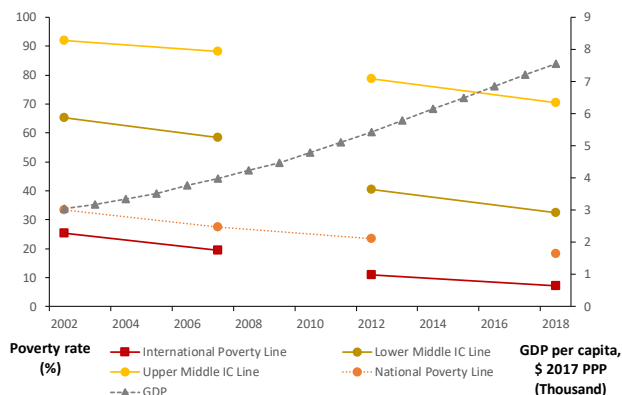Employment had returned to its pre-pandemic level by May 2022, led by job gains in agriculture. Since the border reopening in May 2022, more workers have returned from agriculture to services. Nevertheless, the economy has not yet regained all the non-farm jobs lost during the pandemic. Household income has gradually improved. The share of households experiencing income losses due to the pandemic fell from 43.4 percent in May 2022 to 35.1 percent in December 2022. Nevertheless, income growth has not been sufficient to keep pace with rising inflation. Inflation reached 40.3 percent year- over-year in January 2023, especially for food and non-alcoholic beverages (47.1 percent), eroding household purchasing power and adding significant downward pressure on already constrained household consumption. Around two-thirds of families in Laos switched to cheaper food options, reduced food consumption, and reduced education or health spending to cope with high inflation. Contractions in education and health expenditures were particularly highest among rural and poor families who were living on a tighter budget. Meanwhile, implementation of relief measures for vulnerable households has been limited, constrained by the country's tight fiscal space. These factors combined will continue to undermine progress in poverty reduction.

Before the onset of the pandemic, significant progress had been made in reducing poverty in Lao PDR. The national poverty rate declined by 6.3 percentage points between 2012 and 2018, from 24.6 percent to 18.3 percent. The international poverty rate, measured at the lower middle income poverty line of US$ 3.65 a day in 2017 PPP, fell from 40.5 percent in 2012 to 32.5 percent in 2018. However, the decline was driven primarily by rising farm incomes and remittances in the absence of robust non-farm job creation. Social protection had limited coverage and played a minimal role in poverty reduction. Inequality continued to rise. The Gini index, a measure of inequality, increased from 36 in 2012 to 38.8 percent in 2018.

POVERTY	Number of Poor (thousand)	Rate (%)	Period
National Poverty Line	1,273.9	18.3	2018
International Poverty Line 6971.1 in Lao kip (2018) or US$2.15 (2017 PPP) per day per capita	507.2	7.1	2018
Lower Middle Income Class Poverty Line 11834.7 in Lao kip (2018) or US$3.65 (2017 PPP) per day per capita	2,306.7	32.5	2018
Upper Middle Income Class Poverty Line 22210.3 in Lao kip (2018) or US$6.85 (2017 PPP) per day per capita	5,010.0	70.5	2018
Multidimensional Poverty Measure		10.3	2018
SHARED PROSPERITY			
Annualized Consumption Growth per capita of the bottom 40 percent		1.91	2012-2018
INEQUALITY			
Gini Index		38.8	2018
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		-1.17	2012-2018
GROWTH			
Annualized GDP per capita growth		5.62	2012-2018
Annualized Consumption Growth per capita from Household Survey		3.07	2012-2018
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		2.19	2012-2018

Sources: WDI for GDP, National Statistical Offices for national poverty rates, PIP as of April 2023, and Global Monitoring Database for the rest.
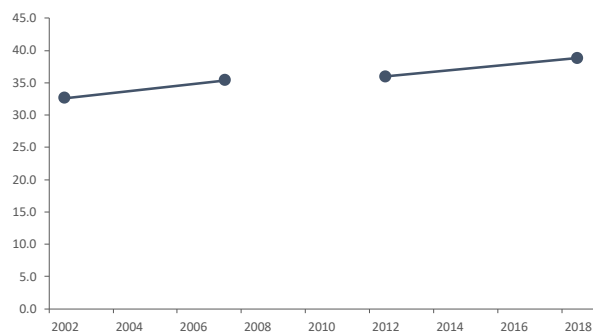
POVERTY HEADCOUNT RATE, 2002-2018

Poverty rate (%)		GDP per capita, $ 2017 PPP (Thousand)
■ International Poverty Line	● Lower Middle IC Line	
● Upper Middle IC Line	⋯ National Poverty Line	
▲ GDP		

Source: World Bank using LECS/EAPPOV/GMD

INEQUALITY TRENDS, 2002-2018
Gini Index

Source: World Bank using LECS/EAPPOV/GMD

KEY INDICATORS

Distribution among groups: 2018	International Poverty Line(%)		Relative group (%)	
	Non-Poor	Poor	Bottom 40	Top 60
Urban population	98	2	19	81
Rural population	90	10	50	50
Males	93	7	40	60
Females	93	7	40	60
0 to 14 years old	90	10	48	52
15 to 64 years old	94	6	36	64
65 and older	95	5	36	64
Without education (16+)	88	12	56	44
Primary education (16+)	94	6	39	61
Secondary education (16+)	98	2	20	80
Tertiary/post-secondary education (16+)	100	N/A*	5	95

Source: World Bank using LECS/EAPPOV/GMD

Notes: N/A missing value, N/A* value removed due to less than 30 observations

Multidimensional Poverty Measures: 2018	(% of population)
Monetary poverty (Consumption)	
Daily consumption less than US$2.15 per person	7.1
Education	
At least one school-aged child is not enrolled in school	5.7
No adult has completed primary education	12.8
Access to basic infrastructure	
No access to limited-standard drinking water	7.8
No access to limited-standard sanitation	22.5
No access to electricity	1.7

Source: World Bank using LECS/EAPPOV/GMD

POVERTY DATA AND METHODOLOGY

The Lao Expenditure and Consumption Survey (LECS) is the primary source of poverty data. The survey is conducted at five-year intervals since 1992/93. The most recent round was completed in June 2019, a year later than scheduled due to government financing delays. The quality of the data is relatively good, but access is highly restricted. Public groups including government agencies only acquire at most 60 percent of the dataset. Often data must be purchased. National poverty is estimated with per capita consumption as the welfare aggregate. Per capita consumption is estimated using the "cost-of-basic needs" methodology including both food and non-food consumption. The poverty line reflects a minimum threshold of 2,100 Kcal per person per day. The poverty methodology was revised in 2019 to update the poverty line and standardize the consumption aggregate. Previously, non-food consumption assumed a single-year lifespan for durables and excluded most lumpy durables and housing rent. The 2018 national poverty estimates are therefore not comparable with the rates estimated in the previous years. The 2012 and 2018 international poverty estimates were revised based on the new poverty methodology.

Note on new global poverty lines: Poverty data are now expressed in 2017 Purchasing Power Parity (PPP) prices, versus 2011 PPP in previous editions. As price levels across the world evolve, global poverty lines have to be periodically updated to reflect the increase of the value of the lines in nominal terms. The new global poverty lines of $2.15, $3.65, and $6.85 reflect the typical national poverty lines of low-income, lower-middle-income, and upper-middle-income countries in 2017 prices. In addition to reflecting updates in nominal terms, upper-middle-income countries raised the standards by which they determine people to be poor from 2011 to 2017. Hence, the increase in the upper line is larger, and the population that does not meet the new standard is higher in most countries than it was with 2011 PPPs. See pip.worldbank.org.

HARMONIZATION

The numbers presented in this brief are based on the EAPPOV database. EAPPOV is a database of socio-economic statistics constructed using microdata from household surveys in the East Asia and the Pacific (EAP) region and is managed by the East Asia & Pacific Team for Statistical Development (EAPTSD). As of January 2023, the collection includes 21 countries and 122 surveys. Harmonized surveys in the EAPPOV database are compiled into 4 modules following Global Monitoring Database (GMD) Harmonization guidelines. A subset of the harmonized variables form the basis of the GMD collection, including the welfare aggregate which is used for Global Poverty Monitoring. Terms of use of the data adhere to agreements with the original data producers.

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