



Australian Government

AusAID



# AusAID Social Protection Activity

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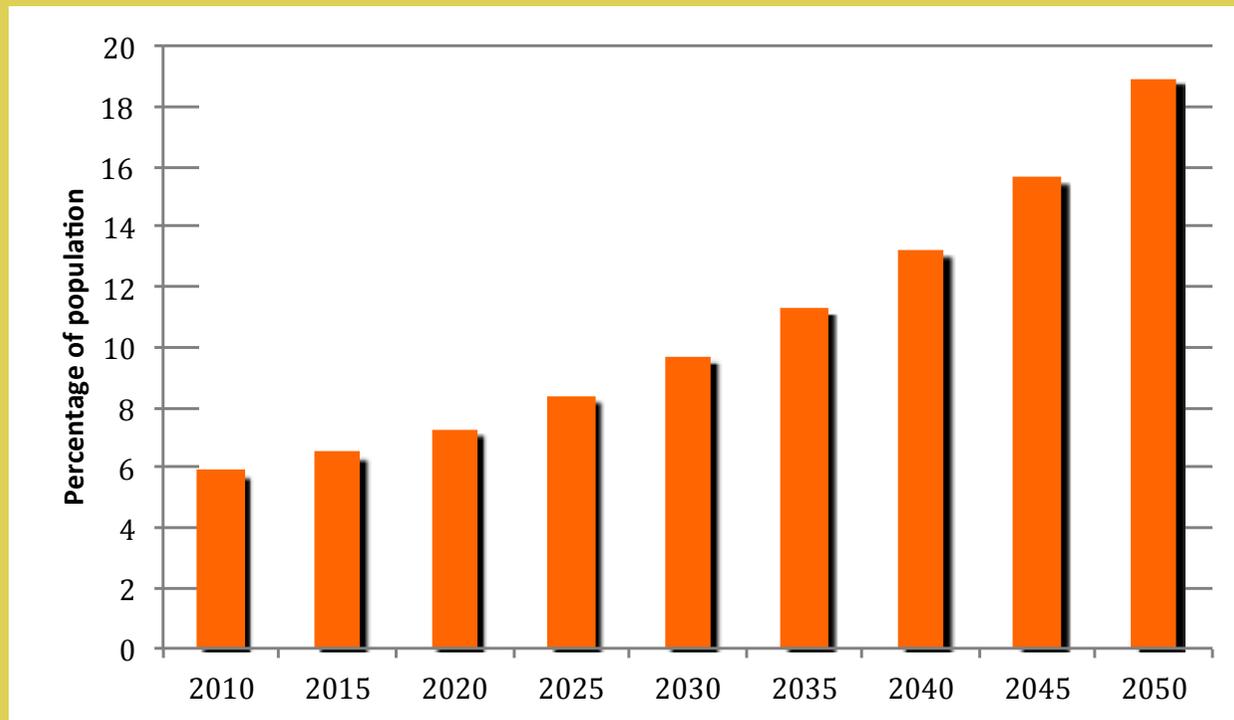
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# **AusAID will work with the Government of Lao PDR to implement two social protection pilot programs**

- **Old Age Pension**
  - Known as the Senior Citizens' Allowance
- **Asset transfer program**
  - Know as the Resilient Livelihoods for the Poor scheme

# Rationale for the Senior Citizens' Allowance

Population of older people is increasing (over-65s)

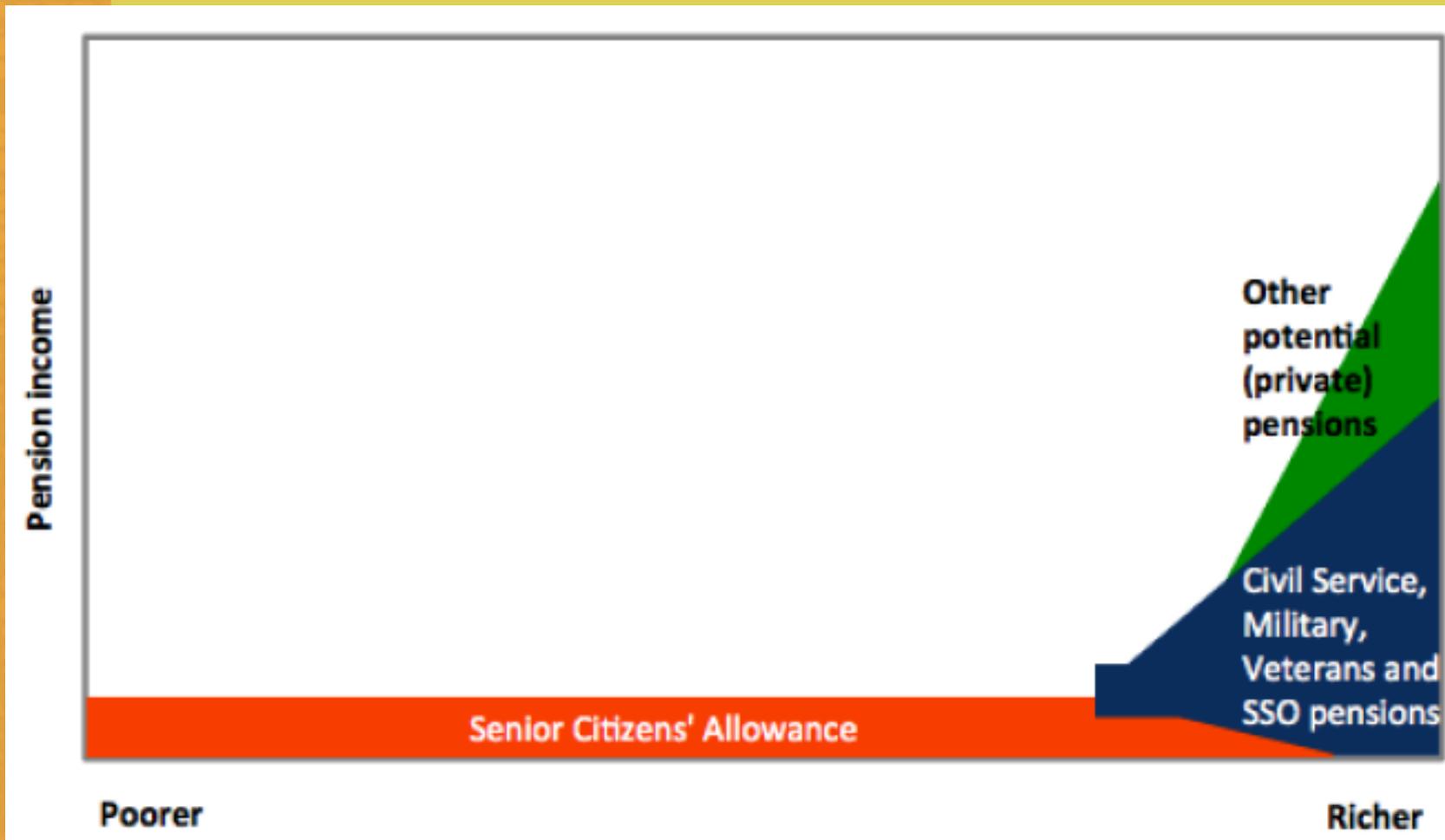


- Traditional forms of care and support for older people are breaking down
- Many older people living in poverty
- Constitution gives people the right to support in old age

## Many countries in the region facing similar challenges to Lao PDR are establishing comprehensive old age pension schemes

- **China:** 125 million recipients, reaching 85% of those in rural areas; rapidly grown in past 3 years
- **Vietnam:** 810,000 recipients, including all over-80s
- **Thailand:** 5.7 million recipients of tax-financed pension, providing universal coverage when combined with contributory schemes
- **South Korea:** 3.6 million people receive tax-financed pension (67% of over-65s) with others receiving contributory schemes

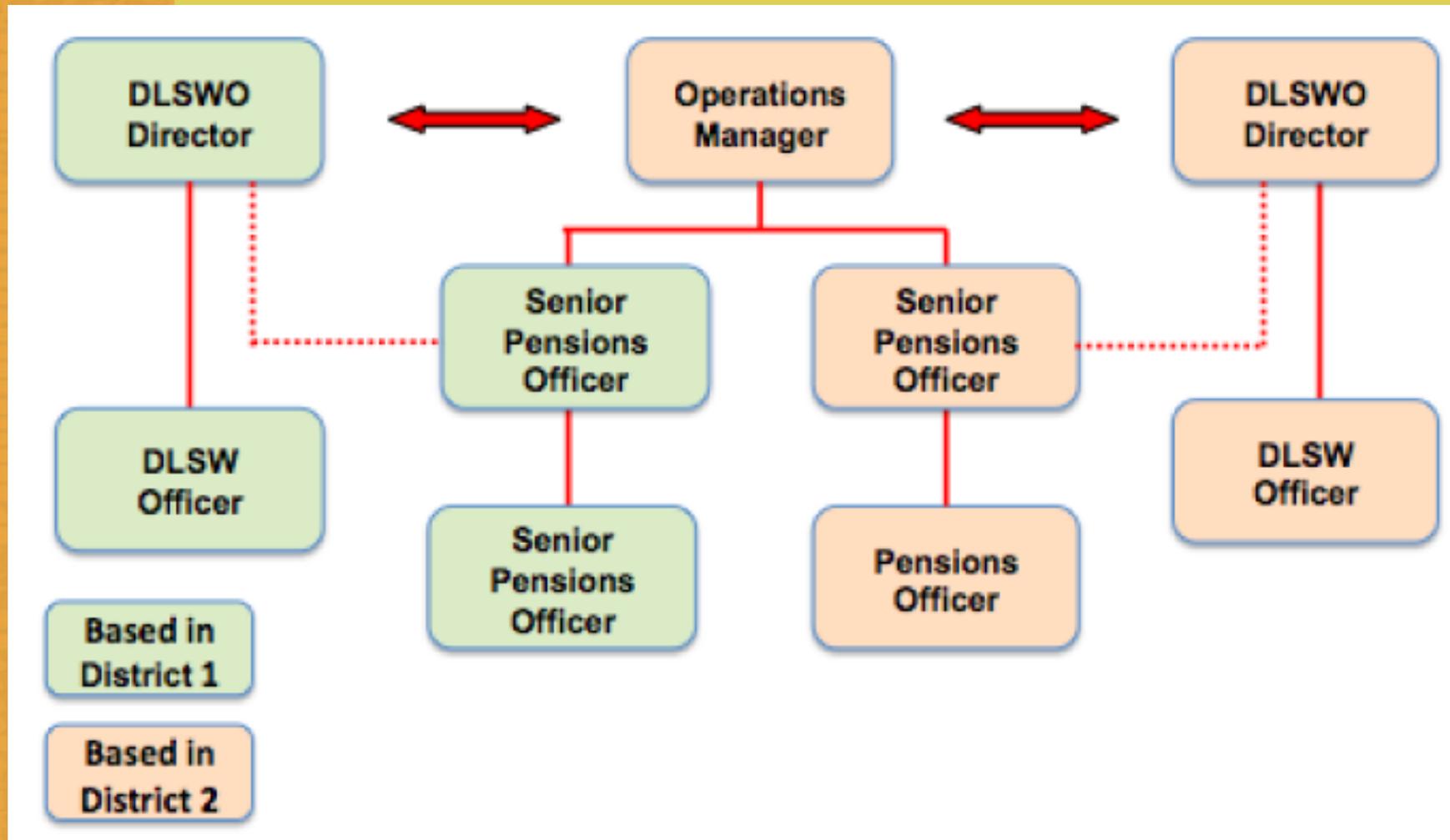
Aim is to work with government to build the pension model below, ensuring all older people have access to income security



## **Basic elements of design of SCA**

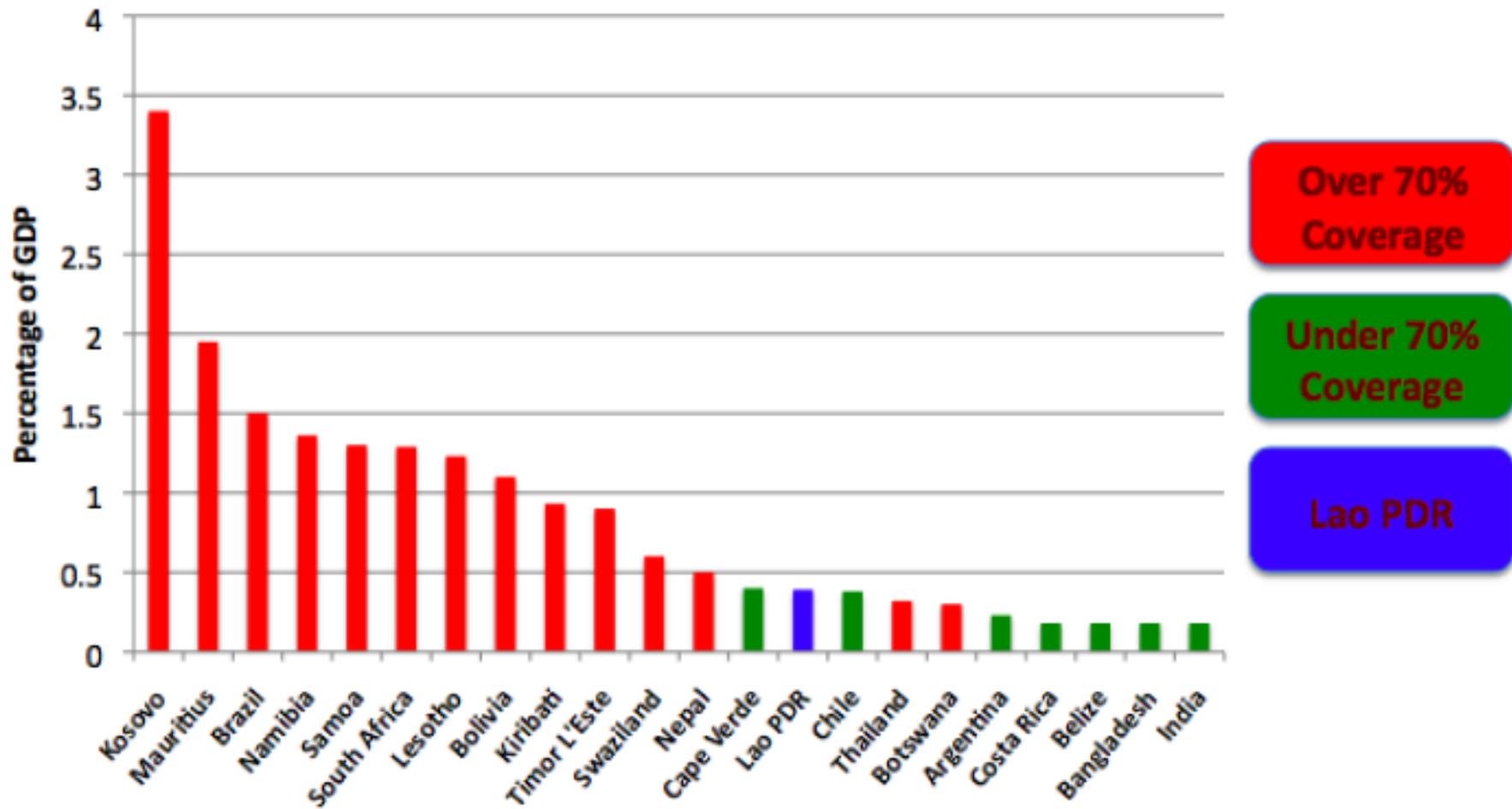
- **Age of eligibility:** over 65 years
- **Number of recipients:** 15,500
- **Size of transfer:** LAK100,000 per month
- **Number of districts:** Up to 9
- **Mode of transfer:** electronic transfers
- **Responsible agency:** Ministry of Labour and Social Welfare

# Staffing of DLSW office



# Cost of SCA scheme if scaled up nationally – 0.4% of GDP

Comparison with other countries



## **Rationale for Resilient Livelihoods for the Poor (RLP) asset transfer scheme**

- **Directed at families with members that are able to engage in income generating activities but who are extremely vulnerable because of barriers that impede them from effectively engaging in the market.**
  - Limited access to cultivable land and forest;
  - Inadequate labour supply to cultivate the remaining – and often less accessible – land;
  - Increased debt to foreign traders and money lenders as a result of insufficient financial literacy;
  - Deteriorating social networks as a result of migration and resettlement.
- **Focus will be to work with women, in particular female heads of household**
- **Will ensure inclusion of vulnerable households including people with disabilities**

## **Description of the RLP scheme**

- **Poor, vulnerable families will be selected in communities**
- **Female recipients will receive:**
  - Stipend of LAK100,000 per month for one year
  - An asset up to a value of AUD250
  - Regular mentoring and training, with weekly visits to household
  - Financial literacy training
- **A menu of productive activities will be selected following detailed examination of local markets and value chains**
- **Support will be provided for 2 years**

## **Overview of RLP scheme**

- **Scheme to be implemented by 3 NGOs, in collaboration with Government of Lao PDR**
- **Implementation in at least 3 Districts**
- **3,000 beneficiaries**
- **Stipends to be provided via Village Banks, with support of GIZ**
- **Expectation that 60% of beneficiaries will establish sustainable micro-enterprises**