



# Poverty in Lao PDR

Key findings from the Lao Expenditure and Consumption Survey, 2018-2019

## Introduction

The Lao Expenditure and Consumption Survey (LECS) have been conducted at five-year intervals since 1992/1993. The sixth and most recent round (LECS 6) was implemented between June 2018 and June 2019, following the LECS 5, which was conducted between April 2012 and March 2013. The objective of the surveys is to assess the living standards of the population and generate necessary data for socioeconomic planning. The LECS is the primary source of official poverty statistics in Lao People's Democratic Republic (PDR), providing critical information for monitoring progress on poverty reduction, identifying poor and vulnerable groups, and ultimately informing government policies for poverty eradication.

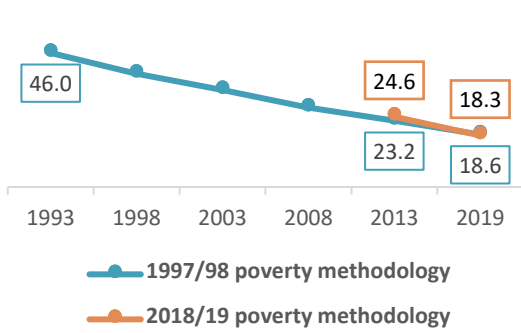
This brief summarizes key findings from LECS 6. It provides updated poverty statistics based on the LECS 6 data and the revised poverty methodology. Previous poverty estimates are based on the poverty methodology which was established in 1997/1998. The 2018/2019 revision allows poverty measures to better reflect living standards and spending patterns of the current Lao PDR population. Detailed findings and further analysis can be found in the forthcoming poverty report for LECS 6 (LSB and World Bank 2020).

## Primary results: Key findings

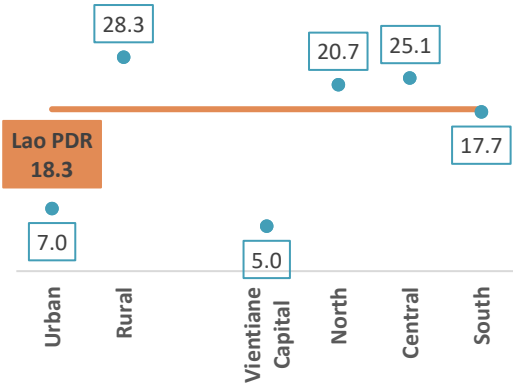
- Poverty declined from 24.6 percent in 2012/2013 to 18.3 percent in 2018/2019. The rate of poverty reduction has been rapid in rural areas, while urban poverty reduction has stagnated;
- Disparities across regions and provinces have narrowed. The northern and southern provinces experienced a rapid reduction in poverty, except in Attapeu province. Poverty reduction has stagnated in central Lao PDR, previously the wealthiest region;
- Inequality has raised due to widening consumption gaps within regions. Consumption grew at a faster pace among the better off. Per capita consumption growth was significantly lower than GDP growth. These two factors combined contributed to a slower pace of poverty reduction relative to growth;
- Geography of poverty has shifted toward urban areas and the central region, although rural areas continue to house the overwhelming share of the poor;
- Five provinces account for more than half of the poor in Lao PDR: Savannakhet (20.6 percent), Oudomxay (8.7 percent), Khammuane (8.3 percent), Saravane (8.0 percent) and Luangprabang (7.7 percent);
- The incidence of poverty is typically higher among agricultural households, Hmong-lumien households and households headed by a person who has not completed lower secondary education or an unemployed person, and the gaps have widened;
- Multidimensional poverty declined between 2012/2013 and 2018/2019, especially in rural areas, the northern region and the southern region, mirroring a decline in monetary poverty.

# Snapshot of poverty in Lao PDR

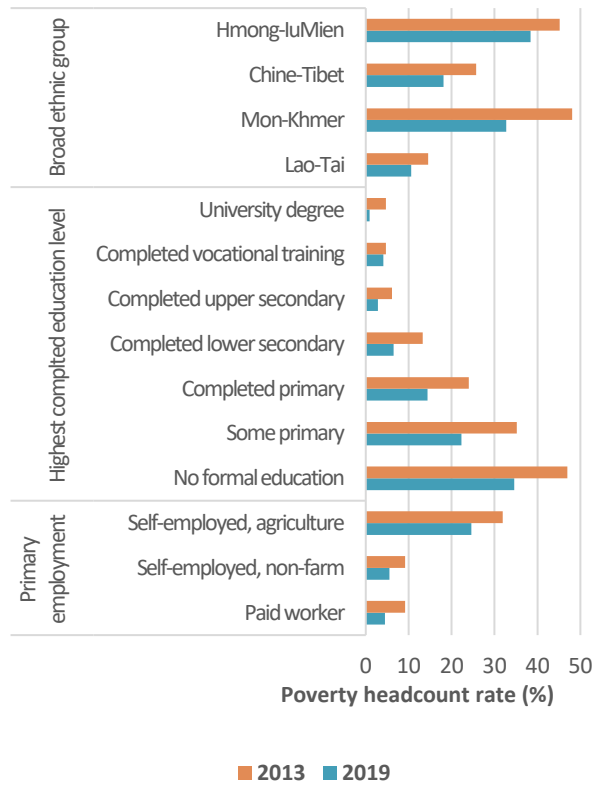
Poverty headcount rate 1993-2019 (percent)



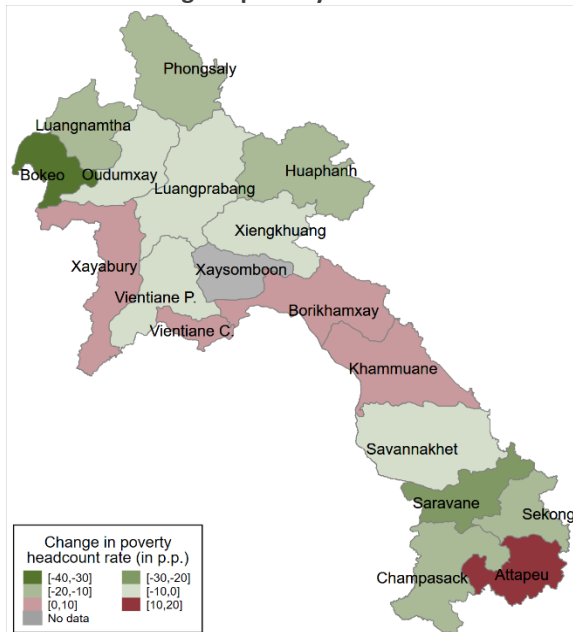
Poverty headcount rate 2019 (percent)



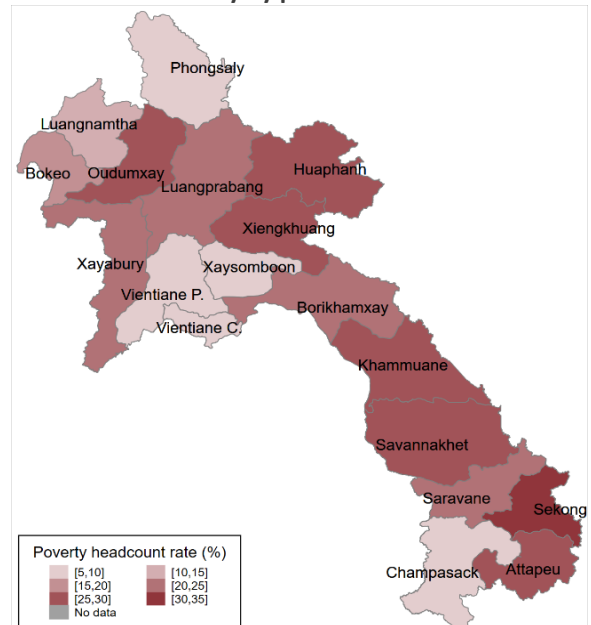
Poverty headcount rate by household characteristics: 2019



Change in poverty: 2013-2019



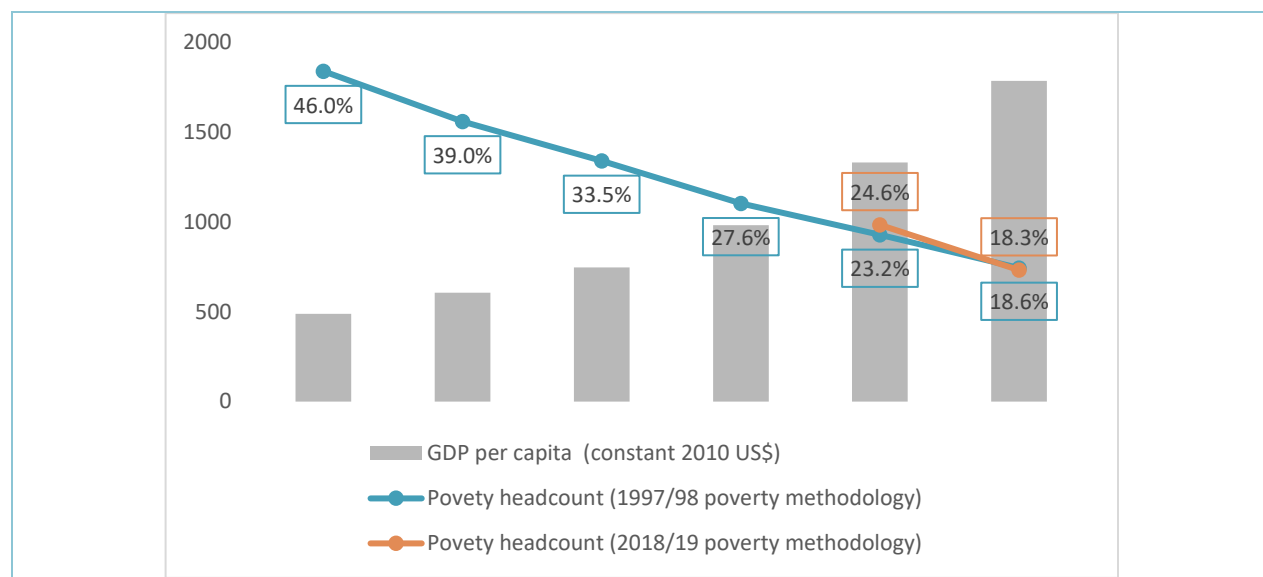
Poverty by province: 2019



## Trends in poverty

Poverty declined from 24.6 percent in 2012/2013 to 18.3 percent in 2018/2019. The rate of poverty reduction has been rapid in rural areas, while urban poverty reduction has stagnated.

**Figure 1: Trend in poverty headcount and GDP per capita 1992/93-2018/19**



**Table 1: Trend in poverty 2012/2013-2018/2019 (%)**

	Poverty Headcount Rate			Poverty Gap			Squared Poverty Gap		
	2013	2019	Change	2013	2019	Change	2013	2019	Change
Urban	7.9	7.0	-0.9	1.5	1.3	-0.2	0.4	0.4	0.0
Rural	31.4	23.8	-7.6	7.7	5.1	-2.6	2.7	1.7	-1.1
<b>Lao PDR</b>	<b>24.6</b>	<b>18.3</b>	<b>-6.3</b>	<b>5.9</b>	<b>3.9</b>	<b>-2.0</b>	<b>2.1</b>	<b>1.3</b>	<b>-0.8</b>

The northern and southern provinces experienced a rapid reduction in poverty, except in Xayaburi and Attapeu. Poverty reduction has stagnated in central Lao PDR, previously the wealthiest region.

**Table 2: Trend in poverty by provinces 2012/2013-2018/2019 (%)**

	Poverty Headcount Rate			Poverty Gap			Squared Poverty Gap		
	2013	2019	Change	2013	2019	Change	2013	2019	Change
<b>Lao PDR</b>	<b>24.6</b>	<b>18.3</b>	<b>-6.3</b>	<b>5.9</b>	<b>3.9</b>	<b>-2.0</b>	<b>2.1</b>	<b>1.3</b>	<b>-0.8</b>
01 Vientiane Capital	2.5	5.0	2.5	0.3	1.0	0.7	0.1	0.3	0.3
<b>North</b>	<b>31.0</b>	<b>20.7</b>	<b>-10.3</b>	<b>7.5</b>	<b>4.1</b>	<b>-3.4</b>	<b>2.6</b>	<b>1.2</b>	<b>-1.4</b>
02 Phongsaly	19.9	8.1	-11.8	3.4	1.2	-2.2	0.9	0.3	-0.6
03 Luangnamtha	25.0	10.5	-14.4	4.5	1.9	-2.6	1.2	0.6	-0.6
04 Oudumxay	36.6	29.2	-7.5	8.9	6.4	-2.5	2.9	2.0	-1.0
05 Bokeo	51.8	19.4	-32.4	15.0	4.2	-10.8	5.9	1.3	-4.5
06 Luangprabang	30.0	20.4	-9.6	6.8	3.1	-3.7	2.1	0.7	-1.4
07 Huaphanh	45.4	26.6	-18.8	13.3	5.8	-7.5	5.3	1.8	-3.5
08 Xayabury	15.7	21.1	5.4	2.7	4.5	1.8	0.7	1.5	0.8
<b>Central</b>	<b>23.5</b>	<b>21.5</b>	<b>-2.0</b>	<b>5.1</b>	<b>4.9</b>	<b>-0.3</b>	<b>1.7</b>	<b>1.7</b>	<b>0.0</b>
09 Xiengkhuang	34.3	26.0	-8.2	8.6	6.2	-2.3	3.1	2.2	-0.9
10 Vientiane	10.9	5.3	-5.6	1.6	1.0	-0.6	0.3	0.3	-0.1
11 Borikhamxay	14.7	20.6	5.9	2.9	5.1	2.2	0.9	1.8	0.9
12 Khammuane	25.2	25.5	0.3	6.6	5.1	-1.5	2.3	1.5	-0.8
13 Savannakhet	29.1	27.5	-1.5	6.2	6.5	0.3	2.0	2.3	0.3
18 Xaysomboon		8.2			1.3			0.3	
<b>South</b>	<b>29.9</b>	<b>17.7</b>	<b>-12.2</b>	<b>8.2</b>	<b>3.8</b>	<b>-4.5</b>	<b>3.1</b>	<b>1.2</b>	<b>-1.9</b>
14 Saravane	52.1	24.9	-27.2	16.8	5.6	-11.2	6.8	1.9	-4.9
15 Sekong	44.4	30.6	-13.8	13.3	6.2	-7.1	5.7	1.9	-3.8
16 Champasack	19.6	8.7	-10.9	4.0	1.8	-2.3	1.2	0.5	-0.7
17 Attapeu	9.1	27.8	18.8	1.4	5.7	4.4	0.3	2.0	1.7

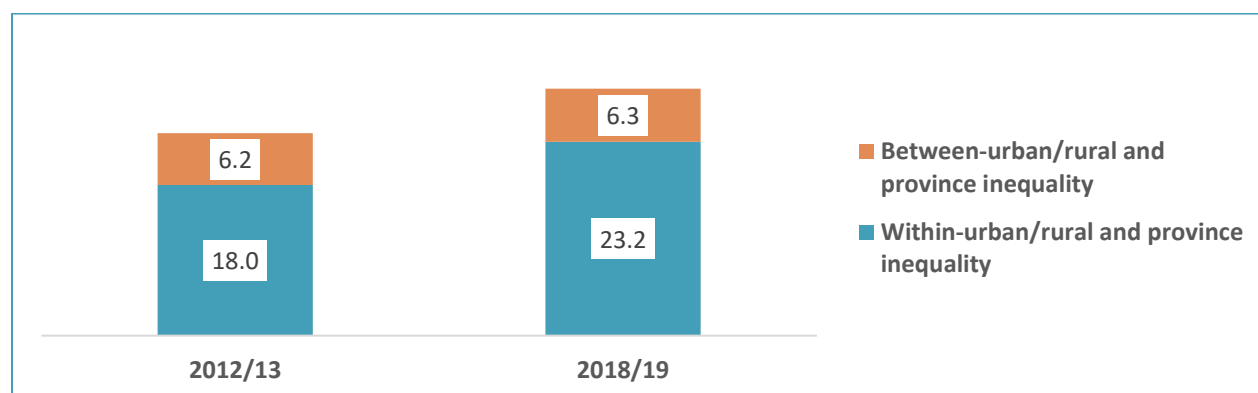
## The distributional pattern of consumption growth

Inequality has raised due to widening consumption gaps within regions. Consumption grew at a faster pace among the better off.

**Table 3: Average consumption by consumption quintile 2018/2019**

Quintile	Average nominal monthly consumption per capita (KIP): 2018/2019			Annualized growth in real per capita consumption (%): 2012/2013–2018/2019		
	Lao PDR	Urban	Rural	Lao PDR	Urban	Rural
1	226,386	234,461	225,178	2.1	2.0	2.0
2	346,444	349,503	345,756	2.1	2.1	2.1
3	474,048	478,472	472,178	2.5	2.5	2.4
4	675,500	685,247	668,575	3.1	3.1	3.0
5	1,492,505	1,571,527	1,373,827	4.1	4.0	4.3

**Figure 2: Theil index absolute decomposition of inequality**



## Regional comparison

Approximately 9 percent of the population in Lao PDR lives on less than USD 1.9 per day in 2011 PPP terms, a decline from 15.6 percent in 2012/2013.

Generally, Lao PDR experienced a slower poverty reduction from its economic growth than its neighbors.

**Table 4: Regional comparison of the poverty and inequality**

Country	Poverty rate (PPP2011 \$1.90-a-day)			Poverty rate (PPP2011 \$3.20-a-day)			Gini Coefficient
	Most recent survey	Change	Growth elasticity of poverty	Most recent survey	Change	Growth elasticity of poverty	
Lao PDR (2013-19)	8.6	7.0	1.17	35.2	13.2	0.71	38.8
Vietnam (2012-18)	1.9	0.9	0.87	7.0	6.4	1.33	35.7
Indonesia (2012-18)	4.6	7.0	2.38	24.2	19.4	1.76	37.7
Philippines (2012-15)	6.1	4.4	2.81	26.0	7.5	1.52	44.4
Thailand (2014-18)	0.02	0.01	1.81	0.54	0.35	2.84	37.0

*Note:* Change shows a percentage point reduction in the poverty rate between the two most recent surveys. Gini coefficient is from the most recent survey.

## Geographical pattern of poverty

Geography of poverty has shifted toward urban areas and the central region, although rural areas continue to house the overwhelming share of the poor.

**Table 5: Poverty headcount rate and distribution of the poor by geographic regions 2012/2013-2018/2019 (%)**

	Poverty Headcount Rate			Distribution of the Poor			Distribution of Population		
	2013	2019	Change	2013	2019	Change	2013	2019	Change
<b>Lao PDR</b>	<b>24.6</b>	<b>18.3</b>	<b>-6.3</b>	<b>100.0</b>	<b>100.0</b>	<b>0.0</b>	<b>100.0</b>	<b>100.0</b>	<b>0.0</b>
Urban	7.9	7.0	-0.9	9.2	12.4	3.2	28.8	32.5	3.7
Rural	31.4	23.8	-7.6	90.8	87.6	-3.2	71.2	67.5	-3.7
<b>Region</b>									
Vientiane Capital	2.5	5.0	2.5	1.2	3.6	2.4	12.0	13.2	1.2
North	31.0	20.7	-10.3	38.6	35.5	-3.1	30.6	31.4	0.7
Central	23.5	21.5	-2.0	34.0	41.9	7.8	35.8	35.7	0.0
South	29.9	17.7	-12.2	26.2	19.0	-7.2	21.6	19.7	-1.9
<b>Urban</b>									
Vientiane Capital	1.8	4.4	2.6	0.7	2.5	1.8	9.7	10.5	0.8
North	9.9	4.6	-5.3	2.4	2.2	-0.2	6.0	8.8	2.8
Central	11.5	10.6	-0.9	4.3	5.1	0.8	9.2	8.8	-0.4
South	11.4	10.4	-1.0	1.8	2.5	0.7	4.0	4.5	0.5
<b>Rural</b>									
Vientiane Capital	5.3	7.3	2.0	0.5	1.1	0.6	2.4	2.7	0.4
North	36.1	27.0	-9.2	36.2	33.3	-2.9	24.6	22.6	-2.0
Central	27.6	25.0	-2.6	29.7	36.8	7.0	26.6	26.9	0.3
South	34.1	19.9	-14.2	24.4	16.5	-7.9	17.6	15.2	-2.4

Five provinces account for more than half of the poor in Lao PDR: Savannakhet (20.6 percent), Oudomxay (8.7 percent), Khammuane (8.3 percent), Saravane (8.0 percent) and Luangprabang (7.7 percent).

**Table 6: Poverty and distribution of the poor by provinces 2012/2013-2018/2019 (%)**

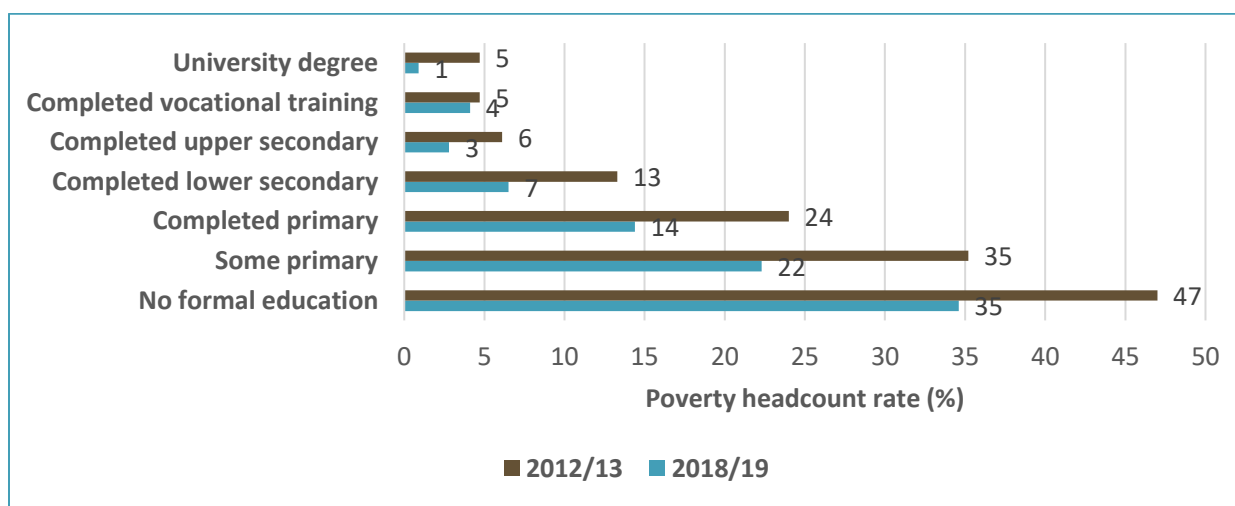
	Poverty Headcount Rate			Distribution of the Poor			Distribution of Population		
	2013	2019	Change	2013	2019	Change	2013	2019	Change
<b>Lao PDR</b>	<b>24.6</b>	<b>18.3</b>	<b>-6.3</b>	<b>100.0</b>	<b>100.0</b>	<b>0.0</b>	<b>100.0</b>	<b>100.0</b>	<b>0.0</b>
01 Vientiane Capital	2.5	5.0	2.5	1.2	3.6	2.4	12.0	13.2	1.2
<b>North</b>									
02 Phongsaly	19.9	8.1	-11.8	2.4	1.2	-1.1	2.9	2.8	-0.2
03 Luangnamtha	25.0	10.5	-14.4	3.0	1.8	-1.2	3.0	3.0	0.1
04 Oudumxay	36.6	29.2	-7.5	6.5	8.7	2.2	4.4	5.5	1.1
05 Bokeo	51.8	19.4	-32.4	5.8	3.2	-2.6	2.7	3.0	0.3
06 Luangprabang	30.0	20.4	-9.6	8.7	7.8	-0.9	7.1	7.0	-0.2
07 Huaphanh	45.4	26.6	-18.8	8.5	6.0	-2.5	4.6	4.1	-0.5
08 Xayabury	15.7	21.1	5.4	3.8	6.9	3.1	5.9	6.0	0.1
<b>Central</b>									
09 Xiengkhuang	34.3	26.0	-8.2	6.1	5.7	-0.4	4.4	4.0	-0.4
10 Vientiane	10.9	5.3	-5.6	3.6	1.8	-1.8	8.2	6.3	-1.9

11 Borikhamxay	14.7	20.6	5.9	2.3	4.8	2.5	3.8	4.2	0.4
12 Khammuane	25.2	25.5	0.3	5.1	8.3	3.2	5.0	6.0	1.0
13 Savannakhet	29.1	27.5	-1.5	16.9	20.6	3.7	14.3	13.7	-0.6
18 Xaysomboon		8.2			0.6			1.4	
<b>South</b>									
14 Saravane	52.1	24.9	-27.2	12.4	8.0	-4.3	5.9	5.9	0.1
15 Sekong	44.4	30.6	-13.8	4.2	3.2	-0.9	2.3	1.9	-0.4
16 Champasack	19.6	8.7	-10.9	8.8	4.7	-4.1	11.0	9.8	-1.2
17 Attapeu	9.1	27.8	18.8	0.9	3.1	2.2	2.4	2.0	-0.4

## Characteristics of the poor

Poverty remains high among the poorly educated.

**Figure 3: Poverty headcount rate by household head's highest level of completed education 2012/13-2018/19**



Poverty is concentrated among minority ethnic groups.

**Table 7: Poverty headcount rate by ethnicity of household head 2012/2013-2018/2019 (%)**

	Poverty Headcount Rate			Distribution of the Poor			Distribution of Population		
	2013	2019	Change	2013	2019	Change	2013	2019	Change
<b>Lao PDR</b>	<b>24.6</b>	<b>18.3</b>	<b>-6.3</b>	<b>100.0</b>	<b>100.0</b>	<b>0.0</b>	<b>100.0</b>	<b>100.0</b>	<b>0.0</b>
Lao-Tai	14.5	10.6	-4.0	39.4	37.7	-1.7	66.7	65.2	-1.5
Mon-Khmer	48.1	32.7	-15.4	43.1	38.7	-4.4	22.1	21.7	-0.4
Chine-Tibet	25.7	18.1	-7.5	3.5	3.0	-0.5	3.4	3.1	-0.3
Hmong-lumien	45.2	38.4	-6.8	13.0	19.5	6.5	7.1	9.3	2.2
Other	33.5	26.6	-6.9	1.0	1.0	0.0	0.7	0.7	-0.1



Households headed by an agricultural self-employed person and an unemployed or economically inactive person have the highest poverty rates.

**Table 8: Poverty headcount rate by main employment status of the household head 2012/2013-2018/2019 (%)**

Main employment status in past 7 days	2013	2019	Change
<b>Lao PDR</b>	<b>24.6</b>	<b>18.3</b>	<b>-6.3</b>
Paid worker	9.2	4.5	-4.7
Nonfarm self-employed	9.2	5.5	-3.6
Farm self-employed	31.9	24.6	-7.3
Unemployed and economically inactive	27.8	21.3	-6.5

## Multidimensional poverty and access to services

Poverty reduction across Lao PDR over the past six years has involved significant improvements to household living conditions.

**Table 9: Changes in household durable possession 2012/2013-2018/2019 (% of household)**

	Lao PDR		Poor		Non-poor	
	2013	2019	2013	2019	2013	2019
Car	16.3	20.2	2.2	3.3	19.7	22.8
Motorbike	79.4	85.8	59.6	71.2	84.2	88.1
Bicycle	29.8	21.2	18.5	12.0	32.4	22.6
Refrigerator	56.3	71.3	20.3	35.6	64.9	76.9
Washing machine	14.7	26.4	0.6	3.9	18.1	29.9
Electric rice cooker	47.0	57.0	14.0	22.9	54.9	62.3
Steam rice cooker	76.3	91.4	67.4	90.3	78.4	91.5
Television	75.0	81.3	46.2	54.7	81.9	85.5
Radio, VCD	19.6	21.3	17.2	12.0	20.1	22.8
Telephone	30.0	18.8	22.0	20.7	31.9	18.5
Mobile phone	76.0	85.6	52.7	67.5	81.5	88.4
Computer	7.5	8.1	0.2	0.5	9.3	9.3
Air conditioner	5.1	9.6	0.1	0.5	6.3	11.1

**Table 10: Housing characteristics by poverty status 2012/2013-2018/2019 (% of households)**

	2012/2013			2018/2019		
	Lao PDR	Poor	Non-poor	Lao PDR	Poor	Non-poor
<b>Exterior wall major material</b>						
Brick or concrete	41.0	11.7	48.0	57.8	21.5	63.4
Unbaked brick, wood or bamboo	58.3	87.6	51.4	37.6	71.9	32.2
Other material	0.7	0.7	0.7	4.7	6.7	4.4
<b>Roof material</b>						
Wood	1.6	3.2	1.2	1.2	2.7	1.0

Metal sheets	56.9	56.3	57.1	46.3	62.2	43.9
Roofing tiles	33.5	21.9	36.2	49.1	27.9	52.4
Grass or leaves	5.2	13.5	3.2	1.9	6.3	1.3
Other material	2.9	5.2	2.4	1.5	0.8	1.6
<b>Floor material</b>						
Marble or ceramic tiles	0.6	0.3	0.6	1.3	0.9	1.4
Floor tiles or cement	44.0	13.0	51.3	57.2	25.5	62.1
Wood or bamboo	50.1	74.8	44.2	34.2	55.3	30.9
Earth, clay or other	5.4	11.9	3.8	7.3	18.3	5.6

**Table 11: household access to improved water, sanitation facilities and electricity 2012/2013-2018/2019 (% of household)**

	Safe water		Improved sanitation facilities		Electricity for lighting		Gas and electricity for cooking	
	2013	2019	2013	2019	2013	2019	2013	2019
<b>Lao PDR</b>	<b>83.8</b>	<b>92.9</b>		<b>82.1</b>	<b>79.6</b>	<b>92.9</b>	<b>6.0</b>	<b>11.9</b>
Poor	73.8	82.5		52.8	54.4	78.7	2.0	4.6
Non-poor	86.2	94.5		86.7	85.6	95.1	6.9	13.0
Urban	93.9	98.6		97.0	98.8	99.5	12.6	21.3
Rural	79.4	89.9		74.3	71.2	89.5	3.1	6.9

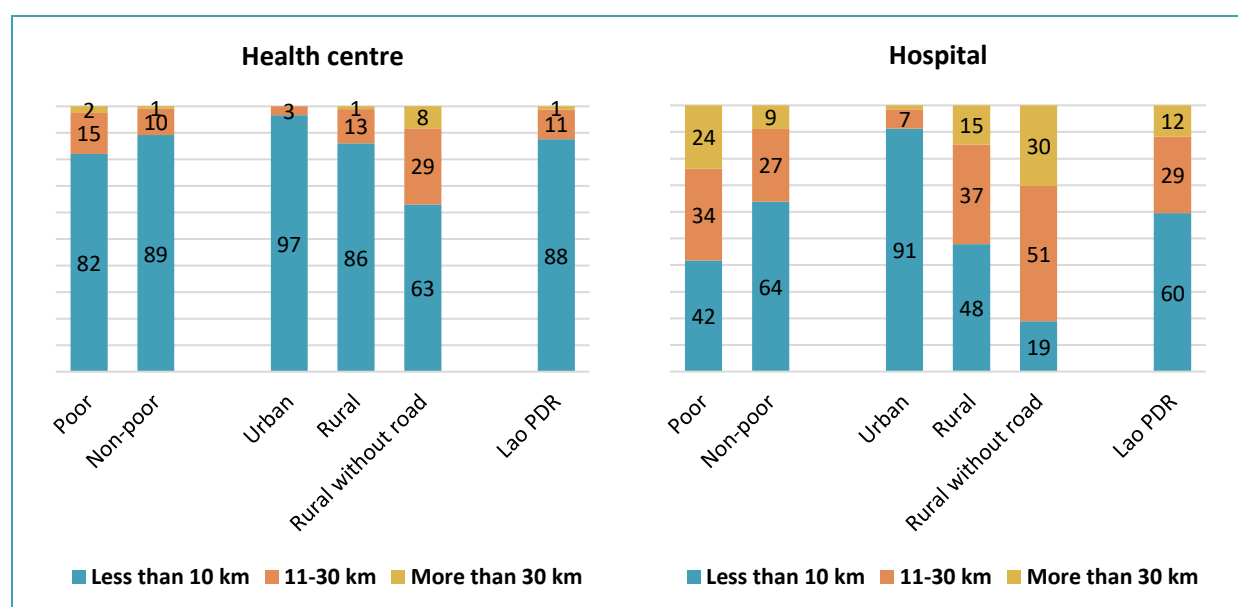
Note: Information on improved toilet is not comparable between LECS5 and LECS6.

**Table 12: Net enrolment rate and average years of schooling by poverty status, 2012/2013-2018/2019**

	Net enrollment rate (%) (Age 6-10)		Net enrollment rate (%) (Age 11-14)		Average years of schooling (Age 15+)	
	2013	2019	2013	2019	2013	2019
Poor	65.0	72.9	20.0	32.5	3.5	3.7
Non-poor	82.7	86.7	45.3	66.2	5.8	6.5

Note: Net enrollment rate is the number of boys and girls of the age of a particular level of education that are enrolled in that level of education, expressed as a percentage of the total population in that age group.

**Figure 4: Distance to the nearest health facility 2018/2019 (% of population)**

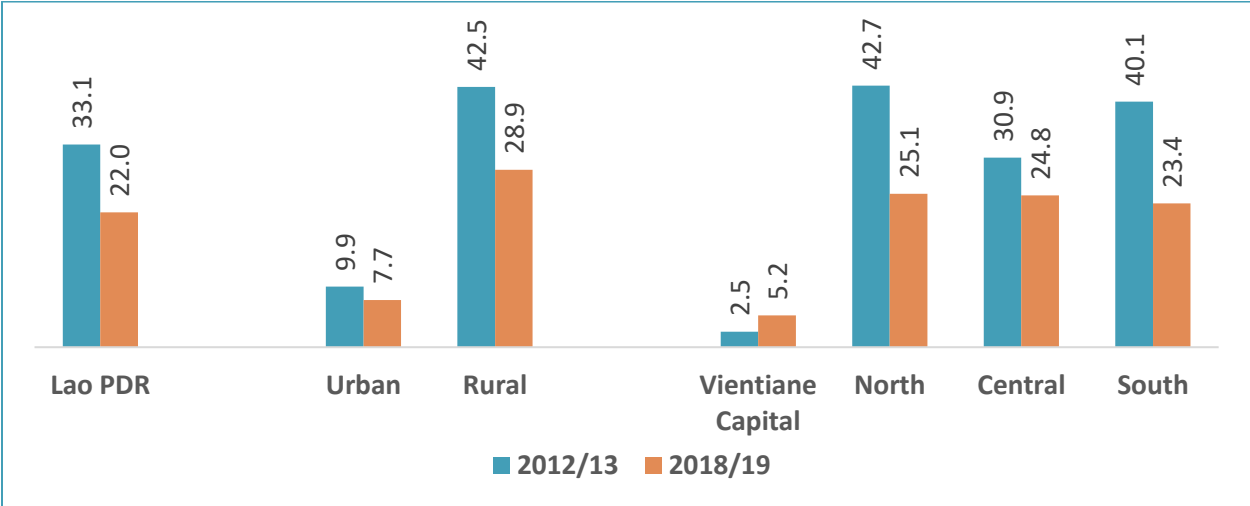


Multidimensional poverty declined between 2012/2013 and 2018/2019, especially in rural areas, the northern region and the southern region, mirroring a decline in monetary poverty.

**Table 13: Dimension of poverty**

Dimension	Indicator	Deprived if...	Weight
Consumption	Household's consumption per capita	Household's consumption per capita is below the poverty line (calculated using the cost of basic needs approach)	1/3
Education	Years of schooling	No household member aged 10 years or older has completed five years of schooling	1/6
	School attendance	No school-aged children (up to 14) are attending school	1/6
Living standards	Cooking fuel	The household cooks with paraffin, wood, coal, charcoal, or sawdust	1/15
	Drinking water	The household does not have access to improved drinking water, or if safe drinking water is at least a 30-minute walk (round-trip) from home	1/15
	Electricity	The household has no electricity	1/15
	Housing	The household floor is made of earth or clay, the roof is made of grass or leaves, or walls are made of natural or rudimentary materials (unbaked bricks, bamboo, tin, or wood)	1/15
	Assets	The household does not own more than one of these assets: radio, TV, computer, bicycle, motorbike, refrigerator, and does not own a car or truck	1/15

Figure 5: Multidimensional poverty headcount rate (%)





**Ministry of Planning and Investment**

**Lao Statistics Bureau**

**Dongnasokneua Village, Sikhottabong District, Vientiane Capital,**

**Lao PDR**

**Tel: +856-21 214740, Fax: +856-21 242022**

**Email Address: [lstats@lsb.gov.la](mailto:lstats@lsb.gov.la), Website: [www.lsb.gov.la](http://www.lsb.gov.la)**