

# CHAPTER IV

## Socio-Economic Development and Population Distribution of Lao PDR in the Past Three Decades

This chapter reviews the socio-economic development of Lao PDR during the past three decades. The socio-economic development can be reviewed by various disciplines or angles, among others: (i) Economy policy in each time frame, (ii) the achievement in the GDP growth of each sector (iii) the trade relations in international and regional economic integration and (iv) at the local level concerning the industry and handicraft establishments in the Country (v) Tourism industries. In addition this chapter also describes the changing in population distribution in each time frame, including the percentage of poor by province and urban development throughout the country. Beside the urban policy is addressed to perceive the government intervention in the urban development process.

### 1 The Economy

#### 1.1 Economy Policy

The adoption of a dynamic reform policy called the New Economic Mechanism in 1986 transforms the economy from a centrally planned to a market system, allowing all economics sectors to play an active role in business enterprises. Under this policy, Government of Lao PDR promotes competition in the market and encourages joint ventures between local and foreign investors with out political or legal discrimination. The adoption of a stabilization program since 2000 and the implementation of a phase's program of reforms since 2001- in public expenditure management, banking, state-enterprises, forestry, and trade has contributed to this improvement<sup>1</sup>. The government has also been continuing its reform efforts. The National Poverty Eradication program, articulating a medium term program of reforms and public spending program has been discussed at the National Assembly. Various actions have been taken during 2003, in respect public expenditure management, state-enterprises, baking, natural resource management, and trade and private sector development even if they were taken more gradually than was originally expected.

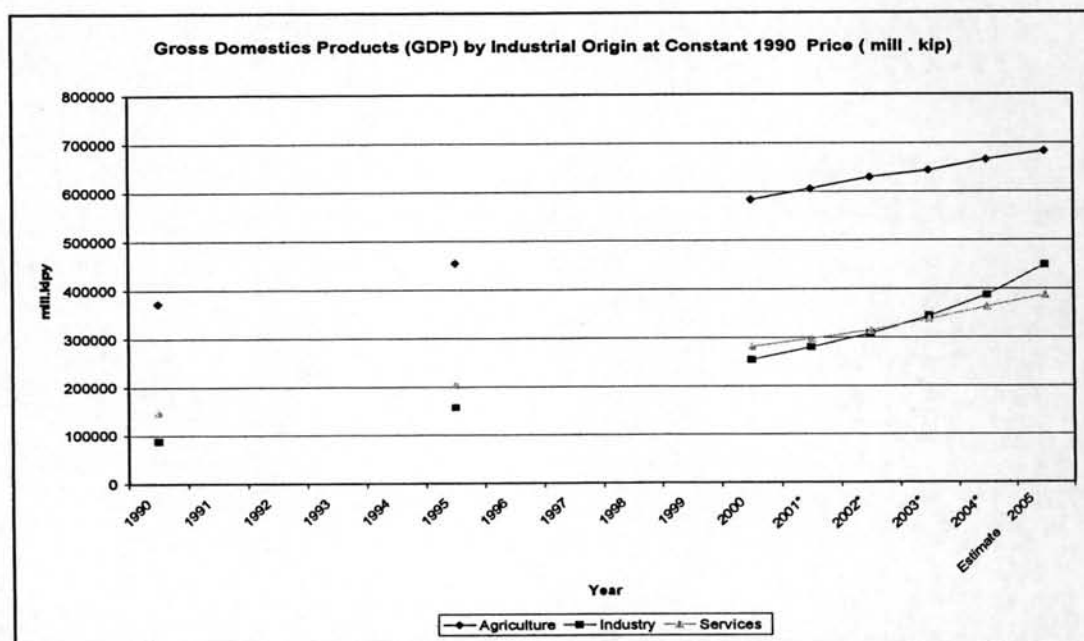
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<sup>1</sup> Based on the report of Lao National Chamber of Commerce & Industry , 2004

## 1.2 Increased Gross Domestic Products

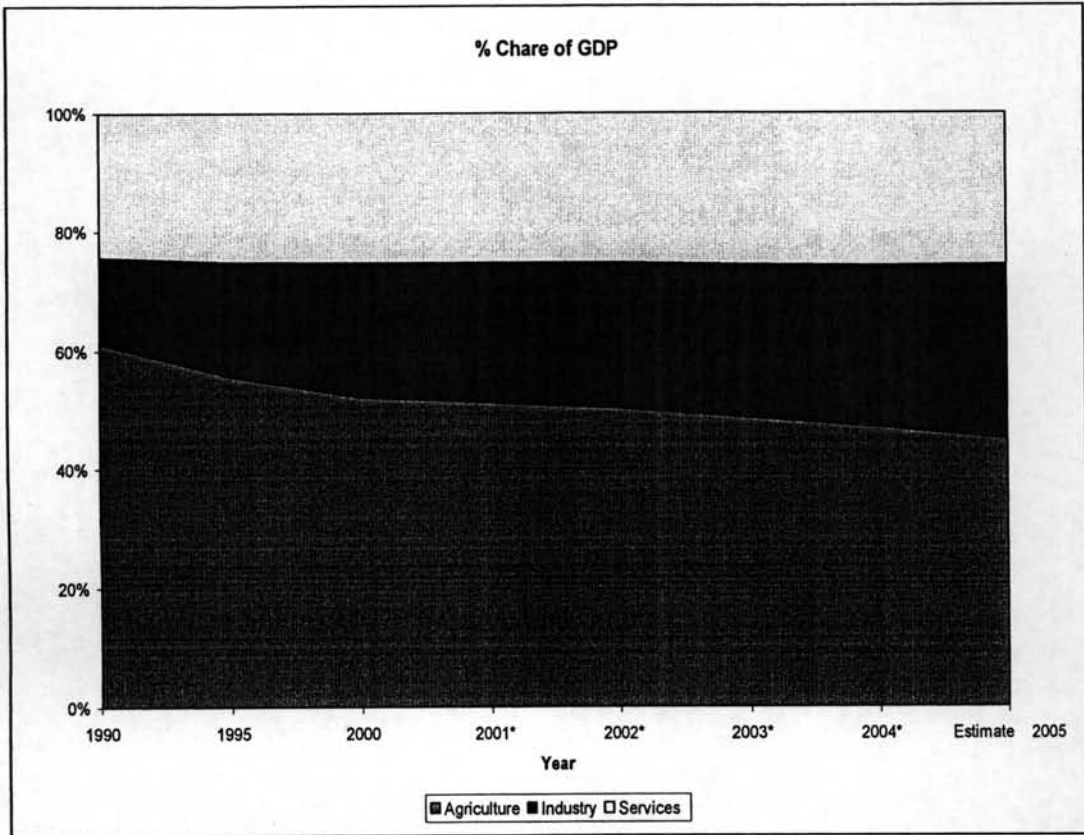
As shown in the following figures, during the last three decades the economic situation for Lao PDR, has been improving. This is due to both the adoption of economy policy and the provision of the infrastructure which attracted more investors and promoted trade among countries in the regions. Since 1990 the significant growth of all economic sectors could be observed, the percentage share of GDP of industry and service sector has been increasing gradually.

Figure 4.1 Gross Domestic Products (GDP) by Industrial Origin at Constant 1990 Price (mill. kip)



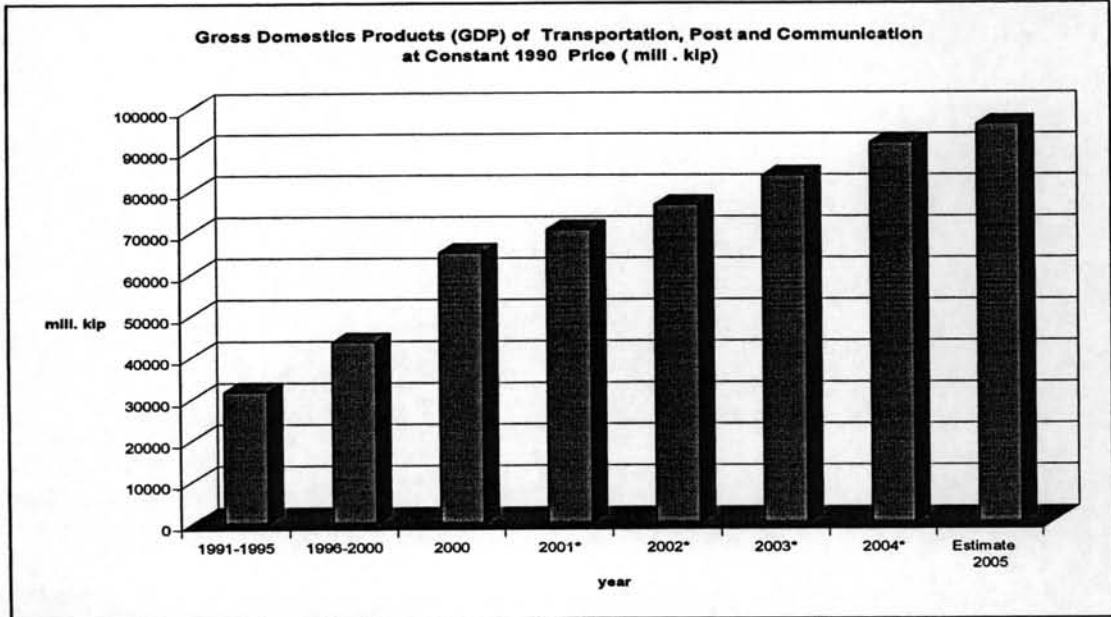
Source: National Statistic Center (2004), Lao PDR.

Figure 4.2 Percentage Share of GDP by Industrial Origin



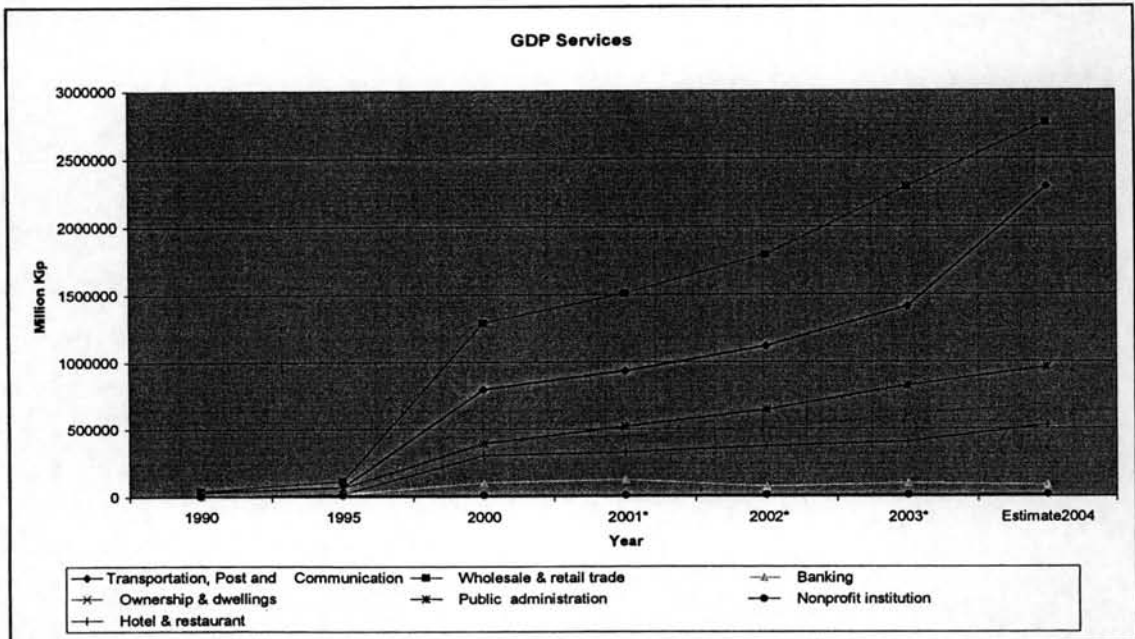
Source: National Statistic Center (2004), Lao PDR.

**Figure 4.3 Gross Domestic Products (GDP) of Transportation, Post and Communication at Constant 1990 Price ( mill . kip)**



Source: Boao Forum for Asia (Annual Report 2006: Economic Integration in Asia)

**Figure 4.4 Gross Domestic Products (GDP) of Service sector**



Source: National Statistic Center (2004), Lao PDR.

### 1.3 Trade

Trade policy Lao PDR has been integrating gradually into the world economy since 1989. The reform accelerated after Lao PDR accession to the ASEAN and the joining of AFTA in July 1997. The relations between Lao PDR and other countries in trade and economics has been enhanced, particularly the completion of the first Mekong International bridge, the more reliable and convenient integrated regional land transport network, facilitated better access to both domestic and international markets and services.

#### 1) Trade Value among Thailand, Lao PDR and Vietnam

Table 4.1 shows the trade volume along Lao PDR, Thailand, and Vietnam of selected year.

**Table 4.1 Trade Volume along Lao PDR, Thailand, and Vietnam of selected year.**

Export (1997)

unit: US\$ million

From	To			Total Exports	Total Exports to other two countries
	Thailand	Lao PDR	Vietnam		
Thailand	-	378	540	57,538	1.6
Lao PDR	68	-	6	107	69.2
Vietnam	160	23	-	8,722	2.1
Total	228	401	546	57,645	

Source: JICA Study Team (September 2001)

As shown in the table Thailand is the largest important trade partner for Lao PDR

#### 2) Border Trade and Commodity Flow between Thailand and Lao PDR

The border trade locations between Thailand and Lao PDR are limited to 13 points along the Mekong<sup>2</sup> (see Table 4.2). The volume of cross-border trade has been increasing since 1991, except 1998, and reached 41,473 million Bath in 1999, which is more than ten times larger than that of 1991, while total trade value has grown only 1.5 times during the same period.

<sup>2</sup> In 1999.

	1991			1995			1999		
	Import	Export	Total	Import	Export	Total	Import	Export	Total
Thailand and Lao PDR	1,624.7	2,014.6	3,639.3	1,934.1	7,916.8	9,850.9	8,316.3	33,157.5	41,473.8
Nongkhai	448.8	1,630.7	2,079.5	449.2	4,560.5	5,009.7	2,097.2	11,317.0	13,414.2
Bunh Kan	0.0	0.0	0.0	25.8	104.4	129.8	459.3	1,918.4	2,377.7
Tha Uten	0.0	0.0	0.0	0.0	0.0	0.0	3.7	37.7	41.4
That Phanom	0.0	0.0	0.0	0.0	0.0	0.0	0.7	0.0	0.7
Nakhon Phanom	259.1	34.6	293.7	658.3	552.7	1,211.0	2,097.2	1,927.2	4,024.4
Mukdahan	723.0	180.9	903.9	262.3	1,667.1	1,929.4	1,459.2	14,515.1	15,974.3
Tha Li	2.3	0.0	2.3	11.6	22.9	34.5	47.6	350.8	398.4
Chiang Khan	1.8	0.0	1.8	46.5	20.6	67.1	138.6	19.5	158.1
Phibun Mungsahan	155.8	111.1	266.9	369.3	469.1	838.4	715.9	1,665.1	2,381.0
Khemarat	3.6	8.9	12.5	2.0	3.9	5.9	15.2	44.1	59.3
Chiang San	1.1	4.1	5.2	31.6	373.0	404.6	917.2	696.4	1,613.6
Chieng Khong	29.2	44.3	73.5	77.5	143.0	220.5	295.2	626.5	921.7
Tung Chang			0.0				69.3	39.7	109.0

**Table 4.2 Border Trade and Commodity Flow between Thailand and Lao PDR**

Source: JICA Study Team (September 2001)

### 3) Transit Cargo

Since Lao PDR is a landlocked country, the country's trade depends on the land transportation and seaports in Thailand and Vietnam. Especially, the ports around Bangkok are practically functioning as outer ports of Lao PDR.

year	Import from		Export to	
	Thailand	Other Countries	Thailand	Other Countries
1989	958	1053	358	320
1990	1056	1119	441	299
1991	1516	1496	463	595
1992	1934	1690	359	796
1993	3286	2657	352	1322
1994	4222	2938	663	1872
1995	4841	4297	492	2353
1996	5131	5122	495	2322

**Table 4.3 Transit Cargo**

Source: JICA Study Team (September 2001)

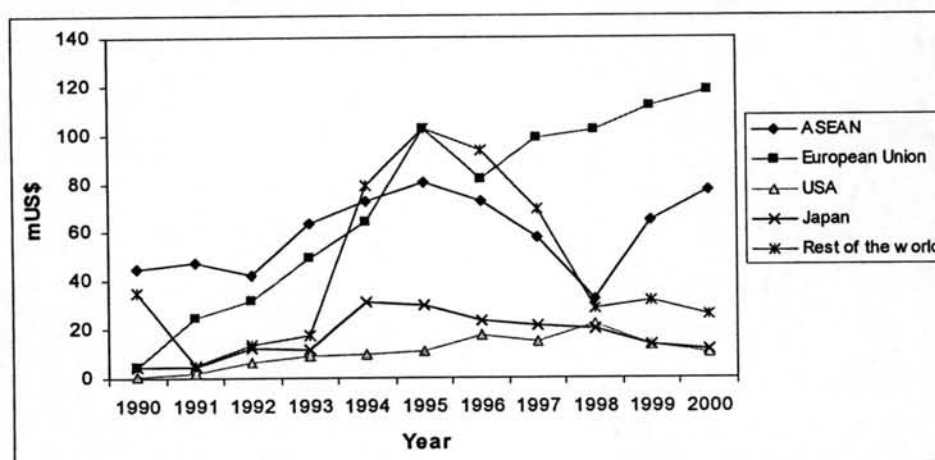


#### 4) Increased External Trades of the Lao PDR<sup>3</sup>

##### Exports according to Country/Region of Destination 1990-2000

Due to the gradual development of the land integrated transport network, the external trade has grown consequently. Exports to the EU, mainly garments, have grown from a negligible level in 1990 to US\$118 million in 2000, with the EU receiving almost half of all exports from Lao PDR. The development of exports to ASEAN follows very much the same path. The development of exports of wood products dominates exports to ASEAN. ASEAN's share as a recipient of exports from Lao PDR declined from 50% in 1990 to 32% in 2000. It is also noteworthy that exports to Japan, mainly consisting of wood and wood products, have been steadily declining since 1994, from a level of US\$ 31 million to US\$ 12 million in 2000. In the period 1994 –1997, there was a surge in exports to "the rest of the world" (countries not specified in the table) consisting of a broad range of products, including garments, footwear, wood and wood products, and "other products". The exact destinations of the exports of these products are not known.

**Figure 4.5 Exports according to Country/Region of Destination 1990-2000**



Source: International Trade Center (ITC), WTO/UNCTAD ([www.intracen.com](http://www.intracen.com)) and research team's calculation.

The "mirror" statistics from the UNCOMTRADE database used don't include trade with Vietnam. Official Vietnamese statistics record imports from Lao PDR to Vietnam (excluding re-exports of parts for motorbikes), mainly consisting of wood and wood products, rattan and gypsum, at US\$ 13 million for 1998, US\$ 22 million for 1999 and US\$ 43 million for 2000, respectively.

<sup>3</sup> The data obtained from UNCOMTRADE, which is the United Nations' database consisting of external trade statistics as provided by 90 countries in the world, covering 90% of world trade. Of importance in the case of Lao PDR is to take note that Vietnam is one of the countries that is not reporting to UNCOMTRADE. Furthermore, electricity is not included in the UNCOMTRADE database.

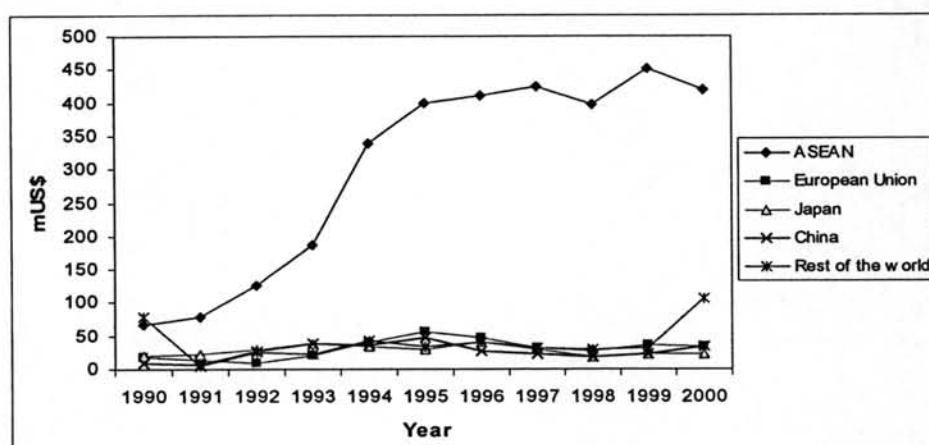
### Imports according to countries/regions 1990 - 2000

ASEAN as a source of imports from Lao PDR has increased in significance during the 1990s, increasing its share of total imports from about 60% in the early 1990s to about 80% in the late 1990s. Thailand was dominating, accounting for about 73% of total Lao imports in 1999, while Singapore accounted for 6% in the same year<sup>4</sup>.

The major "losers" during the same time period have been Japan, EU and China. In 1991, Japan was the source of 17% of the total imports from Lao PDR, which by 1999 had decreased to 4% only. The EU accounted for as much as 8 – 10 % of total Lao imports in the early and mid 1990s, but sources only about 6% of Lao imports since 1997. Imports from China had a couple of peak years in 1992 – 1993 and at that time accounted for 12 – 13% of total Lao imports, but accounts for about 4% only since 1997.

As pointed out earlier in this report, trade with Vietnam is not included in the "mirror" statistics. Statistics on exports from Vietnam to Lao PDR 1998 – 2000 are provided as recorded in official Vietnamese statistics. Exports from Vietnam to Lao PDR in these years were recorded at US\$ 73 million (1998), US\$ 175 million (1999) and US\$ 70 million (2000) respectively. A closer analysis of the kind of products exported and the erratic pattern in these statistics suggests that most of these exports are likely to be goods with Thailand as final destination, and thus in reality should be considered as re-exports. A qualified guess is that annual exports from Vietnam with Lao PDR as final destination may amount to US\$ 20 – 40 million.

**Figure 4.6 Imports according to Country/Region of Destination 1990-2000**

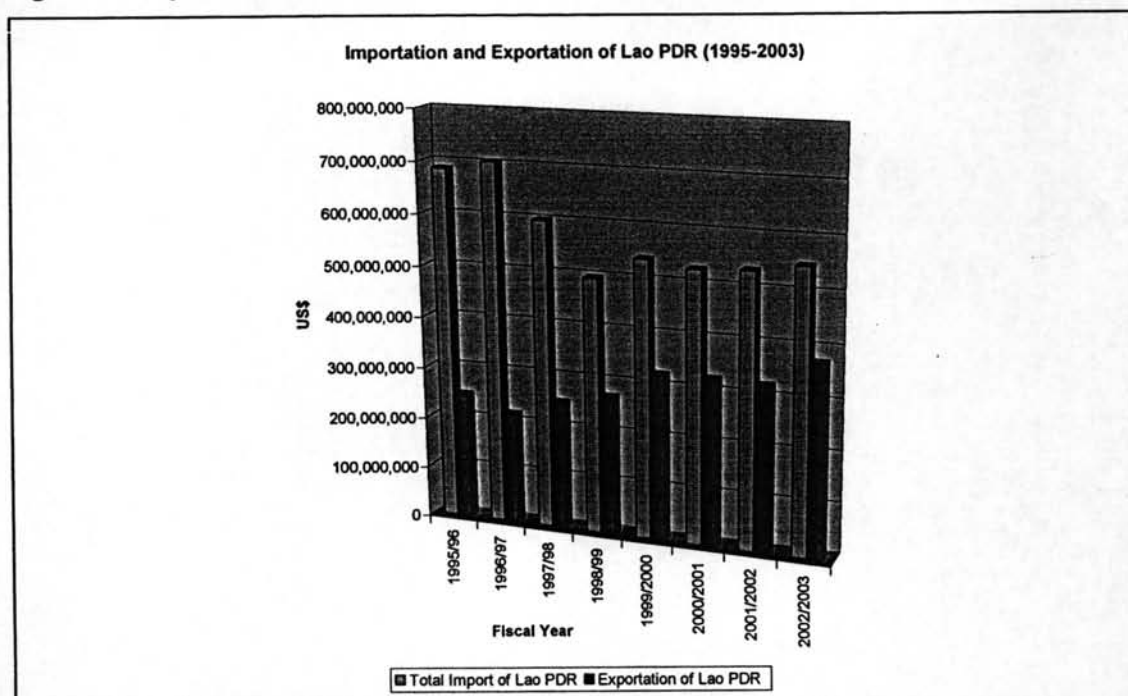


Source: International Trade Center (ITC), WTO/UNCTAD ([www.intracen.com](http://www.intracen.com)) and research team's calculation.

<sup>4</sup> 1999 was chosen as a more relevant year than 2000 to illustrate long term trends, as 2000 in some aspects was an exceptional year in terms of imports of fuel with large quantities of fuel (61% of total imports of fuel) accounted for as imported from "the rest of the world".



**Figure 4.7 Importation and Exportations of Lao PDR (1995-2003)**



Source: National Statistic Center (2004), Lao PDR.

#### 1.4 Increased Number of Industrial Establishments in the Country

The improved transportation system that developed since 1975 facilitated better access to both domestic and international markets and services. This, in turn, favored the location of new industrial activity establishments. The following tables and figures illustrate the increased industrial establishment in each province of Lao PDR.

**Table 4.4 Number of Increased Industrial Establishment**

Province	Small	Medium	Large	Total	Border	Urban Policy
Vientiane Capital	1466	190	130	1786	THAI	Capital
Phongsaly	1420	1	NA	1421	PRC/VTN	
Loungnamtha	1200	26	3	1229	PRC	
Udomxay	1346	11	1	1358	PRC	
Bokeo	577	9	4	590	THAI	
Luandprabang	1220	59	NA	1279	VTN	Secondary Towns
Xayyaburi	1800	9	1	1810	THAI	

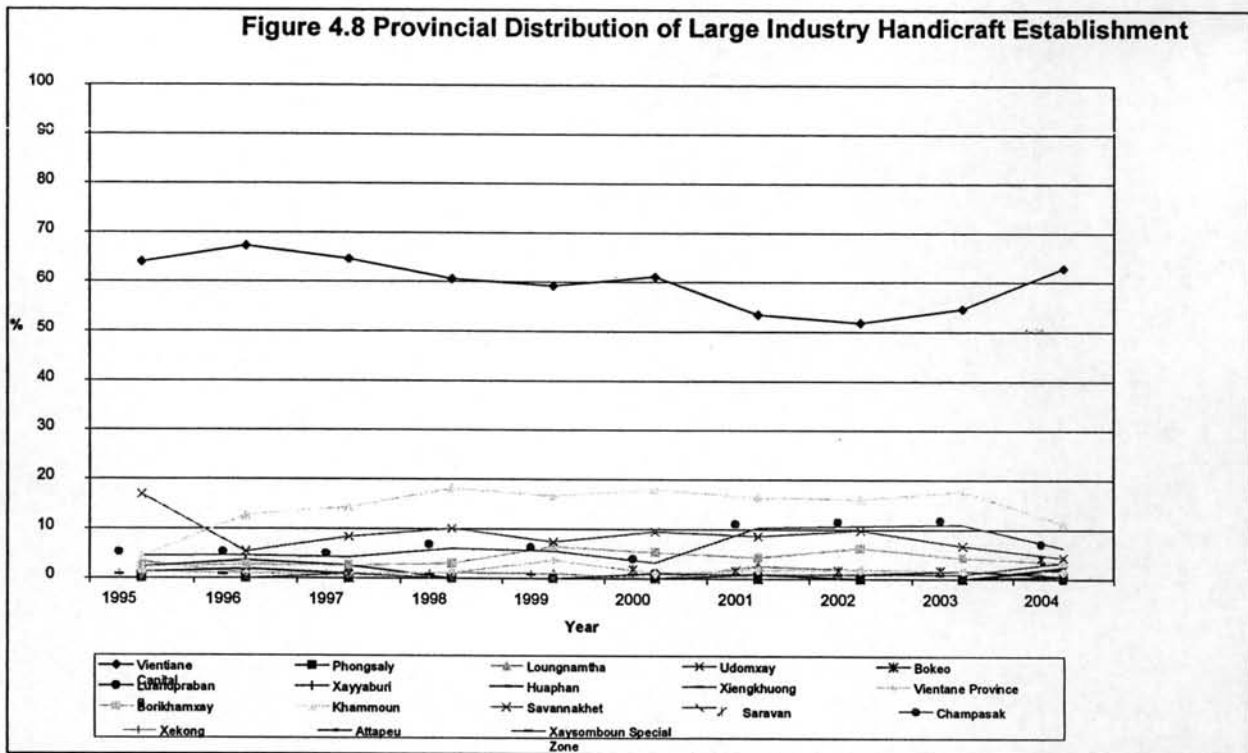
Huaphan	427	6	1	434	VTN	
Xiengkhuong	1520	15	NA	1535	VTN	
Vientiane Province	2598	99	3	2700	THAI	
Borikhamxay	1767	48	7	1822	THAI/VTN	
Khammoun	1696	74	23	1793	THAI/VTN	Secondary Towns
Savannakhet	2890	82	9	2981	THAI/VTN	Secondary Towns
Saravan	1312	36	7	1355	VTN	
Champasak	3094	37	13	3144	THAI/CAM	Secondary Towns
Xekong	350	8	NA	358		
Attapeu	400	1	5	406	CAM	
Xaysomboun Special Zone	189	11	NA	200		

Source: National Statistic Center (2004), Lao PDR.

**Table 4.5 Number of Large Industry-Handicraft Manufacturing Establishment (Places)**

Number of Large Industry-Handicraft Manufacturing Establishment (Places)										
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Vientiane Capital	57	74	77	60	64	58	62	58	65	130
Phongsaly										
Loungnamtha	3	1	1	1	1		3	2	2	3
Udomxay										1
Bokeo										4
Luandprabang	1	2	1			1	1			
Xayyaburi	2	4	3				1	1	2	1
Huaphan										1
Xiengkhuong										
Vientiane Province	1	1	1	1	4	1	2	2	2	3
Borikhamxay	2	3	3	3	7	5	5	7	5	7
Khammoun	4	14	17	18	18	17	19	18	21	23
Savannakhet	15	6	10	10	8	9	10	11	8	9
Saravan			1			1	1	1	1	7
Champasak	4	5	5	6	6	3	12	12	13	13
Xekong										
Attapeu										5
Xaysomboun Special Zone										

Source: National Statistic Center (2004), Lao PDR.

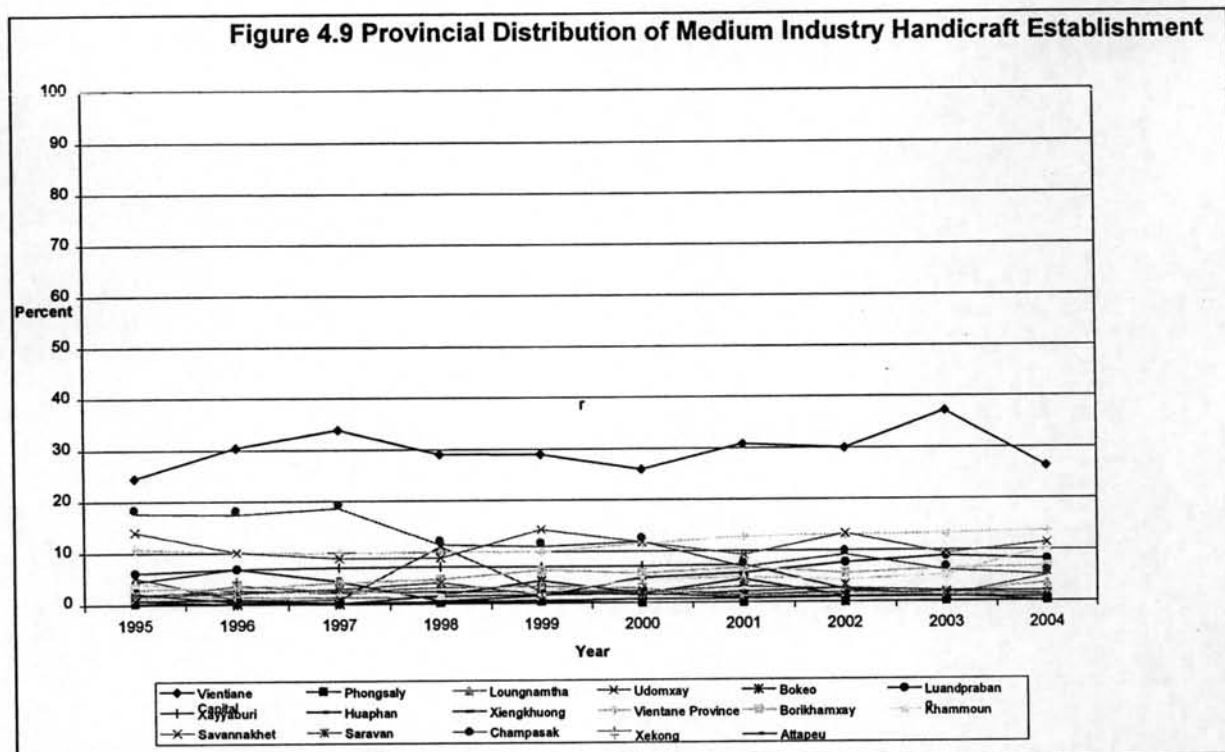


Source: National Statistic Center (2004), Lao PDR.

**Table 4.6 Number of Medium Industry-Handicraft Manufacturing Establishment (Places)**

Number of Medium Industry-Handicraft Manufacturing Establishment (Places)										
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Vientiane Capital	89	124	148	134	140	133	157	181	228	190
Phongsaly	1	1	1	1	2				1	1
Loungnamtha	5	6	6	6	7	13	9	11	11	26
Udomxay	19	4	4	51	11	12	7	12	12	11
Bokeo	3			8	21	10	23	7	7	9
Luandprabang	22	28	19	3	7	25	29	46	54	59
Xayyaburi	16	28	31	33	34	36	37	15	8	9
Huaphan	3	4	1	2	3	4	4	6	6	6
Xiengkhuong	7	11	10	11	11	8	11	16	13	15
Vientiane Province	39	41	43	46	48	59	65	79	81	99
Borikhamxay	11	13	18	22	31	29	34	34	39	48
Khammoun	15	9	11	8	11	23	25	26	32	74
Savannakhet	51	41	39	41	69	60	47	80	57	82
Saravan	6	9	13	19	8	11	16	16	8	36
Champasak	64	71	81	53	53	61	35	55	37	37
Xekong	4	15	11	15	16	15	4	10	8	8
Attapeu	8	2	1	7	8	9	5	7	7	1
Xaysomboun Special Zone		1		2	4	4	2	3	5	11

Source: National Statistic Center (2004), Lao PDR.

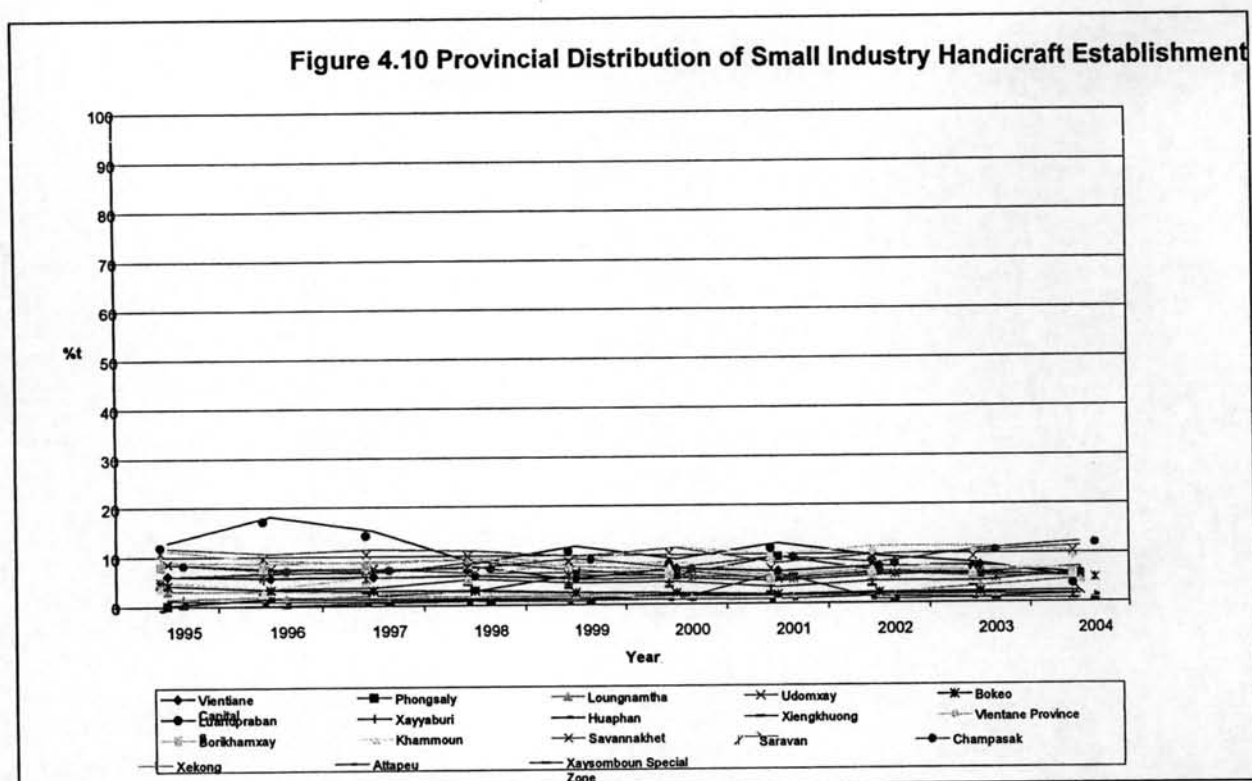


Source: National Statistic Center (2004), Lao PDR.

**Table 4.7 Number of Medium Industry-Handicraft Manufacturing Establishment (Places)**

Number of Small Industry-Handicraft Manufacturing Establishment (Places)										
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Vientiane Capital	639	798	895	961	1045	1525	1750	1810	1870	1465
Phongsaly	7	217	310	464	1189	1228	2543	1565	1420	1420
Loungnamtha	324	413	393	418	422	400	423	485	830	1200
Udomxay	890	1077	1150	1045	1292	1431	1324	1546	1519	1346
Bokeo	441	462	463	476	493	488	486	524	566	577
Luandprabang	1335	2567	2330	1355	2347	1916	3259	2290	1980	1220
Xayyaburi	634	923	1068	1254	1020	1118	1213	1351	1501	1800
Huaphan	22	214	215	220	235	381	400	427	437	427
Xiengkhuong	498	511	566	840	883	961	898	1070	1093	1520
Vientiane Province	1159	1306	1314	1511	1759	2417	2675	2781	2850	2598
Borikhamxay	930	1222	1376	1473	1531	1479	1520	1610	1623	1767
Khammoun	490	521	915	1009	1671	1753	1809	1860	1787	1696
Savannakhet	1219	1505	1756	1760	1943	2395	2199	2396	2589	2890
Saravan	627	970	1011	1401	1396	1213	1401	1467	1302	1312
Champasak	8777	1031	1134	1214	1853	1537	2549	1989	2711	3094
Xekong	155	265	275	278	341	298	385	403	350	350
Attapeu	127	119	127	161	240	209	239	346	240	400
Xaysomboun Special Zone		14	77	113	137	213	1611	169	197	189

Source: National Statistic Center (2004), Lao PDR.



Source: National Statistic Center (2004), Lao PDR.

### 1.5 Tourism Industries

The opening of the First Mekong International Bridge in April in 1994 joining Lao PDR and Thailand has major immediate and long term significance. This is the first bridge to cross the Mekong throughout its entire length. This has been reflected in the considerable growth in the tourism industry. The Bridge had large impact to attract tourists to Vientiane Capital. Not only Thai tourists, but also other foreign tourists began to visit Vientiane Capital via the friendship bridge. The bridge enabled tourists to visit Vientiane Capital from Nong Khai on High-Decker buses (so called "VIP Buses"). Now, the tourists can visit Vientiane Capital from Nong Khai and Udon Thani on a day trip. For the first three years from 1994, the tourism agents in Vientiane Capital increased gradually. A couple of new hotels for international tourists opened in the city. Thus the bridge had a large impact on tourism development. Nong Khai side functions as a base for trips to Vientiane Capital and beyond. Vientiane Capital became more attractive and accessible by foreign tourists not only by air but also by surface route. The number of tourists to Vientiane capital has been increased annually from 482,199 to 506,677 during 1999-2002. While in Savannakhet Province, the number of tourists has increased from 90,901 to 98,963 during the same time frame. However, Savannakhet Province shows the higher percentage in the change of tourists than that of Vientiane capital. In terms of the port of entry during 1999-2002, Vientiane



Capital accommodated a large number of tourists as the First Mekong International Bridge facilitated the most convenient way to enter Lao PDR. It is expected that the completion of the Second Mekong International Bridge in Savannakhet Province will significantly accelerate the tourism industry in Savannakhet Province and in the GMS region.

**Table 4.8 Tourists by Province and Port of Entry 1999-2002**

Province	1999	2000	2001	2002	Change 1999-2002 (%)
Vientiane Municipality	482,199	486,613	429,420	506,677	5
Phongsaly	NA	NA	NA	8,500	NA
Luangnamtha	20,700	24,770	41,704	19,319	-7
Oudomxay	NA	NA	18,654	36,000	NA
Bokeo	21,120	25,286	42,561	65,045	208
Luangprabang	61,034	165,222	51,207	94,846	55
Huaphanh	NA	NA	398	2,819	NA
Xayabury	6,200	7,446	9,014	10,840	75
Xiengkhuang	NA	NA	35,744	16,223	NA
VTE Province	NA	NA	NA	30,480	NA
Bonkhamxay	29,734	35,681	23,900	30,758	3
Khammuane	11,455	13,712	20,317	19,596	71
Savannakhet	90,910	109,033	113,287	98,962	9
Saravane	NA	NA	NA	4,823	NA
Sekong	NA	NA	NA	574	NA
Champasack	29,019	34,796	55,142	45,635	57
Attapeu	NA	NA	NA	6,831	NA
Xaysomboun					

Province	Urban Area	1999	2000	2001	2002	Change 1999-2002 (%)
Vientiane Municipality	Vientiane	431,962	526,397	416,653	494,920	15
Luangnamtha	Namtha	14,722	21,025	33,842	17,125	16
Bokeo	Huaxai	15,728	27,453	40,534	45,489	189
Luangprabang	Luangprabang	NA	3,272	3,945	9,652	NA
Bonkhamxay	Pakxanh	28,084	21,544	22,762	28,294	1
Khammuane	Thakhek	10,173	13,877	20,097	15,196	49
Savannakhet	Savannakhet	82,646	92,096	100,115	75,461	-9
Champasack	Champasack	26,029	25,203	27,290	39,720	53

Source: National Tourism Authority

Table 4.9 Tourist strategy

Province	Types of Tourism	Priority Development
Vientiane Municipality GROWTH POLE	Transit & urban tourism; sightseeing tours of temples, parks, museum; shopping & entertainment; Ban Pako ecotourism resort; river tours	Improve urban environment and tourism district, develop National Tourist Information Centre; improve National Museum; expand National Cultural Ethnic Park; expand shopping
Phongsaly	Tours to ethnic villages, ecotourism at Phu Den Diu PA	Organize villages for tourism & commence village visits; prepare plan & ecotourism study for Phu Den Diu
Luangnamtha	Village tourism at Muang Sing & Namtha; ecotourism at Nam Ha Pa; river tours on Mekong River & its tributaries	Develop ecotourism project at Nam Ha; organize villages better for tourism visits in Muang Sing & Nam Tha areas; develop some village tourism projects for overnight tourists; improve river tour facilities
Oudomxay	Transit tourism focused on Muang Xai; sightseeing tour to temple, ethnic school & ethnic villages, some ecotourism based provincial PAs; river tours	Improve stopover facilities for transit tourists; organize and commence village visits; prepare plans for ecotourism; improve docking facilities at Pakbeng and encourage river tours; improve facilities at Taat Lak Sip-Et Falls
Bokeo GROWTH POLE	Border & transit tourism; sightseeing tours to temples, ethnic villages & Souvannakhomma Ancient City; river boat tours; ecotourism based on provincial PAs	Better organization of ethnic villages for tours & expand tours; conservation works & develop interpretive/visitor facilities at Souvannakhomma; encourage border tourism with more facilities in Huay Xai; expand local boat tours
Luangprabang GROWTH POLE	Sightseeing tours based on historic & religious sites, river tours, craft villages & scenic areas; ecotourism at Phu Lori PA	Complete World Heritage Site program; complete improvements at Kuang Xi Falls; prepare plan for Phu Lori; expand country & village tours
Huaphanh	Sightseeing tours of Vieng Xay Caves, scenic areas (Taot Saloei Falls & Suan Hin Stone Forest) & ethnic villages; ecotourism at Nam Sam and Nam Et PAs	Develop visitor centre and facilities at Vieng Xay Caves & visitor facilities at scenic places; organize villages for visits; prepare plans and ecotourism studies for Nam Sam and Nam Et
Xayabury	Sightseeing tours & ecotourism based on scenic mountains, waterfalls and Nam Phoui PA	Prepare plan for Nam Phoui and ecotourism studies; develop visitor facilities at scenic sties
Xiengkhuang GROWTH POLE	Sightseeing tours based on Plain of Jars; war sites, scenic areas & ethnic villages; hot springs resort at Muang Kham & Muang Khun	Prepare plan and conserve/develop Plain of Jars & obtain World Heritage Site designation; install interpretive signs at war sites; expand Muang Kham resort; prepare feasibility study for Muang Khun resort
Vientiane Province and Xaysomboon	Lake resort & recreation at Ang Nam Ngum sightseeing tours of scenic areas; Vangvieng Resort; ecotourism at Phu Khao Khuai PA	Complete first stage of Lao-Suyem Resort; improve visitor facilities at Ang Nam Ngum & Expand Vangvieng resort if needed; prepare plan and ecotourism study for Phu Khao Khua
Borikhamxay	Sightseeing tours of Stone Forest, caves &	Develop sightseeing tours and viewpoints

	ethnic villages; ecotourism at Nam Kading PA; religious tours to Wat Pha Bat Phonsan; health tourism based on mountain climate and Napai hot springs; lake resort at new Nam Theum dam	on roads; improve Napai hot springs facilities; prepare plan and ecotourism study for Nam Kading; plan/develop lake resort at Nam Theum
Khammouane	Ecotourism at Nakai-Nam, Him NamNo & Phouhinpoon PAs, visits to ethnic villages; urban tourism based on historic districts of Tha Khaek; general sightseeing tours of scenic areas; adventure tours of whitewater boating and cave exploration	Complete plans for PAs and prepare ecotourism studies; organize sightseeing tours; prepare plans for historic areas and develop with tourist facilities; develop adventure tours
Savannakhet GROWTH POLE	Border/transit tourism; urban tourism; sightseeing tours of temple, historic sites, Hoti Pe Dok, Heuan Him, ethnic villages, dinosaur museum, caves, Ho Chi Minh Trail; ecotourism at Phon Sang He, Dongri Touan & Dongphouvieng PAs	Prepare plans & ecotourism studies for PAs; organize villages for tourist visits; preserve & develop visitor facilities at historic and archaeological sites; plan interpretation centre for Ho Chin Minh Trail; organize sightseeing tours
Sara vane	Sightseeing tours of scenic areas, waterfalls, ethnic villages; ecotourism at Xe Bang Nouan, Xe Sap & Phou Xiang PAs (shared with neighboring provinces)	Prepare plans & ecotourism studies for PAs; develop visitor facilities at attraction sites; organize village for tourism visits
Sekong	Sightseeing tourism of scenic areas & ethnic villages; some ecotourism in PAs	Development of adventure tourism based on river boating & hiking; prepare plans for sightseeing tourism; prepare plans & ecotourism studies for PAs; organize villages for tourist visits
Champasak GROWTH POLE	Border tourism; sightseeing tours of Wat Phu World Heritage Site (proposed), Um Muang ruins, Mekong Islands and falls, river dolphins, temples, historic buildings, Si Phan Don & Kong Island, historic railway; ecotourism at Xi Pian, Dong Hua Sao & Phou Xiang Thong PAs; lake recreation	Continue conservation works at Wat Phu & obtain World Heritage Site designation; complete plans for PAs and prepare ecotourism studies; continue historic building preservation; prepare study for preservation of historic railway; develop visitor facilities at falls & other sites; start developing lake resort recreation
Attapeu	Sightseeing tourism of scenic mountains, waterfalls, caves, temples, archaeological sites, ethnic villages & Ho Chi Minh Trail; ecotourism at Dong Ampham Pa; adventure tours based on white water boating & hiking; lake resort recreation	Prepare plan and ecotourism studies for Dong Ampham; develop visitor facilities at attraction sites; prepare touring circuit program; develop & promote adventure tours

Source: National Tourism Authority

## 2 Population

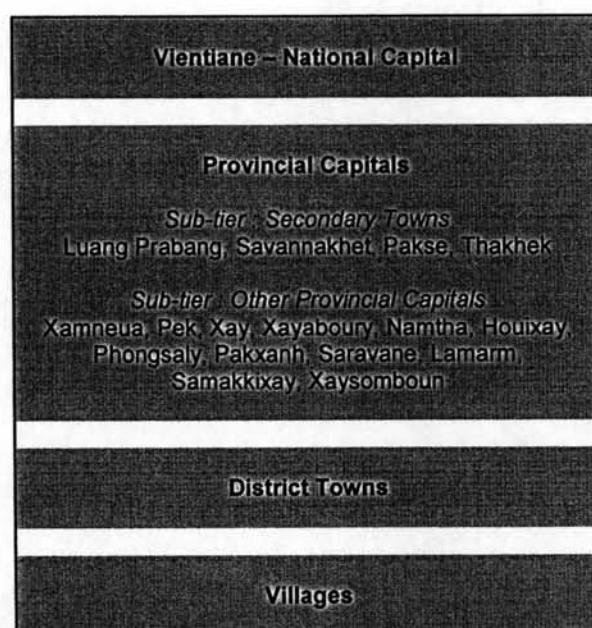
### 2.1 Overview

The Lao People's Democratic Republic is a land locked country of 236,800 square kilometers. Based on the basic statistics (year 2004) from the National Statistics Center of Lao PDR, the country has a population of about 5.3 million, resulting in an average population density of 21 persons per square kilometers (the lowest density in Southeast Asia.) The 1995 Census recorded 46 ethnic minority groups, broadly classified on topographical origins as follows: Lao Loum (lowlands); Lao Theung (middle and uplands); and Lao Soung (mountains).

There is an established administrative hierarchy of urban areas in Lao PDR. Below the national capital Vientiane, there are 15 provincial capitals. There is also one special zone, Xaysomboun, effectively at the same administrative level as the provinces. The next administrative level is the district town within the provinces. The lowest level of administration is the village.

There are more than 140 settlements in Lao PDR at present (Data of year 2004) which are classified as urban centers. Within this classification there is an established administrative urban hierarchy, comprising: i) the national capacity (Vientiane City); ii) four main secondary towns (Luangprabang, Savanakhet, Pakse and Thakhek); iii) 12 other provincial capitals; and iv) more than 120 other district centers.

**Figure 4.11 Existing Urban Administrative Hierarchy**



Source: Asian Development Bank (2003). Lao Urban Data Book

## 2.2 The Change in the Population Distribution in Lao PDR during the Last Three Decades

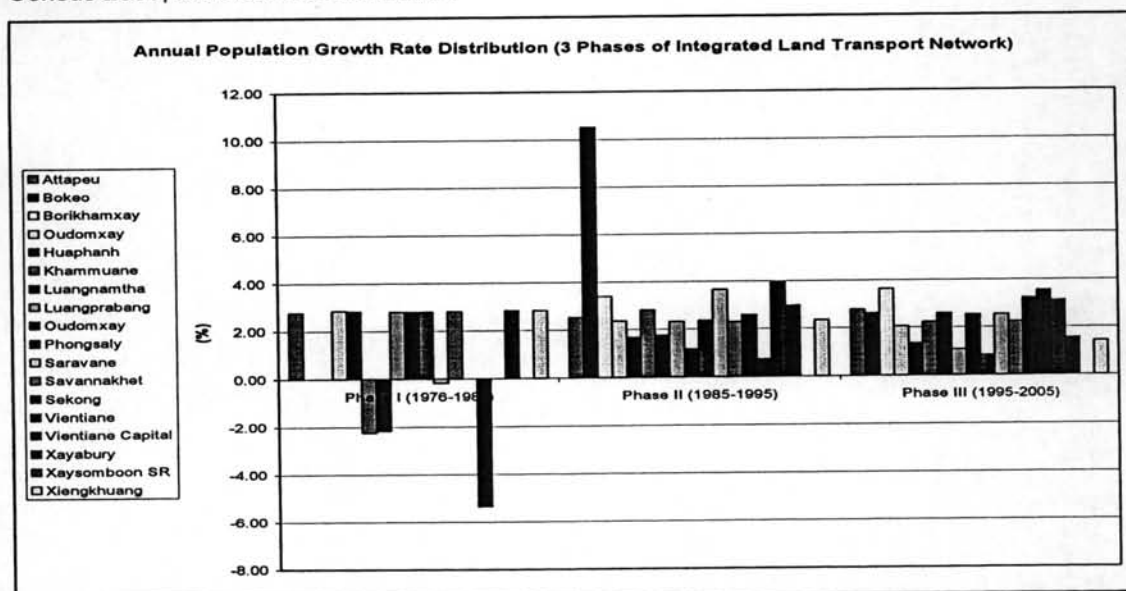
The distribution of the population within the country is shown in the table 4.11 the population of Lao PDR in 1976 was 2.886 million. This compared with 5.785 million in 2005 and implies an average annual growth rate of 3.2 percent. Based on the land integrated transport network development phase basis, the growth rate varied from 1.4 percent in the first phase (1975-1985) to 2.6 percent in the second phase (1985-1995) and in the third phase (1995-2005) the growth rate was 3.8 percent which is much higher than that in the first period.



**Table 4.10 Annual population growth rate by provinces of three phases of the improved integrated land transport network**

Name of provinces	Phase I (1976-1985)	Phase II (1985-1995)	Phase III (1995-2005)
Whole country	1.35	2.6	3.8
Vientiane Capital	NA	3.96	3.12
Phongsaly	2.81	2.34	0.85
Luangnamtha	-2.19	1.73	2.61
Oudomxay	2.80	1.16	2.56
Bokeo	NA	10.54	2.61
Luangprabang	2.80	2.32	1.09
Huaphanh	2.83	1.65	1.38
Xayabury	2.84	2.96	1.67
Xiengkhuang	2.82	2.33	1.44
Vientiane	-5.37	0.75	3.65
Borikhamxay	NA	3.41	3.64
Khammuane	-2.26	2.79	2.25
Savannakhet	2.82	2.30	2.24
Saravane	-0.17	3.65	2.56
Sekong	NA	2.55	3.28
Champasack	2.85	2.36	2.07
Attapeu	2.78	2.57	2.73
Xaysomboon SR	NA	NA	NA

Source: Author's Compilation Based on Data from Results from the Population and Housing Census 2005, National Statistic Center



**Figure 4.12 Population Distribution (3 Phases of Integrated Land Transport Network)**

Source: Author's Compilation Based on Data from Results from the Population and Housing Census 2005, National Statistic Center



**Table 4.11 Area and average mid-year population by provinces in 1976 – 2005**

Area and average mid-year population by provinces in 1976 - 2005													
Code	Name of provinces	Area (Km <sup>2</sup> )	1976	1980	1985	1990	1995	2000	2001	2002	2003	2004	2005
	Whole country	232 880	2 886	3 199	3 237	3 676	4 074	4 621	4 761	4 893	5 028	5 167	5 622
01	Vientiane Capital	3 920	-	-	381	464	532	598	616	633	651	669	698
02	Phongsaly	16 270	99	110	124	141	153	174	180	185	190	195	166
03	Luangnamtha	9 325	122	136	98	119	115	131	135	139	142	146	145
04	Oudomxay	15 370	151	167	189	283	211	240	247	254	261	268	265
05	Bokeo	6 196	-	-	56	64	115	130	134	137	141	145	145
06	Luangprabang	16 875	238	264	298	337	367	416	429	441	453	465	407
07	Huaphanh	16 500	169	187	212	220	247	279	288	296	304	312	281
08	Xayabury	16 389	180	200	226	185	293	333	343	352	362	372	339
09	Xiengkhuang	15 880	130	144	163	181	201	229	236	242	249	256	230
10	Vientiane	18 526	517	573	267	305	287	327	337	346	373	383	389
11	Borikhamxay	14 863	-	-	123	143	165	187	192	198	203	209	225
12	Khammuane	16 315	270	299	215	245	275	311	320	329	338	348	337
13	Savannakhet	21 774	438	485	549	639	675	766	790	811	834	857	826
14	Saravane	10 691	192	212	189	225	258	292	301	310	318	327	324
15	Sekong	7 665	-	-	51	57	64	73	75	78	80	82	85
16	Champasack	15 415	324	360	407	453	503	572	589	606	622	640	607
17	Attapeu	10 320	56	62	70	79	88	100	103	105	108	111	112
18	Xaysomboun SR	4 506	-	-	-	-	54	62	64	65	50	51	39

Source: NSC, CPI

- Results from the Population and Housing Census 2005, NSC, CPI

Remark: From year 2000-2004, Calculated base on Population Census 1995 structure and growth rate at year 2000

Table 4.12 Population Change in Lao PDR in 3 Main Periods

Province	Population 1976	Rank	Province	Population 1985	Rank	Province	Population 1995	Rank	Province	Population 2005	Rank	Province
Vientiane	517	1	Savannakhet	549	1	Savannakhet	675	1	Savannakhet	826	1	Savannakhet
Savannakhet	438	2	Champasack	407	2	Vientiane Capital	532	2	Vientiane Capital	698	2	Vientiane Capital
Champasack	324	3	Vientiane Capital	381	3	Champasack	503	3	Champasack	607	3	Champasack
Khammouane	270	4	Luangprabang	298	4	Luangprabang	367	4	Luangprabang	407	4	Luangprabang
Luangprabang	238	5	Vientiane	267	5	Vientiane	293	5	Xayabury	389	5	Vientiane
Saravane	192	6	Xayabury	226	6	Xayabury	287	6	Vientiane	339	6	Xayabury
Xayabury	180	7	Khammouane	215	7	Khammouane	275	7	Khammouane	337	7	Khammouane
Huaphanh	169	8	Huaphanh	212	8	Saravan	258	8	Saravan	324	8	Saravane
Oudomxay	151	9	Saravan	189	9	Huaphanh	247	9	Huaphanh	281	9	Huaphanh
Xiengkhuang	130	10	Oudomxay	189	10	Oudomxay	211	10	Oudomxay	265	10	Oudomxay
Luangnamtha	122	11	Xiengkhuang	163	11	Xiengkhuang	201	11	Xiengkhuang	230	11	Xiengkhuang
Phongsaly	99	12	Phongsaly	124	12	Phongsaly	165	12	Borikhamxay	225	12	Borikhamxay
Attapeu	56	13	Borikhamxay	123	13	Borikhamxay	153	13	Phongsaly	166	13	Phongsaly
Vientiane Capital	-	-	Luangnamtha	98	14	Luangnamtha	115	14	Luangnamtha	145	14	Luangnamtha
Bokeo	-	-	Attapeu	70	15	Bokeo	115	15	Bokeo	145	15	Bokeo
Borikhamxay	-	-	Bokeo	56	16	Attapeu	88	16	Attapeu	112	16	Attapeu
Sekong	-	-	Sekong	51	17	Sekong	64	17	Sekong	85	17	Sekong
Xaysomboun SR	-	-	Xaysomboun SR	-	18	Xaysomboun SR	54	18	Xaysomboun SR	39	18	Xaysomboun SR

Source: Author's Compilation Based on Data from Results from the Population and Housing Census 2005, National Statistic Center

### 2.3 Percentages of Poor by Province

The following table has shown that the percentage of the poor in Savannakhet Province is higher than that in Vientiane Capital during 1992-1993 and 1997-1998. The annual change also demonstrates that the annual change in the numbers of the poor of Vientiane Capital is much higher than that in Savannakhet Province. This implies that the economic condition in Vientiane Capital in general is better than that in Savannakhet Province. In an overall picture of the whole country, the significant reduction of the numbers of poor can be seen in all provinces, except Saravan Province from the first to the second period.

**Table 4.13 Percentage of Poor by Province**

Luangnamtha	60.3	57.5	-1.0
Oudomxay	51.1	73.2	7.2
Bokeo	63.5	37.4	-10.6
Luangprabang	62.7	49.4	-4.8
Huaphanh	78.4	74.6	-1.0
Xayabury	30.1	21.2	-7.0
Xiangkhuang	57.3	34.9	-9.9
VTE Province	28.1	24.3	-2.9
Borikhamxay	10.6	25.8	17.8
Khammuane	43.7	41.6	-1.0
Savannakhet	45.7	37.1	-4.2
Saravane	36.7	39.6	1.5
Sekong	65.0	45.7	-7.3
Champasack	43.6	35.6	-4.1
Attapeu	72.2	45.3	-9.3
Xaysomboun		55.0	

Source: N Kakwani, Bounthavy Sisouphanthong and Phonesaly Souksavath

### 2.4 Urban Development in Lao PDR during the past three decades

#### 1) Defining Urban Areas

The definition of 'urban' in Lao PDR is not clear. Many settlements do not display the urban characteristics that might be found in more developed countries. Settlements of all sizes are typically low density, including extensive areas of agricultural land, wetlands, and other open land interspersed with the residential, commercial and other land uses. Some appear more as a collection of villages loosely clustered together.

The ADB's manual on urban indicators includes any settlement over 1,000 people in its classification of urbanization. In Lao PDR this would encompass hundreds of villages that are in no way urban, and is not an appropriate definition for Lao PDR. Other definitions are considered below.

In the 1995 Census of Population, the National Statistics Center (NSC) provided a method of determining if a village could be considered urban. This was that a village should display at least three of the following criteria:

There is a market in the village

- There is a road for motor vehicles to get access to the village
- There are district or provincial government offices in the village
- The majority of households in the village are electrified
- There is a tap water supply in service in the majority of households

Using this definition, these villages had a combined population of 781,753 in 1995, which was 17% of the total population at the time. In the population update carried out by NSC in 2000 there were 962 urban villages with a population of 985,352, representing 20% of the total population. Whilst this definition provides a useful guide to the status of villages, it is not a direct indication of urban areas as such. This is because an individual village can satisfy three of the criteria and therefore be classified as 'urban', but in fact be located on its own and may not be part of a greater settlement or urban area. The average size of individual villages in Lao PDR is around 500 people<sup>5</sup>. In urban areas villages tend to be larger with an average population size of around 1,000 people.

It is a reasonable premise that the urban sector should include small towns, and that these would probably be the smallest urban units. It is clear that many of the provincial and district urban centers in Lao PDR fall into this category, but what is the size threshold that determines that a settlement is a 'small town'.

The Small Towns Development Project generated a long-list of small towns for potential inclusion in the project, using a threshold of 5,000 as the minimum population. Other ongoing projects have defined small towns in various ways.

The World Bank's Water and Sanitation Program offers the following definition: 'Small towns are sufficiently large and dense to benefit from the economies of scale of piped systems, but too small and dispersed to be efficiently managed by a conventional urban water utility. Small towns usually have populations of between 5000 and 50,000, but can be larger or smaller'.<sup>6</sup>

The towns covered by the ADB's Water Supply Sector Project have populations in the range 4,000 to 14,000. The Lao-Belgian Water Supply Project includes two small towns, Lao Ngarm with about 5,000 people, and Champone, with just over 10,000.

<sup>5</sup> Calculated from NSC 2000 population count.

<sup>6</sup> Country Case Studies Methodology, World Bank Water and Sanitation Program East Asia and Pacific (WSP-EAP) May 2000.

In the absence of existing information specifically for urban settlements<sup>7</sup>, the populations of the urban areas were ascertained using a two-step process described below:

*Step 1: Identification of the villages within the urban areas*

Data was gathered directly from provincial offices around the country. In district administrations there is a locally understood notion of the urban area. This is referred to in Lao as the 'Thetsaban'. Whilst this is not an officially recognized administrative unit, it is used by the local administrators to distinguish between the town and the rest of the district. It is also used to determine the limits of urban services such as waste collection, where these are in operation.

On balance it was decided that the locally-defined 'thetsabans' would be the most reliable guides available to the determination of urban areas. Whilst there may be a few outlying villages included, these will not make a significant difference to the database or the indicators.

*Step 2: Aggregation of the populations of those villages*

The information gathered from the provincial offices, who in turn consulted their district administrations, included the names of the villages in the thetsabans, along with the latest population figures for them. The population figures were from the village records that are kept by village heads and collected by district offices. The list of urban areas was then generated using the 5,000 population criteria as described above. Two towns within 1% of 5,000 were also included, Lao Ngarm and Champasack.

The list of towns with their populations is shown in Table 4.14 and the locations of the towns are shown in Figure 4.13

**Table 4.14 Urban Areas and Their Populations**

Province	Urban Area	Population	Province	Urban Area	Population
Vientiane Mun.	Vientiane	1300,804	Bonkhamxay	Pakxanh	18,660
Phongsaly	Phongsaly	5,183		Thaphabath	6,293
Luangnamtha	Namtha	16,205		Pakkading	6,826
	Sing	6,158		Bolikhanh	7,833
Oudomxay	Xay	22,389		Khamkeuth	12,774
	Beng	5,155	Khammuane	Thakhek	33,107
	Hoon	9,664		Nongbok	5,832

<sup>7</sup> Note: Consideration was given to utilizing the GIS database that is in use by many agencies and government departments in Vientiane. This was originally assembled by UXO Lao and includes roads, waterways, and villages. However, the database does not include the locations of many of the villages in urban areas (a fact not realized by many of the people who are using this GIS). This is because it was created from aerial photography from which the individual villages in urban areas cannot be discerned. This GIS is therefore of very limited use for the Data Book.



Bokeo	Huaxai	13,757	Savannakhet	Savannakhet	63,634
Luangprabang	Luangprabang	40,797		Outhoomphone	19,794
	Xiang Ngeun	16,844		Songkhone	8,032
	Nan	5,704		Champhone	10,404
	Park Ou	5,668	Saravane	Saravane	13,651
	Nambak	5,393		Lao ngam	4,858
Huaphanh	Xamneua	15,391	Sekong	Lamam	9,112
	Xamlay	5,150	Champasack	Pakse	48,218
Xayabury	Xayabury	22,622		Sanasomboon	5,095
	Hongsai	5,490		Paksong	6,564
	Ngeun	6,053		Phonhong	9,360
	Xianghone	10,050		Champasack	4,996
	Phiang	12,929		Sukhuma	6,160
	Parklai	9,358		Moonlapamok	7,116
	Kenelhao	5,526	Attapeu	Xaysetha	10,809
Xiangkhuang	Pek	29,641		Samakkhixay	12,961
	Kham	8,664		Sanamxay	5,824
Vientiane	Thoulakhom	10,459		Phouvong	5,063
Province	Keo Oudom	6,216	Xaysomboun	Saysomboun	6,009
	Kasy	5,812			
	Vangvieng	11,803			
	Xanakham	5,350			
	Viengkham	8,991			
	Km 52	**6,967			

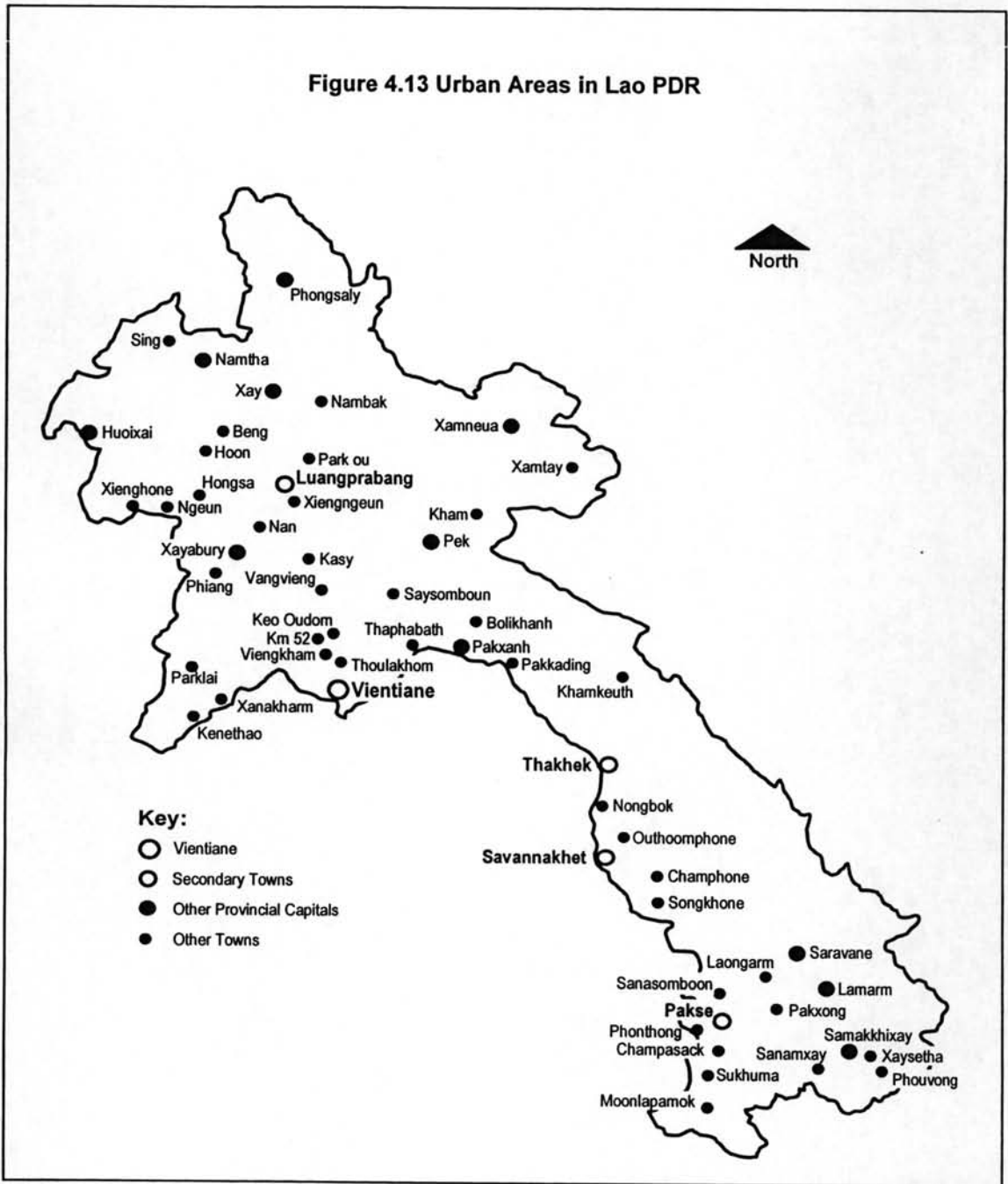
Source: Asian Development Bank (2003). Lao Urban Data Book, Vientiane Capital Lao PDR.

Notes :

For all towns, except the two detailed below, populations are taken from data submitted to the Data Book team by provincial DCTPC offices in April/May 2003, and are based on village records.

\* Vientiane population from 2000 data supplied by NSC

\*\* Km 52 population from URI master plan 1999



Source: Asian Development Bank (2003). Lao Urban Data Book, Vientiane Capital Lao PDR.

## 2) Government policy on Urban Planning

*Urban planning* in Lao PDR is centered on the master plan process. Lao PDR has received very considerable support for its urban-sector development (among others) from the ADB. For more than ten years, there has been a series of TA and Loan programmes, beginning with the capital city, proceeding to the four "secondary towns", and during the last four years, to selected groups of small towns. The emphasis in those support programmes has been basic infrastructure (usually beginning with water supply), coupled with institutional capacity building. This includes the gradual introduction of a local administration. At present, there are Urban Development and Administration Authorities (UDAA) that are responsible for the development of major urban centers, i.e. Vientiane National Capital, and the four secondary towns: Loungprabang, Thakek, Khanthabury and Pakse, and twelve small towns.

**Table 4.15 Key to Provincial/Urban Center Development**

<b>Province: Center (Priority)</b>	<b>Key to Provincial/Urban Center Development</b>
<b>Vientiane Capital:</b> Chanthabury; Sikhotabong: Xaysetha; Naxaithong; Xaythany; Hadxaifong; Sangthong; Mayparkngum	Comprehensive City Development Strategy (CDS) prepared around 2008/9 to incorporate <ol style="list-style-type: none"> <li>1. 2005 population census results</li> <li>2. Municipal governance (LAL) pilot output</li> <li>3. Complete VUISP</li> <li>4. Key GMSSP initiatives</li> <li>5. Metro-Municipal Vientiane Concept</li> </ol>
<b>Phongsaly:</b> Phongsaly (1); May (2); Khua (3); Samphanh (3); Boon Neua (2); Nhot Ou (3); Boonta (2)	<ol style="list-style-type: none"> <li>1. Upgrade of Xay/Luangprabang links</li> <li>2. Border crossings to PRC at Pacha, Sypeuchai &amp; Pa Kha</li> <li>3. Border crossing to Vietnam at Tai Chung</li> <li>4. Urban-rural links (farm-market)</li> </ol>
<b>Luangnamtha:</b> Namtha (1); Sing (2); Long (3); Viengpoukha (2); Nalae (3); Nateui (2); Botene (1)	<ol style="list-style-type: none"> <li>1. Completion of NSEC (2007)</li> <li>2. Trade &amp; transport service support</li> <li>3. Adventure/eco tourism</li> <li>4. Leisure tourism (Boten)</li> </ol>
<b>Oudomxay:</b> Xay(1); La (3); Namo (2); Nga (3); Beng (3); Han (3)	<ol style="list-style-type: none"> <li>1. Xay as nodal center</li> <li>2. Trade/transport service along N13N link between Luangprabang &amp; NSEC</li> <li>3. Rural linkage along R2W</li> </ol>

	4. Possible PRC link via Namor/Meochai
<b>Bokeo:</b> Hoixai (1); Tonheung (3); Meung (3)	<ol style="list-style-type: none"> <li>1. Completion of NSEC (2207)</li> <li>2. Border crossing to Thailand (bridge)</li> <li>3. Trade &amp; transport service support</li> <li>4. Urban/rural (farm/market) links</li> </ol>
<b>Luangprabang:</b> Luongprabang (1), Xieng Nguen (2); Nan (3), Park OU (3), Nambak (2), Ngo (3), Pakxeng (3), Phonzay (3), Chomphet (2), Viengkham (3), Phouhoune (2)	<ol style="list-style-type: none"> <li>1. Consolidate LP as international/GMS tourist focus with environmental safeguards</li> <li>2. Minimize pressure on LP heritage by metro merge XiengNgeun/Chomphet</li> <li>3. Transport/tourism infra/services, including air and river</li> <li>4. Urban/rural (farm/market) links</li> <li>5. Bridge crossing LP to Chompet</li> <li>6. Road links to Vietnam through Moug Doy</li> <li>7. Municipal governance initiatives</li> </ol>
<b>Huaphanh:</b> Xamneua (1), Sopbao (3), Xiengkhor (3), Viengxay (2), Add (3), Huameuang (2), Viengthong (2), Xamtay (3)	<ol style="list-style-type: none"> <li>1. Possible cross border trade links to Vietnam through 'Dan, Phhang, Nameo, Thailao</li> <li>2. Urban/rural (farm/markets/ links</li> </ol>
<b>Xayabury:</b> Nguen (2), Paklai (2), Hongsa (2), Kanetao (1), Botene (3), Xayabury (1), Phiang (2), Xienghone (3), Thongmyxay (3), Khop (3)	<ol style="list-style-type: none"> <li>1. Develop cross border link to Thailand</li> <li>2. Upgrade R as alternate tourism route from Thailand across Kwenetao Bridge</li> <li>3. Flood control</li> <li>4. Urban/rural (farm/markets/ links</li> <li>5. Use of river as transport link</li> </ol>
<b>Xiengkhuong:</b> Khoune (2), Morkmay (3) , Phookood (2), Pek (1), Kham (2), Phaxay, Nonghed (2)	<ol style="list-style-type: none"> <li>1. Develop tourism potential through Pek</li> <li>2. Explore possible links to Vietnam through Nam Kan</li> <li>3. Urban/rural (farm/markets/ links</li> </ol>
<b>Vientiane Province:</b> Hinherb (2), Phonehong (1), Thoulakhom (2), Keo Oudom (2), Xanakham (3), Viengkham (1), Vangvieng (2), Kasy (2), Hom, Feuung (3), Mad (3), Longxan	<ol style="list-style-type: none"> <li>1. Tourism, transport along R 13N</li> <li>2. Mekong related dev. Inc. transport</li> <li>3. Proximity to Vientiane City</li> <li>4. Alternative links to Thailand</li> <li>5. Flooding</li> </ol>

<b>Borikhamxay:</b> Phakxane (1), Thaphabath (1), Phakading (1), Khamkheuth (2), Bolikhanh (3), Viengthong (3)	<ol style="list-style-type: none"> <li>1. Trade, tourism &amp; transport service along R13S</li> <li>2. Mekong related development including transport</li> <li>3. Link to Vietnam through Khamkheuth</li> <li>4. Urban/rural (farm/markets/ links</li> <li>5. Flooding</li> </ol>
<b>Khammuane:</b> Thakek (1), Xebangfay (1), Hinboon (2), Mahaxay (2), Nhommalath (3), Nongbok (2), Xaybuathong (2), Nakai, Bualapha (2)	<ol style="list-style-type: none"> <li>1. Trade, tourism &amp; transport services along R 13S</li> <li>2. Mekong related development including transport</li> <li>3. Link to Vietnam through Kiewmouya</li> <li>4. Urban/rural (farm/markets/ links</li> <li>5. Flooding</li> </ol>
<b>Savannakhet:</b> Khanthabouly (1), Xaybuly (2), Songkhone (2), Sephone (1), Xayphoothong (3), Phine (1), Outhomphone (1), Nong (3), Thapnangthong (3), Champhone (3), Thaphalanxay (1), Atsaphangthong (1), Xonbuly (2), Vilabuly (3), Atsaphone (2)	<ol style="list-style-type: none"> <li>1. Operation of EWEC</li> <li>2. Increased trade, tourism and transport</li> <li>3. Cross-border development at Savannakhet (SEZ<sup>8</sup>) and at Dansavanh</li> <li>4. Mekong related development including transport</li> <li>5. Link to development/emerald triangle</li> <li>6. Flooding</li> </ol>
<b>Saravane:</b> Khongxadone (1), Saravane (1), Vapy (2), Lakhonepheng (2), Ta Oi (3), Toomlan (3), Lao Ngam (2) Samuoi (2)	<ol style="list-style-type: none"> <li>1. Possible link to EWEC, Development Triangle, Vietnam &amp; Thailand</li> <li>2. Urban/rural (farm/markets/ links</li> </ol>
<b>Sekong:</b> Dakcheung (2), Kaleun (3), Thateng (1), Lamarm (1)	<ol style="list-style-type: none"> <li>1. Link to Development Triangle &amp; border town activity with Vietnam</li> <li>2. Urban/rural (farm/markets/ links</li> <li>3. Large unpopulated hinterland</li> </ol>
<b>Champasak:</b> Pakse (1), Moonlapamok (2), Bachieng (2), chaleunsouk (2), Sukhuma (3), Pathoomphone (1), Champasak (1), Sanasomboon (2), PakxongKhong	<ol style="list-style-type: none"> <li>1. R13S link south to development/Emerald Triangle &amp; SEC</li> <li>2. Possible alternate link east to Vietnam &amp; west to Thailand</li> <li>3. Tourism dev around Champasak</li> </ol>

<sup>8</sup> Border economy development has been promoted within the context of the Lao government's foreign trade policy and the framework of the government's land-linked development strategy under the circumstances of regional integration and globalization. In order to implement trade border trade efficiently, recently the Lao government has officially appointed two Border Trade Zones as focal points for border trade development. One is the "Border Trade Zone of Dansavanh Village", sharing border with Vietnam in Savannakhet province, located at Route 9 the East-West Corridor of South-East Asia. The other Border Trade Zone is "Boten Free Trade Zone", sharing border with Yunnan province of China, in Loungnamtha Province, which is located at route 2- the North-West Corridor between China-Thailand. The purpose of the study is to attract FDI, promote commercial production for exports as well as to create jobs and generate income, which will contribute to the socio-economic development of the country.



(Khinak) (2), Phonethong (Xongmek) (2)	<ol style="list-style-type: none"> <li>4. Mekong related development including transport</li> <li>5. Urban/rural (farm/markets/ links)</li> <li>6. Flooding</li> </ol>
<b>Attapeu:</b> Sanxay (3), Sanamxay (2), Phouvong (2), Xaysetha (1), Samakhixay	<ol style="list-style-type: none"> <li>1. Linkage to Development/Emerald Triangle &amp; SEC</li> <li>2. Urban/rural (farm/markets/ links)</li> <li>3. Large rural hinterland</li> </ol>
<b>Xaysomboun SR:</b> Thathom (1), Phoon (3), Xaysomboun (1), Hom (3), Langsane (3)	Key to Special one development refer to rationale for establishment

Source: Asian Development Bank (2003). Lao Urban Data Book, Vientiane Capital Lao PDR.

### 3) Urban Development in Lao PDR in each province

**Table 4.16 Urban Population in each Province (2003)**

Province	Urban Population	Total Population	% of urban population of the total Urban Population	Urban Population of the total Provincial population	Urban Population of(%) of the Country
Vientiane Capital	300,804	651000	28.15	46.21	11.46
Phongsaly	5,183	190000	0.49	2.73	3.35
Loungnamtha	22,363	142000	2.09	15.75	2.50
Udomxay	37,208	261000	3.48	14.26	4.60
Bokeo	13,757	141000	1.29	9.76	2.48
Luandprabang	74,406	453000	6.96	16.43	7.98
Xayyaburi	72,028	362000	6.74	19.90	6.37
Huaphan	20,541	304000	1.92	6.76	5.35
Xiengkhuong	38,305	249000	3.58	15.38	4.38
Vientane Province	55,598	373000	5.20	14.91	6.57
Borikhamxay	52,386	203000	4.90	25.81	3.57
Khammoun	38,939	338000	3.64	11.52	5.95
Savannakhet	101,864	834000	9.53	12.21	14.69
Saravan	18,509	318000	1.73	5.82	5.60
Xekong	9,112	80000	0.85	11.39	1.41
Attapeu	34,657	108000	3.24	32.09	1.90
Champasak	166975	622000	15.62	26.84	10.95
Xaysomboun	6,009	50000	0.56	12.02	0.88

Source: Asian Development Bank (2003). Lao Urban Data Book, Vientiane Capital Lao PDR.

In 2003, the urban population in Lao PDR accounted for 18.82% within the whole country. It was estimated that approximately 28.15 % of the urban population of Lao PDR was in Vientiane Capital City, and 15.62%, 9.53%, 6.96% and 6.74% was in, Champasak, Savannakhet, Luangprabang and Xayabury respectively. It is notable that although Savannakhet Province accommodated the largest population in the country, the urban population was only 9.53%. There is a similarity to Khammouane, which has about 3.64% urban population. The lowest urban population was in Phongsaly province with only 0.49%.

### **3 Summary**

The economic situation for Lao PDR has been improving due to the economic policy adopted by the government in each time frame. This resulted in the increased Gross domestic products in all sectors and increased trade volume among countries within region and sub-region. The most significant improvement could be observed after the completion of the first international bridge linking Lao PDR with the neighboring countries. The first international bridge also reflected in the increasing of the transit cargo and external trades of the Lao PDR, the number of new industries establishment as well as the tourism industries. In addition, this chapter also discussed the changing in the population distribution, population growth in each integrated land transport phase. Beside the urban development in term of in the growth of the urban population also addressed.