

Options for Strengthening Social Safety Nets in Lao P.D.R: A Policy Note

World Bank, July 2010

Introduction¹

The Government of Lao PDR (GoL) announced that its 7th National Socio-Economic Development Plan, covering 2010 through 2015, will focus on achieving the Millennium Development Goals by 2015 and exiting Least Developed Country status by 2020. To achieve these goals, one of the priority areas in the 7th NSEDP is to reduce vulnerability to shocks by providing and improving social safety nets (SSN).

The World Bank (WB), in partnership with the GoL and other development partners, has been working for over a year to identify ways in which poverty and vulnerability can be better measured, as well as appropriate development instruments to address them. As part of this ongoing work a Social Safety Net Workshop was organized in Vientiane in March 2010, with the following five objectives:

1. Improve joint understanding of the current social protection system (focusing on SSNs).
2. Learn from government about their development priorities for 2011-2015.
3. Learn from government and donors about their experiences with social protection and poverty reduction programs.
4. Discuss various SSN options and identify which options are appropriate in the current context and given current priorities.
5. Identify potential ways that donors and development partners can work together to strengthen SSNs in Lao PDR.

This brief note summarizes the findings from the SSN workshop, and potential next steps.

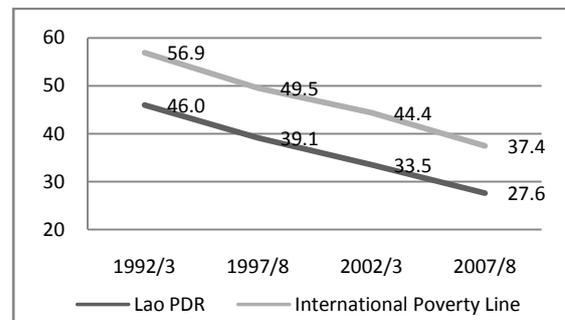
Background: Vulnerability and Poverty

Lao PDR has experienced high levels of economic growth in recent years and the incidence of poverty has fallen dramatically since the 1990s (Figure 1). Yet, households throughout the country continue to be highly vulnerable to regular seasonal fluctuations in food security and employment opportunities, as

well as agricultural shocks and natural disasters. In addition, health shocks, injury and death of household members can have strong negative implications for household welfare.

Lao households adopt a variety of strategies, including reducing food intake and foregoing schooling of children, to cope with shocks. In many cases they are unable to fully smooth their consumption, thus increasing poverty in the short term and making it difficult to reduce poverty in the long run.

Figure 1. Headcount Poverty Incidence, National and International Poverty Line 1992/3 to 2007/8



Source: DOS/World Bank (2010)

The food price and financial crises have highlighted other forms of vulnerability that are becoming more important as the Lao economy becomes more open to global markets and increasingly reliant on the market economy. The impact of the food crisis in Lao appears to have been small compared to other countries because most households rely on subsistence farming. However, significant numbers of households now rely on the market for consumption, especially during the agricultural lean season. Although access to markets can help reduce vulnerability, it also leaves rural households facing new risks if food prices continue to be volatile.

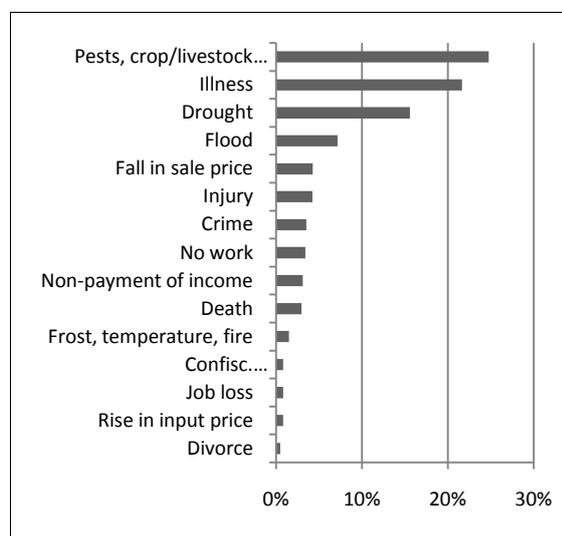
The proportion of the population in wage employment, particularly formal sector employment, is low, so “economic” shocks such as unemployment are not yet a major source of risk to many households, even in urban areas. However, market fluctuations are likely to become more significant sources of risk in future. Although urban households are most vulnerable to unemployment, rural communities can also be affected by

¹ This note was prepared by a team from the World Bank East Asia Social Protection team who visited Lao PDR, March 2010.

reductions in remittances, prices of cash crops, or employment opportunities (Figure 2).²

Although some households in wealthier or urban areas are exposed to shocks, the main determinants of vulnerability remain geographic. The chronic poor in remote, rural, upland areas, are most exposed to seasonal fluctuations and natural disasters, and find it the hardest to cope: they lack access to existing safety nets or to alternative income sources, which would enable them to buy food from the market. Within these regions particular groups, including children, women, the disabled and the elderly are likely to be particularly badly affected by shocks.

Figure 2. Percentage of Households Experiencing Shocks



Source: World Bank Vulnerability Study (2008a), sample weighted to reflect population by province

Experience with Social Safety Nets

Social safety nets are normally understood as mechanisms that protect households against falling into poverty (or against increased deprivation if they are already poor) as a result of risks that they face. Access to formalized safety net programs in Lao PDR is low, particularly in the most remote areas of the country. The safety nets currently available are

² The prevalence of both cash crop production and plantations is growing. The PSIA (WB/EC, 2008) found that, in 7 priority districts from the list of 47 poor districts included in the study, despite remote locations virtually all of the poor and non Lao-Tai communities were participating to some extent in cash crop growing for either domestic or export markets.

briefly described below. For a more detailed review, see World Bank (2010).

Formal social security and health insurance schemes are limited to the public sector and the formal, urban, private sector, which make up a very small proportion of employment. In rural areas, there are several disaster relief and food for work (or cash for work) schemes. These are largely implemented by the World Food Program, in conjunction with the Ministry of Labor and Social Welfare (MOLSW), although several other NGOs run small programs.

Existing schemes usually respond to natural disasters, or target only the very poorest areas and are usually of short duration. Some areas also benefit from school feeding programs, currently implemented by the World Food Program (WFP), which can also act as a safety net to safeguard child nutrition and enrolment in times of food shortage. In addition, the MOLSW in conjunction with several donors runs some small-scale programs targeted at specific vulnerable groups, such as street children or women at risk of being trafficked.

The government currently has a program, the Poverty Reduction Fund (PRF), which supports the building of small-scale infrastructure in the poorest communities, as well as aiming to build community empowerment and capacity for decision making. Although participants are not paid a wage, making it difficult for PRF support to act as a safety net in the traditional sense, the construction of infrastructure and improvement of access to services can help communities to reduce vulnerability.

Although many of these schemes have successfully helped households cope with shocks, there are many vulnerable groups who lack any support. Programs are fragmented and uncoordinated, and highly dependent on donor funding and implementation. There is a clear need for capacity building within the Ministry, so that a more coherent and comprehensive approach can be implemented.

Lao PDR Development Priorities and the Role of SSNs

The 7th National Socio-Economic Development Plan (NSED) will be the focal document detailing how Lao PDR aims to achieve the MDGs and graduate from LDC status by 2020. Many gains for the poor were made during the implementation of the 6th NSED (covering 2006-2010) through social programs. However, recurring shocks produced

negative impacts on the well-being of rural people whose capacity to cope is low, pushing them into poverty. Therefore, the new plan seeks to protect the poor and vulnerable from shocks through social assistance programs.³

One of the specific directions of the 7th NSEDP is rural development and poverty reduction, with specific focus on poor villages and Kumbans. Among its targets is the promotion of 'development villages'. To this end, the Lao Rural Development and Poverty Eradication Plan (RDPER), drafted by an inter-ministerial working group, concluded that it is a priority to have a social safety net program for the rural area. The goal is to establish measures of income redistribution and strengthened socio-economic development with equity through which the vulnerable or risk group are protected. It outlines four priority areas:

1. Rural infrastructure development.
2. Resettlement, agricultural land allocation and establishment of permanent economic activities for vulnerable or at-risk groups
3. Improving living conditions of rural people.
4. Protection of and support for vulnerable groups, including establishment of social safety nets.

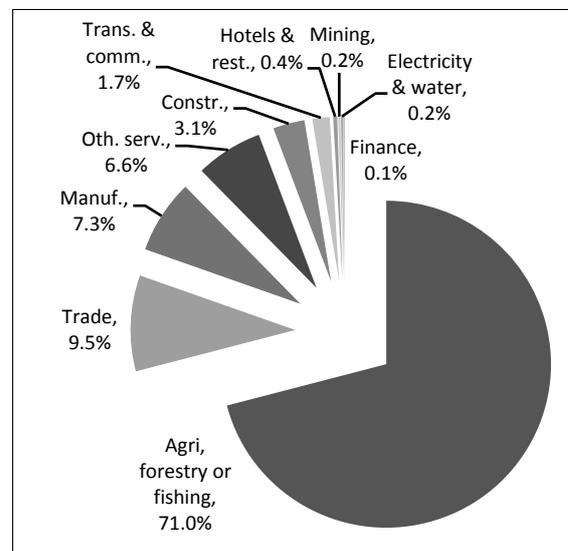
Because of the complexity of the issues the development of social safety nets will rely on cooperation and coordination between a variety of ministries and development partners. In particular, the majority of workers in Lao PDR earn their income from agricultural work (Figure 3). As a result the MOLSW, in coordination with the Leading Board for Rural Development and Poverty Eradication, has developed a strategic plan for social welfare development for the period of 2011- 2020. The plan outlined the following five priority activities:

1. Assist vulnerable groups with resettlement, agricultural land allocation.
2. Enable vulnerable groups to access social services such as education and health care by establishing education fund and free health care.

³ Document titled "Options for Strengthening Social Protection and Safety Nets in Lao PDR". This document was prepared for the Public Works conference in Tanzania, June 2010.

3. Provide the poor and vulnerable groups with low wage public works and vocational training in order for them to achieve self reliance, the same as other groups.
4. Establish village funds, village revolving funds and savings groups; provide training on income generation, food production and nutrition in order to improve health and increase incomes.
5. Ensure warning systems on natural disasters are well functioning, provide assistance and protection for the poor and vulnerable group as a priority.

Figure 3. Structure of the Labor Force



Source: Lao Expenditure and Consumption Survey 2007/8,

SSN Options Worldwide

A range of social safety net instruments have been implemented in low income countries worldwide. Although the mix varies by country, these interventions can be grouped into a number of common types:

Unconditional transfers: Households don't have to do anything in return for these transfers, but they are generally targeted at the poor and vulnerable. These schemes may provide cash (UCTs), as in Sri Lanka, in-kind transfers such as food, or vouchers. Food transfers are often provided during disaster relief, or as part of a school feeding program, such as in Cambodia.

Conditional transfers: In exchange for receiving transfers households must comply with certain conditions, usually connected to investment in human capital, such as enrolling their children in

school or attending a health centre. Conditional Cash Transfers (CCTs) have been proven to improve enrolment and other outcomes in many countries. Transfers may be provided in-kind.

Fee waivers: Poor households are often provided with exemption from paying fees for schooling, health or other essential services, in order to prevent them sacrificing human capital investment when hit by shocks.

Commodity price subsidies: In some countries the prices of basic commodities such as food and energy are subsidized as part of a social safety net. International experience has shown that subsidies are not very effective in reducing vulnerability, and many of the benefits go to wealthier households.

Public Works/Workfare/Temporary

Employment Programs: These schemes provide temporary employment at low wage-rates to unskilled manual workers on labor-intensive projects (e.g. road construction and maintenance, irrigation infrastructure, reforestation). They provide income support to the poor at critical times, helping them to cope with systemic and idiosyncratic shocks, and lack of food during low seasons. PWP can also facilitate the construction or rehabilitation of basic essential infrastructure in very poor areas, improving productivity and reducing vulnerability in the long term. These schemes have been successfully implemented in many developing countries.

SSN Options for Lao PDR

When considering SSN options for rural Laos, it is important to keep four principles in mind.

First, agriculture provides livelihoods for about 70 percent of households in Lao PDR. Most remain dependent on low productivity subsistence farming. Any intervention addressing vulnerability and poverty in rural Lao must address issues related to agricultural productivity, supply side issues of food security, and reducing climatic vulnerabilities.

Second, few income earning opportunities exist in the rural area and only few households earn wages. As a result, households have no means to make or save money for the difficult months. On the other hand, households have spare labor capacity at certain points of the agricultural calendar. Most struggle to achieve food security, particularly during the agricultural low season.

Third, building the skills of people to deal with managing their incomes, helping them to smooth consumption year round, would help them to deal with both seasonality and income shocks.

Fourth, new SSN projects should build on existing experience, start at a small scale, and be tested in order to build capacity within the MOLSW and ensure that in the future they will be able to scale up and implement similar schemes to respond to natural disasters and other vulnerabilities.

Concluding Remarks and Next Steps

This Policy Note reflects what the government of Lao PDR and the donor community, including the World Bank, identified as viable options for strengthening the social safety net system in the country. As a result, the government asked for donor support to improve its technical, institutional, and financial capacity to design, implement and administer an SSN project in order to tackle poverty and vulnerability in the country.

This Policy Note concludes by outlining three areas of focus that the World Bank, as one of many donors in Lao, commits to doing in the near future in order to help the country continue to address its priorities. The World Bank will:

1. Continue with further analytical work on the causes and outcomes of poverty and vulnerability in Lao.
2. Investigate issues that arise in the targeting of existing government programs, using national household survey data and other sources.
3. Support the government of Lao PDR in continuing its efforts to strengthen the SSN systems in the country by helping it design, implement, and evaluate new projects that incorporate new features.

References

1. World Bank (2010), *Vulnerability and Safety Nets in Lao PDR: A Policy Note*, World Bank.
2. Department of Statistics, Lao PDR and World Bank (2009, forthcoming), *Poverty in Lao PDR 1992/3-2007/8*.
3. World Bank (2008), *Vulnerability in Lao PDR - Why Location Matters More than Wealth*, unpublished draft.

Appendix 1: Summary of Workshop Presentations

1. World Bank: Poverty and Vulnerability in Lao PDR: An Overview (Ms Nina Fenton, WB, Vientiane Country Office)

The presenter provided a comprehensive overview of poverty and vulnerability in Lao PDR. While poverty in Lao PDR has fallen steadily since the 1990s, some groups, particularly those living in the most remote rural areas, are still lagging behind. In addition, both poor and non-poor households often face shocks. In Lao PDR the main shocks are related to agriculture- floods, droughts and pest infestations are some common examples- or to illness or death of a household member. "Economic" shocks such as unemployment or increases in food prices are less important at the moment, as many households are not well linked to markets. But they may become more significant in future.

If households are affected by shocks, some risk falling into poverty, or falling further into poverty. This decrease in welfare can be temporary, but in many cases it can have negative long term effects and even lead to poverty traps. Households who face shocks that they have limited capacity to cope with can be defined as vulnerable. Evidence suggests that many Lao households are highly vulnerable and have limited access to formal safety nets. Social safety nets are non-contributory transfers, targeted in some way at the poor and vulnerable. These could be an important tool for helping these households to avoid and cope with shocks. This could in turn help fight poverty and encourage economic growth.

2. Current Social Protection Work by the Ministry of Labor and Social Welfare (Mr Prasong Vongkhamckanh, Mr Prakit Dethphommathe, and Mr. Phouvanh Chanthavong)

There were three presentations from the MOLSW; a summary of all three are presented here:

The formal Social Security Systems operating in Lao PDR and their coverage of public and private sector workers, and plans for expanding the coverage of the social security schemes including integration of existing health insurance schemes. There are plans for labor management and skill development for Lao workers aiming to encourage job creation in rural areas, increase skills to meet regional and international standards, improve labor market information and improve employment services. The MOLSW aims to develop and up-grade skills, knowledge, ability, experience, vision and discipline for Lao workers to obtain the right jobs. There are current policies and planned mechanisms to facilitate assistance for victims of natural disasters and human trafficking, street children, disadvantaged people and the poorest groups.

MOLSW has developed the legal framework for labor and social welfare programs. They have also prepared a strategic plan for social welfare development for the period of 2011- 2020. This plan identifies key areas for implementation during 2011-2015 including:

- a) Strengthening the social welfare system so that it is able to provide social security and relief consistently and effectively;
- b) Developing and improving social relief management network to facilitate and provide faster and more effective assistance to poor and underprivileged people and those affected by disasters;
- c) Establishing emergency preparedness and response mechanisms nationally, including emergency relief provision and infrastructure reconstruction projects for affected communities;
- d) Developing mechanisms to protect the rights and interests of children and prevent human trafficking activities effectively;
- e) Developing the network of social protection provided to disabled and old-aged people so that they receive care and assistance from families and society by creating opportunities for public services.

MoLSW has relied on extensive cooperation with development partners and NGOs to provide social welfare assistance and emergency relief through the implementation of various projects including Food for Work, 6 SOS centers and 1 Peuan Mit Center for vulnerable children, 3 centers for receiving and assisting women and children affected by human trafficking and the clearance of UXO. The Social Welfare Department (SWD) is currently preparing a decree for the organization and management of social welfare assistance for vulnerable groups.

3. **Leading Board for Rural Development & Poverty Eradication: Measures on Strengthening Social Safety Net in the Fourth Rural Development and Poverty Eradication Plan for 2011-2015. (Mr Syvixay Xaysanavongphet, Vice Chair , National Leading Committee for Rural Development and Poverty Reduction)**

The NSEDP 2011-2015 aims to decrease poverty to less than 19% of the total population and 11% of total households in the country by 2015. Poor villages all over the country will be the main targets and priority for rural development and poverty reduction. The 4th Rural Development and Poverty Eradication Plan supports the achievement of these goals through 4 key strategies.

- **Strategy 1:** emphasizes **rural infrastructure development**. This will include main roads of districts, rural roads that connect with priority areas and Kumban development areas, increasing irrigated areas, expanding electricity coverage to 60% of the rural population, and access to clean water to 75% of the rural population.
- **Strategy 2:** emphasizes **settlement area allocation, production land allocation, information dissemination and strengthening the capacity of local authorities**. The delivery of public services to highly dispersed populations is unaffordable, so a process of village consolidation is underway to move all villages into clusters (*khumbans*) of viable size, coupled with targeted development of 'focal areas'. The government aims to encourage dispersed populations to group into villages, in pre-decided locations, and provide job opportunities for them to gradually reduce poverty.
- **Strategy 3:** emphasizes **improvement of living conditions and nutrition**; including increasing the percentage of the population with access to potable water and latrines, decreasing infant and maternal mortality rates, decreasing the incidence of underweight children. Actions identified included nutritional food processing and consumption.
- **Strategy 4:** emphasizes **protection of and support for vulnerable groups**. Social Safety Nets or social protection has been defined as a means of income and development distribution to a wider society in a universal and equitable manner, in particular, offering protection to the vulnerable and at risk groups. The actions needed include surveillance and response to disasters through social protection and social assistance for the poor, the disadvantaged and the most vulnerable in the society as the first priority.

Mr Sivixay emphasized the need to strengthen collaboration among concerned sectors, especially education, health, agriculture, labor and social welfare and identify appropriate methods and measures to support access to programs by poor and vulnerable groups. An adequate budget must also be provided to properly fund programs.

4. **Dept of Statistics: Measuring Poverty in Lao PDR Standards of Poverty & Development for the period 2010-2015 (Ms Phonesaly Souksavath, Deputy Director General, Department of Statistics)**

The National Statistics Center (NSC) has responsibility for the preparation and analysis of statistical data to support the development and monitoring of the national socio-economic development plan, including targeting interventions. Poverty data is essential for this task. It can be obtained from several sources:

- a) The Lao household expenditure and consumption survey (LECS) system is a multi-purpose survey approach designed to collect data on various dimensions of poverty in Lao PDR. The LECS has been conducted every 5 years- 1992/3, 1997/8, 2002/3 and 2007/8. It covers a representative sample of the Lao population- 8296 households in 2007/8.
- b) Village-level statistics collected through village books each year. Data from the village book system may be considered less accurate than the LECS survey, but cover the whole country and can be used for annual follow-up of the poverty situation between surveys.

- c) The census, last carried out in 2005, collects information that can be used in conjunction with the LECS data to generate estimates of poverty rates.

Poverty can be assessed using one of two poverty lines. One corresponds to a level of consumption expenditure (including consumption of own-produced goods) sufficient to buy 2100 calories of food per person per day, plus an allocation for non-food goods. The other is a line defined to allow the purchase of about 16 kilograms of milled rice per person per month; the balance is insufficient to cover other necessities, such as clothing, shelter, schooling and medical costs.

These data are used to target spending in order to have the maximum impact on poverty. In 2004, the 47 poorest districts according to the national poverty line were identified as the focus for development in the National Growth and Poverty Eradication Strategy (NGPES). Since this initial poverty assessment, the 2005 census data and results from other government surveys indicated that poverty was still high in the 47 poorest districts. However, there are also many poor people, in absolute terms, in the non-poor districts.

In order to improve targeting, therefore, The GoL Decree 285/PMO (2009) not only updated the poverty line to account for inflation since 2001, but also sets standards for identifying poor villages as well as poor districts, and criteria for assessing model developed villages and districts. These criteria are based not only on income/consumption poverty but also on education and literacy indicators, access to basic infrastructure and services and average incomes of households. This indicates a shift to inclusion of all districts in Lao PDR in targeting, not only the previously identified 47 poorest districts. This shift in thinking was confirmed by Mr Sivixay, who added that the GoL is currently considering expanding the Poverty Reduction Fund to become a nationwide program.

5. WB: Poverty, Vulnerability and Safety Net approaches in low income countries: An overview. (Mr Kalanidhi Subbarao, SSN Expert, WB)

A range of social safety net instruments have been implemented in low income countries, some of which have already been tried in, or may be appropriate for, Lao PDR. Public Works Programs (also known as workfare programs), similar to the Food for Work schemes implemented by WFP, may be a particularly appropriate option. These provide temporary employment at low-wage rate to unskilled manual workers on labor-intensive projects such as road construction and maintenance, irrigation infrastructure, reforestation, and soil conservation, and more. These provide income support to the poor at critical times, helping the poor to cope with large-scale shocks such as floods, droughts, economic crises, with lack of food during the low season, or with households specific shocks, like illness or unemployment. PWPs can also facilitate the construction or rehabilitation of basic essential infrastructure in very poor areas, improving productivity and reducing vulnerability in the long term.

The presenter suggested a number of steps involved in designing a Social Safety Net program or instrument that should include; setting goals (objectives); developing an implementation structure, including institutional roles, responsibilities & partnerships; developing mechanisms for targeting, outreach, enrolment, and payment and establishing a credible monitoring and evaluation system.

However, as well as identifying the appropriate programs, it is also important to work towards developing a national safety nets system. There are several steps needed for this process:

- a) An overall strategy is needed that identifies major risks and vulnerable groups. It is necessary to collect and analyze data (household surveys and qualitative studies) and also review existing programs and identify gaps in coverage.
- b) Then the options for instruments to address each of these gaps should be reviewed and the available financial resources identified.
- c) The responsible institutions' capacities and weaknesses need to be assessed in order to implement and manage the SSN programs at local and national levels.

- d) Often countries choose a combination of instruments to cover major risks and groups but it is necessary to “weave” different programs / instruments together into a coherent system. In a poor country with limited capacity, it is more likely to start with few safety nets but build up social insurance over time.

6. WFP: Food Security & Asset Creation (Mr Adam Folkard, Livelihood Development Consultant, WFP)

The largest social safety net programs currently active in rural areas are implemented by WFP, in partnership with the MoLSW and other partners. Social safety net project include relief food distribution in areas hit by natural disasters and Food for Work (FFW). Nearly 55,000 villagers participated in the FFW activities in 2009 in 12 Provinces.

Although in the past WFP has focussed on distributing food, WFP is piloting Cash for Work (CfW) on a small scale in six communities in Xay and Beng districts of Oudomxay Province, in partnership with German Agro Action (GAA) and Oudomxay Community Initiative Support Project (OCISP).⁴ The wages were transferred using the Lao Postal Service (LPS), which is active in most districts of Lao PDR. WFP signed a Memorandum of Understanding with the LPS, enabling the villagers to collect their payment at the district post office. Most workers received between 0.5-1.5 million kip (US\$60 – US\$190).

The pilot evaluation findings were that cash delivery costs were only 1/3 that of food, including payment of transport allowance (30,000 kip), and that payments could be received faster than food (in 3 weeks or less). 90% of households reported women’s control over cash received in household, however over 50% of CFW income was used for debt repayment as most households had incurred cash &/or rice debt over the wet season Only 5% of interviewees reported a preference for rice over cash as payment means.

7. UNICEF: Child-Sensitive Social Protection - Joint Statement and planned initiatives in Lao PDR. (Ms Mizuho Okimoto-Kaewtathip, Social Policy Specialist UNICEF Lao PDR)

In light of the Joint Statement on advancing Child Sensitive Social Protection (CSSP), UNICEF will undertake a review of the implications of existing social protection mechanisms on children in Lao PDR. MPI is their key counterpart due to the broad scope of CSSP. UNICEF will also work closely with NCMC and involve key line Ministries, especially MoLSW. UNICEF aims to present their preliminary findings through joint workshops with partners in mid-July 2010.

8. UNCDF: Social Protection In Lao PDR: Proposed Social Protection framework and policy-relevant piloting at the sub-national level (Ms Jill Engen, UNCDF Regional Office, Bangkok)

The UNCDF presenter proposed the development of a Social Protection Framework and Policy relevant for piloting at the sub-national level, focusing on the development of technically sound options for piloting local-level management and implementation of social safety net (SSN) programs. This is relevant because the role of local government in service delivery and SSN administration is expected to increase in line with the government’s direction for decentralization. Many Local Governments are already able to manage basic infrastructure and service delivery, and in a largely participatory and accountable manner. The District Development Fund (DDF) strategy has helped improve access to basic services, markets and other facilities.

Moving forwards, the GPAR/SBSD DDF component intends to pilot the allocation of conditional block grants (SPBGs) to finance safety net programs. These will be implemented at the district level. The pilot will test out and strengthen district level abilities to assume greater financial and administrative responsibilities for safety net programs aimed at the ultra-poor. UNCDF/UNDP further proposed the establishment of a Social Protection Technical Working Group.

9. Group Work Exercise

⁴ This shift is in line with global WFP strategy.

Following brief comments from participants and a summary by the facilitator, participants were divided into two discussion groups. One group was made up of representatives of the INGO/Donor Community (DP), the other group comprised government practitioners and policy makers (GOV). The groups were requested to consider a range of issues relating to Social Safety Nets in Lao PDR using a matrix format, and to present their analyses, assessments and recommendations.

The proposed focus questions for the groups to consider were:

- 1) What are the relevant current or planned programs / approaches to be included?
- 2) What are the key gaps / issues in these programs and approaches in terms of:
 - a) Risks / shocks covered?
 - b) Vulnerable groups reached (targeting and coverage)?
 - c) Geographic focus and coverage?
 - d) Timeframe (short-term or long-term)?
 - e) Implementation challenges?
- 3) What are possible programs / approaches to address these gaps / issues?
- 4) Which government agencies should be responsible for implementation and at what level? (GOV group) *or*
- 5) What opportunities / approaches are there for coordination of assistance in support of the development of capacity of an institutionalized SSN system? (DP group)

For each question, the groups further had to consider how cross-cutting issues such as gender, ethnicity and child-sensitivity could be addressed. Following the group exercise, each group presented their findings and recommendations and time was allowed for questions, comments and clarification on each topic. The findings and recommendations made by the groups for each issue are summarized in the social safety net table provided in Annex 4 of this report.

Key Findings from the Group Exercise

The workgroups identified program gaps and potential opportunities for cash transfer programs in three main areas of vulnerability: i) major economic risks of (seasonal) under- and un- employment; ii) risks of childhood malnutrition, pregnancy related women's malnutrition, low birth weight, and potential risk of negative birth outcomes for mother and child; iii) low survival rates in primary school with poor transition to secondary education. The groups highlighted significant gaps in the current social protection system and identified considerable opportunities for various SSN programs that could be used to fill these gaps. Capacity building and MIS were identified as key constraints to rapid implementation of SSN programs in the near future. The main recommendations raised during plenary discussions were:

- The government should incorporate the role of Social Protection and SSNs into the 7th 5 year plan 2011-2015 to reduce poverty and achieve MDGs;
- The government should formulate a strategy for the development of Social Protection, including SSNs, for Lao PDR;
- MLSW should pursue policies that promote Social Safety Nets for poorest and most vulnerable people;
- Technical, financial and institutional capacity constraints limit MoLSW administration of some social protection programmes;
- The INGO and donor community should coordinate social protection activities, including SSNs, and also support the development of a social protection strategy in Lao PDR;
- Further work is needed to identify the available financial envelope and this could be raised as part of the Round Table process;
- Further discussions should be held to consider the Social Safety Net options identified during this workshop.

10. Closing Remarks from the Workshop

Mr Pravit Dethphommattre and Mr Magnus Lindelow, co-chairs of the workshop provided the closing remarks. The 7th national socio-economic development plan (NSEDPP) will set out the development strategy for achieving socio-economic development in Lao PDR and the priorities for public expenditure by the government for the next 5 years. Currently, the system of formal safety nets in Laos is very limited with the social security system covering only the public sector and a small number of formal private sector workers. There is an opportunity to utilise Social Safety Net mechanisms to support the achievement of the government's goals to reduce poverty and reach the MDGs. For example, the use of temporary employment programs, such as CfW projects for poorest households to receive income support during the low season or as part of recovery from natural disasters or shocks. Social Safety Net mechanisms can also link to access to basic services: e.g. linking cash transfers to education on child and maternal health, prevention and treatment of illness, and improved nutrition; agricultural extension or immunization. Further consideration should be given to identify sustainable funding for social protection from both domestic and external resource mobilization, in particular resources that can facilitate scaling up of effective interventions.

A comprehensive national social protection strategic framework is important for developing a holistic social protection strategy for the country. This framework is important for pulling together fragmented policies and for developing fully costed implementation plans that can be used for resource mobilization. While the primary responsibility for social protection lies with MoLSW, it acts in close collaboration with other government and non-government stakeholders. Strong inter-ministerial collaboration and co-ordination is needed among all the ministries and stakeholders that are involved in the implementation of a social protection strategy (i.e. ministries of labor and social welfare, health, education, agriculture, finance and economic planning and others) at national, provincial and district levels. Better inter-sectoral coordination and collaboration on social protection is needed among relevant development partners and NGOs.

Mr Pravit Dethphommattre, as co-chair for the workshop, thanked all participants for their meaningful contributions during the workshop which had provided useful and important information regarding poverty and vulnerability in Lao PDR and identified the opportunities for developing social safety nets to support vulnerable groups. He noted the need to make the social protection and social safety net framework more comprehensive and consult with more stakeholders to complete more of the social protection gaps and opportunities. He observed that within MoLSW, and among other ministries, there was a need for improved MIS to gather feedback and review existing social protection programs in order to improve and expand coverage and effectiveness. He also gratefully acknowledged the support received from World Bank and other Development partners, especially WFP, UNDP, ILO, UNICEF and UNCDF, who worked tirelessly side by side with Government of Lao PDR. Mr Pravit Dethphommattre expressed his wish to see the development of effective social safety nets and a comprehensive social protection system for vulnerable groups to achieve MDGs and the poverty reduction goals for Lao PDR.

Appendix 2: Workshop Agenda

Start	Description	Speaker
8.15	Registration	
8.45	Opening remarks	Mr Pracit Dethphommathe, Director, Social Welfare Department, MoLSW Mr Magnus Lindelow, World Bank
9.00	Poverty and Vulnerability in Lao PDR: An Overview	Ms Nina Fenton (WB)
9.30	Development of social security in Lao PDR	Mr Prasong Vongkhamckanh
		Mr. Phouvanh Chanthavong Director General Skills Development and Employment Promotion Department
	Social Welfare Department	Mr Pracit Dethphommathe Director General Social Welfare Department
	Measures on Strengthening Social Safety Net in the Fourth Rural Development and Poverty Eradication Plan for Five Year (2011-2015)	Mr Syvixay Xaysanavongphet Vice Chair National Leading Committee for Rural Development and Poverty Reduction
	Measuring Poverty in Lao PDR Standards of poverty & Development For the period of years 2010-2015	Ms. Phonesaly Souksavath Deputy Director General Department of Statistics
11.30	Poverty, Vulnerability and Safety Net approaches in low income countries: An overview.	Mr. Kalanidhi Subbarao (WB Social Protection Consultant)
13.30	Food Security & Asset Creation	WFP
	Child-Sensitive Social Protection Joint Statement and planned initiatives in Lao PDR	UNICEF
	Social Protection In Lao PDR: Proposed Social Protection framework and policy-relevant piloting at the sub-national level	UNCDF/UNDP
	Summary	Facilitators Ms Fiona Howell (WB Social Protection Consultant) and Mr Bob
	Group work – break out	
16.00	Group reporting back presentations	
	Summary	
17.00	Closing remarks	Mr Pracit Dethphommathe, Director, Social Welfare Department MoLSW Mr Magnus Lindelow, World Bank

Appendix 3: List of Participants

Organization	Name and Surname	Position	Department
Government			
MOLSW	Dr. Bounma SITTHISOME	Deputy Director General	Skills Development and Employment Promotion Dept
MOLSW	Mr. Khamkhane PHINSAVANH	Director General	Labour Management Dept
MOLSW	Mr. Pasith DETHPHOMMATHET	Director General	Social Welfare Dept
MOLSW	Mr. Prasong VONGKHAMCHANH	Deputy Director General	Social Security Dept
MOLSW	Ms. Vanxay Souvannamethy	Deputy Director General	State Authority for Social Security
MOLSW	Mrs. Buaphanh LIKAIYA	Director General	Pension, Invalid and Handicap Dept
MOLSW	Mr. Souphonexay LOPHAENGSY	Deputy of Division	Division of Social Welfare
MOLSW	Mr. Phosavanh THAMMAVONGXAY	Technical Officer	Division of Social Welfare
MOLSW	Mrs. Monethong Inthavong	Vice head of Division	Planning and Administration Division
MOLSW	Mr. Khamphouang INTHASENG	Director	Social Security Organisation
MOLSW	Mr. Vilaphanh KHANTHAVONG	Technical Officer	International Relations and Cooperation
MOLSW	Mr. Oudone Ounnaphao	Head of Division	Instrument and Information Division
Dept of Statistics	Ms Bounpheng	Director	
NLCRDPR, PMO	Mr. Sivixay Saysanavongphet	Vice Chair	National Leading Committee for Rural Development and Poverty Reduction
PRF	Mr. Sengphet Vannavong	Head	Community Development
MPI	Ms. Phonesaly Souksavath	Deputy Director General	Department of Statistic
MOF	Mr. Somxay Keovandy	Technical Officer	External Finance Department
MOE	Dr. Keomany Sisaykeo	Head of R&D Division	Technical and Vocational Education Department
CCOP, PMO	Mr. Vilaphanh Silitham	Deputy Director General	Central Committee Organization Party
PACSA, PMO	Mr. Nisith Keopanya	Director General & GAPAR SBSD NPM	Civil Service Management

Development Partners

WFP	Adam Folkard	Livelihood Consultant	Development	FfW/CfW pilot programs
WFP	Jean Duclos	Head of WFP Sub-Office		Oudomxay Province
UNDP	Robert Glofcheski	Economist		Vientiane
UNDP	Makiko Fujita	Social Policy Specialist		Vientiane
UNCDF	Jill Engen	Regional Specialist		Bangkok
UNICEF	MizuhoOkimoto-Kaewtathip	Social Policy Specialist		Vientiane
UNICEF	Victoria Juat	Chief of Child Protection		Vientiane
ILO	Kolakot	IPEC Program Officer		ILO IPEC Project
ILO	Rakawin Leechanavanichpan	Program Officer, Lao PDR		ILO Sub-Regional Office for East Asia
UNCDF	Thilaphong Oudomsine	Lao Programme Specialist		UNDP/UNCDF Governance Unit

The World Bank Team

WB	Magnus Lindelow	Senior Economist		
WB	Nina Fenton	Research Analyst		
WB	Kalanidhi Subbarao	Expert in social safety nets		
WB	Ximena V. Del Carpio	Economist		
WB	Zhang Lansong	Operation Analyst		
WB	Fiona Howell	Expert in social safety nets		
WB	Sophavanh Thitsy	Program Assistant		
WB	Helene Carlsson-Rex	Senior Gender Specialist, Task Team Leader PRF		

Appendix 4: Summary Table Options for Social Safety Nets in Lao PDR

Risks /shocks	Vulnerable groups	Current programs / approaches	Key gaps / issues	Possible SSN approaches	GoL/Agencies implementing PR/SP ⁵ programs
Natural disasters (floods, droughts, crop destruction, etc.)	All affected households, in particular poor and near-poor	<ul style="list-style-type: none"> ▪ Food-for-work / Cash-for-work ▪ Disaster relief ▪ Traditional family and village support system 	<p>Slow or delayed response</p> <p>Low coverage</p> <p>Data collection difficulties</p> <p>Logistics gaps in disaster affected areas</p>	<p>Expand / scale up existing CfW/FfW</p> <p>Focus CfW/FfW on DRR projects</p> <p>Extend coverage to all affected households</p> <p>Use WFP vulnerability maps</p>	<p>MOLSW</p> <p>NLBD+PR</p> <p>WFP</p> <p>Int. Red Cross</p> <p>UNICEF - CPN⁶</p> <p>Local government (DPI + district and kumban)</p>
Seasonality (lack of income and food shortage)	Most farming households, in particular poor and near-poor in agricultural low season (most severe May-Sept)	<ul style="list-style-type: none"> • Food-for-Work • Rice Banks • Village banks • Loans through money lenders • Sales of assets 	<p>Limited coverage</p> <p>Few days of employment provided</p> <p>Slow response</p> <p>Data collection gaps (wage info and farm productivity)</p>	<p>Expand PRF public works (e.g. irrigation)</p> <p>IFAD capacity building</p> <p>Temporary Employment programs - gender assessments required</p>	<p>MAFF and IFAD</p> <p>MOLSW</p> <p>PRF</p> <p>MPI / DPI (PRF & coordinating role)</p>
Illness or injury	All households, in particular poor and near-poor	<ul style="list-style-type: none"> ▪ Health equity funds / vouchers / cash-incentives (CCT) ▪ Social security for formal sector (health and sickness) ▪ Village Revolving Funds (VRF), village funeral funds and Village Banks ▪ Traditional village support systems 	<p>Informal sector largely uncovered in formal schemes, especially rural areas</p> <p>Difficulties identifying poorest households</p> <p>Small-scale (inadequate coverage of benefits and beneficiaries)</p> <p>Inadequate registration and targeting mechanisms</p>	<p>Expansion of existing schemes to rural areas</p> <p>Targeted Cash Transfers for poorest and chronically ill households</p> <p>Expanded / improved micro-finance</p> <p>health care exemptions for very poor</p> <p>CCT for children's access to health care (including prevention)</p>	<p>Local government (district and kumban)</p> <p>MoH</p> <p>MoLSW</p>
Inability to work (lack of income)	The elderly, persons with disability, landless / relocated	<ul style="list-style-type: none"> ▪ Traditional family and village support system ▪ Pensions for formal sector 	<p>Few programs</p> <p>Limited data</p> <p>Additional stress on poor households</p>	<p>Cash transfers for supporting activities for CfW of FfW projects(cooking lunch for workers, maintaining vegetable gardens), CCTs for access to health and education</p>	<p>MOLSW</p> <p>MOE</p> <p>MOH</p> <p>Local government (district and kumban)</p>

⁵ PR/SP = Poverty Reduction or Social Protection programs

⁶ Child Protection Network

Risks /shocks	Vulnerable groups	Current programs / Key gaps / issues	Possible SSN approaches	GoL/Agencies implementing PR/SP ⁵ programs	
<i>Price fall / increases</i>	Households that buy / sell products affected by price changes ⁷	Traditional family and village support system Price controls for fuel and some food items	Lack of information and analysis	Provide market information to farmers Food/Cash transfers for most vulnerable groups	MAFF Min. of Trade MLSW
<i>Loss of employment / remittance income</i>	Households that depend on labor income, in particular poor, e.g. garment sector and migrant workers	Traditional family and village support system	Support very poor to upgrade skills to meet labor markets demands	CCT for basic skills training	MoLSW IOM ILO MoE
<i>Chronic poverty (due to lack of education, community assets, access to markets and services)</i>	Households with unskilled / illiterate workers Households with many children Households in remote communities	<ul style="list-style-type: none"> ▪ Community grants for village infrastructure (PRF / DDF) ▪ School feeding / Cash for Training ▪ Traditional family and village support system 	Linking supply and demand side e.g. infrastructure / transport Capacity building for local government and communities	Ffw and CfW and incentives at village level to support implementation of village plans Improve MIS and data for targeting and registration	MLSW Local government (district and kumban) DPI NLBRD&PE
<i>Violence / abuse / abandonment / trafficking</i>	Women and children	<ul style="list-style-type: none"> ▪ Shelters ▪ Orphanages ▪ Traditional family and village support system 	Small scale, limited coverage	CCT for child protection for migration related issues	MLSW UNICEF – CPN ILO IOM LWU
<i>Maternal and infant morbidity / mortality</i>	<i>At risk pregnant women and infants</i>	<ul style="list-style-type: none"> ▪ Maternity waiting homes ▪ MCH and child nutrition programs ▪ Traditional family and village support system 	Small scale, limited coverage	CCTs for pre and post delivery care, immunization, nutrition/breastfeeding	MoH WB UNFPA UNICEF

⁷ In 2009 the global price of rubber fell from \$3.50/kg to \$1.40/kg (Country Report On The Impact Of The Global Economic Slowdown On Poverty And Sustainable Development In Lao PDR)