

**Lao PDR Case Study**  
**Khmu Ethnic Group Women in Artisanal Gold Mining**

International Conference on Between the Plough and the Pick: Informal Mining  
in the Contemporary World

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## **Abstract:**

Although artisanal mining has been practice in Lao PDR for many generations, this case argues that artisanal gold mining has recently become an alternative option for the livelihoods of members of the Khmu ethnic group women in Ban Thidnoon, Thathom district, Xaysomboune province, in the context of a national economic growth policy that has given rise to land concessions. The case study presents that modern agrarian transitions emerging from the change in land use and the rapid expansion of the market economy has resulted in people being dispossessed from land and forest resources, creating a reliance on the unstable price of cash crops and engaging in practices such as illegal gold mining. This study explores these concerns from the point of view of the impacted women of the Khmu ethnic group and their family members. The Khmu ethnic group in this village has experienced a transition in agricultural production from the cultivation of staple upland crops, to the production of unstable cash crops for the market. While farmers increasingly concentrate land use and investment in cash crops, the market price for their products has declined. The path that the Khmu ethnic group has perused is fraught with challenges posed by the unstable price of boom crops such as corn, cassava and sugarcane, and also by large economic land concessions. These processes have resulted in the involvement of an increasing number of Khmu women in artisanal mining.

## Introduction: A Brief Background

The Lao People's Democratic Republic (Lao PDR) has the aspiration to meet its essential development goals, which are to substantially improve the wellbeing of all Lao people in an equitable and sustainable manner, while building a strong and stable nation state. In order to accomplish its goal, the Government of Lao PDR (GoL) has set the following development targets for the country in its 7th National Socio-economic Development Plan 2011-15 (7<sup>th</sup> NSEDP): (i) to have an annual GDP growth of at least 8% and a GDP per capita of at least \$1,700 by 2015; (ii) to eradicate poverty by 2015; (iii) to achieve the Millennium Development Goals (MDGs) and advance the country towards graduation from Least Developed Country status by 2020; (iv) to ensure the sustainability of development by emphasizing economic development with cultural and social progress, preserving natural resources, and protecting the environment; and (v) to ensure peace, security, an orderly society and political stability. In the last few decades Lao PDR has achieved impressive results in terms of economic growth and poverty reduction. The country also made steady progress in improving overall human development and is on track in achieving half of its MDGs. The economy grew by more than 7% annually between 2001 and 2010, increasingly driven by high inflows of foreign direct investment (FDI) into the country as well as the natural resource sectors of mining, hydropower, industrial crop plantations and timber.

In the last two decades, and in comparison to other Southeast Asian countries, Lao PDR has been in the fortunate position of being able to achieve high rates of economic growth with low inflation and a stable exchange rate. Recent assessments conducted by the World Bank<sup>1</sup> and the United Nation's Development Programme,<sup>2</sup> indicate that there has been a huge decline in poverty in the past ten years. The source of this great improvement in growth performance has largely been the resource sector, and Lao PDR offers a comparative advantage including the mining sector due to its low labour and production costs, its natural resource base and low tax structure. The rental rates to survey and explore for the availability of mineral resources is competitively priced, ranging from 50 cents to a dollar a hectare per year. Furthermore the cost of the feasibility stage for the construction of a mining site is between US\$3 and US\$12 per hectare per year<sup>3</sup>. The reason for this pricing, according to the GoL's Ministry and Energy and Mines (MEM) and Ministry of Natural Resources and Environment (MoNRE), is that the natural resources in Lao PDR are currently underdeveloped and require further studies and exploration from countries which have more expertise and experience in this field. Mineral resources that have recently been found in Lao PDR include gold, tin, iron, zinc, lead, copper,

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<sup>1</sup> World Bank Country Report, 2013

<sup>2</sup> UNDP Concept Note for Land Policy Support Programmes, 2012

<sup>3</sup> Interview with the Department of Environment and Social Impact Assessment, Ministry of Natural Resources and Environment (MoNRE) and Department of Mines, Ministry of Energy and Mines (MEM) in 2011 and in 2015

precious stones, coal, lignite, limestone, bauxite and gypsum. Given this availability, foreign and private companies have recently started to exploit many of these resources.

This growth of the resource sector, especially in hydropower and mining, has produced a significant impact on the national economy. There has especially been an increase in mineral and electricity exports, the government's direct revenue from taxation of mining and hydro operations, as well as a growth in local service industries, direct employment and small-scale mining. After the 7<sup>th</sup> Party Congress, the GoL recognised the importance of the energy and mining sectors, together with the agriculture sector, as being the fundamental drivers to achieve the goal of the national economy becoming developed by 2020. This target has resulted in the development of more than 80 hydropower projects<sup>4</sup> and over 160 mining concessions by 2011, increasing to nearly 400 mining concessions by 2013.

However the problem is that such operations are approved by the Government of Laos without an adequate assessment of the social, economic and environmental impacts on the people and communities. Laos also lacks the institutional capacities to monitor the negative consequences of resource development, and to provide restoration or compensation when it is required. Currently the regulatory and institutional mechanisms to balance the competing uses of land and natural resources have been inadequate. The main reasons for these are the inconsistency of safeguards policies and regulations, a lack of commitment to enforce regulations, an unclear division of responsibility among agencies, and inadequate human and financial resources. This has resulted in concession holders contesting overlapping land claims, and challenging the access rights for villagers and communities.

The GoL has recognized that various gaps exist, especially in the mining and hydropower sectors, as it has limited experience in dealing with these kinds of operations, especially very large projects. Specifically, in the mining sector there are gaps in: (i) scientific and geological knowledge of the prospective national mineral resources; (ii) land-use planning and allocation; (iii) investment review and approval; (iv) enforcement of inspection procedures; (v) monitoring and enforcement of regulations to mitigate environmental and social impacts; and (vi) management of revenue and benefit streams. As a response to these challenges, the GoL has been collaborating with various international development institutions including the UN agencies, bilateral aid agencies such as AusAID (now DFAT), and international financial institutions such as the Asian Development Bank (ADB) and World Bank (WB) on the improvement of regulatory and institutional frameworks on land and natural resources. Examples of these initiatives include progress towards a national land policy, and the revision of the various existing laws such as the laws on land, minerals, forests and agriculture. The GoL initiatives rest heavily on creating and assisting future development opportunities, and

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<sup>4</sup> Interview with the Department of Environment and Social Impact Assessment, Ministry of Natural Resources and Environment (MoNRE) and Department of Mines, Ministry of Energy and Mines (MEM) in 2011 and in 2015

sustainable investments so that these improved regulatory frameworks can contribute to national economic growth and local development. Lao PDR has also set up a country safeguards system where it has appointed the Department of Environment and Social Impact Assessment (DESIA) in taking a lead in enforcing and implementing its social and environmental safeguards policies. In order to implement its safeguard policies, DESIA has developed Standard Environmental and Social Obligations (SESOs) so as to initiate negotiations and to call for the investors/developers to share the burdens associated with social and environmental responsibilities. These agreed obligations are then inserted into the Concession Agreement. Consequently, Lao PDR has made considerable progress in establishing a comprehensive regulatory and institutional framework for safeguarding the social and environmental impacts from investment/development projects. This has especially been the case in the energy and mining sector, although in a number of cases the implementation and enforcement of these initiatives has been unsatisfactory.

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## **Mining in Lao PDR**



*Figure 1: Villagers are crossing in search for a suitable spot for gold mining*

While large-scale mining has a relatively young history in Lao PDR, the country's mineral potential had been known for a long time ago. Tin was discovered by the French colonialists in the Phathene valley, in Khammouane province, in the early 1900s, and the development of tin mining in this area started in 1917 in Ban Phontiu. In the 1920s, excavation operations for cassiterite (used in the production of tin) took place along the Nam Phathene River, Hinboun district, Khammoune province. A study conducted in the Phontiu area in 2010 revealed that French tin exploration began with a mining company called Société d'Etude d'Exploitation Minière de l'Indochine (SEEMI) in 1928. This French firm operated until 1977, when the then Lao government nationalized the operations. After the 1975 Revolution, the name of the company was changed to the State Mineral Exploration Company (Lat Visahakit Khout Khon He Khua).



*Figure 2: A family has found their suitable mining spot.*

Following on from this transformation, the Soviet Union/Russia assisted the Lao government with further exploration and geological mapping of tin mining in the Nam Pathene from 1980 to 1994. They also attempted to improve the efficiency of mining operations and tin processing through the application of modern technology, such as bulldozers and excavators. In 1986–87 they initiated production through the application of the open cast/open pit technique. The GoL's reforms in the late 1980s and 1990s liberalized the sector, and many commercial mining operations from other countries



began to take a renewed interest in Lao PDR. According a report from ICMM (2011)<sup>5</sup>, more than 570 mineral deposits have been identified in Laos, with the main ones including gold, copper, zinc and lead.

The GoL has set mining as a priority sector for national socio-economic development and treats it as an important source of economic growth and national revenue. Mining concessions have dramatically increased in the past ten years and this has brought about a 68% rise in the volume of mineral exports since 2002. Currently the mining sector has been providing a steady increase in its contribution to the country's GDP, which has risen from 0.5 % in 2002 to 8% in 2007 to 10.3 % in 2011 and then 12 % in 2013<sup>6</sup>. As of 2013, the GoL has issued nearly 400 small and medium-sized mining licenses for exploration and mining activities. In an interview, the Ministry of Energy and Mines confirmed that artisanal mining activities are officially operating in 11 of the 17 provinces, but that illegal mining is widespread in rural villages especially in search for gold, tin and precious stones. Most of the artisanal mining activities are largely undertaken to supplement agricultural and other rural incomes. This can be due to the fact that their natural/forest resources and land are being given away to private investors at a faster rate, mostly for industrial tree plantations like rubber and eucalyptus and for cash crop production such as cassava, sugarcane and corn. Subsequently a large number of poor rural villagers have lost their land, forests and rivers which used to sustain their livelihoods. It is for this reason that many communities have more recently turned to artisanal mining as an alternative means for survival. However, most of the artisanal mining activities are seasonal and some only occur on the occasional spillage or at the tailing dams of the bigger mining sites, as well as those created by small to medium sized mechanized mining.

Small to medium-scale mining activities are operating in 9 of the 17 provinces and this sector have attracted a great deal of attention from medium scale Chinese and Vietnamese investors. More recently Russian and Korean medium scale mining operations have been established in the provinces of Khammoune and Attapeu in the southern part of Lao PDR. This type of mining utilises both mechanized and manual technologies— the methods vary depending on the type of resource that is being exploited. The exploitation of alluvial deposits typically involves barges fitted with excavators, conveyors and sluices. In the Phathene valley alone, there are 12 small to medium-sized mining companies, with most of them involved in tin and metal extraction. These types of operations have received little attention from the government, and other social and environmental practitioners have found it difficult to effectively regulate their ongoing operations. Throughout the country there have been complaints made by rural villagers because of the inadequate environmental and social supervision, a lack of community consultation and the absence of compensation for land loss as well

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<sup>5</sup> ICMM (2011), "Utilizing mining and mineral resources to foster the sustainable development of the Lao PDR", <http://www.icmm.com/page/59737/utilizing-mining-and-mineral-resources-to-foster-the-sustainable-development-of-the-lao-pdr>.

<sup>6</sup> MEM reported to author in 2015.

as agricultural impacts. Currently, independent agencies, and/or the government's monitoring and inspection of these operations remains very limited. These medium-sized mining companies lack experience and do not take care in handling harmful chemicals, which has led to numerous concerns related to health and the environment.

Currently, in terms of size and scope, Lao PDR only has two large mining operations: Phubia/Phukham Mining in Xaysomboune province (which previously belonged to Vientiane province) and Sepon Mining in the districts of Sepon and Vilaboury in Savannakhet province. Phubia/Phukham Mining Company was until very recently owned by Pan Australia (PanAust) (PanAust has since been taken over by Guangdong Rising Assets Management Company). The operations are managed through a Mineral Exploration and Production Agreement (MEPA) with GoL that covers the provinces of Xaysomboune and Xiengkhouang.

These two large mining companies have propelled Lao PDR into becoming a global producer of precious metals in recent years, especially with an increased extraction of gold, copper and silver from 2005 to 2008. The production of gold exceeded 230,000 ounces in 2006 alone. The growth in the extraction of other minerals and metals, such as lignite and gypsum have also been striking over the past 10 years, thereby making a valuable contribution to the export earnings of the country. These two large companies are operating in a more structured manner in terms of following administrative procedures so as to meet national and international social and environmental safeguards standards, compared to the smaller operators. While they often manage their own operational procedures and share some responsibility with the government regarding social and environmental impact mitigations and management, issues arise because of their inability to supervise and manage their subcontractors. These two companies rely on most of the necessary resources and materials for mining development and operation to be supplied by individual companies, including: (i) chemicals, (ii) human workforce/labourers, (iii) administrative/logistical matters, (iv) machinery, (v) transportation, and (vi) other mining activities such as exploration, surveying, excavation, exploitation and chemical analysis. Therefore, despite the fact that these two companies may have better regulations compared to the smaller mines, the main concerns relate to the direct and indirect impacts on the rural host communities caused by their subcontractors. Provisions in the Lao legal framework for regulation of subcontractors are uneven.

## **Ethnic Groups and Women's Rights to Development: Policy Context**

Lao PDR has the most ethnically diverse population on the Southeast Asian mainland, and was officially identified in the 2005 census as consisting of 49 ethnic groups. The Ministry of Information and Culture of Laos currently promotes the use of an ethno-linguistic classification system to distinguish the various ethnic groups in the country. The major ethno-linguistic groups in Lao PDR

are Lao Tai, Mon-Khmer, Chinese-Tibetan and Hmong Mien.

The Lao-Tai dominate politically, culturally and economically and generally inhabit the river plains, particularly along the Mekong River. According to the United Nations Permanent Forum on Indigenous Issues, the majority of the other ethnic groups inhabit the rugged mountain territory that covers about 79 percent of the country and experience high-levels of marginalization. Although there are 49 ethnic groups, the National Assembly's official Agreement No. 213 of 24 November 2008 only recognized Lao nationality, and therefore regardless of which ethnic background people come from, they are all Lao citizens. The government promotes equal rights and opportunities among all Lao citizens and has declared that all ethnic groups are equal by law in terms of dignity and rights. For this reason the term 'ethnic minority' is not used and instead the term ethnic group has been officially accepted.

The government has made efforts to promote equality among Lao citizens, but apart from the lowland Lao-Tai, most of the other ethnic groups, experience perpetual poverty and lack infrastructure and government services. This is partly because they are mostly living in the more remote and least accessible areas of the country. These factors create elements of structural marginalization associated with a lack of education, healthcare, opportunities, political participation and representation. In order to tackle these challenges, the Government is officially committed to embracing a multi-ethnic dimension in development issues and to improving people's living conditions as well as to continue promoting equality of all Lao people in the country.

The 1991 Constitution of Lao PDR uses the term "citizens of all ethnicities throughout the document. It specifically recognizes the need to incorporate the concerns of ethnic groups in developing policy in all sectors, and has reaffirmed its commitment to strengthen the rights of all ethnic groups in various congresses, conferences, decrees, and laws since the 1980s (Articles 8 and 22). Article 75 of the constitution specifically stipulates that "the Lao language and script are the official language and script". Constitutionally, Lao PDR is recognized as a multi-ethnic society, and Article 8 of the 1991 constitution states, "All ethnic groups have the right to preserve their own traditions and culture, and those of the nation. Discrimination between ethnic groups is forbidden." Furthermore Article 8 declares that:

"The State pursues the policy of promoting unity and equality among all ethnic groups. All ethnic groups have the rights to protect, preserve and promote the fine customs and cultures of their own tribes and of the nation. All acts of creating division and discrimination among ethnic groups are forbidden. The State implements every measure to gradually develop and upgrade the economic and social level of all ethnic groups."

The 1992 ethnic group policy— the Resolution of the Party Central Organization Concerning Ethnic

Group Affairs in the New Era— focuses on gradually improving the lives of ethnic groups, while promoting their ethnic identity and cultural heritage. It is the cornerstone of current national ethnic group policy. The general policy of the Party concerning ethnic groups can be summarized as follows:

- 1) Build national sentiment (national identity).
- 2) Realize equality between ethnic groups.
- 3) Increase the level of solidarity among ethnic groups as members of the greater Lao family.
- 4) Resolve problems of inflexible and vengeful thinking, as well as economic and cultural inequality.
- 5) Improve the living conditions of the ethnic groups step by step.
- 6) Expand, to the greatest extent possible, the good and beautiful heritage and ethnic identity of each group as well as their capacity to participate in the affairs of the nation.

The Ethnic Groups Committee under the National Assembly is charged with the responsibility to draft and evaluate proposed legislation concerning ethnic groups, lobby for its implementation as well as the implementation of socio-economic development plans. Ethnic group research is the responsibility of the Institute for Cultural Research under the Ministry of Information and Culture. The lead institution for ethnic affairs is one of the states' mass (political) organizations—the Lao National Front for Construction (LNFC)— which includes an Ethnic Affairs Department.

Lao PDR recognizes the importance of women in development and established the National Commission for the Advancement of Women in 2002 in order to promote gender mainstreaming in the government. The commission focuses on integrating awareness, analysis, action and monitoring of gender issues in the four main sectors of education, health, transport and agriculture. It is headed by the Lao Women's Union and their activities further gender mainstreaming in every government sector including the National Assembly where a new Women's Committee was recently formed. Regarding development, as Lao PDR's main economic development activities pertain to natural resources, especially in the agricultural sector, the policy on the advancement of women addresses the following issues: (i) improving women's productivity, food security and income; (ii) reducing time burdens in agriculture, livestock raising and fishing; (iii) promoting the suitable use of non-timber forest products; (iv) mainstreaming gender concerns in policies, planning, staffing and all activities; (v) enabling gender analysis in needs assessments for project preparation; (vi) promoting women's participation in farmer groups; (vii) improving the sex ratio in the staffing of provincial and district offices and extension workers; and (viii) ensuring a gender sensitive approach to land allocation and land titling.

From a human rights perspective, the message is clear that ethnic groups and women have the same

‘right to development’ as others. Therefore, if the current rapid land concessions and modern development directions prevent them from accessing opportunities for economic and social development, their human rights have been violated.<sup>7</sup> It is a similar situation as in many other parts of the world, because women in Lao PDR are often the main driving force in their communities, playing a key role in ensuring the health, nutrition, education and security of those around them. Investing in women and assuring their participation in development is not only pivotal for their own development, but also for the socio-economic development of their families and communities.<sup>8</sup>

Lao women are economically active citizens and a very large bulk of their work takes place in the informal sector, which unsurprisingly, is poorly recorded. As the country undergoes rapid economic and social changes there are a number of vulnerabilities that have arisen for women in recent years. For instance, in the artisanal tin and other small scale mining that is undertaken in the central-southern part of Lao PDR, about 70–80 per cent of the workers are women<sup>9</sup>. Women participate directly as miners in the production process. As artisanal and small mining activities have expanded, the role of women has also changed and so they have become more engaged in industriously productive roles, undertaking digging and panning for ore as well as the preparation and processing of extracted minerals. Due to these developments it is estimated that about two-thirds of the artisanal miners in Lao PDR are women<sup>10</sup>. In the medium and large-scale mining enterprises however, it is generally the case that only a few women enjoy the same rights as men for employment opportunities. This because these types of mining mostly require knowledge of more mechanized techniques and other specific expertise, which Lao women are not being trained in.

For millennia the livelihood systems in Lao PDR have comprised cultural beliefs (ritual technology), land (territory), the cultivation of rice, corn and vegetables, the raising of livestock as well as natural resources (fish, wildlife and other forest products). The customary land inheritance system varies among the ethnic groups and is related to traditional residential patterns after marriage, which can be either matrilineal, patrilineal or bi-lineal. Officially, all the land is owned by the state and therefore the state gives ‘equal’ rights to its citizens to use the land through a ‘user right permit’ which is issued by the district government. All mineral resources and other natural resources are also owned by the state and the state once again provides a ‘user right permit’ to individuals, companies and organizations to utilize those resources. Unfortunately, a recent development has been that many rural villagers, consisting of mostly ethnic groups, have been denied access to land and natural resources which they have been using for generations.

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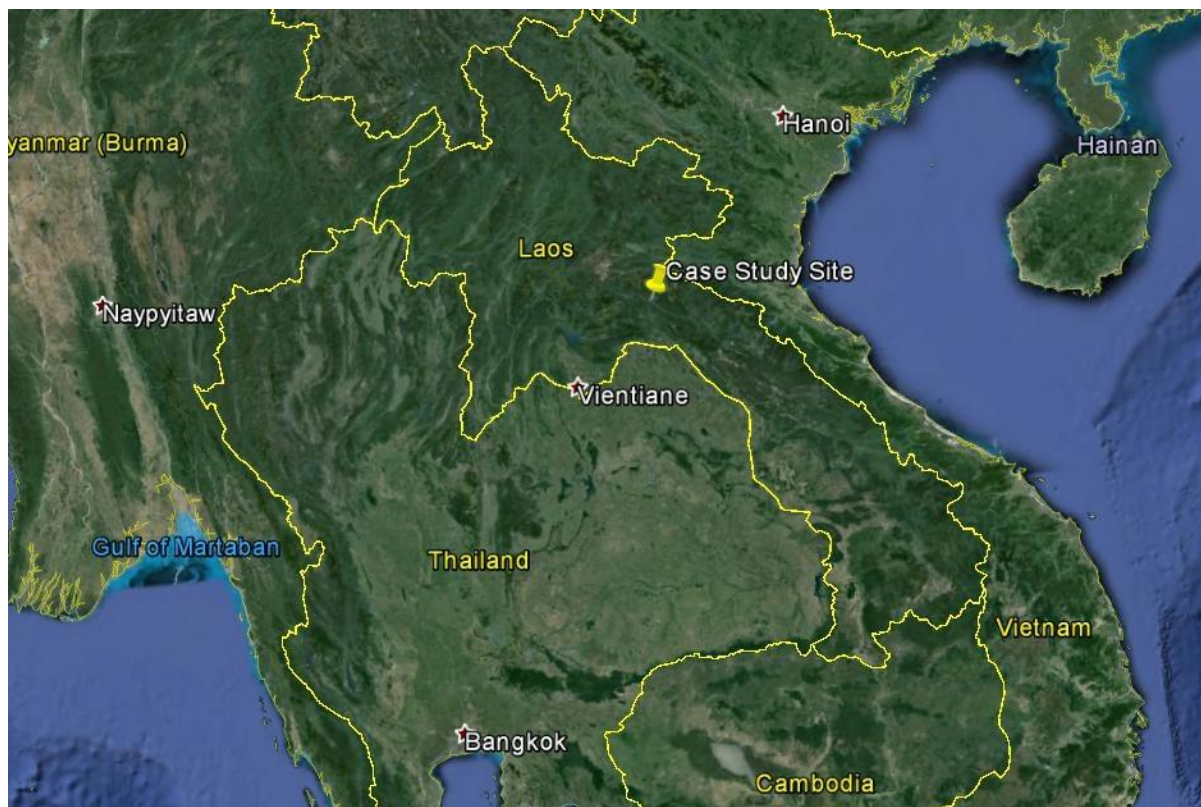
<sup>7</sup> UN, OHCHR. “Right to Development.” <http://www.unhcr.ch/development/right.html>. December 5, 2008.

<sup>8</sup> The World Bank, *Engendering Development Through Gender Equality in Rights, Resources, and Voice* (New York: Oxford University Press, 2001)

<sup>9</sup> Lahiri-Dutt. K and Alexander. K, *Agrarian transition and informal mining in Lao PDR: The meaning of mineral dependence for rural communities*

<sup>10</sup> Lahiri-Dutt. K and Alexander. K, *Agrarian transition and informal mining in Lao PDR: The meaning of mineral dependence for rural communities*

## Case Study: Illegal Mining in the Guise of Eco-Tourism: Khmu Ethnic Group Women and Artisanal Gold Mining in Xaysomboune Province



*Figure 3: Case study location*

This case study took place in Ban<sup>11</sup> Thithnoon, Thathom district, Xaysomboune province<sup>12</sup> (which previously belonged to Xiengkhouang province) where illegal clandestine gold mining has been taking place for the last ten years. The village was established in 1995 as a result of the GoL's relocation policy of merging smaller villages into larger ones. The villagers originate from four main villages previously located in Long Mor (Mor river valley in English), in a remote southeastern part of Xiengkhouang province that lies between 5 to 10 kilometers away from the site of their current village. They are now quite well located along one of the main rivers the Nam Sane and National Road 1D which provides access from the north to the south of Lao PDR, and runs parallel to the main road No. 13 from Xiengkhouang to Savannakhet province. Currently the village consists of 114 households with a population of 700 people (385 females). More than ninety percent of the villagers belong to the Khmu ethnic group, which predominantly lives in the northern part of Lao PDR. The remaining villagers are members of the main ethnic Lao group who the GoL has assigned to be the political representatives of the village and to communicate with the government.

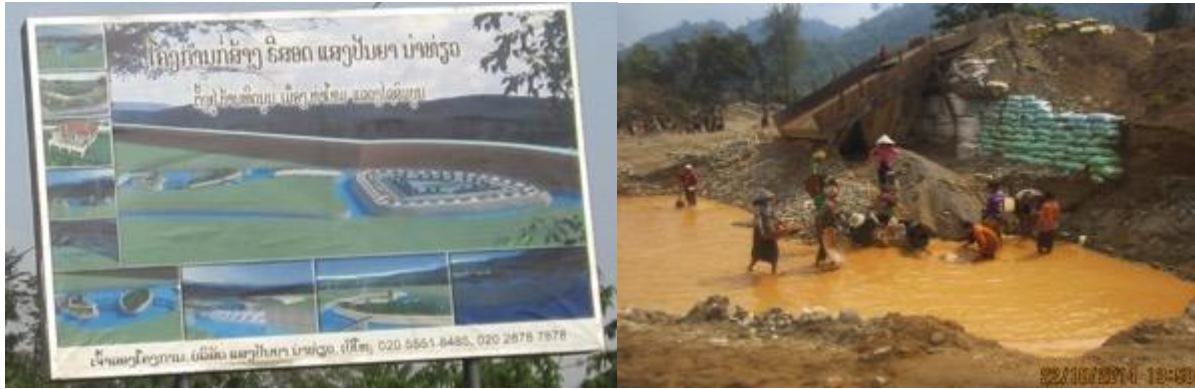
<sup>11</sup> Ban is village in the Lao language.

<sup>12</sup> Xaysomboune was reestablished as a province in June 2014.

The Khmu villages have primarily practiced rotating/shifting cultivation, although gathering, hunting, trapping and fishing are also parts of the Khmu lifestyle. Khmu crops include rice (especially white and black sticky rice), corn, bananas, sugarcane, cucumbers, beans, sesame, and a variety of vegetables. Most of the agricultural work in Khmu villages is done communally, so as to complete tasks with combined strength and to finish them quickly. The traditional arrangement of Khmu households' is related to kinship and marriage and they collectively farm their land, as well as share food and income. This arrangement represents a pocket of solidarity that is linked with the traditions of sharing and extending interest-free loans to family and close neighbours, which is often used as a coping strategy especially in times of food shortage and sickness. As the land is communally owned for the purpose of shifting cultivation, the concept of retaining individual parcels of land is new to the Khmu.

Most of the Khmu are animist and so they believe that the house, village and its surroundings are integrated with the spirits of the land and forest, and therefore houses and villages are considered holy or places of ritual. They also believe that their families are under the protection of a particular totem. Their totem can include birds, plants and animals such as tigers, foxes, boars or eagles that had originally helped their ancestors and would now continue to protect the family. Furthermore they believe that spirits inhabit elements of their natural landscape such as trees, mountains and rivers and many traditional ceremonies are performed to maintain harmony with these spirits. The Khmu are also convinced that the spirits are able to communicate with them through their dreams. One example of such a ceremony is that of the forest spirit (*Hroi Brie* in the Khmu language) when blessing is given at the beginning of the rice harvest. The Khmu believe that they borrow the forest space and time to grow rice; therefore, conducting ritual ceremony for the forest spirit is essential. At this occasion the families will assemble in the rice fields and make an offering of chicken blood mixed with rice wine. After this offering they will call out to the soul of the rice (*Humhlan Ghor* in the Khmu language) and ask for a good harvest before returning land back to the forest as well as harmony among the family, as they all work together in the fields. The actual ceremony is led by the oldest male or female in the family.

Traditionally, many of the Khmu moved every seven to ten years in search of better land for shifting cultivation. Because they are constantly moving, the main Lao Lum ethnic group people refer to the Khmu as the “*Yellow Banana Leaf*” people. The Khmu have strong ties with their land, forests and rivers. The recent rapid economic development, which has flourished through land concessions, has imposed significant impacts on them.



*Figure 4: Left picture: A planned eco-tourism site. Right picture: Women and children mine for gold on an eco-tourism site.*

In the context of the current pace of development, the availability and accessibility of land and forests are becoming the leading issues of concern throughout the country. Land in the rural areas where most of the ethnic groups reside can be secured through approval of permanent land-use types such as the cultivation of paddy rice and plantations. In Thathom district, most of the Lao Lum have managed to secure their land as they chose to practice wet paddy rice cultivation as their main source of food security and income generation a long time ago (although three ethnic Lao Lum villages, in this district, numbering 500 households, will lose their paddy land to Nam Ngiep 1 hydropower development project in 2017-18). Members of the Khmu ethnic group have found themselves to have very limited land security as they have been practicing shifting cultivation for generations. The rapid expansion of rubber and cassava plantations, which have mostly been established by private Chinese and Vietnamese investors in these areas over the past ten years, has induced them to seek and learn techniques to practice permanent agricultural activities. These have mainly consisted of the cultivation of vegetable gardens and cash crops like cassava, sugarcane and corn/maize on their land near their village.

However a number of households in Ban Thidnoon were unable to secure their land due to development. In 2010, a Lao Lum couple came to the village from the central province, who were well-connected with the village chief. Together with the village authorities they announced to the villagers that they were aware of the government's intention to expand rubber plantations in the area and that their land will be taken for this purpose. The best option for them therefore was to sell the land as soon as opportunity arose and to avoid having it taken away by the government without receiving any financial compensation. Furthermore these people informed the villagers of the good news that an investor would be able to help them to not only get money for their land, but also to earn income from tourists and passengers who will be traveling from Vientiane to Xiengkhouang province, as Thathom is half way between these two destinations. On top of this the village authorities instructed the villagers to support this company in setting up an 'eco-tourism resort' next to their



village, as it is located at the confluence of the Nam<sup>13</sup> Sane, the Nam Ynam, and the Huoy Kham (Huoy Kham is Gold Stream in the Lao language). This particular spot happens to offer a view of the two rivers on the one side and the mountain on the other. Additionally, they were told that the Xiengkhouang government is a strong advocate of eco-tourism and encourages such activities and that in this case the provincial and district governors have already agreed with the idea.

The company owners then collaborated with the village chief from 2010 to 2011 to persuade the landowners on the appointed location to relinquish their land for eco-tourism development. As a result the company acquired about ten hectares of land, although it only paid for 1.5 hectares of land that is located on the riverbank to start development. The ten hectares of land belonged to twelve households who are still unsure of their exact areas. For the initial 1.5 ha of acquired land the project owner paid 7 million kip (about USD \$900) to the village chief, which was to be shared amongst the twelve owners. This amount included administrative fees and a village tax of 10%. In the end the twelve landowners received varying amounts from 150,000 to 500,000 kip (about USD\$18 to \$60) for their land.



*Figure 5: The eco-tourism vision and reality*

However, instead of an eco-tourism development being built, there have been a group of Chinese workers excavating the land since 2011. Firstly they remove the earth and soil, then after filtering out the fine sand and putting it into trucks they transport it to Xiengkhouang province where the company owner resides. In the meantime the company has also established a temporary camp for the Chinese workers. The Chinese have been working with two excavator trucks, a Ford pickup truck and two large earth transportation trucks. Two years have passed and there has been no sign of an eco-tourism development, and instead there have only been trucks running in and out with earth and sand.

In 2012 the villagers determined that the Chinese were not only mining for sand, but also mining for gold. As soon as the news spread, almost all of the villagers rushed onto the site demanding a share,

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<sup>13</sup> Nam is river in the Lao language.

because it was formerly their land. The previous landowners complained to the village authorities that the compensation that had been paid was too low, and they have asked for a reassessment of the land. Subsequently they were denied any access onto the site and so from 2012 to 2013 the previous land owners and other villagers were constantly in dispute with the eco-tourism company owner who hired the Chinese to work on the site. The owner then decided to designate his brother and male cousins to be based at the site in order to deal with the villagers. Through the hostile negotiations concerning the sharing of the gold resources and the inadequate compensation that the villagers were paid for the land, they have discovered that the village authority's motorbikes and two Hyundai trucks owned by the village chief and his deputy village are gifts from the owner of the eco-tourism.

In June 2013, Xausomboune was officially reestablished as a province, and incorporated a number of districts, including Thathom district, which were previously a part of Xiengkhouang province. The mining issue has now come to the attention of the new senior provincial government authorities, as the villagers questioned the government field staff during their first visit whether the company's initial intention to establish an eco-tourism development to assist the villagers in generating an income was legitimate. In order to secure the eco-tourism permit that was issued by the Xiengkhouang government, the company owner erected a big billboard on the roadside in late 2013 (see Figure 5). The billboard states *Resort Construction Project Sengpanya Tourism, Located in Ban Thidnoon, Thathom Disitric, Xaysomboune Province*. However the issue is not simply resolved with the presence of the billboard. At the beginning of 2014 the responsible officers from Xasomboune province conducted a site visit and then ordered the company to cease all its activities on the ground. Nonetheless, the company continued to mine gold whilst at the same time trying to acquire a mining permit from the new provincial authorities. Thereafter another site visit was conducted in February 2015 and this time the government forced the Chinese workers to leave the site.

## Mining on the Eco-Tourism Site: Khmu Women and Artisanal Gold Mining

The Khmu ethnic group women are often more active than the men in terms of socio-economic activities and the development of livelihoods. The focus group discussions with men and women revealed that while the men are only active according to the demands of seasonal labour, the women are working throughout the whole year. In the past, the Khmu had a break from the rice fields after the harvest which lasted from December to April and during this time the women were busy collecting non-timber forest products (NTFPs) while the men were out hunting and fishing. Now that they have settled next to the main road and have a considerably reduced land size, they are not able to



*Figure 6: The Khmu Women and Girls at the Eco-Tourism Site*

produce an adequate amount of upland rice in order to support their families throughout the whole year. Furthermore the land and forests, which used to provide their food and support their livelihoods, have now been replaced with private rubber and cassava plantations.

For many years, traditional gold mining has been practiced by the local villagers in this area besides the collection NTFPs and this includes the Khmu communities. The reason, according to an old Khmu couple in Ban Thidnoon, is that gold mining was introduced by the Vietnamese who worked for the French in the early 1900s. The villagers use wooden pans to mine gold which is usually only done on the river banks of the Huoy Kham (the gold stream), the Nam Sane and the Nam Ynam during the dry season. The villagers said that while rice and NTFPs production serve their daily dietary requirements, artisanal gold mining is their main source of cash income.

From 2005 to 2008, a group of Vietnamese were operating using sand filtration machine out of a camp at Nam Ynam and mining the Huoy Kham stream. However the villagers and the Vietnamese were not in conflict with each other because the Vietnamese allowed the villagers to mine the riverbanks close to the sites where they were mining. The women would follow the Vietnamese to

pick up the leftovers from each day and through this became familiar with different potential sites for gold mining along the three riverbank. However in 2008 the Vietnamese accidentally spilt cyanide into Nam Sane killing 60 buffaloes and 30 cows along with fish. After this incident the villagers from Ban Thidnoon have not seen the Vietnamese return to the site, but in the meantime, the women continued artisanal gold mining during each dry season.

In 2012, when the villagers learned that the eco-tourism site is in fact a gold mine, the conflict started between almost all of the villagers and the company, as they also wanted to be able to mine for gold. In the last three years, the company owner worked closely with the village authorities to try and deal with the theft of gold ore. One of the informants said,

“We were not allowed to go close the where the Chinese were working. They were mining for gold every day and thereby creating muddy water and rechanneling the direction of the river due to the accumulation of soil. Furthermore earth and sand ran into our fields. We stole their ore whenever we could; we went into the site to take their ore during their lunch breaks and we got up at 1.00 or 2.00 am when they were sound asleep.”

In the past, Khmu women would treat artisanal gold mining as supplementary work during the dry season. Presently, as they are unable to depend on the natural forests, and large parts of the land area have been converted into industrial tree plantations, artisanal gold mining has become an alternative livelihood option. Furthermore, villagers reported that, despite the government’s policy of promoting stable agricultural production, especially cassava, sugarcane and corn/maize as well as industrial plantations, they are currently unable to rely on these cash crops. The reasons given are that the price of these crops is very low whilst the investment costs for preparing the land and fertilizer is very high. Intensive labour is also required Some of the households spent a large part of their incomes on tractors to prepare their land for cultivation, as well as fencing and weeding. In the end they only received a very low rate of return, and some villagers said that they did not even manage to get their investment back. Traditional artisanal gold mining on the river banks has provided them with an alternative cash income for many years as they are able to earn between 25,000 kip and 100,000 kip (or USD \$3 to \$12) a day. Furthermore they added that they can earn up to 300,000 kip or \$40 per day by stealing gold ore from the eco-tourism Company.

There are a few gold dealers from Xiengkhouang and Vientiane who come almost every week to buy gold from the villagers. They said that these dealers sell their gold directly to Khamphouvong gold shop at the Morning Market in the capital Vientiane.

## **Conclusion/Discussion**

In the past decades Lao PDR has enjoyed a steady positive economic growth. The main driven factors are the high inflows of foreign direct investment (FDI), especially in the natural resource

sectors of industrial crop plantations, timber, hydropower and mining. The GoL has set mining as a priority sector for national socio-economic development and national revenue. It offers a comparative advantage with low labour and production costs as well as low tax structure. Land concession price for the extraction of mineral resources, industrial timber plantation, cash crop production, and hydropower development is very low and this has resulted in massive land concession. While there is rapid expansion of the market economy, Lao PDR remains lack proper regulatory, institutional capacities and mechanisms to balance the competing uses of land and natural resources. Most of the current economic development operations are without an adequate assessment of the social, economic and environmental impacts on the people and their livelihoods.

The case study of the Khmu ethnic group women in Ban Thidnoon suggests that the rapid economic development, in the form of modern agrarian transitions, has resulted in people being dispossessed from land and forest resources, creating a reliance on the unstable price of cash crops and engaging in illegal gold mining. The villagers' point of views suggests that the artisanal mining activities were undertaken as supplement agricultural and other rural incomes for many generations and that they were earning between \$3 and \$12 a day. Additionally, the villagers have reported that in the past few years they are unable to depend on the natural forests, and large parts of the land area have been converted into industrial tree plantations, artisanal gold mining at the eco-tourism site has become an alternative livelihood option, which they could earned up to \$40 a day. This factor has resulted in an increasing number of Khmu women from Ban Thidnoon in artisanal illegal mining.

From this perspective, this case study suggests that it is important to note that artisanal gold mining is a source of income for the villagers where they may earn beyond the indicated poverty line. In this regards, it is also important to promote further research on whether the communities/villagers, who are either in the processes of or already have lost their land and natural resources, can rely on artisanal mining as a source of incomes. The research should aim to contain concrete, realistic and practical recommendations, which can contribute to the current mining policy development process that aim to legally allow the community members/villagers to explore the possibility of income generation through artisanal gold mining.