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# Provincial Poverty Dynamics in Lao PDR: A Case Study of Savannakhet

Edo Andriesse and Anouxay Phommalath

**Abstract:** Although the average poverty level in Lao PDR has declined substantially since the beginning of economic reforms in 1986, sub-national dynamics give rise to a discussion of the trends and issues that determine and sustain provincial poverty and the variegated processes of rural transition. It appears that migration to core areas does not always generate better living standards, as migration to Vientiane Capital and Vientiane Province also results in a relocation of poverty from peripheral to core areas. This article sheds light on these problems and discusses the implications for the spatial dimensions of poverty in core provinces located on emerging Greater Mekong Subregion corridors and peripheral provinces. A case study of Savannakhet, located along the East West Economic Corridor, shows how rural households cope with the pressures arising from increasing market forces and regionalization. Based on in-depth fieldwork in the village of Ban Gngang Pho Sy, the results indicate that a shift occurred among the rural poor, in which their livelihoods changed from being based purely on subsistence agriculture to being focused increasingly upon pluriactive (commercial) farming, livelihood diversification and labour migration to Thailand. Provinces located along emerging corridors experience a complex mosaic of impacts of integration due to fragmented ethnic-linguistic geographies and the varying relevance of pull versus push factors: imports versus exports, inward versus outward investments, and in- versus out-migration. In sum, rather than the neoliberal promise of a flatter socioeconomic landscape, the human geography of the Greater Mekong Subregion remains rough, due to politicization of foreign direct investments, complex land dealings and landlessness, migration patterns and rising inequality.

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**Keywords:** Laos, Savannakhet Province, regional disparities, rural livelihoods, pluriactivity, migration, East West Economic Corridor

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## Introduction

Together with Burma/Myanmar, East Timor and Cambodia, the Lao People's Democratic Republic (hereafter simply Laos) belongs to the group of least developed countries (LDCs) in Southeast Asia. In addition, Cambodia and Laos share the challenging feature of being squeezed by the much larger neighbouring countries of Thailand and Vietnam. Attracting investments, generating private sector employment and fostering inclusive development in the long term is very difficult in a situation whereby 1. Thailand and Vietnam's economic geographies provide many advantages over Laos and 2. Laos' economic and social geography is heterogeneous and rather fragmented (Rehbein 2007; Andriesse forthcoming). Although the average poverty level in Laos has declined substantially since the beginning of economic reforms in 1986, dynamics at the sub-national scale of analysis give rise to a discussion of the trends and issues that determine and sustain provincial poverty. In particular, the situation is problematic for villagers who are incapable of benefiting from the increasing economic openness within the Greater Mekong Subregion (GMS). It appears that migration to core areas does not always generate better living standards, as migration to Vientiane Capital and Vientiane Province also results in a relocation of poverty from peripheral to core areas. This article sheds some light on these problems.

The next section introduces the Lao provinces and provides an overview of provincial poverty using poverty data published in the UNDP *Human Development Report* (2009; mostly inter-province) and Epprecht et al. (2008; mostly intra-province). This is followed by an analysis of regional disparities between 1992 and 2008, and its determinants. Then, a case study of a village in Savannakhet Province illuminates how rural households cope with the pressures arising from increasing market forces and regionalization, especially the influence of the East West Economic Corridor (EWEC), running from Mawlamyine in Burma to Danang in Vietnam. The findings presented here are based on in-depth fieldwork in the village of Ban Gngang Pho Sy conducted in 2011 (Phommalath 2012) and enrich the body of knowledge on development along emerging corridors, as well as pluriactive livelihoods: combining farm and non-farm activities to increase standards of living and avoid poverty traps (Bouahom, Douangsavanh, and Rigg 2004). The last section discusses the implications for the spatial dimensions of poverty in Lao PDR.

## Provincial Groupings and Provincial Poverty Data

Based on the economic geography of Laos, it is instructive to group the 17 provinces into four categories (Table 1). The first category forms the economic heart of the country where most manufacturing and service activity is located. Within the second category, Luangprabang is an outlier as it enjoys a relatively thriving tourism industry due to the fact that Luangprabang City is a beautiful, ancient world heritage city. The third category comprises provinces located on emerging economic corridors within the GMS. Savannakhet is located on the EWEC; Bokeo and Luangnamtha on a corridor connecting Bangkok to Kunming through Chiang Mai; Oudomxay (as well as Luangprabang) on a corridor connecting Bangkok to Kunming through Khon Kaen and Vientiane. The Bangkok–Chiang Mai–Bokeo–Luangnamtha–Kunming corridor is the most promising of all the planned corridors running through Laos, particularly once construction of a bridge over the Mekong River between Chiang Khong and Houay Xay on the Thai–Lao border is completed in 2013. However, in order for women to benefit from the expanding economic opportunities within these emerging economic corridors, literacy rates among females need to be massively improved. Without basic educational improvements, women are prone to various forms of exploitation (Cornford 2006; Rehbein 2007; Rigg and Wittayapak 2009; see Table 1). The remaining category forms the peripheries of the country. Asian Development Bank (ADB) officials have expressed the wish that some provinces be integrated into new economic corridors; however, significant impact cannot be expected from this, as the corridors envisioned do not link the most vibrant economic centres and national politicians have so far not shown sufficient determination to make those corridors a success. Table 1 also indicates the presence of diversity within the various categories, in terms of literacy rate, number of unemployed months throughout the year (seasonality of labour and irregular work in the informal sector) and accessibility during the rainy season.

Table 1: Provincial Groups of Lao PDR

	Total number of households 2008	Literacy rate 2005 (15+)*	
		female	male
<i>Core area</i>			
Vientiane Province	82,910	71	88
Vientiane Capital	128,464	88	95
<i>Tourist hotspot</i>			
Luangprabang	71,090	55	80
<i>On emerging corridors</i>			
Oudomxay	44,923	40	73
Bokeo	27,520	45	72
Luangnamtha	28,831	39	63
Savannakhet	139,191	59	79
<i>Periphery</i>			
Huaphanh	44,664	51	78
Phongsaly	28,453	34	53
Xiengkhuang	39,056	62	84
Khammuane	66,297	60	81
Borikhamxay	41,127	68	86
Sekong	15,200	48	76
Saravane	56,815	49	75
Attapeu	21,939	52	77
Champasack	108,568	74	90
Xayabury	66,575	74	87

	Population (10+)* months unemployed 2007–2008	Villages reachable in rainy season, in %	Villages with electricity, in %
<i>Core area</i>			
Vientiane Province	2.7	100	84
Vientiane Capital	4.4	100	100
<i>Tourist hotspot</i>			
Luangprabang	2.5	77	65
<i>On emerging corridors</i>			
Oudomxay	2.6	65	33
Bokeo	5.5	65	54
Luangnamtha	2.5	89	52
Savannakhet	3.7	87	69
<i>Periphery</i>			
Huaphanh	2.5	78	44

	Population (10+)* months unemployed 2007–2008	Villages reach- able in rainy season, in %	Villages with electricity, in %
Phongsaly	2.7	55	38
Xiengkhuang	2.9	95	40
Khammuane	5.6	73	74
Borikhamxay	3.8	95	74
Sekong	2.3	79	29
Saravane	4.0	76	50
Attapeu	3.7	92	33
Champasack	3.1	85	67
Xayabury	3.2	85	60

Note: \* People older than 10 years, thus including working children, people older than 15 years for literacy rate.

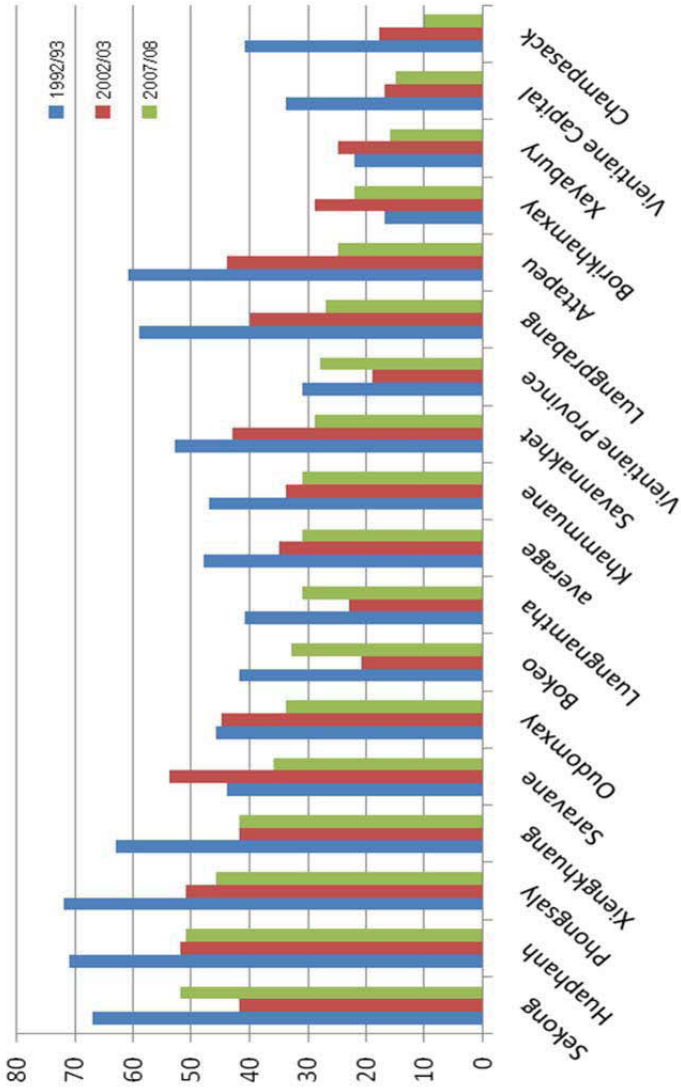
Source: UNDP 2009.

Figure 1 displays the ranking of the headcount poverty ratio at three points in time: 1992–1993, 2002–2003 and 2007–2008. The headcount poverty ratio reflects the percentage of people living below the national poverty line based on consumption and prices of food and non-food items (Department of Statistics 2008). Although the United Nations is dependent on national statistical agencies, it deals cautiously with data the reliability of which is seriously in doubt.

The figure reveals several interesting issues. First, the five poorest provinces are all located in the Lao periphery, inhabited by many different ethnic groups that frequently have insufficient command of the Lao language to be able to integrate themselves in modern forms of capital accumulation.

Second, Champasack in the South has performed better than Vientiane Capital. Champasack is a fertile agricultural province and is involved in the emerging Lao coffee industry. Its capital Pakse is the commercial centre for coffee exports (Andersson, Engvall, and Kokko 2007). In addition, Table 1 shows that literacy rates are relatively high in Champasack, suggesting an early set up of primary schools in the province.

Figure 1: Poverty Headcount Ratios (Ranked from Highest to Lowest in Per Cent in 2007–2008)



Source: UNDP 2009.

Third, in contrast to common expectations, the poverty ratio went up in four provinces between 2002 and 2008: Sekong in the southern periphery, Vientiane Province in the core area, and Bokeo and Luangnamtha on emerging corridors. Most worrying is Vientiane Province. Many people migrate to this province in order to find a job, but do not succeed and start seeking survival as landless rural workers or in the vulnerable urban informal sector. Furthermore, Vientiane Capital made great progress in the 1990s, but the poverty headcount ratio stabilized after 2002, most probably due to immigration (UNDP 2009: 45–69). Note that the average number of unemployed months is 4.4 (Table 1). These trends suggest that migration to more prosperous areas has led to a relocation of poverty from peripheral to core areas and provides great challenges for the government of Laos.

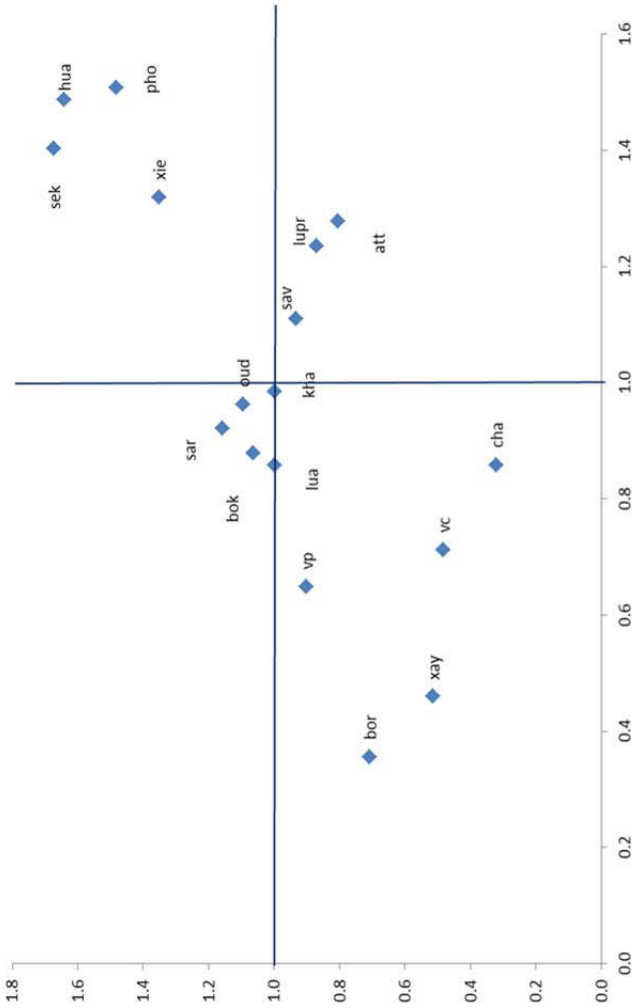
Fourth, people in Borikhamxay were poorer in 2002–2003 and 2007–2008 compared to 1992–1993. This is rather puzzling and the available literature does not provide any definitive evidence of causes, but it might be related to relatively high intra-province inequality (Epprecht et al. 2008: 41–42).

## Decreasing Persistence of Traditional Regional Disparities?

How have provinces performed relative to the national average between 1992 and 2008? In other words: how persistent are regional disparities and provincial poverty levels? Commenting on the opening of the economy since 1986 and the introduction of more market based institutional economic arrangements, Bourdet observed in 1998 that “some 10 years after the start of the reform process, however, it is clear that the new policy has failed to narrow the gap between rich and poor provinces, in spite of a better integration of the poor ones into the Lao economy”. How has this persistence evolved up until 2008 (the latest year for which reliable data are available)? Figure 2 plots the poverty headcount ratio for each province relative to the national average: 1992–1993 on the horizontal axis against 2007–2008 on the vertical axis (see Miranti 2011 for a similar analysis on Indonesian provinces).



Figure 2: Poverty Ratios Relative to National Average (1992–1993 (Horizontal) versus 2007–2008 (Vertical))



Source: UNDP 2009: 215.

The lower-left quadrant features relatively well-off provinces in both years. Champasack (cha) and Xayabury (xay) are low-land fertile agricultural provinces and Vientiane Capital (vc) and Vientiane Province (vp) form Laos’ economic geographical core. The lower-right and upper-left quadrant host several provinces, but most of them have poverty levels close to the national

average in both years, suggesting that no major changes from poor to rich or the other way round have taken place in those provinces. The only exception is Attapeu (att), which showed an improvement from a ratio of 1.3 in 1992–1993 to 0.8 in 2007–2008. Increased benefits from growing and selling coffee and a relatively low-level of intra-province inequality possibly accounts for this remarkable trend (Andersson, Engvall, and Kokko 2007; Epprecht et al. 2008: 41). The upper-right quadrant hosts the worst-off provinces of Sekong (sek), Huaphanh (hua), Phongsaly (pho) and Xiengkhuang (xie). These provinces were clearly poorer than the national average in both 1992–1993 and 2007–2008. Sekong is in the southern periphery; the other three are all located in the northern periphery, making this part of the country the most challenging in terms of poverty reduction. Phongsaly's location in the far north bordering China and Vietnam is very peripheral and many villages are difficult to reach by road in the rainy season due to the complex mountainous physical geography. There is a high incidence of illiteracy, particularly among women there (Table 1).

Probably most pressing is the insecure food situation. According to Epprecht et al. (2008: 53), many villages are classified as very vulnerable in terms of food security. Both Huaphanh and Xiengkhuang have performed somewhat better than Phongsaly on a number of indicators, but overall it is safe to conclude that the northern periphery has remained the most deprived region of Laos. The outlier here is Sekong, located in the southern periphery, the poverty ratio relative to the national average of which deteriorated from 1.4 in 1992–1993 to 1.7 in 2007–2008, and which is much worse-off compared to Saravane (sar) and Attapeu. The province, presumably, is not considered a high priority by policy-makers, as it is the province with the lowest population number (Table 1); the physical geography is generally unsuitable for intensive agriculture and it is adjacent to some of the poorest Vietnamese provinces. The relatively large intra-province inequality there is also a cause for concern (Epprecht et al. 2008: 31, 41).

Overall, it is safe to conclude that regional disparities were persistent between 1992 and 2003, but started to change somewhat as a result of relocation of poverty from the peripheral to the core areas. Therefore, it remains to be seen whether Vientiane Province (in-migration of poor people) and Borikhamxay (bor) (unclear) will remain in the lower-left quadrant in Figure 2. Both are heading towards a position in the upper-left quadrant. Future trends in regional disparities are particularly dependent on the interaction between economic growth and poverty reduction at the provincial and local level. Foreign investments in the hydropower, mining and large-scale plantation industries will undoubtedly fuel economic growth further; yet the questions are: to what extent will growth generate meaningful employment and

to what extent can the negative social and environmental effects of growth be reduced and mitigated? In other words: do growth and integration in the wider GMS translate to inclusive processes of poverty reduction?

In its *Asian Development Outlook 2012*, the ADB has acknowledged that “spatial inequalities account for a large part of Asia’s inequality” and that “reducing spatial inequality should therefore be a key element of the policy responses” (ADB 2012: 82). This is a rather remarkable statement, as the ADB has generally tended to prefer neoliberal micro and macroeconomic strategies over addressing spatial imbalances in standards of living. This is a clear signal that future multilateral integration initiatives might better take into account the complexities and challenges of livelihoods in lagging regions. For Laos, agriculture remains extremely relevant, as the majority of Lao people are employed in this sector. Multilateral corridor development in the GMS, therefore, should have a clearer focus on agricultural opportunities for those who live along emerging corridors. Cornford (2006) has documented how increasing openness in Savannakhet led to various rising inequalities: between Savannakhet City and the rural areas; between men and women (who are generally much less well educated and therefore prone to various forms of exploitation); and between the relatively well-off ethnic Lao Loum (lowland people) and the Lao Theung (upland people), who often do not speak the standard Lao language. One important element in Cornford’s (2006) findings was a worsening of the terms of trade for the rural based, predominantly agriculturally active Lao Theung people, due to the rising prices of urban-based manufactured products and services. Henceforth, this example shows that achieving inclusive corridor development is highly complex. Undoubtedly, these issues are also relevant for the provinces of Oudomxay, Bokeo and Luangnamtha that are also located along emerging corridors (Table 1). One of the options for people living in lagging regions, obviously, is to migrate to areas with more job opportunities. The ADB (2012: 83) also considers this a promising strategy that should be further facilitated. Nevertheless, the geographical complexities described above show that this is difficult in ethnically and linguistically heterogeneous countries. Within the GMS, ethnic minorities in Laos, mountainous northern Vietnam, and potentially in Burma will continue to face many barriers to being able to succeed in more prosperous places once economic openness really gathers pace (Friederichsen and Neef 2010). The case study below focuses further on the dynamics of livelihoods in Savannakhet and, in doing so, paints a relevant picture of the challenges faced by Lao provinces located along emerging GMS corridors.

## Case Study: Ban Gngang Pho Sy in Savannakhet Province

This section reports the findings of the current livelihood situation, coping mechanisms and coping strategies in a reasonably representative village in Kayson Phomvihane district, Savannakhet Province located, as mentioned above, along on the EWEC. This section, therefore, explores linkages between poverty reduction and corridor development. Policy-makers and financiers, notably the ADB, consider corridor development as one of the main strategies for poverty reduction. Have the inhabitants of Ban Gngang Pho Sy benefited from the EWEC?

### Introducing Savannakhet Province and Ban Gngang Pho Sy

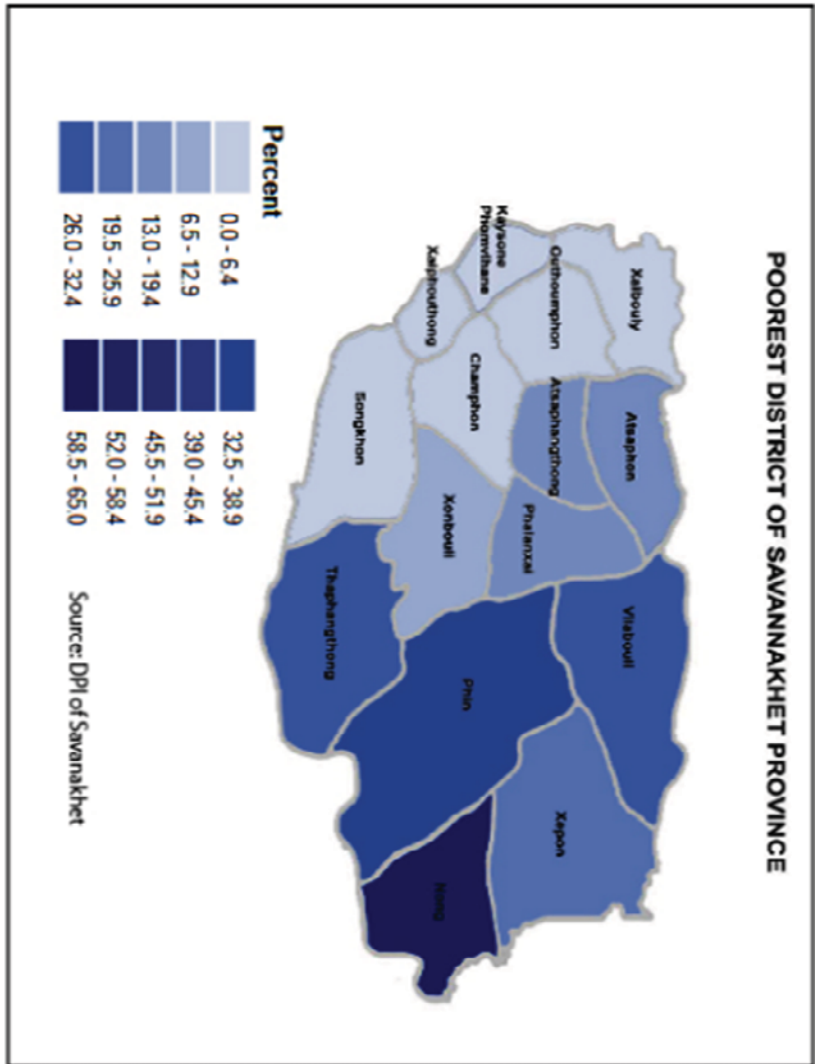
Savannakhet Province is located in central (some say southern) Laos; the distance to Vientiane Capital is approximately 470 kilometres and it is bordered by Khammuane Province in the North, Saravane in the South, Quang Tri Province in Vietnam in the East, and Mukdahan and Nakhon Phanom provinces in Thailand in the West. The total land area measures 21,774 square kilometres, 90 per cent of which is flat and 10 per cent is hilly along the Annamite range adjacent to the Vietnamese border (IUCN and NERI 2011). International passenger and cargo traffic is handled at border check points with Vietnam and with Thailand along Route Number 9, the main transportation link on the EWEC throughout Savannakhet Province.

The province has experienced economic growth. Provincial GDP grew by 10.5 per cent a year between 2005 and 2010, and the GDP per capita was USD 371 in 2000, USD 425 in 2005, and USD 897 in 2010. This growth performance compares favourably with the country as a whole (Insisiengmai 2008; IUCN and NERI 2011). According to Luanglatbandith (2007), growth has resulted in provincial budget surpluses, expanded job opportunities in Savannakhet City, income generation, and increased commercialized production. The physical infrastructure has also been improved, as rural accessibility, rural schools, health centres, and water sanitation has expanded. Figures 1 and 2, indeed, suggest that Savannakhet Province has also made progress in poverty reduction, although the province has not substantially improved its ranking within Laos (unlike Attapeu Province). Its poverty rates in both 1992 and 2007 were close to the national average. Other authors, nevertheless, contend that growth in Savannakhet Province and other central/southern provinces has been accompanied by labour exploitation, land grabbing and environmental degradation (Cornford 2006; Kenny-Lazar

2012; Delang, Toro, and Charlet-Phommachanh forthcoming; Laungaramsri 2012), so a clear-cut province-wide answer is probably impossible to give. The geography of intra-poverty incidence indicates that the eastern part is still dominated by higher poverty rates, whereas the western part, which shares its border with Thailand, features lower poverty incidences (Figure 3). However, the density of poorest people is higher in the western part due to the much higher absolute population number in Kaysone Phomvihane district. The village of Ban Gngang Pho Sy was chosen by Phommalath (2012) as the site for in-depth fieldwork as it is a reasonably representative village in Kaysone Phomvihane district from a socioeconomic point of view: the poverty incidence is higher than average and at the same time educational attainment and literacy rates are somewhat higher than average.

Moreover, Ban Gngang Pho Sy is located along Route Number 9 on the EWEC, so it was possible to detect the effects of corridor development and regionalization in the GMS. The distance from the village to Savannakhet City is 19 kilometres. Its total area, including agricultural land, covers approximately 1,700 hectares, and is predominantly flat. However, some higher parts suffer from a lack of water supply for agricultural purposes. The village hosts 151 households with a total population of 1,124 people, of which 600 are female (Table 2). The most striking trend is the enormous increase in migrant workers. In 2003, there were only very few migrants and livelihoods were based primarily on agriculture. In the scope of just eight years, migration and remittances have become one of the main non-farm activities to increase living standards. Furthermore, the labour force has increased as a percentage of the total population, although a third lives (temporarily) elsewhere, notably in Thailand. This leaves the village with the familiar sight of many children and elderly people in and around the houses.

Figure 3: Poverty Incidence by District



Source: DPI of Savannakhet.

Table 2: Basic Statistics of Ban Gngang Pho Sy

Variable	2004	%	2010	%	2010-2004	%
Household	152		151		-1	-0.66
Population	954		1,124		170	15.12
Household Size	6		7		1	14.29
Females	508	53.25	600	53.38	92	15.33
Age ≤5; dependent	114	11.95	103	9.16	-11	-10.68
5<age ≤15; dependent	232	24.32	185	16.46	-47	-25.41
15<age ≤60 independent	566	59.33	784	69.75	218	27.81
Age >60; dependent	42	4.403	52	4.63	10	19.23
Migrant Workers	17	1.782	378	33.63	361	95.50
Illiteracy	22	2.306	20	1.78	-2	-10.00
Expenditure: Lao Kip/ Person/ Month	73,000		117,000		44,000	37.61

Source: Phommalath 2012.

## Rural Livelihood Transitions and Households’ Coping Strategies in Ban Gngang Pho Sy

The fieldwork concentrated on specific research objectives, such as detecting land use changes over three decades, based on local knowledge integrated with satellite image visualization. Secondly, the fieldwork sought to unravel the nature and scope of the transition from agricultural livelihoods to coping strategies in which non-farm activities are gaining strength. A field data collection was organized during February and March 2011. Interviews were conducted with the District Agriculture and Forestry Office (DAFO), District Land Management Authority (DLMA), District Planning and Investment Office (DPIO) and District Social and Welfare Office (DSWO) in Kayson Phomvihane district. This was followed by a focus on the villagers with a village authority group discussion and several surveys and analyses, including a transect walk throughout the land to unveil land use patterns, digital image interpretation of satellite images, and then combining them with field and local knowledge. In addition, a household survey was conducted with 35 per cent of the total households in the community and, finally, a group discussion in each household class: with migrant workers who were at home at that time, with a group of contract farmers and with elderly people to disclose trends throughout the last three decades. In other words, this study utilized a variety of methodological approaches, both quantitative

and qualitative methods, and both socioeconomic and spatial analyses in order to reveal the changes and dynamics in land use change and livelihoods strategies (Phommalath 2012).

### *Land Use Change*

Three main periods of land use change can be identified. During the 1980s, forest land was increasingly changed into areas for shifting cultivation because there was limited agricultural land, particularly paddy land. The major objective of the villagers was to expand their livelihood options. Thus, shifting cultivation and fallow forests entered the landscape. However, forests remained an important element in food security and the livelihoods of many households, as the harvests from the paddy lands were relatively small and as the paddy lands were not irrigated, leading to instability in rice harvests.

Second, at the beginning of the 1990s, government policies focused on environmental issues and encouraged a reduction in shifting cultivation through land use planning and land allocation (LUP/LA) programmes and agricultural stabilization. The Lao government claimed that shifting cultivation was the main driver of forest degradation and deforestation leading to an overall damaging of the natural environment. Therefore, it encouraged farmers to modernize land use and livelihood options. Throughout the 1990s, the quality of large areas of fallow land improved with healthier forest conditions, shifting cultivation was significantly reduced and some fallow forests were turned into dense forest land. Simultaneously, stable agriculture was developed and increased by numerous hectares. Also, the villagers continued to create larger paddy fields. A new development in the early 2000s, however, was the introduction of small-scale cash crop cultivation, which replaced some fallow land.

Third, since 2005, cash crops have made serious inroads to Ban Gngang Pho Sy's agricultural landscape (see Table 3). A Lao investor, working as a sub contractor for a Thai sugarcane firm, converted fallow forest land into a large sugarcane plantation. Some villagers found temporary work on the plantation and were paid on a daily basis. In addition, the Japanese paper company OJI initiated a eucalyptus plantation under a rather informal contract farming arrangement with villagers. As the arrangement is not particularly beneficial to the farmers, they regret the loss of opportunity to use the land for other crops, but they neither consider the arrangement as exploitation, nor have they so far explicitly complained to district or provincial authorities. Overall, land for cash crops has thus rapidly increased since 2005, at the expense of forest and fallow land. In addition, paddy land is still expanding slowly and, surprisingly, the same holds for shifting cultivation and upland crop cultivation areas, because locals are also starting to develop



more land within agricultural production systems. By cultivating those areas of land, they hope to be able to become the formal legitimate owners of the land and natural resources.

**Table 3: Changes in Land Cover**

Land Cover Classification	2010 (ha)	%	2004 (ha)	%	1981 (ha)	%
Paddy field	396.68	22.70	351.93	20.14	218.29	12.49
Cash crops	207.68	11.88	17.25	0.99	0.00	0.00
Other crops + swidden	100.45	5.75	29.76	1.70	85.51	4.89
Settlement areas	37.01	2.12	27.17	1.55	19.82	1.13
Lower mixed forest	710.00	40.62	1,035.78	59.26	523.89	29.97
Degraded forest	32.20	1.84	26.53	1.52	25.99	1.49
Lower dry forest	97.04	5.55	157.00	8.98	153.91	8.81
Fallow forest	166.76	9.54	102.40	5.86	720.40	41.22
Total	1,747.82	100.00	1,747.82	100.00	1,747.82	100.00

Source: Phommalath 2012.

The entry of capitalist institutions in Laos, foreign direct investment and the opening of a bridge over the Mekong river, connecting Savannakhet with Mukdahan in Thailand, have produced more complex land use patterns, linkages with agricultural production, and socioeconomic mosaics. In terms of forest land Rigg (2006) identified three stages:

We can delineate three main market-induced pressures on the non-timber forest resource. First, the intensification of the collection of forest products by villagers for sale; second, the infiltration of non-local people into the local market in NTFPs [non-timber forest products]; and, third, the arrival of non-Lao actors on the resource stage.

Villagers now recognize that land is an asset, an important form of capital (unfortunately, too often for short-term gains) and potential collateral. Land is not a ‘given’ anymore; it is an instable input factor in the process of agricultural production, wealth accumulation and poverty reduction. This is not only due to the arrival of outsiders and cash crops, but also to legal changes in land rights and tenure. The fieldwork in Ban Gngang Pho Sy showed that traditional customary land use rights were changed into new legal titles. Much of the communal land has been privatized and is now owned by individual households, in particular communal forest land in conservation and management areas. The village authority considers forest land a suitable arena to provide equality of land ownership and agricultural opportunities in the community. Thus, forest land areas were handed over to individual

households for agricultural development. After that, poor household started to sell temporary land certificates, which were certified by the village authority and district land management authorities to outsiders for lower prices. Kosaikanont (2010) has also demonstrated how complex land dealings are in contemporary Savannakhet, in that they are increasingly embedded in the interdependent space economy of the GMS.

In a paper on the sugarcane business in Savannakhet, Kosaikanont shows that large Thai firms have heavily invested in plantations since the mid-1990s. Nevertheless, increasing economic openness does not mean that deals are made in a 'free' land market. Instead, negotiations on long-term land concessions are politicized and involve Thai sugarcane business executives, the Thai government, the Lao government, Chambers of Commerce, brokers and lobbyists. Moreover, she contends that 'the Thai side' is in a more favourable position to benefit from the emerging corridors in Laos, as Thai firms, as well as governmental authorities, have much more capital available and experience with the political economic rules of the game entrenched in current institutional economic settings in the GMS. Forests, therefore, are not fully excluded from the villagers, but given current trends, in the future they will be strongly separated from the traditional customary owners, and the forest-dependent group, the relatively poor villagers, will face greater risks to their livelihoods and food security, if they do not succeed in non-farm activities.

### *Agricultural Production*

Before the mid 1990s, the agricultural production model was basically based on food security for households' consumption needs, because there was a lack of demand for commercial agriculture produce. Hence, this model was dependent on natural techniques, such as traditional varieties, organic fertilizers, buffalo labour for soil preparation for paddy cultivation, and voluntary labour exchanges within the community, etc. Local farmers spent relatively long periods growing food, as most of them only used basic and simple tools and methods.

At present, the agricultural sector is still dominated by households' food security. However, the fieldwork has identified that numerous changes have taken place in the last 15 years or so. New technologies have been introduced. Tractors are replacing buffalos, chemical fertilizers are replacing organic fertilizers and farmers are growing new varieties, including cash crops. In addition, an important socioeconomic shift is the transition from voluntary labour exchanges towards wage labour. Village solidarity is being replaced by capitalist institutions. Outsiders have obviously played a crucial

role in this shift, as they initiated sugarcane and eucalyptus plantations, and contract farming in Ban Ghang Pho Sy.

The fieldwork has also generated interesting insights into socioeconomic stratification within the village. Well-off households have deliberately invested in agricultural production; they produce for their own consumption and also sell produce at markets. Furthermore, they possess relatively large paddy fields, many animals, and some even have plantations. This group also spends money to hire labour in busy times and uses modern tools and techniques, such as rice mills. The group of average households is rather diversified. Some compete with the well-off households and are also engaged in long-term investments and cash crops; others accumulate wealth through a mix of agriculture and wage labour. Relatively poor households often are very large with many dependents (elders and children), own small pieces of land or are landless. In the latter case, wage labour forms the major source of income. These households are also still dependent on forests, as their harvests are insufficient. As mentioned above and will be elaborated upon below, labour migration has changed the visible household structure in the village. Children and elders frequently help in the farm, as many people aged 15–60 work elsewhere. Family histories, especially related to land ownership, partly explain the differences in socioeconomic position. Other factors are the extent and nature of investments (are savings wisely invested or wasted for consumptive purposes?) and the number of years households lived in Ban Ghang Pho Sy. Newcomers often are landless and find it difficult to make ends meet.

### *Migration to Thailand as a Non-farm Coping Strategy*

Obviously, non-farm activities, such as collecting NTFPs, wildlife hunting, logging and operating timber hand sawmills, are not new for rural livelihood patterns, because in the past they were practiced as well. Those activities play a less important role at present and are less meaningful for the majority of households. In the last decade, livelihoods have diversified substantially and farmers could be described as “pluriactive”. Bouahom, Douangsavanh, and Rigg (2004) employed this formulation to denote the plural farm and non-farm activities in villages in Vientiane Province and Luangprabang. Farmers still consider farming the principal source of food security, but frequently leave the actual work to relatives and engage in non-farm activities in the manufacturing and services sector.

According to Bouahom, Douangsavanh, and Rigg (2004):

subsistence lifestyles may be supported by an intensifying engagement with the market. Or, indeed, they may be undermined. In other words,

it is not possible to ‘read off’, on the basis of a village’s or household’s resources what their conditions are likely to be, nor their livelihood transition. The Lao rural world is more complicated than that.

For example, women in Xayabury nowadays produce cotton woven material and women in Khammuane supply sticky rice boxes, both for the Thai market. Remarkably, the weavers from Xayabury are Lao Loum women who have been able to benefit from border trade and have increased their social standing within their communities;

these weavers-turned-merchants also started providing credit to weavers for them to buy thread. Some of these merchants were also able to travel deep into Thailand to access larger markets directly. These women normally went with their husbands, who were already trading other consumer goods across the border (Kusakabe 2004).

In order to cope with new pressures, notably landlessness and lack of income, many of the villagers of Ban Gngang Pho Sy are using Savannakhet’s location on the EWEC as an opportunity to migrate to Thailand. This is, nowadays, the most important non-farm coping strategy. According to the Lao expenditure and consumption survey (LECS3) conducted in 2002/2003, only three per cent of Ban Gngang Pho Sy’s labour force were migrant workers (Lao Statistics Bureau 2004). The 2011 fieldwork revealed that this percentage has risen dramatically to 48 per cent (Phommalath 2012). Interviewees mentioned that this trend is due to two factors: the opportunity, since 2005, for all citizens in Laos to obtain a passport, and the opening of the bridge over the Mekong connecting Savannakhet with Mukdahan in Thailand in 2006. Of all the migrant workers, 91 per cent find work in Thailand, while the remaining nine per cent migrate to cities in Laos, such as Savannakhet City, Pakse and Vientiane City. This provides further evidence for the suggestion that the economic geography of Laos is rather fragmented (Rehbein 2007; Andriessse forthcoming). The southern and southern central parts of the country seem to better be integrated with Thailand, and possibly Vietnam, than with Vientiane, the capital city. Most migrants are relatively young (between 18 and 30 years) and 55 per cent of the migrants are female. Most migrants visit their homes only once a year during the Lao New Year (Songkran Festival in Thailand), but some stay on a temporary basis and work in the village during the rice paddy planting season. A few are married to Thai men or women and have become residents of Thailand.

In fact, remittances have become one of the main sources of income for the villagers in Ban Gngang Pho Sy. A household in which one or more members is a (temporary) labour migrant is able to generate an additional average income of USD 2,139 per year; a large sum for Lao standards. Mi-

grant workers can be found throughout the three social classes. Poverty reduction is the main motive for poor households and they use remittances mostly for basic needs. In addition to basic needs, average households use these remittances for the diversification of their income structure, for instance by investing in cash crops, in (petty) trading and in other services in their community. Well-off households invest on a larger scale, for instance in agricultural processing and the education of children. It should be noted that not all remittances are wisely spent. Some of the money is also 'wasted' on lavish expenditure during social occasions, on unnecessary consumption items, and on large houses.

Insights obtained during group discussions with migrant workers who were residing in the village during the fieldwork suggest that most migrants generally have a positive attitude towards working in Thailand. Cultural and linguistic similarities and a continuous demand for cheap informal labour make Thailand a natural destination. Furthermore, men claim to save more money in Thailand. Salaries are not necessarily higher, but they do not go out after work as much as they would do in their own village. This positive attitude towards working in Thailand resembles Resurreccion's and Sajor's (2010) findings of Lao, Burmese and Northeastern Thai married couples who work at shrimp farms in Southern Thailand. In their study, Resurreccion and Sajor found that, although migrant wives are considered as secondary workers to the husbands by the Thai employers and their salaries are not as high, they feel reasonably happy and safe because they do not work in the tougher construction industry, and they can live together with their husbands and even raise their children on the shrimp farm. Unfortunately, however, the migrant worker interviewees in Ban Nguang Pho Sy also mentioned that some negative events have taken place. For instance, five migrant workers disappeared after leaving for Thailand and three died for unknown reasons. These are indications that some form of human trafficking might be taking place; no surprise given the fact that Thailand is at the heart of human trafficking in men, women and children in the GMS (Molland 2010; *Humantrafficking.org* 2012). Hence, migrant flows from neighbouring countries to Thailand involve a continuum of reasonable increases in living standards to outweigh the risks of exploitation and violence.

## Implications for the Spatial Dimensions of Poverty

At present, the political economy of Laos is centred on a capitalist model that favours large firms which are seeking to benefit from frontier opportunities, notably mining, large-scale plantations and hydropower. This model is unsustainable from a socioeconomic perspective. Small business owners,

farmers, fishermen and displaced villagers who are forced to make way for large-scale frontier activities are vulnerable groups in society (Barney 2009; Andriessse forthcoming; Laungaramsri 2012). The first part of this article discussed provincial poverty dynamics, based on a classification of the Lao provinces into four categories: core provinces, provinces on GMS emerging corridors, peripheral provinces and Luangprabang as a tourist enclave. The second part zoomed in on the emerging corridor category by studying and unravelling land use and pluriactive livelihoods patterns in a village in Savannakhet Province.

The trends identified in this article indicate that migration to core areas is not likely to be the best solution. Vientiane Capital and Vientiane Province cannot provide stable and all-year round jobs to all migrants. Therefore, in order to embark on a more inclusive path of development, the Lao government together with the international development community should foster a trajectory which takes into account more seriously the plight of disadvantaged groups in society and which also seeks to facilitate employment creation in the most dynamic rural and urban centres outside Vientiane Capital and Vientiane Province. Provinces such as Champasack and Xayabury will benefit from enhanced rural development policies. In light of Laos' eventual WTO membership, the upcoming ASEAN Economic Community 2015 and stable employment generation, the most promising are initiatives to promote high-value agricultural export products, such as fruit and vegetables, coffee, tea, silk and non-timber forest products (DIE 2009).

Phommalath's (2012) in-depth study of land use changes and livelihood trajectories in the village of Ban Gngang Pho Sy revealed the effects of Laos' integration in the GMS in general and the location of Savannakhet Province on the EWEC in particular. On the one hand, foreign direct investors have directly and indirectly (through connections with Lao investors and contract farming) changed land use patterns and introduced cash crops in agricultural modes of production. On the other hand, the most profound impact of the EWEC is the increasing mobility of labour. Working (temporarily) in Thailand has become an essential coping strategy and non-farm activity. As such, the inhabitants of Ban Gngang Pho Sy benefit from the EWEC, but it is not exactly what the development community and the ADB, in particular, had in mind. There is virtually no evidence that villagers are finding employment in Savannakhet Province as a result of the EWEC. Furthermore, Thailand is a much more important migration destination compared to Savannakhet City.

Therefore, in contemporary Laos, in participating in a process of gradual socioeconomic integration within the GMS, the spatial dimensions of poverty remain vivid and possibly become more profound and highly relevant for critical scrutiny. First, it is recognized that the core provinces in

Laos increasingly inhabit pockets of marginalization. This implies that there is a continuing need to study livelihood coping strategies in Vientiane City and Vientiane Province. How do the livelihoods of in-migrants change when they arrive in core areas? What are the coping strategies and what policy interventions are the most effective in supporting effective coping strategies?

Second, provinces located along emerging corridors experience a complex mosaic of the impacts of integration due to fragmented ethnic-linguistic geographies and the varying relevance of pull versus push factors: imports versus exports, inward versus outward investments, and in- versus out-migration (Rehbein 2007). In sum, rather than the neoliberal promise of a flatter socioeconomic landscape, the human geography of the Greater Mekong Subregion remains *rough* due to the politicization of foreign direct investments, complex land dealings and landlessness, migration patterns and rising inequality (ADB 2012; Andriessse forthcoming). This is in line with De Blij's (2009) book on the relationship between globalization and spatial roughness, in which he powerfully argues that *place* continues to have enormous salience in understanding and explaining economic, political and social forces. Furthermore, the evidence presented here suggests that the institutional arrangements associated with international economic integration resemble to a considerable extent the Beijing–Seoul–Tokyo Consensus in which the private and public sector are allowed to cooperate in terms of wealth accumulation, rather than the Washington Consensus (Lee and Mathews 2010). This is perhaps best reflected in patterns of foreign direct investments in large-scale sugarcane and rubber plantations. The allocation of land, the transfer of land from farmer to investor, and negotiations and concession deals are not subject to the law of supply and demand that one would expect in a (nearly) free market. Thus, geography and political economy polish multilateral policies to compel freer markets into complex institutional arrangements on the ground (Etzold et al. 2012).

Third, for the most peripheral and poorest provinces, such as Phongsaly, Huaphanh, Xiengkhuang and Sekong, social development policies have the highest chances of success (Epprecht et al. 2008: 84; Higgens, Bird, and Harris 2010). Given the roughness of Laos' economic geography in general and unexpected livelihood situations and challenges, core areas, in particular, as relevant stakeholders should prepare potential migrants. It is widely accepted that Laos does not have a shortage of labour, but of (semi) skilled labour (UNDP 2009). Girls and women deserve special attention in order to overcome the serious gender imbalance in terms of literacy and educational attainment. The more skills migrants have, the higher the chances of sound decision-making and the adoption of sustainable pluriactive strategies, and

the lower the chances of exploitation are, particularly when they are moving to urban areas or abroad.

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