The Poverty Reduction Fund (PRF) was established in 2002 under the guidance of the Government of Lao P.D.R. **PRF exists to build local capacity and to be a model for community driven development (CDD) approach**. The previous 8 years saw PRF success in many areas. The project supported 3,179 sub-Projects in areas such as education, health, roads and agriculture and forestry; over 400,000 people living in poor remote villages benefited from project activities every year.

All of these are crucial contributions to community livelihood improvements in target areas, which also empower the community to be in charge of their own development.

In order to achieve poverty reduction targets especially, the Millennium Development Goals (MDGs) by the year 2015 and for Lao to rise above the Least Developed Country (LCD) category by 2020, the Government of Lao P.D.R. is supporting a second phase of the Poverty Reduction Fund. The implementation of this second phase will be similar to PRF Phase I, and draw on PRF’s successes in empowering local communities to participate in their community development process, from planning to sub-project preparation, implementation and management. In addition to this, PRF’s approach is consistent with the 3rd National Meeting on Grassroots Governance and Integrated Rural Development, and especially, the official speech of the Secretary General which stated “Rural development is the first and foremost development battlefield. Therefore, we need to build development capacity in the village and in the people. People and especially, the poorest and women, are the first, most important priority in any development. Development must start with the people so they can take ownership of their own development”.

The Poverty Reduction Fund Phase II has a challenging mission with increased coverage. Consequently, to achieve its aims, in the name of Minister to the Government’s Office, President of National Committee for Rural Development and Poverty Eradication, President of the Poverty Reduction Fund Administrative Board, I would like to request the support and cooperation of all those involved in Lao’s development and especially, the partition of national, provincial, district and village authorities, and the people in target villages in PRF’s implementation over the next 5 years (2011-2016) and achieving its objectives.

We can empower communities and with them reduce poverty in Lao P.D.R.