Bank, 1998, Table 4: Poverty).

Comparative World Bank data indicate that the gaps between rich and poor in the early 90s were relatively low in the Lao PDR. In the early 90s, Lao PDR's Gini coefficient for income was 30 compared to 26 in Finland, 36 in Vietnam, 42 in China, and 46 in Thailand (World Bank, 1998). Finland's relative equality of income is evidence that widening disparity of income is *not* a necessary cost of economic development.

The collapse of subsidies from the Soviet Union in the 1989-91 period triggered a national emergency in the Lao PDR's system of health services. During this period hospitals and clinics nationwide lacked even the most basic medicines. Although private pharmacies had opened up and begun vending medicines imported from Thailand, most rural people could not afford to buy them.

While Lao PDR is less indebted than Cambodia, Thailand or Vietnam (45% compared to 54%, 56%, and 123% of GNP in 1996), it's economy now seems at risk of stalling out unless a significant new round of structural and political reforms is undertaken. The GMS countries, China, Thailand, and Vietnam already have very significant human capital resources in-country and are already "networked" to significant sources of foreign investment. Lao PDR, by contrast, has, like Cambodia, lacked a sufficiently reliable rule of law to maintain investor confidence. A new round of reforms appears necessary to attract émigré talent and overseas capital if sustainable growth is to be established. In the case of Cambodia, it was only possible to mobilize overseas émigré resources into national development after a return to conditions of political pluralism.

Box 1. Policy-Related Milestones in the Lao PDR

2 December 1975. Establishment of the Lao PDR. Implementation of planned economy begins nationwide.

1981-1985. First Five Year Plan. Emphasis on raising rice production. Price controls. High inflation. Increases in trade and budget deficits.

April 1985. Beginning of reforms: official prices adjusted upwards in Vientiane and government wages increase 200-400%

November 1986. Fourth Party Congress launches the New Economic Mechanism.

January 1988. Party Resolution acknowledges possible usefulness of a private sector. Advocates equal treatment of private and state sectors in commercial relations and in the law.

September 1988. Foreign Investment Law introduced. Joint ventures are encouraged, although wholly foreign-owned businesses are allowed.

1986-1990. Second Five-Year Plan. Government tries to reduce the role of public sector financing by granting autonomy to State-Owned Enterprises, divesting some, and ending subsidies to the remainder.

1990. Decree 17 downgrades role of the government in business transactions. First National Conference of Finance aims to centralize tax administration and abolish restrictions on trade between provinces.

1991. A national constitution promulgated.

1991-1995 Third Five Year Plan. GDP increases annually on average 6.4%.

November 1994. In a move to strengthen the primacy of the Communist Party, Decree 40 establishes the Leading Committee for Rural Development and Provincial Rural Development Committees.

1996-2000. Fourth Five Year Plan. 6th Party Congress outlines strategy to development ethnic minority areas and to reduce gaps between urban, rural, and upland areas. Objective is to have 86 focal sites by 2000.

July 1997. Lao PDR is accepted into ASEAN, starting a 10-year grace period to conform with the regulations of the ASEAN Free Trade Area (AFTA).

1998. Nam Theun Hinboun hydropower project is commissioned, launching the country's new commitment to expanded energy exports. However, delays persist with Nam Theun II.

1.2 Review of the Current Economic Situation

Like its larger and more populous neighbor, Vietnam, the Lao PDR initiated a transition from a planned economy to a more investment- and market-driven economy in the mid-1980s. In contrast to Vietnam, which went from being a food deficit country to the world's second largest exporter of rice in a matter of a few years, the reform and investment process in the Lao PDR has been a more on-again off-again process.

The decade of the 1990s might have witnessed the Lao PDR's transition to sustained and rapid growth following the economic reforms initiated in 1985. Several factors seemed to favor the Lao PDR making a speedier and relatively painless transition when compared to their neighbor and ally, Vietnam:

- First, the Lao PDR's economic reform process began several years earlier than it did in Vietnam.
- Second, the Lao PDR had to "transition out of" a planned economy that was barely 10 years old, whereas Vietnam's reform process followed about 35 years of central planning in the North.
- Third, Lao PDR's immediate neighbour to the west, Thailand, was a rapidly-growing capitalist economy. With similar language and culture, there seemed every likelihood that Thai investors would flock to Laos and that the two governments could forge strong trade and cultural relations. By contrast, Vietnam had no capitalist neighbour and economic assistance from China had been cut in 1987.
- Lastly, Lao PDR maintained diplomatic relations with the United States throughout the post-1975 era and unlike Vietnam was never subject to any trade embargo or prevented from receiving assistance from international agencies like the World Bank.

Despite these seeming advantages in the Lao PDR, Vietnam's economy grew about 24% faster in the period 1980-1990 and about 28% faster in the period 1990-1997. The single most significant factor causing these differences seems to have been a much lower stock of trained people in Lao PDR.

Table 1.1 Growth of Gross Domestic Product

Country	1980-1990	1990-1997	GNP per capita 1997	PPP GNP per capita 1997
Cambodia		6.2	\$300	---
China	10.2	11.9	\$860	\$3,570
Lao PDR	3.7	6.7	\$400	\$1,290
Myanmar	0.6	5.7 (1990-95)		
Thailand	7.6	7.5	\$2,800	\$6,590
Vietnam	4.6	8.6	\$320	\$1,670

East Asia and Pacific Low and Middle Income Countries	7.8	9.9	\$970	\$3,560
---	-----	-----	-------	---------

Source: World Bank, 1998; World Bank, 1997, for Myanmar data.

As can be seen in Table 1.1 above, economic growth in the 1980s in Lao PDR was less than half that of the average for the low and middle income countries in East Asia and the Pacific, but considerably better than Myanmar, which spent the decade in virtual economic stagnation. In the first 8 years of the 1990s, average economic growth in Lao PDR almost doubled to about 7% and was about 1, 2, and 5 percentage points behind Thailand, Vietnam, and China, respectively. Per capita GNP increased to about US\$400 in 1997, but is thought to have been about US\$330 in 1998 as a result of devaluation of the Kip. The achievements until mid-1997 were attained through the consistent implementation of the economic reform policy based on market mechanisms adopted in 1986 (Soubanh Srithirath, 1998).

1.2.1. The Regional Recession.

The World Bank's web site includes this statement in its "country brief" on Lao PDR:

Since 1997, however, the reform effort has slowed significantly and the macroeconomic environment has worsened considerably, with inflation running at triple-digit levels, and exchange rate depreciation reaching alarming levels. By January 1999, the value of the kip had fallen to less than 30 percent of its July 1997 value, and inflation had shot up to over 150 percent on an annualized basis. The regional financial crisis provided the initial trigger for the current macroeconomic crisis in Lao PDR; however, a weakening of the fiscal and monetary policy stance has multiplied the negative external effects. Weak macroeconomic management has been compounded by lengthy consensus building in the decision-making process, rendering it difficult to react quickly to the current macroeconomic realities.

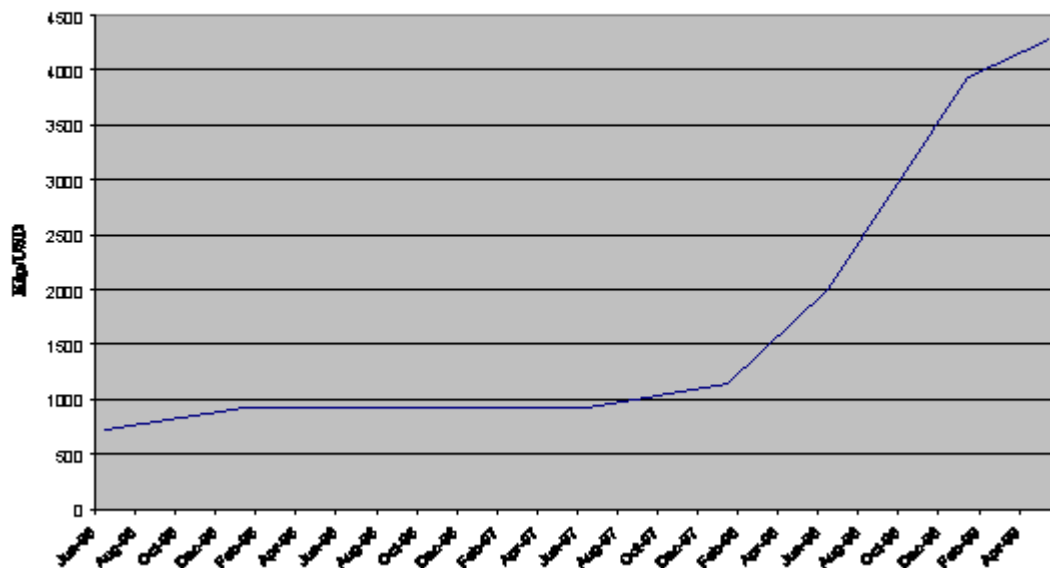
Source: <http://www.worldbank.org/html/extdr/offrep/eap/la2.htm>

The World Bank, in other words, takes the view that it was not contagion effects of the devaluation of the Thai baht alone that led to the Lao PDR's current fiscal crisis, but also poor fiscal management and slow response time in decision-making. This analysis is somewhat unexpected in that the conventional wisdom is that single-party states enjoy the liberty of making decisions quickly and without having to be overly concerned about political support from their constituency. Money creation, in the absence of sufficient real government revenues, seems to be one key cause of the current inflation, shown in Figure 1.1 below.

While Lao PDR is less indebted than Cambodia, Thailand or Vietnam (45% compared to 54%, 56%, and 123% of GNP in 1996), its economy now seems at risk of stalling out unless a significant round of structural and political reforms is undertaken. China and Vietnam have significant human capital resources in-country and are already "networked" to significant sources of foreign investment. Lao PDR, by contrast, has, like Cambodia, lacked a sufficiently reliable rule of law to maintain investor confidence. A new round of reforms appears necessary to attract émigré talent and overseas capital if sustainable growth is to be established. In the case of Cambodia, it was only possible to mobilize overseas émigré resources after a return to conditions of political pluralism.

Figure 1.1: Inflation in Lao PDR, 1995-99
(data source: www.oanda.com/converter)

Inflation in Lao PDR, 1995-99



If Lao PDR and Cambodia were to undertake greatly increased expenditures in poor areas, this Keynesian approach to reducing rural poverty, should also act as a fiscal stimulation and aid in strengthening the recovery from recession.

Lao PDR has not yet been able to make the types of government investments needed to ensure nationwide access to good quality basic social services, especially primary education, basic health care, and family planning. No system of well-targeted transfers and safety nets exists or seems likely to be created in the near term. The GOL reportedly has difficulty simply meeting the monthly payroll of its civil servants.

1.2.2 Entry into ASEAN.

The admission of the Lao PDR into ASEAN in July 1997 prompted some concern as to whether the Lao PDR would actually reap net economic benefits from the membership. Aside from a one-time contribution of US\$1 million to the ASEAN Fund and annual membership fees of--at the time--about US\$550,000, the more far-reaching cost to Lao PDR is the progressive loss of tariffs on imports as the country's trade regulations are brought into compliance with ASEAN standards over the course of a 10-year grace period. ASEAN membership also places increased demands on the country's human resources. With reportedly only 150 English-speaking Lao officials in 1997, the sending of English-speaking delegations to some 250 ASEAN meetings each year will be expensive and have a significant opportunity cost (Kavi, 1997). These sort of costs have prompted the new entrants to ASEAN (Cambodia, Lao PDR, Myanmar, and Vietnam) to lobby for a two-tiered system under which the older and wealthier tier would provide economic assistance to the newer and poorer tier.

1.2.3 The Greater Mekong Subregion and Risks to Vulnerable Communities.

As discussed in the Overview Paper, the ADB's initial emphasis in planning investments in the GMS overall has been overwhelmingly focussed on the transport sector. Such an approach poses dramatic risks for vulnerable upland communities, if steps are not first taken to entitle these communities to the forest and other resources which they rely on and to entitle them to a fair share of all revenues generated by resource extraction or other large projects such as roads which may penetrate their domains of residence and livelihood.

2. Poverty Alleviation Strategy

At Round-Table Meetings with Donors and other opportunities, the GOL enters into planning discussions with

the donor community, the investment community, and multilateral institutions such as UNDP and the development banks. Globally-speaking, strategies to allocate scarce funds to "alleviate poverty" inevitably confront arguments that the same funds used to stimulate a national economy in the more profitable sectors will have the net effect of creating more jobs and more wealth overall (e.g., Besley et al., 1990) than would the same money allocated to impoverished or stagnate geographic areas or economic sectors. Ravallion (1999) documents a case in Argentina to suggest that the poor are more likely to loss than the rich when governments are under pressure to cut government spending.

In the Lao context, the GOL already has a National Poverty Alleviation Action Plan. The emerging consensus is that well-targeted "rural development" is an excellent proxy for "poverty alleviation." Mr. Bouathong Vonglokham, the president of the State Planning

Committee has written, "Successful rural development is the key to the eradication of mass rural poverty"(GOL, May 1998).

At the Sixth Round Table Follow-Up Meeting held in Vientiane on 13 May 1998 the GOL presented a Rural Development Programme, 1998-2002, whose center-piece is a "Focal Site Strategy"(GOL, May 1998). It is too early to say whether this strategy will be successful or not. This review will simply offer some description of the strategy and raises some issues whose consideration may be helpful for further planners and donors and for the Phase II Team of RETA 5771.

SPC President Bouathong Vonglokham describes the focal site approach as follows:

By focal sites, we understand an area-based approach to integrated rural development. Such an area-based approach will enable us to promote locally owned "centres of change and learning." The lessons learned will continuously improve our approach; they will generate interest and engender multiplier effects. In this sense, they should in time function as rural "growth poles" or "development centres," spreading their benefits to other rural areas. ...The focal site approach responds also to the need for us to concentrate our efforts because our resources are limited (GOL, May 1998, pp. 3-4).

One sort of focal site approach to rural development would be to focus scarce resources on the rural areas that showed the most promise, i.e., the areas that already had many of the necessary factors in place, i.e., closer to markets, good soils, good potential for irrigation, relatively high literacy rates, and some prior experience in trade and other entrepreneurial activities. The Lao approach is much closer to an explicit "poverty alleviation" strategy. Focal sites would be "located in the most deprived areas where presently there are no or only minimum development activities taking place"(GOL, May 1998,p.5). The objectives of the Rural Development Programme are stated in Box 2.

Box 2. Objectives of the Rural Development Programme:

- alleviate poverty among rural populations in remote areas
- provide food security
- promote commercialisation of agriculture production
- eliminate shifting cultivation
- improve access to development services

source: GOL. May 1998. P.7.

A Lao Tropical Forestry Action Plan, completed in the early 1990s, drew attention to the area of forest destroyed by slash and burn agriculture each year and helped to rekindle and legitimize the GOL's long-standing practice of relocating upland communities in the lowlands with the hope that they would successfully adopt lowland paddy agroecosystem as their main source of livelihood.

GOL policy per se has been to stabilize agricultural production in one place (jatsan asip kongthi). When the donor community forthrightly objected to the relocation of upland communities to the lowlands, the revised expression of the policy now includes "village consolidation." Donor agencies and the GOL may want to carefully consider whether consolidated villages tend to be associated with higher rates of environmental degradation and with greater problems for "late-comers" to gain adequate and equitable access to scarce land and water resources.

3. Health Policy

The collapse of subsidies from the Soviet Union in the 1989-91 period triggered a national emergency in the Lao PDR's system of health services. Hospitals and clinics nationwide chronically lacked even the most basic medicines. Although private pharmacies had opened up and begun vending medicines imported from Thailand, most rural people could not afford to buy them.

In the 1990s, considerable progress has been made: public health care has expanded in recent years; the country's Expanded Program of Immunization (EPI) has increased its coverage to reach an estimated 48 percent of villages (see Table 3.1), up from only around 30 percent in 1990, and; measles has been removed as a major cause of child mortality. However, the coverage of medical facilities and health personnel is still limited and remains of poor quality (World Bank, 1999). For example, only 19 percent of child-bearing women have access to family planning (WHO, 1999). Total national health expenditure as % of GNP was only 2.0% in 1993. And only 35 percent of the population had access to safe drinking water in 1993.

Figure 3.1. Immunisation progress in the Lao PDR

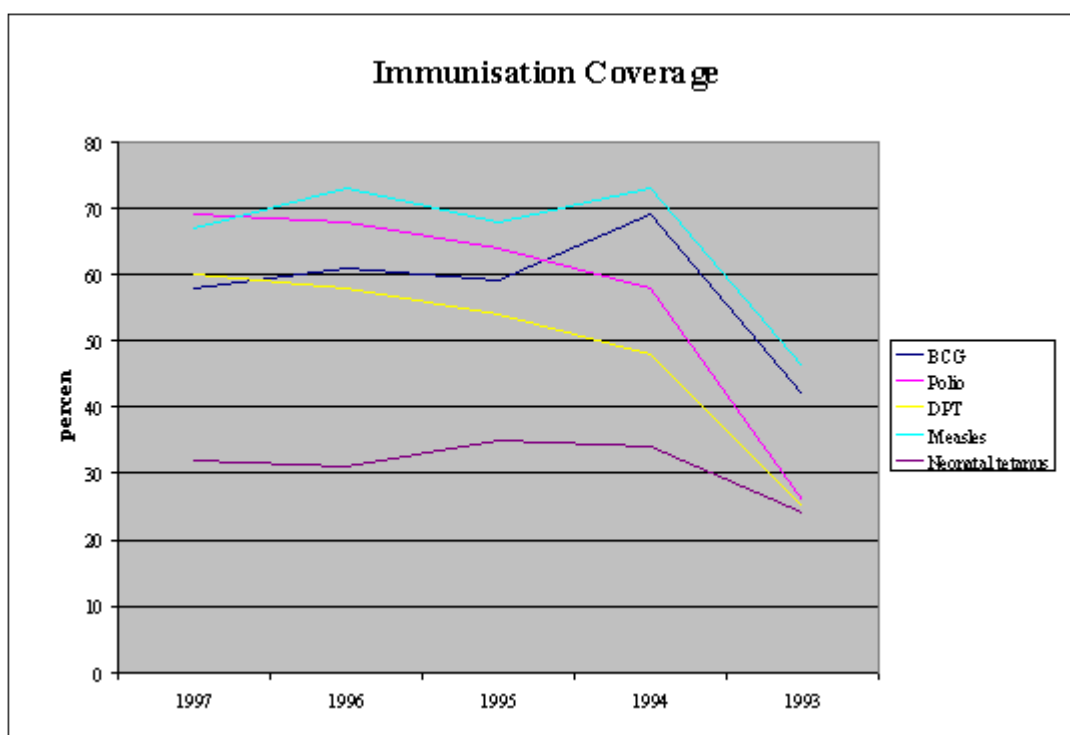


Table 3.1 Improvement in Immunisation Coverage in Lao PDR, 1993-97

	1997	1996	1995	1994	1993	% increase
BCG	58	61	59	69	42	38%
Polio	69	68	64	58	26	165%
DPT	60	58	54	48	25	140%
Measles	67	73	68	73	46	46%
Neonatal tetanus	32	31	35	34	24	33%

Source: WHO, 1999.

Infant and maternal mortality rates need to be brought down. The GOL needs to broaden access to better quality basic health, continue support for malaria prevention, and providing assistance for safe motherhood, nutrition, and early child development (World Bank, 1999).

Unexploded ordnance remaining from the American War, which ended in 1975, continues to pose a major health and livelihood hazards to population living in the eastern 40 percent of the country. There are more than 240 UXO casualties in Laos each year, many of them women and children, and more than 50 percent of the injuries result in death. Of the casualties that aren't fatal, more than 40 percent suffer amputations or paralysis. In fact, very few casualties, only about 2 percent, are minor injuries"(Strub, 1998).

Malaria remains one of the most serious diseases in the country with some 41,000 cases reported in 1995 (WHO, 1999).

Life expectancy has improved for men from 44.6 years in 1983-85 to 49.5 in 1990-95 and for women 47.5 years to 52.5 years, respectively (WHO, 1999).

4. Education Policy

Although great efforts have been made to improve the education sector since 1975, serious problems remain. The adult literacy is thought to be about 57 percent compared to 83 percent in East Asia and the Pacific as a whole.

Thant and Vokes (1997) write of the national education system:

Efficiency is low. Retention rates of students within the education system are poor, and dropout and repeater rates are high. Provision of educational facilities is also not equitable and favours the lowland ethnic group over minorities who live mainly in upland areas. ...the stock of human resources in the Lao PDR is presently among the lowest in Asia.

The 50 years of French colonial rule may actually have lowered the overall human resource base. A prestigious indigenous system of temple schools declined under colonialism. It was French policy to largely staff their colonial bureaucracy in Laos with either French nationals or Vietnamese. In 1945-46 there were 147 primary schools in the country with about 14,700 students. By 1975, there were 240,000 students, 6,000 teachers, and 430 schools (not including 76 private schools). At the secondary level, there were only 8,400 students in about 70 schools nationwide.

Table 4.1: Development of Education in Lao PDR, 1975-1992.

Level		1975-76	1984-85	1992
Primary	<i>Schools</i>	4,444	7,470	6,332
	Enrolments	317,126	495,375	603,000
	Teachers	11,848	18,070	21,900
Lower Secondary	<i>Schools</i>	72	495	640
	Enrolments	26,628	69,226	93,300
	Teachers	1,101	4,451	6,100
Upper Secondary	<i>Schools</i>	11	68	111
	Enrolments	2,517	20,093	35,200
	Teachers	108	1,364	2,200

Source: State Statistical Centre. 1993. Basic Statistics about Socio-economic Development in Lao PDR. Vientiane Reproduced in Than et al., 1997. P. 158.

Following the implementation of the New Economic Mechanism in 1986, educational objectives were reformulated to reflect the new economic programme. The objectives were:

- linking of educational development to socio-economic development
- establishment of science as a productive force in education
- training of cadres in science, technology, economics and cultural activities, and

- expansion of the education network to include remote mountainous regions.

In 1990, the GOL established an education sector strategy to the year 2000 that gives priority to improving the quality of education and to efficiency in educational planning and management. Particular attention is given to primary and lower secondary education. Enrolment targets in the year 2000 are 715,000, 120,000, and 42,000 students in primary, lower secondary, and upper secondary schools, respectively (Thant and Vokes, 1997, p.160). This corresponds to increasing the percentage of those students who complete primary school from 30 percent to 60 percent and those in lower secondary school from 52 to 70 percent. The objective is further to reduce the number of years required to graduate from 14.5 years to 7.2 years in primary education and from 5.2 years to 4 years in lower secondary education. The strategy also calls for qualitative improvements through upgrading of working conditions of teachers by providing career incentives, salary increases, and regular payment of salaries (Thant and Vokes, 1997, pp. 160-161).

5. GOL Policy on Minorities

Box 3. The Lao Constitution on Minorities

Article 8. The State pursues the policy of unity and equality among all ethnic groups. All ethnic groups have the right to protect, preserve and promote their fine customs and culture as well as those of the nation. All acts of division and discrimination among ethnic groups are prohibited.

The Constitution of the Lao People's Democratic Republic promulgated in 1991. P.5.

The Lao Constitution promulgated in 1991 grants equal citizenship rights to all ethnic groups in the country. Minorities participated actively in the pre-1975 political process and have been represented at high levels in subsequent Lao PDR governments. Of the 99 members of the National Assembly elected in 1998, 10 percent, for example, were Hmong. The 1995 national census indicated that the Hmong community made up about 7 percent of the national population.

Despite what appears to be good political representation at the national level, it remains true that due to their predominant residence in more remote parts of the country, minorities have not been able to participate actively in the economic growth of the 1990s. While the GOL's Rural Development Programme (see GOL, February and May 1998) aims to address this imbalance, some questions remain as to the nature and effectiveness of "village consolidation." It is also questionable whether the GOL has sufficient capacity to handle spontaneous upland to lowland migration. The new strategy of encouraging a transition from many small scattered villages to a few large consolidated villages in the uplands has not been subjected to either social or environmental impact assessments. Informal observations suggest that larger settlements are more frequently associated with contaminated water supplies, shortages of water for domestic use, and reduced access to farm land, fire wood, and other resources for late-comers who tend to become the poorest group within these new larger settlements.

Ethnic relations remain strained by the fact that some Hmong communities fought on the side of the royal government during the war and to this day some "resistance groups" are thought to reside in Hmong refugee camps in Thailand. Land tenure in the uplands remains a sensitive issue (e.g., Eggertz, 1996). Despite considerable efforts to map allowable land uses at the village level (see GOL, October 1997) many ethnic minority communities do not yet have reliable entitlement to the upland forest areas where they have traditionally lived. Attempts to limit slash and burn farming in some areas to a low-input three-year rotation cycle is often contrary to the principles of sustainable agriculture.

Targeting of development assistance has not been without controversy in Lao PDR. In October 1998, the GOL issued an announcement that "the people living [in the Saysomboune Special Zone] and those who have come to settle in the special zone have the right to freely go in and out as they wish and there is no restriction whatsoever to the freedom of movement and residence nor any impediment to the operation of business activities" (GOL, October, 1998).

The National Census conducted in 1995 gives population figures for 43 ethnic minority groups. Total population was reported to be 4,569,621 people, of which the 43 minority groups totaled 2,165,730 or about 47 percent of the national population. Some 105 living languages have been reported for Lao PDR (SIL, 1996). About 71 percent of the Lao PDR population are speakers of Daic languages, about 24.1 percent speak Austro-Asiatic languages, about 4 percent speak Miao-Yao languages, and about 1 percent speak Tibeto-Burman languages

(1991 J. Matisoff). Many of these smaller communities are highly vulnerable to language loss.

"Table Two" on the following pages gives the 1995 national population census statistics for the entire country as well as data for the four southern most provinces. The distribution of language groups is regionally very specific. With the exception perhaps of the Hmong, members of language groups living in the north of the country have almost no representation in the south and vice versa. Even within the south of Lao PDR, many language groups are limited largely to a particular province or cluster of provinces. For example, 98 percent of the Taliang population lives in the southernmost four provinces and most of them live in Attapeu and Sekong provinces.

Ethnic Group	Champassak	Attapeu	Sekong	Salawan	four	National Total	four
					province total		province percent
Lao	424993	32159	5523	153776	616451	2403891	25.64
Lawen	24584	4061	1093	8549	38287	40519	94.49
Souay	11815	66	2237	20793	34911	45498	76.73
Ta-oy	8106	336	1292	16753	26487	30875	85.79
Phuthai	6383	230	178	4235	11026	472458	2.33
Nya Hoen	4508	446	7	8	4969	5152	96.45
Ngae	2217	12	7038	2759	12026	12189	98.66
Katang	1919	41	43	33962	35965	95440	37.68
Lawae	1813	15191	58	21	17083	17544	97.37
Alak	1536	4038	9953	397	15924	16594	95.96
Taliang	509	8088	13993	68	22658	23091	98.12
Kamu	380	152	189	76	797	500957	0.16
Leu	366	45	16	62	489	119191	0.41
Oi	302	14337	60	57	14756	14947	98.72
Yuan	167	40	10	129	346	26239	1.32
Katu	160	40	15589	1068	16857	17024	99.02
Yae	153	1457	6033	4	7647	8013	95.43
Jeng	87	5696	8	4	5795	6511	89.00
Phunoi	63	18	31	23	135	35635	0.38
Hmong	62	17	7	79	165	315465	0.05
Kaw	39	14	8	9	70	66108	0.11
Makong	35	3	1	94	133	92321	0.14
Tin	26	7	9	18	60	23193	0.26
Pagote	26	24	59	12667	12776	13224	96.61
Tri	21	38	57	5	121	20906	0.58
Phong	12	7	91	12	122	21395	0.57
Sida	9	1			10	1772	0.56
Yao	8	57	5	4	74	22665	0.33
Lamet	7	14	6	6	33	16740	0.20
Yang	5	15	10	1	31	4630	0.67
Xaek	4	5	5	1	15	2745	0.55
Haw	3	17	7	3	30	8900	0.34
Muser	3	7	6	14	30	8702	0.34
Kui	0	17	0	6	23	6268	0.37
SamTao		2			2	2213	0.09
Singmun	7	2	2	4	15	5834	0.26
Lolo	2		1	1	4	1407	0.28
Sadao	5		1		6		
Lawi	12		499	4	515	538	95.72
Tum	4	1				2510	0.00
Mon	2			1			
Nguan	1			1		1344	0.00
Khamae	3769	1				3902	0.00
Sadang	5	396	1	2		786	0.00
other	925	4	30	15	974	10201	9.55
wouldn't say	6332	124	15	540	7011	24084	29.11
	501385	87226	64171	256231	904829	4569621	19.80

Source: GOL. 1996. National Census. Vientiane

The GOL may want to study the autonomous areas model of China for possible application to a few ethnic "homeland areas" such as areas formerly occupied by the Nya Hoen on the Bolovens plateau and by the Lave in the Nam Kong basin in Attapeu province.

6. Conclusions and Recommendations

6.1 Constraints on Policy Implementation

Focal Site Strategy. Through its Focal Site Strategy, the GOL has a strong commitment to poverty alleviation in the uplands. Capacity to implement this programme, however, remains limited. The social and environmental impacts of "village consolidation" have not been adequately studied, but experience to date suggests that many upland communities and their environments will be better off if traditional diffuse settlement patterns remain in place. Poverty eradication should build on particular strengths of each community (e.g., traditional of excellent basket weaving, knowledge of forest flora and fauna, home gardens) and focus on a) strengthening of resource tenure, b) delivery of health and education services, and c) diversification of livelihoods including production of high-value crops (e.g., coffee, spices, dried flowers), development of handicrafts, non-timber forest products, forest and wildlife conservation, protected area management, and guiding of eco-trekkers.

The experience to date with upland to lowland relocations of minority communities suggests that, while economic development in the lowlands is indeed far more robust than in upland areas, many relocated communities have systematically failed to access the expected benefits of closer location to lowland-based services and markets. Village consolidation strategies may be flawed by the same "late-comer syndrome" that often prevents relocated households from accessing comparable land and water resources following upland to lowland relocations. Models of co-management of rural land resources by ethnic minority communities and government institutions in Australia and elsewhere may be relevant and attractive for testing in the Lao PDR. Similarly, aspects of the Autonomous Areas approach used in China may also be relevant to the Lao upland resources situation.

Single-Party, Centrally-planned: the GOL continues to be a single party system that was designed to administer a command-driven, centrally-planned economy. As the economy has become increasingly market-driven since 1986, the flexibility to rapidly respond to changing economic conditions has not been in place. In addition, corruption has increasingly eroded the motivation of the private sector to pay taxes and otherwise abide by the rules of orderly civil society. Similarly, a unclear mix of party, military, national, and provincial authorities are able to market timber resources to foreign companies without taking into adequate account social and environmental impacts.

The lack of a free press or multiple political parties greatly constraints the ability to create a robust system of checks and balances that can limit corruption and help to ensure that broad-based national and local interests are involved in the management of natural resources. Single party rule and the absence of a free press have become probably the greatest constraints to building a strong civil society and solid investor confidence. The lack of debate in the press and the relative absence of community participation greatly reduces the possibilities for robust checks and balances and the equitable distribution of the benefits in the exploitation of natural resources and in the rural development process.

Lack of capacity and training: Appropriate training in relevant subjects is needed at the local community level as well as through all levels of government administration.

6.2 Implications for upland development policy

Several overarching themes in the development approach recommended for the uplands are *capacity-building*; *participation*; and *support for minority cultures*.

6.2.1. Capacity-building

Opportunities exist to promote more effective implementation of GOL policies and GOL development programmes through building the capacity of communities and local government officials to adapt policy within its intended framework and make management decisions on the basis of local environmental and socio-economic conditions and stakeholder needs. An emphasis on capacity-building helps shift the focus of

development policy and planning away from technology-based solutions towards people-based solutions. To promote sound local planning, community leaders and government cadres in development-related departments need to be supported with skills training and technical information. To promote increased flexibility and adaptability of policy at the local level, people must be provided with the tools, mechanisms and knowledge necessary to make informed, participatory decisions.

Participants in the capacity-building component should be drawn from and serve to integrate existing departments and organizations, including:

1. Provincial, district and village leaders: e.g., Committee members; members of the mass organizations such as the Lao Women's Union; informal leaders such as especially skilled farmers and informal health practitioners.
2. Technical departmental staff at various levels: e.g. Agriculture and forestry extension staff, health officials, schoolteachers, local or relevant research institutes, state agriculture and forestry enterprise staff.

Training and technical information dissemination topics could include:

1. Participatory problem identification and analysis
2. Conflict resolution and creative problem-solving
3. Technical skills in natural resource management, health and education; e.g. land use planning, agroforestry and home garden technologies, language teaching, enhancing nutrition using locally available products, identification of local health practices

An explicit goal of all the trainings should be to help discover, analyze and validate local knowledge as well as local traditions and institutions.

6.2.2. Participation and transparency

Participation of local communities and all stakeholders in decision-making is crucial for the success of any endeavor, and is a special challenge when working in the uplands with many different language, cultural and resource use groups. It is also a special challenge in a dominant culture which has a strong tradition of central planning and decision-making. However, the need for **participatory approaches in the field** is increasingly recognized, and much groundwork in participatory methods has already been laid.

Besides promoting participatory methods in the field, convening a **representative group of stakeholders** would be helpful to plan program policy and monitor its effectiveness.

Full participation of less articulate and relatively less powerful stakeholders would have to be promoted through mechanisms and meeting guidelines, and perhaps with the assistance of a skilled meeting moderator. If the meetings are held in Lao (which is usually the language held most in common) translation may be necessary for some stakeholders from remote watersheds. Examples of effective convening and use of representative stakeholder groups in development management can be found through the Cornell Program on Environmental Conflict Management, based at Cornell University in Ithaca, NY, USA.

6.2.3. Support for minority cultures

An explicit and built-in goal of program activities, including the capacity-building component, should be **validation of and support for local cultural traditions and technologies**. This is necessary on one level to promote mutual respect between the parties involved and also to effectively draw on local knowledge for sound development planning. Local knowledge is being discounted in the rush to modernization, and this is to the detriment of development planning, as often the simplest, most effective solutions will be those using local resources as they are appropriate to local conditions. This is the case for agriculture and health components, where indigenous farming practices, resource management, and knowledge of medicinal herbs can be taken advantage of.

An additional component of support for minority culture is to draw the link between cultural integrity and agricultural and livelihood strategies.

6.3 Specific technical issues

Besides the above overarching themes, there are opportunities for some pressing technical policy issues to be addressed, including *stabilization of land tenure; promote locally appropriate resource management technologies; make formal education more accessible to minority children; promote food security; promote maternal and child welfare.*

6.3.1. Stabilize land tenure, and adapt to local conditions and institutions

For effective land use in uplands and to slow environmental degradation, the farming population requires land use guarantees and access to natural resources. As in Yunnan, each new "rearrangement" of the land tenure system seems to result in a new round of environmental degradation. In the south, village committees meeting to designate different forest types, are prone to designate the best forest as "production forest" and to designate inferior forest areas for conservation purposes. Thus, the remapping process itself seems to be risky and lacking in direction by forestry professionals.

Training in approaches to facilitating community-based natural resource management which include all the stakeholders in decision-making will be helpful for communities and government staff to implement this process.

6.3.2. Promote locally appropriate resource management technologies and extension systems

Due to the very diverse environmental conditions and farming systems of the uplands, agricultural improvements which promote sustainable land use should be based on diverse, locally appropriate technologies. This entails applied research on natural resource management systems, and small-scale experimentation at the farm level. In addition, because of the diverse ethnic groups and languages, the most effective extension system may be one which is led by farmers who have shown success with the technology.

6.3.3. Making formal education more accessible to ethnic minorities in remote watersheds

Methods for making education systems more accessible to ethnic minority children include:

1. First few years of instruction given in local language where possible: As minority students are graduating with high school and even university degrees, some are becoming teachers. They could be encouraged to teach in local languages.
2. Use of culturally and socio-economically relevant subject matter and materials: This would require locally-adapted curriculum, and teachers would need training and resources to develop appropriate course plans and materials.
3. Education as physically local as possible: Primary schools have been widely established even in remote watersheds at the commune and village level, but in remote areas they may only teach to the fourth standard. Students who would like to continue to study must attend district boarding schools in the district. This presents a hardship for the family in terms of upkeep of the student and an opportunity cost in terms of labor lost; and also has the negative effect of separating the child from its community. Wherever possible, children should be able to attend school locally; if schools are not available, then additional incentives may be needed for those families who send their children to boarding school.

6.3.4. Promote food security and nutrition training

Unless northern Vietnam and northern Lao PDR, much of southern Lao PDR has relatively low population pressure in the uplands and the lowlands. Some communities may be able to establish superior food security by moving to lowland agroecosystems if adequate technical and financial support were made available in a well-coordinated manner. Thailand and China are both making good progress in identifying high-value crops that can be grown in the uplands and transported to lowland markets in a cost-effective manner. This however assumes a highway system which may not yet be feasible in many parts of Vietnam and Lao PDR. Hydroponics, for example, may offer one solution for crop production in eroded upland areas where lower temperature may favor certain high value crops, but where cropping on steeply-sloping fields threatens the integrity of entire watersheds including any hydropower and irrigation facilities that may be downstream.

1. Priority should be given to improving food security in community development programs for ethnic minorities
2. Strategies to increase food production especially for poor families should include increased planting of nutritious foods in the home garden as well as allocated plots away from home
3. A watershed management plan should be established that takes into consideration and expands the foods and other nutritionally valuable products that communities use
4. Availability and distribution of forestry products should be focused on poor and nutritionally vulnerable

groups within the community.

5. Communities may be more willing and capable of protecting upland watersheds if they or a watershed management agency which they help manage are granted revenue-sharing rights in downstream assets such as hydropower and irrigation facilities.

Solutions to this problem will necessitate cooperation between the health stations and agricultural extension workers if and when an effective agricultural extension service is created in Lao PDR.

6.3.5. Promote maternal and child welfare

Family planning services are urgently needed in the upland areas. The constraints to family planning in the uplands should be identified, and on the basis of those findings, provide locally-appropriate education, resources, and incentives for maternal and child welfare and family planning.

6.3.6 Promote rural credit and the efficiency of markets for farm produce

Effective markets, free of "rent-seekers," are an effective means of rewarding farmers with fair market prices for their produce. Inexpensive, collateral-free rural credit will enable farmers to access the inputs needed to increase the quality and quantity of their produce.

In closing, it should be noted that the people of Lao PDR are remarkably friendly and hard-working and deserve generous assistance from the donor community and the private sector to assist them in the difficult tasks of eradicating poverty and protecting their environment. The decisions on how these tasks should be undertaken are for the GOL, the Lao business sector, and the communities affected to decide. Observations and recommendations made in this paper are simply that. It is for the Lao themselves to decide what strategies and choices will best serve them now and in the future.

7. References Cited

Australasian Legal Information Institute [ALII]. 1997. A Matter of Survival - Language Loss. Council for Aboriginal Reconciliation. Reconciliation and Social Justice Library.
<http://www.austlii.edu.au/au/special/rsjproject/rsjlibrary/parliamentary/language/19.html>

Besley, Timothy and Ravi Kanbar. March 1990. The Principles of Targetting. World Bank PRE Working Paper No. 385.

Chantavong Saignasith. 1997. Lao-style new economic mechanism. Pp. 23-47 in: Mya Than and Joseph L.H. Tan. (editors) Laos' Dilemma and Options: the Challenge of Economic Transition in the 1990s. St. Martin's Press, New York and Institute of Southeast Asian Studies, Singapore.

Eggertz, Daniel. June 1996. Tenure and Sustainable Use of Forest Land in Lao PDR: Master Thesis at the Faculty of Law, University of Uppsala. 75 pages plus appendices.

Fry, Maxwell. 1997. Savings, investment, and economic growth in Laos. Pp. 61-83 in: Mya Than and Joseph L.H. Tan. (editors) Laos' Dilemma and Options: the Challenge of Economic Transition in the 1990s. St. Martin's Press, New York and Institute of Southeast Asian Studies, Singapore.

Government of Lao PDR. n.d. The Constitution of the Lao People's Democratic Republic. Vientiane. 32 pages.

Government of Lao PDR. 1996. National Census. State Statistics Office. Vientiane.

Government of Lao PDR. October 1997. Manual on Participatory Land Use Planning and Land Allocation. Edition 1. Ministry of Agriculture and Forestry. Dept. of Forestry. Lao-Swedish Forestry Program. 98 pages.

Government of Lao PDR. February 1998. National Rural Development Programme 1996-2000. Volume I, Main Document. Prepared by State Planning Committee and Leading Committee for Rural Development. Supported by UNDP Project Lao 95/004. 36 pages.

Government of Lao PDR. May 13, 1998. The Rural Development Programme 1998-2002. The Focal Site

- Strategy. Outline of an Approach: Programme Support and Investment Requirements. Government Document. Sixth Round Table Follow-Up Meeting. 72 pages plus two annexes.
- International Rivers Network. February 1999. Power Struggle: The Impacts of Hydro-Development in Laos. 68 pages.
- Ireson, Carol, and W. Randall Ireson. 1991. Ethnicity and development in Laos. *Asian Survey* 31(10):920-937.
- Kavi Chongkittavorn. 30 Dec 1997. Year-End Review. The Nation Newspaper. Bangkok. Thailand.
<http://203.146.51.4/nationnews/1997/199712/19971230/20492.html>
- Luther, Hans U. Fall 1998. Article in *Pacific Affairs* pp. 440-441
- Ravallion, Martin. 1999. Is more targeting consistent with less spending? World Bank Working Paper Series. 18 pages.
- Salop, Joanne. December 1992. Reducing Poverty: Spreading the Word. *Finance & Development* 29(4):2-. Washington DC.
- Sisavath Keobounphanh. Prime Minister of the Lao People's Democratic Republic. 15 December 1998. Opening Statement at the Sixth Meeting of the Asean Heads of State/ Government Hanoi, Vietnam.
- Soubanh Srithirath. Minister Attached to the Office of the President. 1998. Speech given at the Forum on Cambodia Laos and Vietnam in Philadelphia, Pennsylvania, USA.
<http://www.undp.org/missions/lao/ngoforum98.htm>
- Strub, Philip M. 1998. Training the mine hunters. *Soldiers* 53(10):2-5 October issue Alexandria, VA.
- Thant, Myo and Richard Vokes. 1997. Education in Laos: progress and challenges pp. 154-195 in: Mya Than and Joseph L.H. Tan. (editors) *Laos' Dilemma and Options: the Challenge of Economic Transition in the 1990s*. St. Martin's Press, New York and Institute of Southeast Asian Studies, Singapore.
- UNDP. 1998. Human Development Report. Oxford University Press. Oxford and New York. 228 pages.
- World Bank. 1997. World Development Indicators 1997. The World Bank. Washington, DC. 339 pages.
- World Bank. 1998. World Development Report 1998/99. The World Bank. Washington, DC. (selected sections downloaded from www.worldbank.org in PDF format.)
- World Bank. 1999. Country Brief: The World Bank and the Lao PDR.
<http://www.worldbank.org/html/extdr/offrep/eap/la2.htm>
- World Health Organization. 1999. Web site at www.who.org