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World Bank approves loan to Poverty Reduction Fund

Time Reporters

The Poverty Reduction Fund Project will continue to improve livelihoods and upgrade infrastructure for residents of 150 rural villages in over 40 districts of 10 target provinces.

The Ministry of Finance yesterday signed a US\$30 million agreement with the World Bank aimed at continuing to finance Laos' Poverty Reduction Fund.

The agreement was inked between Deputy Minister of Finance, Ms Thipphakone Chanthavongsa and Country Director of the World Bank for Southeast Asia, Mr Ulrich Zachau, and witnessed by Deputy Prime Minister and Minister of Finance, Mr Somdy

Duangdy.

The programme represents the third phase of World Bank funding for the Poverty Reduction Fund, which is one of the main initiatives to address rural poverty in Laos.

The funding will help to improve the rural poor's access to basic infrastructure such as roads and clean water, and help improve livelihoods with good nutrition in the target villages.

Ms Thipphakone Chanthavongsa said the support was in line with the government's key objectives as highlighted in the 8th National Social-Economic Development Plan which recognised that improving access to basic education, infrastructure, safe water and roads was critical to



Deputy Minister of Finance, Ms Thipphakone Chanthavongsa and Country Director of the World Bank for Southeast Asia, Mr Ulrich Zachau shake hands after signing the agreement yesterday.

address rural poverty.

Despite rapid economic growth in the last few decades, poverty remains high in Laos, especially in rural areas and

among ethnic groups.

Many people who escaped poverty in the recent past have fallen back into poverty again.

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About 19 percent of people are undernourished, and 44 percent of children below-five are stunted.

Mr Zachau said the Poverty Reduction Fund was a successful programme and the World Bank was pleased to help fund its expansion.

"We welcome in particular the focus on improved nutrition, which is so critical to help all Lao children realise their potential and lead good productive lives," he said.

Director of Poverty Reduction Fund, Mr Bounkouang Souvannaphan

highlighted the success of the programme's first phase from 2003-2011 and second phase from 2008-2016 which had organised about 1,400 projects including the construction of schools, dispensaries, irrigation schemes, clean water systems and roads in the 10 target provinces.

"The project has focused on the promotion of productivity, building development and model villages, from which local communities have received better livelihoods and have escaped from poverty," Mr Bounkouang said.

The new World Bank financing comes from the International Development Association, the World Bank's fund for the poorest developing countries, in response to a request from the Lao government.

It will allow the Poverty Reduction Fund to scale up some of the results from earlier project phases.

In the new phase, the majority of project beneficiaries will be poor ethnic minority groups who live in remote mountainous areas with limited access to infrastructure.