



MILLENNIUM DEVELOPMENT GOALS

PROGRESS REPORT ■ LAO PDR

2008

Jointly prepared by the Government of the Lao PDR and the United Nations



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Foreword

The Government of Lao PDR endorsed the Millennium Declaration at the UN Millennium Summit in September 2000. The Declaration, and the eight Millennium Development Goals (MDGs) that were derived from it, sets out overall goals and specific targets to reduce human poverty in the world. In 2008, the halfway point to the target year of 2015, the Government of Lao PDR remains strongly committed to the MDGs through implementing its National Socio Economic Development Plan.

The second MDG Progress Report for Lao PDR 2008 has been prepared by the National Technical Working Group and the UN Theme Groups under the guidance of the National Supervisory Committee on the Millennium Development Goals. This Report assesses the progress made against the specific indicators and targets of the MDGs, the status of the current policy environments in development areas, as well as the challenges to overcome in order for the country to achieve the MDGs by 2015. It demonstrates the commitment of the Government and development partners of Lao PDR to meeting the Goals and improving the welfare of its people.

In the four years since Lao PDR published its first MDG Report, significant progress has been made in many sectors. However several challenges remain, and at this halfway point to 2015 the impetus towards achieving the Goals must continue to grow. The findings of this second Report provide analysis about how sustainable agriculture can ensure the reduction of poverty and malnutrition, and how universal access to quality healthcare can improve maternal and child mortality rates. The findings also emphasise the need for capacity building and managerial improvements in areas such as education and environmental regulation.

The Report needs to be read and understood in a context that recognises that factors external to Lao PDR will have an impact on the pace with which the MDGs are achieved, notwithstanding the very committed efforts made to attain them. Lao PDR's economy needs to continue growing at a steady pace. Rising food and oil prices and the global financial crisis will have a significant impact on the national economy, and on reaching the MDG targets.

With the continued support and collaboration of the international community, the United Nations Country Team, as well as the donor countries, I believe Lao PDR can and will continue to make great strides towards achievement of the MDGs by 2015 and exiting Least Developed Country Status by 2020.



Dr. Thongloun Sisoulith
Deputy Prime Minister, Minister of Foreign Affairs.



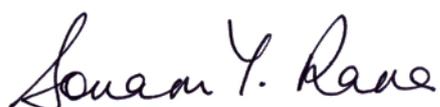
Foreword

This second MDG Progress Report for Lao PDR 2008 constitutes a cornerstone of the national efforts to monitor progress towards the realisation of Lao PDR's obligations under the Millennium Declaration and the Millennium Development Goals (MDGs). This report not only provides an opportunity to take stock, but also gives a special opportunity to the Government to reaffirm its political commitment and focus the national development debate, ensuring poverty issues are prioritised in the national development agenda. Its release comes at a crucial time as the Government begins preparing its 7th five-year National Socio-Economic Development Plan (NSEDP), 2011-2015. This report will now provide a framework for the next phase of national development planning and will also guide future collaborative efforts between the development community and the Government.

Since the last MDG Report in 2004, we have seen a sustained decline in income poverty, placing the country well on track for achieving the MDG target to halve extreme poverty. This is a tremendous achievement, and shows that the focus on the poorest districts and the shift in public rural investment programmes toward rural infrastructure, construction particularly of roads and irrigation, proved to be the right policy choice. While there can be no doubt that successful poverty reduction is central to achieving the other MDGs, the Report shows that poverty reduction alone is not sufficient to achieve, for instance, the MDG target on halving the proportion of people who suffer from hunger. The high prevalence of malnutrition rates, particularly among children, underscores the need for cross-sectoral planning and action, to respond to the complexity of factors involved. The MDG Report makes it very clear that if it is not addressed promptly and effectively, the scale of child malnutrition in Lao PDR, could, in the long term, offset the progress made on the second, third, fourth and fifth MDGs. Other challenges to MDG achievement relate to the reduction of continuing very high maternal mortality rates in the country, and to the requirement to balance the productive utilisation of the country's natural resources with their sustainability. A series of response actions by the Government are already underway in all these areas. It is critical to ensure that action is stepped up as part of the 7th Plan, with the ultimate objective of ensuring that all Lao people are equally empowered to reap the benefits of development.

In these times of global financial crisis, which endangers developing countries' continued growth and stability, the MDGs become even more important. Lao PDR is not a safe haven from the repercussions of the financial crisis. What the exact effect will be remains to be seen, but the challenge now lies in executing our pledges in spite of the crisis, and making the right investments. This will require a great deal of hard work, and strong, innovative partnerships. It is essential that development partners stay the course and continue their support for MDG achievement in Lao PDR, at the same level as currently - or above. Now, when the Government's own resource generation from mining and hydro power is already not yet fully sufficient to make the necessary investments for critical development interventions, and might possibly slump as an effect of the crisis, decreasing assistance levels could have devastating consequences for the lives and livelihoods of the Lao people. The next years, however, are the critical make-or-break years for MDG achievement.

The United Nations Country Team, in collaboration with its partners, will further strengthen its support to the Government in creating the necessary enabling environment within the country to ensure achievement of the MDGs by 2015.



Sonam Yangchen Rana
UN Resident Coordinator

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Abbreviations

ADB	Asian Development Bank
AFTA	ASEAN Free Trade Area
ARI	Acute Respiratory Infection
ARV	Antiretroviral
ASEAN	Association of Southeast Asian Nations
CEDAW	Convention on the Elimination of All Forms of Discrimination Against Women
CFC	Chlorofluorocarbons
CFSVA	Comprehensive Food Security and Vulnerability Assessment
CHAS	Centre for HIV/AIDS/STI
CMPE	Centre for Malaria, Parasitology and Entomology
DOI	Digital Opportunity Index
DoS	Department of Statistics
DOTS	Directly Observed Treatment – Short Course
EFA	Education for All
EIA	Environmental Impact Analysis
ESDF	Educational Sector Development Framework
ESITC	Education Statistics and Information Technology Centre (Ministry of Education)
FAO	Food and Agriculture Organisation of the United Nations
FIVIMS	Food Insecurity and Vulnerability Information and Mapping Systems
FTI	Fast Track Initiative
GDP	Gross Domestic Product
GHG	Greenhouse Gas
GMS	Greater Mekong Sub-region
GNI	Gross National Income
GNP	Gross National Product
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome
ICPD	International Conference on Population and Development
ICT	Information and Communications Technology
IEC	Information, Education and Communication
IMCI	Integrated Management of Childhood Illnesses
IMR	Infant Mortality Rate
ITU	International Telecommunications Union
IUCN	International Union for the Conservation of Nature
IUD	Intra-Uterine Device
LDC	Least Developed Country
LECS	Lao Expenditure and Consumption Survey
Lao PDR	Lao Peoples' Democratic Republic
LRHS	Lao Reproductive Health Survey
LSIS	Lao Social Indicator Survey
MCH	Mother and Child Health
MDG	Millennium Development Goal
MICS	Multiple Indicator Cluster Survey
MMR	Maternal Mortality Ratio
MAF	Ministry of Agriculture and Forestry
MoE	Ministry of Education
MoF	Ministry of Finance
MoFA	Ministry of Foreign Affairs
MoH	Ministry of Health
MPI	Ministry of Planning and Investment
MRC	Mekong River Commission

NCAW	National Commission for the Advancement of Women
NCCA	National Committee for the Control of AIDS
NGPES	National Growth and Poverty Eradication Strategy
NGO	Non-Government Organisation
NSAP	National Strategic and Action Plan
NSC	National Statistics Centre
NSEDP	National Socio-Economic Development Plan
ODA	Official Development Assistance
ODS	Ozone-Depleting Substances
OECD/DAC	Organisation for Economic Cooperation and Development/Development Action Committee
PIP	Public Investment Plan
PPA	Participatory Poverty Assessment
PPP	Purchasing Power Parity
PTA	Parent-Teacher Association
SBA	Skilled Birth Attendant
SIDA	Swedish International Development Agency
SMEs	Small and Medium Enterprises
STEA	Science, Technology and Environment Agency
STD	Sexually Transmitted Disease
STI	Sexually Transmitted Infection
TB	Tuberculosis
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNFCC	United Nations Framework for Climate Change
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organisation
UNFPA	United Nations Population Fund
UNODC	United Nations Office on Drugs and Crime
UXO	Unexploded Ordnance
WDI	World Development Indicators
WFP	World Food Programme
WHO	World Health Organisation
WSIS	World Summit on the Information Society

Executive Summary

The first Millennium Development Goals (MDG) Progress Report for Lao PDR, in 2004, played a very important role in establishing baselines and tracking progress on targets of the first seven MDGs; Goal 8 was not reported on in the first report. It showed that the country still faced considerable obstacles and challenges in achieving the MDGs.

The timing of the second MDG Progress Report is particularly important because (i) more reliable data are now available on all indicators; (ii) in 2007 the midpoint was reached between the adoption of the Millennium Declaration and the 2015 target date, and it is useful to review progress at the halfway stage and plan for the remaining period; and (iii) it will help Lao PDR and its development partners take stock and review progress during the 2000-07 period so as to identify areas where additional effort is needed to implement the National Socio-Economic Development Plan (NSED) 2006-10 and meet the MDG targets by 2015. Because of data constraints, some baselines and targets for some indicators were changed. A new baseline year (instead of the global 1990) was set, and some targets were revised on a pro rata basis. The aim of revising targets is not to lower the bar for achieving the MDGs; indeed, the MDGs are aspirational goals that are meant to propel action. These Goals must be translated into operational strategies, and so should be also realistic and achievable.

Since the release of the first MDG Report, Lao PDR has been successful in sustaining its robust economic growth, with real Gross Domestic Product (GDP) growth of 7 percent and more. This is well beyond the economic performance of other landlocked Least Developed Countries (LDCs) in Asia and the Pacific. Economic growth is an important prerequisite for poverty reduction, and the analysis conducted in the context of this second MDG Report clearly shows that poverty rates are declining. The challenge for continued poverty reduction in Lao PDR, however, is to sustain the level of economic growth achieved over the previous decade while enhancing equitable distribution across provinces and to rural areas. Rapid reduction in poverty achieved since 1992-93 points toward the Government's increasing capability to improve the lives of the Lao people in a single lifetime. At the halfway stage of the Millennium Declaration, Lao PDR is at a critical stage where it is looking beyond 2015 and toward 2020, the deadline by which time the Government wants to graduate from LDC status.

Overall, it appears at this stage that Lao PDR is well on track for meeting targets such as those on primary enrolment and child mortality reduction. Challenges remain, however, with regard to other targets such as the reduction of hunger, which need strong and sustained attention from the Government and its development partners. Wide disparities exist between people living in urban and rural areas, uplands and lowlands, and Lao native speakers and ethnic dialect speakers, in terms of their ability to reap the benefits from economic growth and experience improved livelihoods, as well as quality health and education. The task of including the country's many ethnic groups in national development is complex, and the second MDG Report clearly shows that achievement of the MDGs depends on this.

MDG #1 – Eradicate Extreme Poverty and Hunger

Poverty in Lao PDR declined steadily from 46 percent to 33 percent during the decade 1992-2002, and the country is on course to attain the MDG target of halving poverty by 2015. While the incidence of poverty has declined, and the poor are getting less poor on average, the share of the poorest quintile in national consumption also fell from 9.6 percent to 8 percent. This suggests an increase in inequality during 1992-2002, thereby confirming evidence from other sources about increasing disparity among the poor and the non-poor.

Food poverty declined faster than overall poverty between 1992-93 and 2002-03, and the average number of months without sufficient rice in villages dropped between 1997-98 and 2002-03. However, malnutrition remains a significant concern in Lao PDR. Estimates suggest that despite considerable efforts, 37 percent of children younger than five years of age are underweight. Chronic malnutrition, or stunting, also remains a major issue, affecting 40 percent of children under five, and requires urgent attention by both Government and the development community. As a first step, it is recommended to include stunting as an additional MDG indicator for Lao PDR to ensure constant monitoring and action.

Following the widespread conviction that poverty can only be reduced if people have a decent and productive job, a new target on employment was added under MDG

1 in 2006: Reaching full and productive employment and decent work for all, including women and young people.

While the economy has grown considerably in the last two decades, with a significant slice of growth originating from the non-agricultural sector, sectors that create work and are skills-based have not grown in equal measure. As a result, the overall structure of the workforce has not changed, with around 80 percent of workers still engaged in subsistence-oriented agriculture and associated activities.

Meeting the targets: Economic growth is necessary, but not sufficient for poverty reduction. To continue to achieve significant reductions in poverty, Lao PDR needs to diversify its economy and give further attention to strengthening the agricultural and manufacturing sectors. This will allow for more broad based and equitable growth and skills development. Additionally, attention must be given to the development of rural infrastructure and improved opportunities and wages of the unskilled workers. Lao PDR has the potential for high rates of sustainable agricultural growth that are key to continued reduction of rural poverty; aiming for a rate of 5 to 6 percent in the next decade is reasonable. Achieving this will involve transitioning from reliance on extensive growth to a future that will depend more on intensive sources of growth.

Poverty reduction alone also is not sufficient to meet the targets on reducing malnutrition. In other words, poverty reduction will not automatically result in an improved nutrient dietary intake. An urgent need exists for inter-sectoral policies to address both malnutrition and poverty in a comprehensive way. In response to this need, an inter-sectoral Nutrition Policy is being set up, which acknowledges that nutrition is central in development; it has listed 10 main objectives for 2020.

MDG #2 – Achieve Universal Primary Education

Education is among the better-performing sectors in Lao PDR, as reflected in continuous progress across all key indicators. Net enrolment rates in primary schools rose from 58 percent of primary school-age children in 1991 to 84 percent in 2005. Progress in retention of students at the primary level, however, is slow, as in other countries of a comparable level of human development. The primary completion rate increased by slightly more than 1 percentage point per year during the period 1991-

2003. At this rate, the MDG target looks beyond reach. Literacy rates increased nationwide, and priority districts improved more than the national average. At primary age (basic education), literacy almost doubled, from 31 percent to 58 percent. The increase in the secondary age groups was more modest.

National averages hide variations across regions, and often provinces with low enrolment rates are those with high proportions of rural, poor and children of different ethnic dialect speaking groups. Considerable differences persist in literacy rates between Lao native-speaking and ethnic dialect speaking groups.

Meeting the targets: Pushing up enrolment and literacy rates are usually the first policy interventions of any government. While progress on both these indicators has been satisfactory so far in Lao PDR, reaching the last 15 to 20 percent of the population is always hard and will require additional efforts and resources. It also is important to ensure that the Government's push toward attaining the MDG enrolment and literacy targets is such that it benefits all people, regardless of their geographic location, gender or wealth.

Effective public expenditure management reform is required to allocate adequate resources and infrastructure across provinces in order to allow all pupils to complete primary and lower secondary education; improve the quality of education and curriculum; and develop a pool of trained teachers. This will contribute to building the nation's human resource capacity and extending educational opportunities to all. Special efforts should be made to extend the benefits of education to people without adequate access to basic education. Improvement in enrolment rates should be combined with improvement in teacher training to ensure modern methods of teaching sciences, languages and technology.

MDG #3 – Promote Gender Equality and Empower Women

To achieve gender equality, it is necessary to place women's empowerment at the centre of national development plans. This includes ensuring that women and girls enjoy a set of basic human capabilities, as measured by indicators on education, health, and nutrition; have equal opportunities to use or apply their basic capabilities, including in non-agricultural wage employment and political representation; and have reduced vulnerability to violence and abuse.

Elimination of gender disparity in education in Lao PDR has made slow progress. Fewer girls than boys are enrolled at all levels, and this share is even lower at higher education levels. The number of girls per 100 boys in primary education has risen from 77 in 1991 to 86 in 2006. Over the same period, indices for lower secondary education improved from 66 percent to 78 percent, for upper secondary from 56 to 74 percent, and for tertiary from 49 to 62 percent. Low educational levels of girls adversely affect women's prospects of non-agricultural wage employment. In the 10-year period (1995-2005) for which data are available, the share of women in wage employment increased less than 1 percentage point per year, close to the rate at which girls narrowed the school enrolment gap. Because of the very slow pace at which the gender gap is closing, however, achieving the MDG targets for elimination of gender disparity at all levels of education by 2015 seems ambitious.

The picture is different when it comes to women's political representation. The proportion of women members of the national legislature tripled between 1990 and 2003 and is among the highest in the region. More analysis is needed to assess whether or not, and to what extent, policy priorities have shifted as a result, to focus more on benefits for women, children and families. At the same time, the national trend of increased women's representation has not yet been extended in equal measure to the sub-national levels, where the real rigidities on gender roles may lie.

Meeting the targets: Meeting the Goal 3 targets requires a better understanding at all levels of the dynamics that sustain and/or create gender inequalities, as well as targeted policies, strategies, actions and re-prioritised public expenditures. This, in turn, requires committed leadership and political will. Because gender inequality is deeply rooted in entrenched attitudes, societal institutions and market forces, political commitment at the highest national level is essential to institute policies that can trigger social change and to allocate the resources necessary to achieve gender equality and women's empowerment.

Establishment of the new Lao National Commission for the Advancement in Women (Lao NCAW) provides an excellent opportunity for the Government to mainstream gender issues across sectors. In addition, although the Government has begun to collect data disaggregated by sex, a need exists to further pursue data collection and dissemination on gender issues, in order to better sensitise

decision makers and communities to the problems faced by the female population.

MDG #4 – Reduce Child Mortality

Nationally, Lao PDR's child mortality indicators are improving satisfactorily. The under-five mortality rate declined from 170 to 98 per 1,000 live births, and the infant mortality rate from 104 to 70 between 1995 and 2005. At this rate, the 2015 MDG mortality targets seem within reach, although mortality rates are much higher in rural areas, particularly in the most remote districts.

However, the progress in mortality indicators is not matched by equally steady progress in immunisation of one-year-old children against measles. Until 2007, the proportion of children immunised remained more or less constant, at around the low proportion of 69 percent. While the recent measles immunisation campaign reached more than 95 percent of the target group following a concerted mobilisation of high-level political support and resources, the challenge now is to make necessary institutional changes to sustain this success.

A cause of concern is found in the child malnutrition figure, which has remained around the 40 percent mark over the past decade. Insufficient nutrition makes children more vulnerable to communicable diseases such as malaria and dengue fever, acute respiratory infections, diarrhoea and vaccine-preventable diseases such as measles and meningitis, for those children who are not reached by immunisation campaigns. In turn, children who are not reached by essential child health care services are more vulnerable to malnutrition. The fact that child mortality has declined at the same time may be because of increased access to primary health care services such as village drug kits, village health volunteers, medical and preventive outreach services and easy access to antibiotics.

To obtain an overall perspective on the state of child health in Lao PDR, it is important to view the progress in overall child mortality against progress in inter-related indicators such as immunisation, nutrition and access to health services. This will help to devise suitable interventions in order to stabilise the positive trend.

Meeting the targets: Most child deaths are caused by neonatal conditions and communicable diseases, in particular malaria, acute respiratory infections, diarrhoea and epidemics such as dengue fever, measles or meningitis.

To address this, the Government must tackle some of the more difficult problems, such as ensuring universal access to quality health care, and particularly skilled birth attendants; combating malnutrition; and increasing and sustaining immunisation coverage. Again, this needs to be done in a way that benefits all people regardless of their geographic location, gender or wealth.

MDG #5 – Improve Maternal Health

It is widely acknowledged that to reduce maternal mortality, women need access to broader reproductive health services, especially family planning, ante-natal care, skilled assistance at birth and access to emergency obstetric and neonatal care for management of complications.

The Maternal Mortality Ratio, or MMR, is as difficult to estimate accurately, without a strong vital registration system for births and deaths, as it is to reduce in a short span of time. As revealed by the 1995 and 2005 population censuses, Lao PDR appears to have progressed in reducing maternal mortality, from 650 deaths per 100,000 live births in 1995 to 405 in 2005. Irrespective of estimated progress, the maternal mortality ratio is one of the highest in the region, and it is a great challenge for Lao PDR to reach the MDG5 target given the current low levels of investment for maternal health. Reduction in maternal mortality is dependent upon a number of complex factors, and assessing progress on maternal mortality requires a review of these factors. Equally, the MMR does not measure maternal health, for behind every woman who dies from complications during pregnancy or childbirth, 20 women survive but suffer from ill health or disability. Serious investments will be required for Lao PDR to achieve this target.

Most pregnancy-related deaths occur around the time of delivery, or soon after a termination. Increasing the proportion of births attended by skilled health personnel and with referral capacity to emergency obstetric and neonatal care will significantly reduce maternal and perinatal mortality. The MDG indicator on proportion of births attended by skilled personnel increased by less than 5 percentage points between 1994 and 2005. Meanwhile, universal access to reproductive health is measured by indicators on access to and usage of contraception, ante-natal care and adolescent fertility; while progress has been significant in access to and use of contraception, the proportion of births to women receiving antenatal

care remains low, at 28.5 percent. Early marriage and pregnancy are still the norm in rural areas, where access to life-saving services in case of pregnancy-related complications is limited.

Meeting the targets: Priority interventions include family planning to reduce unwanted pregnancies, presence of skilled birth attendants at deliveries, and access to emergency obstetric and neonatal care. These interventions will only be effective, however, if they reach out to women in rural and remote communities.

Improvement in the population's health status is a central priority of the NSEDP. Some impressive achievements sit alongside limited progress in certain key areas. A 25 percent reduction in the age-specific fertility rate, along with the doubling of the contraceptive prevalence rate from 1995 to 2005, are remarkable outcomes. On the other hand, the slow increase in the number of births assisted by skilled attendants and the limited availability of emergency obstetric and neonatal care suggest weaknesses in health service provision that could threaten further progress on MMR.

In order to increase use of health services and provide the reproductive health care needed to improve maternal and neonatal health, investment in training and capacity strengthening for health personnel, especially skilled birth attendants, is required. Health systems must meet minimum standards in terms of human resources, infrastructure, supplies and management. Consequently, recurrent budget expenditures for the health sector, including reproductive health, need to be increased, and sufficient revenue should be directed to the health sector in general.

MDG #6 – Combat HIV/AIDS, Malaria and Other Diseases

HIV prevalence in the general population in Lao PDR remains low, but varies considerably between risk groups and locations. While knowledge of disease transmission is high, a large gap still exists between knowledge and desired behaviours. Correct and consistent use of condoms is low, and levels of Sexually Transmitted Infections continue to be high among service women.¹ Because Lao PDR is surrounded by countries with high HIV prevalence, and is experiencing an increase in mobility of its working-age population within and across its borders, the threat of an expanding HIV epidemic in the country remains real.

¹ "Service women" is an overall term used for women who sell sex either for money or in-kind benefits, working in small drink shops and nightclubs, or can be contacted by clients via other means.

A large proportion of the Lao population is exposed to malaria, with an increase in the morbidity rate in the early 1990s. Since then, there has been an appreciable drop, which may be due largely to the increase in number of people sleeping under insecticide-treated bed nets. Death rates from malaria fell from 9 per 100,000 in 1990 to 0.4 in 2006. Even so, a lot of ground remains to be covered to meet the MDG target. At the same time, considerable progress has been made in tuberculosis (TB) case detection and cure, and the related MDG target seems to have been achieved by 2005.

Meeting the targets: While the prevention of new HIV infections will remain the priority in Lao PDR, care and support services, including antiretroviral treatment, need to be scaled up. The full package of services needs to be expanded and sustained among appropriate target populations. Blood transfusion services should ensure proper cross-matching, and the following of proper guidelines in administering blood and blood products.

Combating malaria and TB on a sustained basis requires new drugs to fight resistant malarial parasites and new strains of tuberculosis that are multi-drug-resistant and associated with HIV infection. Availability of insecticide-treated bed nets also needs to be expanded through both Government distribution and social marketing. Funding sources for tuberculosis and malaria control require more diversification, since heavy reliance on donor funding make both programmes potentially vulnerable to reversal of their achievements.

Efforts must be made to strengthen cross-border malaria control. A need exists for early detection and effective treatment of malaria through comprehensive primary health care approaches. Community participation also is critical to ensure early detection.

MDG #7 – Ensure Environmental Sustainability

The recent increase in economic activities linked to the country's natural resources has had an impact on environmental quality. Given the limited diversification of the Lao economy, forests, while being a critical component of the ecosystem, also remain an important source of livelihoods. Lao PDR's forest resources, which once covered about 70 percent of total land area, had declined to 42 percent by 2002. Widespread soil erosion resulting from the loss of forest cover, especially in the uplands, and shorter fallow periods lead to declining agricultural productivity. Hunting, illegal trade and gathering in

addition to the loss of habitat is having a detrimental effect on Lao PDR's wildlife. In light of the extensive loss of forest cover in the past decades estimated at 134,000 p.a., an order was issued by the Prime Minister in 2007 enacting clearer and stricter measures to control logging and wood business. Continued attention will be given to ensuring that the necessary exploitation of the country's natural resource base is done in a sustainable manner.

Although Lao PDR is a minor contributor to climate change, climate change at global and regional levels may have significant impact on the country. Lao PDR's contributions to greenhouse gas emissions were mainly related to widespread use of fuel wood and swidden agriculture, or slash-and-burn farming. The conservation and sustainable management of agricultural biodiversity can play a role in adapting to the effects of climate change. Global and regional climate change scenarios and their impact on the people of Lao PDR should be considered.

With total surface water of more than 55,000 m³ on an annual per-capita basis, Lao PDR has the highest per-capita water supply in Asia. Hydropower generation, which has been developed to less than 8 percent of its estimated national potential, is an important contributor to the country's economic stability. There are Government plans to exploit this potential further to generate much-needed additional revenues. However, given the country's dependence on the Mekong River for its resources -- the River is a major source of fish for human consumption and a key transport route -- strengthened attention will be required to ensure that the expansion does not negatively impact the livelihoods of the people and the revenue generating capacity of the country in relation to fisheries and riparian transport.

In line with targets of the NSEDP, Lao PDR has made good progress on expanding access to safe water and sanitation over the last decade. The proportion of people with access to safe drinking water and basic sanitation increased significantly during the period 1990-2007. Access to safe drinking water is more widespread than access to basic sanitation, although performance across provinces is varied. Access in rural areas is determined by location: More remote provinces and those with fewer roads are likely to have lower coverage. Safe water access is worse during the dry season because of the lack of rainwater, and access for poor households is about 10 to 15 percentage points below access for non-poor households.

Meeting the targets: The Government has enacted a wide array of legislation, regulations and action plans for environmental conservation and protection, including in other sectors such as health. The Environmental Protection Law 1999, supported by its Implementing Decree 2002, is the principal environmental legislation. It includes measures for the protection, mitigation and restoration of the environment, as well as guidelines for environmental management and monitoring. The Prime Minister's Decree on Health Impact Policy was enacted in 2007 to safeguard public health. National Environmental Health Action Plans are being drafted to provide multi-sectoral collaboration and cooperation on environment and health programmes in the country.

The capacity of various institutions to implement and enforce environmental regulations, as well as environmental action plans, needs strengthening. In addition, awareness needs to be increased among the public of the correlation of environmental protection and public health. The Forestry Law was amended in 2007 to strengthen sustainable management of forests, and the Wildlife Law also was enacted to provide a stronger legal framework for biodiversity conservation. Implementation and enforcement of these laws are essential for meeting the targets.

In addition to continuous donor support, reaching the safe water and sanitation targets will require decentralised delivery models through community participation and cost sharing.

MDG #8 – Develop a Global Partnership for Development

As noted above, MDG 8 was not reported upon in the MDG Report 2004. Targets in Goal 8 relate to Official Development Assistance (ODA), market access, debt sustainability, access to essential drugs, and access to telephone, Internet and cellular services. The Government, in consultation with the international community, has developed locally relevant indicators and targets that are both useful and possible to consistently report on over time.

Lao PDR's exports are concentrated on very few products, namely garments, wood and wood products, electricity, coffee, forestry products and, more recently, mining. The share of mining exports has grown rapidly since 2000 and accounted for more than half of the country's total export

volume in 2006. Overall, expanding exports play a major role in Lao PDR's growth, rising at more than 11 percent per year and accounting for 24 percent of GDP in 2005, up from only 9 percent in 1990. Of note, there is very little in-country processing and thus only limited value addition. This indicates that the strong GDP growth over the past years does not translate into similar increases in the Gross National Income.

A large gap remains between domestically generated resources and what is needed to implement the NSEDP 2006-10, and Lao PDR needs continued commitment from its development partners to achieve the MDGs by 2015. To this end, it is critical that more resources be devoted to basic social services, for the equitable benefit of all categories of the population.

ODA plays an important role by funding both the Government's overall public expenditures and its Public Investment Programmes (PIP). PIP projects generate recurrent funding needs in the form of salaries and wages, materials and other operation and maintenance costs. With an increase in capital projects, the pressure on the Government's recurrent budget likewise has risen. Donors and the Government need to jointly identify alternative ways to meet increasing development demands, while examining the recurrent expenditure implications in ODA project selection and efficiency.

Economic and social development prospects are good, considering the country's significant potential for capitalising on hydropower, mining, eco- and cultural tourism, commercial agriculture, niche-market Small and Medium Enterprise development, regional employment and transit trade. Several conditions for structural change and acceleration of economic growth are largely in place. If managed sustainably and inclusively, economic growth will generate employment and equitable social development for all.

Information and Communication Technology can play an important role in the fight against poverty and be an effective tool in helping countries achieve the MDGs. In the NSEDP 2006-10, the Government is committed to encourage investment in computer technology and facilitate the use of the Internet, particularly in remote and poor areas.

Can Lao PDR Meet the MDGs?

2008

TARGET	Seriously off track	Off track	On track	No target	Data gaps	Target met	COMMENTS
Goal 1: Eradicate Extreme Poverty and Hunger							
Reduce extreme poverty by half							The poverty target will be met, but increasing inequality needs urgent policy attention. Slow decline in child malnutrition threatens achievement of other MDG targets. Around 80 percent of workers are still engaged in subsistence-oriented agriculture.
Reduce hunger by half							
Achieve full and productive employment and decent work for all							
Goal 2: Achieve Universal Primary Education							
Universal primary schooling							Net enrolment rates are satisfactory, but low completion rates keep the target off track. Incomplete schools are strongly correlated with dropout rates.
Goal 3: Promote Gender Equality and Women's Empowerment							
Eliminate gender disparity in all levels of education							Gender disparity in education is overall reducing, but very slowly, and increases with the level of education. The target is on track at the primary level only. The lowest enrolment is among ethnic girls in rural areas.
Goal 4: Reduce Child Mortality							
Reduce mortality of under-5-year-olds by two-thirds							While still high, child mortality rates are reducing satisfactorily. The national measles immunisation target is unlikely to be met.
Goal 5: Improve Maternal Health							
Reduce maternal mortality by three-quarters							In spite of regular decline, the Maternal Mortality Ratio is unacceptably high. The proportion of births attended by skilled attendants increased by less than 1 percentage point per year. There are a high proportion of women with little or no access to reproductive health still.
Universal access to reproductive health							
Goal 6: Combat HIV/AIDS, malaria and other diseases							
Halt and reverse the spread of HIV/AIDS							Lao PDR remains a low-prevalence but high-risk country for HIV/AIDS. Malaria is among the top three causes of morbidity and mortality, but good progress was made. If the current trend on prevalence estimates continues, tuberculosis control is on-track for halving prevalence by 2015.
Achieve universal access to HIV/AIDS treatment for those in need							
Halt and reverse the spread of malaria							
Halt and reverse the spread of TB							
Goal 7: Ensure Environmental Sustainability							
Reverse loss of environmental resources							
Reduce rate of biodiversity loss							
Halve proportion without improved drinking water in rural areas							Forests are declining at a rapid pace, with biodiversity loss representing an additional large issue for Lao PDR. Urban areas are likely to meet the improved drinking water and sanitation targets. There is still limited access to improved drinking water and sanitation in rural areas, however.
Halve proportion without improved drinking water in urban areas							
Halve proportion without sanitation in rural areas							
Halve proportion without sanitation in urban areas							

Explanation:

ON TRACK = COUNTRY IS LIKELY TO MEET THE TARGET

OFF TRACK = COUNTRY IS UNLIKELY TO MEET THE TARGET BECAUSE IT IS PROGRESSING AT A TOO-SLOW PACE

SERIOUSLY OFF TRACK = COUNTRY IS HIGHLY UNLIKELY TO MEET THE TARGET BECAUSE NO PROGRESS WAS MADE OR IT IS REGRESSING

INTRODUCTION

Background

Classified by the United Nations as a Least Developed Country (LDC), Lao PDR is one of the poorest countries in Southeast Asia. With an estimated per-capita income of US \$580,² a population of around 5.7 million,³ and a land area of 236,800 km², Lao PDR has significant natural resources, including forestry and minerals, as well as hydropower potential. In spite of a declining share, agriculture is still the largest sector in the Lao economy, contributing 42 percent to the country's Gross Domestic Product (GDP) in 2006 and employing nearly 80 percent of the labour force. Landlocked and increasingly becoming land-linked, Lao PDR shares borders with Thailand, Viet Nam, southern China, Cambodia and Myanmar, most of which are growing rapidly.

Lao PDR also is one of the most ethnically diverse countries in the world, with 49 official ethnic groups comprising some 200 ethnic subgroups. The population can be grouped into four broad ethno-linguistic categories: Lao-Tai, Mon-Khmer, Hmong-lu Mien and Sino-Tibetan. While the variety of languages spoken by different ethnic

groups contributes to the rich linguistic diversity in Lao PDR, it also makes the task of including these groups in national development more complex. Most of the non-Lao-Tai live in upland areas, where there is wide disparity in geographic, economic and social living conditions as well as cultural diversity, which adds dimensions to the already-challenging task of reducing poverty and moving a subsistence-oriented and low-income country out of the LDC category by 2020.

Introduction of the New Economic Mechanism in 1986 began the country's transition from a centrally planned to a market-oriented economy. Since then, Lao PDR's economy has grown at an impressive rate, with an annual average in the 1990s of 6.3 percent. During 2000-2007, annual growth has averaged even higher, at 6.5 percent. The Government aims to maintain rapid economic growth to improve the living conditions of its people, meet the Millennium Development Goals (MDGs) by 2015 (see Box 1), and graduate out of LDC status by 2020.

Box 1: The MDGs

Building on the outcomes of various world summits and global conferences during the 1990s, the Millennium Declaration sets a series of specific goals for the global community to meet by 2015. It was signed by the largest gathering of world leaders, at the United Nations in September 2000. The Government of Lao PDR endorsed the Declaration and agreed to a set of time-bound and measurable Goals and targets, to be achieved by 2015, for combating poverty, hunger, disease, illiteracy, environmental degradation and discrimination against women.

The MDGs offer a guide for planning and implementing a broad range of development efforts. In particular, the MDGs (i) set a powerful agenda for developing countries and the international community; (ii) provide a global benchmark for eradicating poverty; and (iii) set standards for monitoring progress toward achieving the benchmarks. The MDGs offer an opportunity to build alliances that cut across sectors and issues, and create an opportunity for people at national and local levels alike to connect with a larger global movement.

² 2007 data, quoted in World Bank (2008).

³ 2006 estimates.

Poverty reduction forms the cornerstone of the Government's development agenda, which finalised an Interim Poverty Reduction Strategy (I-PRSP) in April 2002. The Government combined the I-PRSP with the then-ongoing 5th National Socio-Economic Development Plan (NSEDP) to prepare the National Poverty Eradication Programme (NPEP). After consultations and discussion in the National Assembly, the NPEP was upgraded to the National Growth and Poverty Eradication Strategy (NGPES) in 2004. The NGPES provided the framework for the country's growth and poverty eradication programmes, and outlined the policy reform and public expenditure programmes needed for Lao PDR to graduate from LDC status by 2020. Fully aligned with the MDGs, the NGPES forms a central part of the current 6th NSEDP 2006-10.

The Government is strongly committed to implementing the 6th NSEDP (2006–10), which aims to create an enabling environment for economic growth, poverty eradication and macroeconomic stabilisation. The NSEDP supports achievement of the MDGs, and NSEDP indicators and targets coincide with most of those for the MDGs.

Reporting on MDGs

The main purpose of an MDG Report is to help engage political leaders and decision makers, and to mobilise civil society, communities, the public, people's representatives and the media for achieving the Goals. It is a tool for awareness raising, advocacy, alliance building and renewal of political commitments at the country level. The MDG Report primarily addresses a national audience in an effort to locate the global goals and targets to the national context and make a real difference in terms of domestic policy reforms, planning and budgeting.

The MDG Report also is useful for strengthening national capacity for monitoring and reporting on goals and targets and for generating a "can-do" atmosphere so that policy makers and other stakeholders are encouraged to adopt a comprehensive and harmonious development approach. Triggering action for accelerating progress toward achieving the MDGs is the ultimate objective of the MDG Report.

The first MDG Report for Lao PDR, in 2004, played an important role in tracking progress on the MDGs. Global MDGs were adapted to the country's specific conditions by localising indicators to align them with the priorities of

the NGPES. Relying on the existing database, the Report set baselines and targets for different indicators. The Report showed that the country still faced considerable obstacles and challenges in achieving the MDGs; however, progress on Goal 8, which deals with global partnership for development, was not monitored.

The timing of the second MDG Report is particularly important for three reasons: One, more reliable data are now available on all indicators. These include results of the third Lao Expenditure Consumption Survey (LECS3) 2002-03, the Population Census 2005, the Multiple Indicator Cluster Survey (MICS) 2006, and the Lao Reproductive Health Survey (LRHS) 2005 and Economic Census 2007. Together, these sources provide a very rich data basis that can be used to analyse issues by province, rural-urban location, age group, ethnic group, or gender. In-depth analysis based on disaggregated data will help identify areas that require increased attention from policy makers and international partners to accelerate progress toward achieving the MDGs by 2015.

Two, 2007 represented the midpoint between the adoption of the Millennium Declaration and the 2015 target date, and it is useful to review progress at the halfway stage and plan for the remaining period. Three, since the first MDG Report was prepared, an MDG-based national planning process got under way in Lao PDR through the preparation, launch and implementation of the 6th NSEDP 2006-10. Sector Working Groups⁴ were established to support NSEDP implementation and operationalisation, and success will determine to what extent Lao PDR is on track to meet its MDG targets. The second MDG Report will help Lao PDR and its development partners take stock and review progress during the period 2000-07 to identify areas where additional efforts are needed.

New elements in the second MDG Report 2008

Inclusion of Goal 8 – The Government is reporting for the first time on MDG 8, Develop a global partnership for development. Targets in Goal 8 relate to Official Development Assistance (ODA), market access, debt sustainability, access to essential drugs, and access to telephone, Internet and cellular services. Indicators and targets relating to this goal were localised to the Lao context, and a set of indicators was developed that will be consistently monitored over time.

⁴ Sector Working Groups were established in the sectors of health, gender and HIV/AIDS; education and gender; infrastructure; macroeconomic issues and private sector development; agriculture, rural development and natural resources management; governance; drug prevention; and mine action.

Inclusion of new indicators – At the global level, a technical working group coordinated by the United Nations Department of Economic and Social Affairs is responsible for the MDG monitoring framework. In September 2007, this technical working group presented a revised MDG monitoring framework that included new targets and corresponding indicators. The Government, along with international partners, reviewed the new targets and indicators and decided which are relevant to the country context. Additional indicators not presented by this technical working group that were found relevant to Lao PDR also were included, for example, chronic malnutrition (stunting) of children under five years of age under MDG 1, Target 2. All new indicators are listed in Annex 1. They are reported in the Lao MDG Report 2008 and will be monitored regularly through 2015.

Fostering closer link with NSEDP implementation – An MDG Report is critical in tracking progress toward the MDGs, but it cannot be an end in itself. The MDG Report should be a living document in a way that sets the direction for the design and implementation of the national development strategy. The MDG Report 2008 is accompanied by an MDG Strategy Paper that proposes a set of priority policy options for implementation at national and provincial levels to help accelerate progress toward the MDGs. Information from the report also can feed into annual national and provincial planning processes.

Revision of baselines and targets – In response to the data challenges identified in Annex 2, a Government working group met to discuss changing some baselines and targets for some indicators. This required setting a new baseline year instead of the global 1990, as well as revising some targets on a pro rata basis. Targets were reconsidered for the following indicators:

- Prevalence of underweight children under five years of age (MDG 1)
- Proportion of population below minimum level of dietary energy consumption (MDG 1)
- Literacy rate in the age group 15-24 (MDG 2)
- Under-five mortality rate (deaths per 1,000 live births) (MDG 4)
- Infant mortality rate (deaths per 1,000 live births) (MDG 4)
- Proportion of the population with sustainable access to an improved water source (MDG 7)
- Proportion of [urban] population with access to improved sanitation (MDG 7)

The aim of revising targets is not to lower the bar for achieving the MDGs, which are aspirational goals intended to propel action. But these Goals must be translated into operational strategies, and so should be realistic and achievable. Revised baselines and 2015 targets for some indicators are mentioned at relevant points of the Report, which analyses progress on the revised targets.

Preparation of the MDG Report 2008

The preparation of the MDG Report 2008 was managed by the MDG Secretariat in the Ministry of Foreign Affairs, with support from the United Nations Country Team and interested development partners. A consultant was engaged to assist the Secretariat with writing the report, while another consultant based in the Department of Statistics (previously the National Statistics Centre) assisted with data. These consultants worked closely with Government Ministries, the United Nations and development partners, and were supported by a Government-United Nations statistical working group. The report was endorsed by the National Steering Committee, chaired by the Deputy Prime Minister.



Chapter 1

ERADICATE EXTREME POVERTY AND HUNGER MDG1



CAN LAO PDR MEET THE TARGETS FOR ERADICATING EXTREME POVERTY AND HUNGER?

Target No.	Target	Will the target be met?	State of policy environment?
1A.	Halve, between 1990 and 2015, the proportion of people whose income is less than US\$1 a day	Probably	Strong
1B.	Achieve full and productive employment and decent work for all, including women and young people	Potentially	Fair
1C.	Halve, between 1990 and 2015, the proportion of people who suffer from hunger	Unlikely	Fair
<i>Assessment Scale</i>		<i>Probably</i> <i>Potentially</i> <i>Unlikely</i> <i>Lack of Data</i>	<i>Strong</i> <i>Fair</i> <i>Weak but Improving</i> <i>Weak</i>

SUMMARY

With sustained annual growth in the economy of more than 4 percent since 1988, poverty in Lao PDR declined from 46 percent to 33 percent during the decade 1992-2002. Moreover, during 2006 and 2007, the GDP grew at an even faster rate of 7 percent and more, and the country is on course to attain the MDG target of halving poverty by 2015.

While the incidence of poverty has declined, and the poor are getting less poor on average, the poverty gap ratio, which estimates the total amount by which the consumption falls below the poverty line for the poor as a whole, also fell. The share of the poorest quintile in national consumption decreased from 9.6 percent to 8 percent. This suggests increasing disparity between poor and non-poor people during the decade 1992-2002.

Despite considerable economic improvements, rates of malnutrition in Lao PDR are at levels that are likely to impede the achievement of other MDG goals. Malnutrition remains the biggest challenge for achieving the MDGs in Lao PDR, and poverty reduction alone is not sufficient to meet targets on reducing malnutrition. Around 40 percent of the country's children below five years of age are moderately stunted, a similar proportion is moderately underweight and 6.4 percent are wasted. Inadequate food intake of mothers and infants is among the causes leading to the high levels of chronic malnutrition. In particular, the dietary intake of fat and protein has been shown to be too low. Food insecurity, inadequate care practices and poor environmental health are underlying causes of malnutrition. At the national level, there is recognition of this challenge and the Government is making efforts to reduce malnutrition.

The Government recognises that a cross-sectoral response is required to comprehensively address malnutrition and poverty, and to this end has formulated an inter-sectoral Nutrition Policy that acknowledges the centrality of nutrition in development. It has set out 10 main objectives for 2020.

While the economy has grown considerably in the last two decades, with a significant slice of growth originating from the non-agricultural sector, sectors that create work and are skills-based have not grown in equal measure. As a result, the overall structure of the workforce has not changed, with more than four in five workers still engaged in subsistence-oriented agriculture and associated activities.

Economic growth is necessary, but not sufficient for poverty reduction. To continue to achieve significant reductions in poverty, Lao PDR needs to diversify its economy and give further attention to strengthening the agricultural and manufacturing sectors. This will allow for more broad based and equitable growth and skills development. Additionally, attention must be given to the development of rural infrastructure and improved opportunities and wages of the unskilled workers.

Lao PDR has the potential for high rates of agricultural growth that are key to continued reduction of rural poverty; aiming for an annual rate of 5 to 6 percent in the next decade is reasonable. Achieving this, however, will involve transitioning from past reliance on extensive growth to a future that will depend more on intensive sources of growth.

ERADICATE EXTREME POVERTY AND HUNGER

Target 1A

Halve, between 1990 and 2015, the proportion of people whose income is less than US\$1 a day⁵

Indicator	1992	1997	2002	2015 Target
Proportion of people living below the national poverty line	46	39	33	24
Poverty gap ratio (incidence x depth of poverty)	11	10	8	6
Share of poorest quintile in national consumption	9	8	8	Target under consideration

Sources: LECS1, LECS2, LECS3

Lao PDR is a small, mountainous, landlocked, sparsely populated and largely subsistence-oriented nation. About two-thirds of the country is mountainous, harbouring ranges from 200 to 3,000 meters. More than half the population lives in districts classified as “mostly steep” or with some steep land slopes.⁶ These sparsely populated areas are intersected by numerous river valleys, upland plateaus and floodplains. Lack of infrastructure (roads, telecom, water and electricity) in the uplands is compensated for by an abundance of natural resources such as water, tropical forests and minerals. The other half of the population lives in districts with mostly flat slopes; these are the plains along the Mekong and other rivers, with irrigable and fertile soils.

In spite of its geographic and structural disadvantages, Lao PDR seems to have benefited from the “high tide” of poverty reduction sweeping East Asia since the early

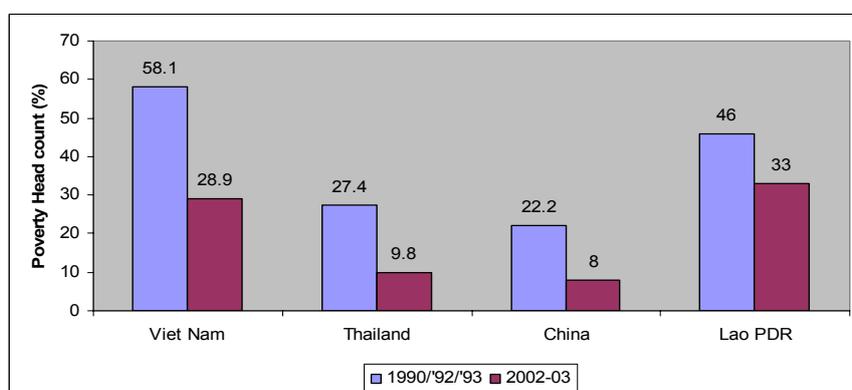
1990s. China, Viet Nam and Thailand are among the fastest-growing economies in the world, and the East Asian region has witnessed the fastest declines in poverty (Figure 1.1).

Poverty in Lao PDR

Poverty reduction is central to Lao PDR’s development agenda. A strong commitment by Government and international donors has contributed to a remarkable record of poverty reduction over the last 15 years. Poverty in Lao PDR was reduced by nearly 30 percentage points during the period 1992/93 to 2005/06.⁷

The release of the third round of the LECS 2002-03 provided a good opportunity to review progress in poverty reduction between 1992-93 and 2002-03, by undertaking

Figure 1.1: Poverty Reduction in Lao PDR and Other Countries of the Region



Note: All figures based on respective national poverty lines.

Source: World Bank (2006)

⁵ National poverty line is used to monitor country poverty trends.

⁶ Districts where more than three quarters of the land has a slope of no less than 16 degrees are classified as “mostly steep”. Districts where the share of district total land area with a slope land higher than 16 degrees is less than one third are labelled “mostly flat”. All others districts belong to the “somewhat steep” group.

⁷ Using a national poverty measure computed according to international standards. Poverty data from Joint Report of the National Statistics Centre of the Committee for Planning and Investment, the Asian Development Bank, the Swedish International Development Agency and the World Bank (2006).

a quantitative analysis of economic measures of poverty and welfare. In addition, the second Participatory Poverty Assessment (PPA) provides qualitative evidence on poverty. It is useful for non-economic concepts of poverty and for information on motives and preferences for economic behaviour, perceptions, and barriers and opportunities that determine poverty and mobility.

Rapid Economic Growth

The overall reduction in poverty since 1992 hides substantial differences across provinces and regions (Table 1.1). While poverty has declined, it has done so at varying rates and has fallen faster in some provinces than in others. This may have been because of geographical factors, where mere location enables certain areas to benefit more than others. But a serious cause for concern arises from the fact that, defying the overall trend, poverty tended to increase in three provinces between 1992-93 and 1997-98, although it declined in two of these provinces in the next period (1997-98 to 2002-03). Moreover, two provinces have registered an increase in poverty in the second period after declining in the first. Only in Borikhamxay, with 4 percent of the national population, has poverty continuously increased during

both periods, although the figure is below the national average. Vientiane Municipality registered a marginal increase in poverty levels during 1997-98 to 2002-03, although it remains below the urban poverty rate.

The depth of poverty is measured by the poverty gap index, defined as the mean distance below the poverty line.⁸ The poverty gap index almost remained almost constant between LECS1 and LECS2 and declined only marginally by 2002-03. Thus, economic growth seems to have reduced the incidence, but not the depth, of poverty. However, the target of 6 percent by 2015 is likely to be met.

Geographic Dimensions of Poverty

Poverty headcounts are higher in remote upland areas, in areas with a weak natural resource base, and in villages than in cities; in areas without roads than those with; and in the uplands (sloped, fragile land) than in the lowlands.

⁸ The mean is formed over the entire population, counting the non-poor as having a zero poverty gap. Thus, the sum of poverty gaps, aggregated across all individuals, reflects the minimum consumption that needs to be transferred to lift all the poor up to the poverty line.

Box 1.1: High Levels of Poverty in Rural Communities Often Correlate with High Levels of Unexploded Ordnance (UXO) Contamination

People across Lao PDR live every day with the ongoing threat of bombs that failed to explode during the Indochina conflict (1964-1973). Widespread aerial bombing combined with intense ground battles during that war left 15 of the country's 17 provinces affected by cluster munitions and UXO. Today, ten provinces are still severely contaminated by these weapons, which injure and kill an estimated 300 people every year.

The presence of unexploded cluster sub-munitions and UXO creates a vast and continuing burden which falls mainly on the rural population and the environment of Lao PDR. Land is inaccessible, agricultural expansion is constrained, forest management is disrupted, livestock and wildlife are killed, and there is continual insecurity. The cost of implementing a development project in affected areas is increased and the start of the project delayed when land needs to be cleared before the project can begin. Potentially rich agricultural land is left unused in contaminated areas due to the risks of exploding a bomb or UXO, which reduces the potential prosperity of affected rural communities and affects their food security. Often, the pressure of dwindling food supplies and low cash incomes ends up forcing people to cultivate contaminated land, putting them at risk of being injured or killed. As a result, economic opportunities in tourism, hydroelectric power generation, mining, forestry and many other areas of activity considered to be main engines of growth for the country are restricted, complicated and made more expensive. The effects of UXO and cluster munitions impede the Government of Lao PDR's ability to achieve the MDGs.

To deal with its deadly legacy from the Indochina war, Lao PDR has set up the National Regulatory Authority for the UXO/Mine Action sector (NRA) as a public institution of the Government in 2004. Operational since 2006, the NRA is responsible for the overall management and coordination of all operators in the country working on the impact of UXO. UXO LAO is the national clearance operator of the Lao PDR. Established by the Government in 1996 with the support of UNDP, UNICEF and other partners, UXO LAO works in the nine most affected provinces of the country. UXO LAO responds to villagers' reports of UXO; it marks and destroys the items, clears sections of land for communities and development projects and conducts educational sessions on the dangers of UXO and cluster munitions. Since beginning its operations, UXO LAO has reached more than 1.7 million people through to educate about the dangers of UXO and how people can protect themselves; cleared more than 13,700 hectares of land; performed over 16,000 roving tasks, and cleared more than 840,000 items of UXO including some 395,000 bombies.

As the most cluster munitions affected country in the world, the Lao PDR knows all too well the individual, community level and national impacts of these remnants of war. Therefore the Government has participated actively in the Oslo Process to ban cluster munitions and will sign the Convention on Cluster Munitions on 3 December 2008 when it is opened for signature.

Government of Lao PDR/UNDP (2008)

Table 1.1: Provincial Poverty Rates

Region and Province	Provincial population estimate (2003)	Population as % of total population	Poverty Headcount Ratio			Poor as % of total poor (in 2002-03)
			1992-93	1997-98	2002-03	
Vientiane Capital	671,156.8	12.4	34	14	17	6.2
Northern region		31.1				34.62
Phongsaly	162,376.7	3	72	58	51	4.5
Luangnamtha	140,726.4	2.6	41	51	23	1.76
Oudomxay	254,390.1	4.7	46	66	45	6.22
Bokeo	140,726.4	2.6	42	39	21	1.61
Luangprabang	389,704	7.2	59	41	40	8.47
Huaphanh	270,627.8	5	71	71	52	7.65
Xayabury	324,753.3	6	22	18	25	4.41
Central region		36.4				37.22
Xiengkhuang	221,914.8	4.1	63	43	42	4.98
Vientiane	373,466.3	6.9	31	28	19	4.05
Borikhamxay	216,502.2	4	17	28	29	3.40
Khammuane	324,753.3	6	47	45	34	6.09
Savannakhet	795,645.6	14.7	53	42	43	18.06
Xaysomboun SR	37,887.89	0.7	-	63	31	0.64
Southern region		20.1				18.96
Saravane	313,928.2	5.8	44	39	54	8.71
Sekong	81,188.33	1.5	67	50	42	1.80
Champasack	584,555.9	10.8	41	37	18	5.94
Attapeu	108,251.1	2	61	48	44	2.51
Total	5,412,555		46	39	34	100
Rural Poverty			52	43	38	
Urban Poverty			27	22	20	

Source: Calculated using population estimate from 2005 Population Census. Provincial headcount ratio from NHDR (2006)

Spatially, more than 72 percent of the poor are in the Northern and Central regions (Figure 1.2). They are mostly distributed across these regions in proportion to the relative populations (Figure 1.3). A total of 37 percent of the poor are in the Central region, which comprises 36 percent of the population. The Northern region – an area characterised by remoteness, mountainous terrain, and poor conditions for farming – has 35 percent of the country's poor and about 31 percent of the population. Poor areas are more often than not sparsely populated. In 2002-03, nearly 54 percent of Saravane's population lived below the poverty line, but less than 6 percent of the country's population dwell there (Table 1.1).

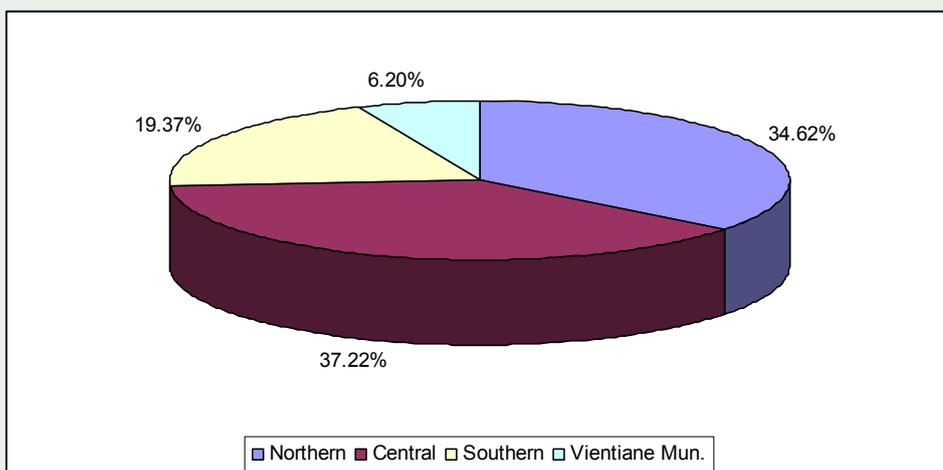
Though they make up less than 40 percent of the country's population, the seven provinces of Huaphanh, Phongsaly, Oudomxay (Northern region), Xiengkhuang and Savannakhet (Central region), and Attapeu and Saravane (Southern region) contribute 54 percent of the poor. Of these provinces, Saravane, Huaphanh and

Phongsaly each have more than half their population below the poverty line. Savannakhet alone contributed 19 percent of the country's poor. In comparison, Vientiane Municipality and the Southern region are relatively better off, benefiting most likely from their location along the Mekong River, where natural conditions for agriculture are generally better and irrigation most prevalent. Proportionately, Vientiane Capital is responsible for only about half of its population share to national poverty – it has 12% of national population, but only 6% of the total poor.

Poverty in Lao PDR varies among ethnic groups. While specific numbers may be contested, it is evident from LECS3 data that poverty rates are higher among non-Lao-Tai groups, who mainly live in mountainous and remote areas with limited access to service infrastructure and opportunities. While less than 30 percent of Lao-Tai are below the national poverty line, the extent of poverty among other ethnic groups is between 40 and 55 percent.

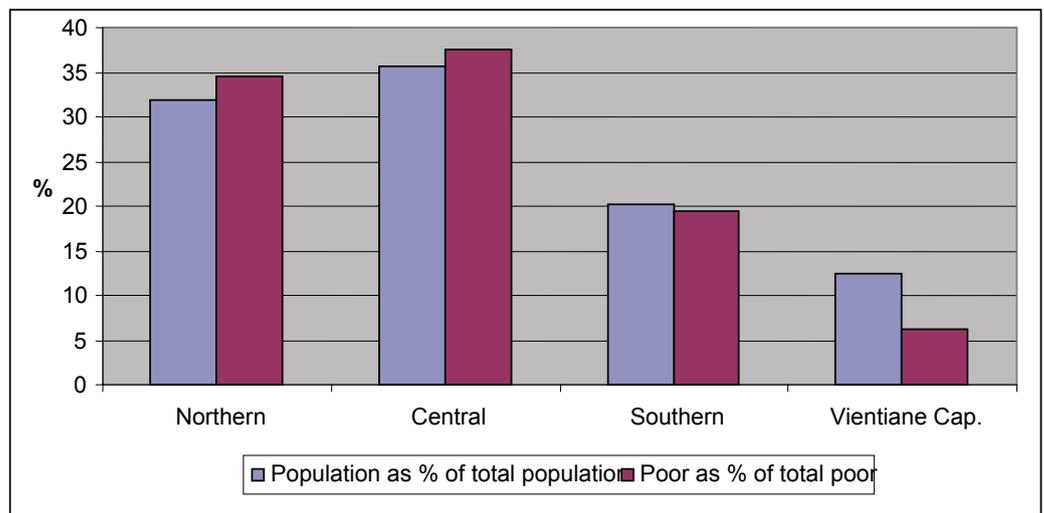


Figure 1.2: Proportion of Poor as Percentage of Total Poor



Source: Data from Table 1.1

Figure 1.3:
**Poor in Different Regions,
 Largely in Proportion to the
 Population (Except Vientiane)**



Source: Data from Table 1.1

Rural Poverty

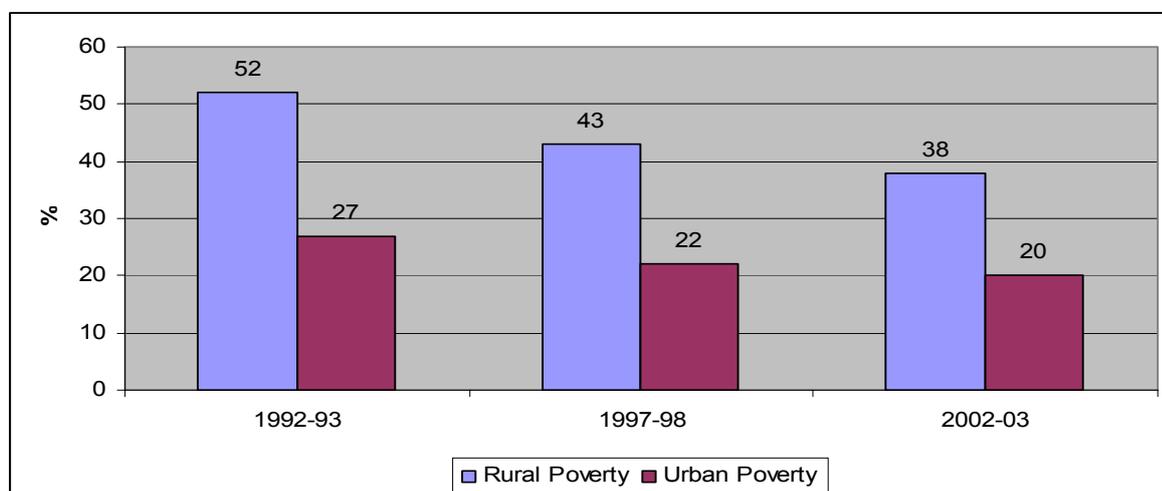
While poverty has declined across both rural and urban areas, the rural-urban disparity increased between 1992-93 and 1997-98. The rural poverty headcount ratio is nearly twice that of urban poverty, and this trend has changed little since 1992-93 (Table 1.1 and Figure 1.4). In 2002-03, one in five people in urban areas was likely to be poor, while in rural areas close to two people out of five were likely to be poor. Per-capita real consumption in rural areas is much lower than in urban areas and has grown at an annual rate of only 5.4 percent, against a 9 percent growth rate in urban areas.

The rate of poverty decline slowed marginally between 1997-98 and 2002-03 compared to 1992-93 to 1997-98. Most of this was driven by falling rural poverty levels. Of

the 4.25 million people in rural areas, about 38 percent live below the poverty line. This is still high, but a dramatic improvement from 52 percent a decade earlier. Urban poverty levels have slightly tapered off in recent years, suggesting that future reductions in poverty in Lao PDR will continue to be achieved through reducing rural poverty.

Over the previous decade, more of the progress in rural poverty reduction occurred in the first half, but then slowed such that only one-third of the total reduction occurred in the last half. This slowing of poverty reduction is correlated with a slowing of agricultural growth, and emphasises the importance of strengthening agricultural sector performance overall.

Figure 1.4: **Rural Poverty Is Almost Twice Urban Poverty**



Source: Data from Table 1.1

Poverty and Inequality

The poorest 20 percent of the population had a 9.3 percent share in per-capita real consumption in 1992-1993, while the richest 20 percent experienced a 38.4 percent share in the same year. However, the consumption share of the top quintile increased to 44.4 percent by 1997-98, while that of bottom quintile declined marginally, to 7.8 percent. The Gini index, an overall measure of inequality, increased from 32.6 in 1992-93 to 37.1 in 1997-98; it had further increased, to 37.4, by 2002-03. Together, these suggest widening disparities among various sections of society. Even so, inequality is still low in Lao PDR compared to other Asian countries.

Increased inequality implies that the benefits of economic growth are not flowing uniformly across the population. The proportional benefits received by the poor are less than those of the rich. This disparity is evident from Figure 1.5, which presents the growth rates of per-capita real consumption for each quintile. As noted above, per-capita real consumption in Lao PDR grew at an annual rate of 5.8 percent between 1992-93 and 1997-98, but the annual growth rate of the bottom quintile was only 2.3 percent, while that of the top quintile was 8.7 percent.

Inequality in Lao PDR first increased between 1992-93 and 1997-98 and then declined again, although it remains about 2 percentage points above the 1992-93 level (Figure 1.6). This finding is consistent with the



greater improvement in urban and lowland areas in the first half of the decade, which widened disparities, and the faster poverty reduction in upland areas in the second half, which lowered them. This trend reinforces the positive assessment of the development process during the second half of the decade. However, inequality declined not just because of smaller differences across domains, but also because of lower inequality for each domain. Every category saw a decline in inequality, with the exception of second-priority districts. The reductions between 1997-98 and 2002-03 were especially large in urban areas and the North.⁹

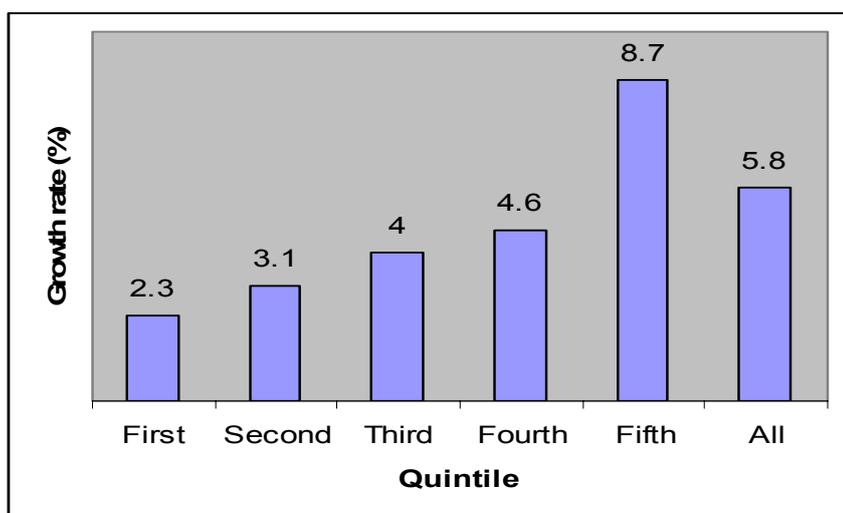
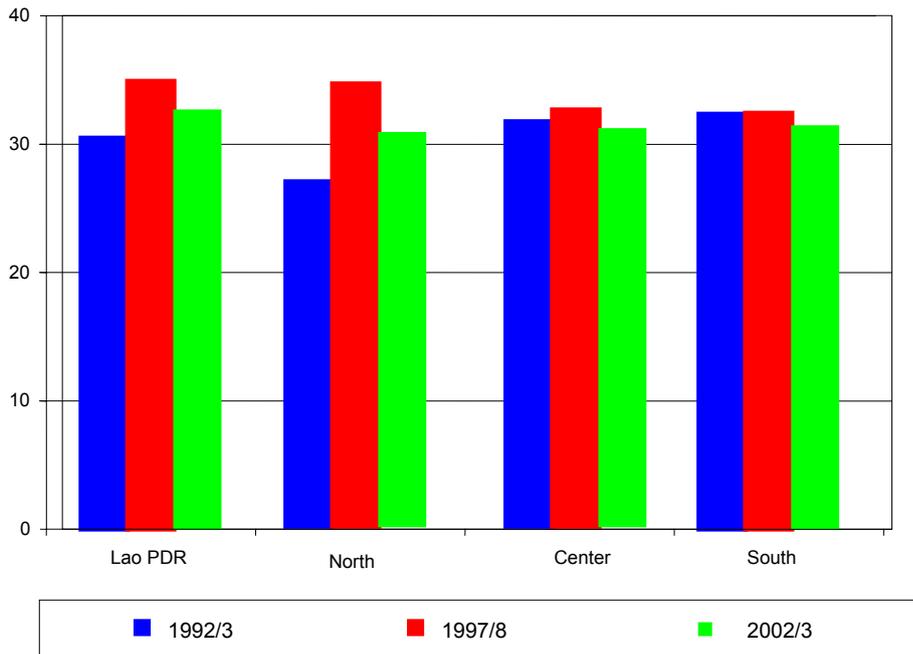


Figure 1.5:
Top Quintile Has the Fastest, and Bottom Quintile the Slowest, Growth in Per-Capita Real Consumption Between 1992-93 and 1997-98

Source: Kakwani *et al* (2002)

⁹ Richter *et al* (2005)

Figure 1.6: **Gini Index by Region**



Source: Richter *et al* (2005)

Vulnerability and Poverty¹⁰

Vulnerability is defined as the *ex-ante* risk today that a household will be poor in the next period.¹¹ The probability of being poor the next period, in excess of 50 percent, declined from 37 percent in 1992-93 to 33 percent in 1997-98 and to 23 percent in 2002-03. Most vulnerability is linked to structurally low consumption levels, especially in the first-priority districts. More than 70 percent of vulnerability in 2002-03 was estimated as due to low average consumption and the remainder to high volatility of consumption. This emphasises the continuing importance of policies to address structurally low consumption levels.

The concepts of poverty and vulnerability are linked to the notions of *ex-ante* poverty prevention interventions and *ex-post* poverty alleviation interventions. The overlap of poverty and vulnerability has decreased over time. While more than three in five poor in 1992-93 were likely to be poor again during the next period, less than one in two poor in 2002-03 were vulnerable to poverty. This suggests a decline in the persistence of poverty over time. At the same time, the share of the poor among

the vulnerable dropped from 75 percent to 69 percent. This indicates that policies that target the poor are less effective in reaching the vulnerable.

A large proportion of households are vulnerable to becoming food insecure because of different types of shocks. Households relying mostly on farming and/or hunting and gathering are most vulnerable to natural hazards and loss of access to forests, whereas unskilled labourers in particular, but also farmers, are more vulnerable to price shocks. Drought seems to be the biggest threat, with 46 percent of the rural population vulnerable to becoming food-insecure because of this natural hazard. A price increase of 60 percent during the lean season (11 months after harvest) also is likely to cause food insecurity for more than 40 percent of the population, whereas a similar price increase 6 months after harvest is likely to cause food insecurity for close to 30 percent. Fewer than 10 percent are vulnerable to food insecurity from loss of access to forest resources.

¹⁰ This section relies on the Joint Report of the National Statistics Centre of the Committee for Planning and Investment, the Asian Development Bank, the Swedish International Development Agency and the World Bank (2006) and the World Food Programme (2007).

¹¹ Chaudhuri (2000). The estimation involves FGLS-regressions for the three LECS rounds, which yield consistent and asymptotically efficient coefficients in mean and variance consumption regressions.



The NSEDP includes security from natural disasters such as floods and droughts as part of its poverty reduction strategy. A low asset base and little access to well developed insurance and financial services leaves farming communities ill-equipped to deal with weather shocks, as evident from the large fluctuations in agricultural value added. Since weather shocks typically affect most household in the same area at the same time, farmer communities have difficulties to mitigate the shock without help from the outside. As it will take time to develop new instruments such as indexed-based weather insurance, the immediate focus has to be on improving monitoring of natural disasters and the collaboration of communities, development partners and NGOs on relief operations. In the longer run, the diversification of economic activity and increases in the asset base should reduce the vulnerability to such events.

Access to Land and Natural Resources

According to the 2006 PPA, key characteristics of poor rural households include isolation, vulnerability to economic shocks and natural disasters and poor access to social and economic goods, services and facilities such as health care, markets and schools.¹²

As reported in 2006 PPA and the 2006 Poverty and Social Impact Assessment (PSIA), access to land was the single biggest factor contributing to increased poverty and food insecurity. Farmers, according to their own assessment, are troubled mostly by problems related to the production and sale of crops and livestock, insects, animal diseases, irrigation, access to credit and irrigation, and knowledge. Compared to non-poor households, poor rural households have about half the land per capita, less than half the value of agricultural assets, lack irrigated paddy fields during the dry season, and use fewer inputs such as chemical fertilisers and insecticides. Fewer inputs lead to lower yields per hectare as well as lower production overall.

The non-poor are more likely than the poor to produce cash crops such as fruits, coffee and vegetables. In addition, low productivity is linked to restricted access to markets and infrastructure. In per-capita terms, poor farming families sell only about 35 kilograms of crops, 45,000 kip of poultry, and 75,000 kip of livestock. These numbers are up to four times as high as for non-poor farmers – and such gaps may well increase. As agricultural production continues to intensify and market linkages advance more rapidly in areas of greater advantages, continued Government efforts will be needed to improve opportunities and



livelihoods of poor families. Additionally, lack of technical knowledge on how to grow new crops was identified as a major constraint in the 2000 PPA. In 2006, marketing and how to manage financial aspects of business transactions were considered the main obstacle to cash cropping. For poor villages with little flexibility or investment capital, such obstacles effectively serve to thwart economic growth and frequently increase debt.

Decreases in swidden land holdings, declines in production, fall-off in wild food consumption and decreases in natural abundance is threatening the health, nutrition and overall well-being of poor communities. Low yields, limitations on land use, poor weather conditions and loss to pests in upland farming plots mean that these communities regularly face rice shortages and, at times, famine. Rice insufficiency as well as reductions in livestock holdings, an important factor of wealth in most villages, is a major problem.

In addition to existing policies advocating for improving access to infrastructure to alleviate poverty, issues of land allocation, and access to land, water and livestock remain critical factors affecting rural peoples' livelihoods. This needs to be further taken into consideration.

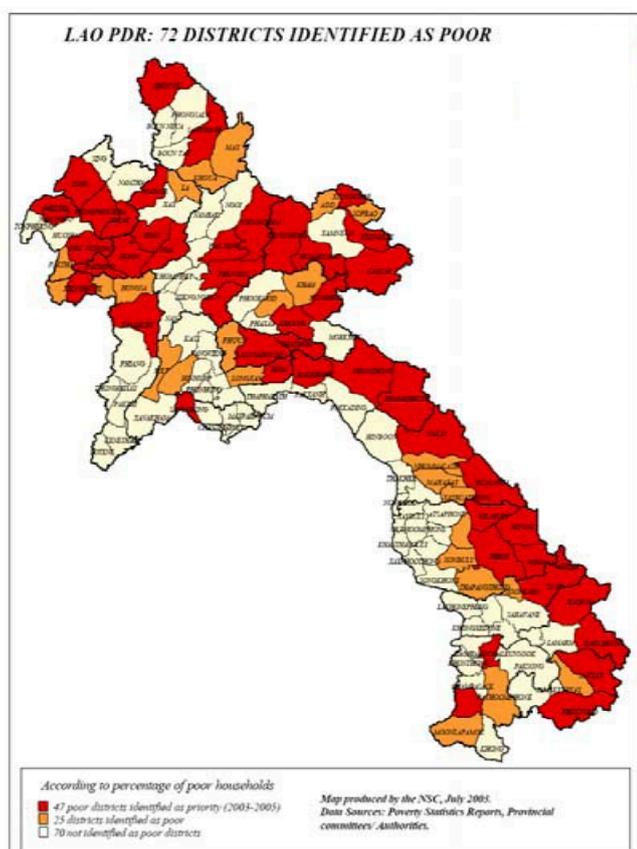
¹² Chamberlain (2007)

Government Strategy to Reduce Poverty

As noted above, poverty in Lao PDR is lower in cities than in villages; in localities with roads than those without roads; and in non-priority districts than in priority districts. It is heavily concentrated in upland areas inhabited largely by remote ethnic groups. Recognising this feature, the Government's poverty reduction strategy, as laid out in the NGPES and the NSEDP 2006-10, revolves around prioritisation of 47 very poor districts for special poverty reduction programmes.

Focus on priority districts:¹³ in view of the difficult geography and remoteness of parts of the country, the NGPES endorsed a strategy of poor area development. Implementation focused on the 47 priority districts out of a total of 142 districts, identified by a set of household-, village- and district- level indicators.¹⁴ Subsequently, it was extended to another 25 districts (Figure 1.7). While the 47 priority districts make up about one-third of all districts, they are home to less than a quarter of the population. One-tenth of the priority district population lives in the lowlands, compared to four-fifths of the non-priority district population.

Figure 1.7:
Priority Districts in Lao PDR



The three district categories are marked by sharp differences in infrastructure, geographic and environmental conditions. First-priority districts are less urbanised and have less road access than other districts. Almost half of population in the 47 priority districts live along the Vietnamese border, while almost one-third in non-priority districts are located along the Thai border. Close to three-fifths of the population in the 47 priority districts live in uplands, whereas the same share of the non-priority population resides in lowlands. The poverty incidence in the 47 poorest districts in 2002-03 was nearly three times that in non-poor districts (Table 1.2). Finally, while more than half of the first-priority district population lives along the Vietnamese border, about three-fifths of the non-priority district population resides in the Vientiane Plain and Mekong Corridor. To channel support to these districts, the NGPES promotes local District Development Funds (sometimes also referred to as Village Development Funds) to provide these communities with public resources.

Due to Lao PDR's difficult terrain and sparsely spread population, and to ensure economies of scale to provide affordable services to all the population, the Government has employed several measures including *focal sites*, *village consolidation* and *land and forest classification* as part of its rural development and poverty alleviation strategy.

Focal sites bring large numbers of households from various ethnic groups into selected areas to provide them with development assistance in an efficient, cost-effective manner.¹⁵ In general, the focal sites are infrastructure-oriented (roads, schools, health clinics, irrigation, market facilities). After 1990, the focal site strategy was elaborated to "alleviate poverty among rural populations in remote areas." Since 2000, however, some responsibilities have progressively been transferred back to local administrations. Provinces were established as strategic development units, the districts as the main planning and budgeting units, and the villages as the main implementation units for official policy. The primary objective for focal area development is to facilitate the transition of a traditional subsistence economy to a commercialised, market-oriented economy.¹⁶

The village consolidation mechanism is designed to combine scattered smaller settlements into larger permanent villages, for easy administration. Although

¹³ This section is based on Joint Report of the National Statistics Centre of the Committee for Planning and Investment, the Asian Development Bank, the Swedish International Development Agency and the World Bank (2006).

¹⁴ These districts were identified based on a set of household-, village- and district-level indicators of basic minimum needs that include income and adequacy of food, clothing, housing, schooling and health care.

Table 1.2: **Poverty and Poor District Classification, 2002-03**

	districts	districts	districts	districts
Average poverty incidence (proportion of poor households)	64	38	23	39
Average population share (district-to-total population)	0.5	0.5	0.9	0.7
Average poor population share (district poor/total poor)	2.1	0.6	0.6	0.7
Percentage of district to total population	24.3	13.5	61.4	N.A.
Percentage of poor to total population	46.9	15.3	37.8	N.A.
Percentage of poor	N.A.	50.6	18.9	N.A.

Source: National Statistics Centre, Poverty Statistics, Provincial Committees, March 2003

Box 1.2: **Breaking Free of Opium Poppy Cultivation**

Once the world's third largest producer of illicit opium, Lao PDR was officially declared opium-free by the Government in 2005. Opium elimination in the Lao PDR as a national policy priority is directly linked to achieving MDG 1. Of the 47 poorest districts identified under the NGPES, more than two thirds were cultivating opium poppy before 2005. The Laos Opium Survey 2005 estimated the average annual cash income of an opium-producing household at US\$139, against an average annual income of non-opium producing households estimated at US\$231. In 1998, an estimated 2,056 villages (70,000 households) grew opium poppy in 1998 on over 26,837 hectares of land. In 2007, according to UNODC's World Drug Report 2008, cultivation had fallen to 1,500 ha in 2007. Overall, there has been a steep decline in opium production. In the post opium environment, many farmers have adapted to livelihoods without opium poppy. Some earn more now than they used to from opium. In some areas, however, opium elimination has not yet been matched by the sufficient provision of alternative livelihoods. This could reverse successes already achieved and lead to resurgence of illicit drug production. Sustained attention by the Government and its development partners is required. Also, opium use, in particular amongst former opium poppy growers - mostly semi-subsistence farmers from ethnic groups living in highland areas where access is difficult - requires continued attention.

village consolidation has existed since the 1970s, it particularly increased after 2000 with the Government's emphasis on poverty reduction. Where appropriate villages, were grouped together to collectively plan and manage their development. Although their role is not officially defined, these groups of villages (*kum ban*) help in implementing better service delivery.

In order to improve land use planning and natural resource management, *land and forest classification* was adopted as a national policy through Decree No. 186 in 1994. This

policy has restricted uplands shifting cultivation, and the lessons learned and implications in terms of food security are currently being considered. .

Through the policies outlined, the Government is also seeking the most effective way to deal with the challenges of both improving livelihoods and effectively delivering services to poor districts. Strategies to deliver services by moving people closer to focal areas need careful consideration, noting both the human and economic factors and the need to provide adequate time for transition into new livelihoods.¹⁷

During the period 1992-93 to 2002-03, poverty incidence, poverty gap and poverty severity all decreased steadily in the Northern Highlands and Northern Lowlands. The strong and continuous performance in poverty reduction appears closely related to the Government's focus on remote upland areas and a shift in public rural investment programmes toward rural infrastructure construction, particularly roads and irrigation infrastructure. It is estimated that during the late 1990s, more than three-quarters of expenditures on irrigation were for capital investments. The Government's district targeting for priority investments appears to have been effective: Poverty incidence and number of poor in first-priority districts, of which most are located in the Northern Lowlands and Highlands, decreased markedly. Moreover, poverty gap and severity decreased even faster than poverty incidence, indicating that Government programmes also have been effective in reaching the poorest segments of the poor.

¹⁵ Focal sites were defined as rural areas in which the Government concentrates its development efforts to alleviate poverty.

¹⁶ NGPES (2004)

¹⁷ Government of Lao PDR/World Bank (2007)

Target 1B

Achieve full and productive employment and decent work for all, including women and young people ¹⁸

Indicator	1995	2005	2015
Growth rate of GDP per person employed	5% per year (1995-97)	8.5% per year (2002-05)	
Employment-to-population ratio	47	49	Under consideration
Proportion of own account and contributing family workers in total employment	90	88	Under consideration

Source: Population census (1995, 2005)

The first MDG focuses on the eradication of poverty and hunger. Following the widespread conviction that poverty can only be reduced if people have a decent and productive job, a new global target was added under MDG 1 in 2006: *Reaching full and productive employment and decent work for all, including women and young people*. Such a complex concept is not easily captured in a set of indicators that should fulfil strict criteria. The three indicators in the chart above have been selected for Lao PDR; these can be used to assess progress in the context of MDG 1 and have been adapted to the Lao context.¹⁹ It is believed that these indicators also can be used to make a detailed labour market analysis and to help identify key labour market challenges.

GDP Growth

Overall growth has accelerated to an average of 7.5 percent in 2005-06, compared to about 6 percent during 2001-04. Over the same period, the contribution of the resource sector to growth increased sharply, from 25 percent to about 45 percent. The non-resource sector has

continued to grow moderately, averaging 4.75 percent during 2001-06.

At the same time, the population of both sexes aged 15-64 increased by 3 percent per year from 1995 to 2005, around half a percentage point more than the population growth rate. The labour force (the economically active population aged 15-64) has increased by 2.6 percent annually in the same period. Of this increased force, 57 percent were absorbed in agriculture, 36 percent in private non-farm activities and 7 percent in Government employment.

Labour force participation changed little between 1995 and 2005, particularly in rural areas (Table 1.3). However, urban female participation increased faster than that for males, although urban male participation is still higher. Rural labour participation has changed very little over time, which could be because: (i) younger people stay longer in education and (ii) people have migrated to other countries, mostly Thailand, looking for jobs. The 2005 census estimated a net emigration of around 150,000 people, mostly aged 20-30.

Table 1.3: Labour Force Participation of People Aged 15-64

	1995 census			2005 census				
	Total	Urban	Rural	Total	Urban	Rural	Rural with road	Rural without road
Female	83.1	61.1	88.1	79.5	64.2	86.4	85.5	88.5
Male	83.5	69.8	86.5	81.0	71.0	85.9	85.1	87.9
Total	83.3	65.4	87.4	80.3	67.5	86.1	85.3	88.2

Source: Population census (1995, 2005)

¹⁸ The target on employment and decent work was included at the 2005 Millennium Summit.

¹⁹ The indicator on the share of the working poor in total employment has not been considered because of lack of availability of data.



All these factors have helped the growth rate of GDP per person employed to increase from an estimated 5 percent per year in 1995-97 to 8.5 percent per year. No target for 2015 has been fixed yet.

Employment-to-Population Ratio

The employment-to-population ratio is the proportion of a country's working-age population that is employed. A high ratio means that a large proportion of a country's population is employed, while a low ratio means that a large share of the population is not involved directly in market-

related activities, because they are either unemployed or, more likely, out of the labour force altogether. The employment-to-population ratio provides information on the ability of an economy to create employment; for many countries, the indicator often provides more insights than the unemployment rate. Although a high overall ratio is typically considered positive, the indicator alone is not sufficient to assess the levels of decent work or decent work deficit.

The 2005 census in Lao PDR estimated the employment-to-population ratio as 49 percent, which has increased marginally from the 47 percent estimated in 1995. That is, close to half the working population is employed in the formal sector. No target has yet been set for 2015.

The significant economic growth in last two decades has been less pronounced in sectors that are skills-based and create employment and had little impact on the overall structure of the workforce in Lao PDR. Around 80 percent of workers remain engaged in subsistence-oriented agriculture and associated activities to date. They are highly dependent upon extractive processes for their livelihoods, such as foraging non-timber forest products, fishing and traditional agriculture, rather than on activities that add value. Most rural people's skills are geared toward agrarian livelihoods (Table 1.4), and do not match the requirements of a modern economy. The quality of employment, labour productivity and earnings/subsistence is low and translates into poor standards of living. Thus, while Lao PDR is not a labour-surplus country, it faces the challenge of integrating its workers into the modern economy and mainstream. In addition, because Lao PDR is a multi-ethnic and multi-lingual society, poorly connected by transport and communications, regional and social integration of the economy is still relatively low, with tremendous potential for growth.

Table 1.4: **Employment Distribution Across Sectors**

	1995			2005		
	Male	Female	Total	Male	Female	Total
Agriculture	81.3	89.5	85.5	77.8	81.3	79.6
Non-agriculture, of which:	18.7	10.5	14.5	22.2	18.7	20.4
-- Government	9.1	3.2	6.0	8.5	3.8	6.1
-- Private	9.6	7.3	8.5	13.7	14.9	14.3
Total	100	100	100	100	100	100

Source: Population census (1995, 2005)

Target 1C

Halve, between 1990 and 2015, the proportion of people who suffer from hunger

Indicator	1993	2000	2006	2015 Target
Prevalence of underweight in children under age 5	44	40	37	22
Prevalence of stunting in children under age 5*	48	42	40	34
Proportion of population below food poverty line#	38	33 ¹	22 ²	21

* New indicator proposed by the United Nations group

This indicator replaces the original indicator "Proportion of population below minimum level of dietary energy"

Sources: LECS2 (1997-98); LECS3 (2002-03); LSIS (1993); MICS2 (2002); MICS3 (2006) – Preliminary.

Compared to other countries, Lao PDR has experienced very high and largely unchanged malnutrition in children younger than five years of age and in women over the past 15 years. In particular, high levels of chronic malnutrition in rural areas are perpetuating poverty and are likely to impede long-term economic growth. According to results of the MICS3 survey,²⁰ 40.4 percent of children in Lao PDR under five are moderately stunted, and 15.8 percent severely stunted. Almost two in every five children under five (37 percent) are moderately underweight, and 6.4 percent are wasted. According to the results from the Comprehensive Food Security and Vulnerability Assessment (CFSVA) 2007,²¹ carried out in rural Lao PDR only, every second child in rural areas is stunted and every fourth child severely stunted. Disaggregation of data shows that significantly higher percentages of stunting are found in highly sloping areas, especially among ethnic groups. The extent of stunting is highest in the Northern and Southern and Central Highlands. Wasting levels were similar between the economically developed Mekong corridor and the Highlands. Children from families with better road access did not have better nutrition status.

Malnutrition also includes deficiencies of micronutrients such as Vitamin A, iodine and iron (Box 1.3). A total of 37

percent of women of reproductive age in the country, along with 41 percent of children under five, suffer from moderate anaemia.²² Some 45 percent of children under five are shown to be deficient in Vitamin A.²³ At the same time, 27 percent of school-age children²⁴ and 13 percent of reproductive-age women are at risk of developing goitre or other iodine deficiency disorders.²⁵

According to the World Bank Poverty Assessment Report,²⁶ the reduction in the share of underweight children in the country by seven percentage points between 1993 and 2006 stems largely from improved nutritional status of non-poor children and children living outside the 47 priority districts. This progress resulted from a reduction in children moderately underweight – in spite of an increase in children severely underweight, from 12 percent in 1992-93 to 16 percent in 2002-03.

The Nutrition Paradox

Despite the steady annual growth in the economy, reaching more than 7 percent in 2007, the nutritional status of the Lao population has improved little. To reduce high levels of malnutrition to the tentative targets set by the Ministry of Health (MoH) in the National Nutrition Policy 2020 (22 percent underweight and 34 percent stunting by 2015²⁷) represents a huge collective challenge for the Government and international organisations, as well as potentially the private sector.



²⁰ MICS3 (2006), calculated with the NCHS reference standards.

²¹ World Food Programme (2007), calculated with WHO reference standards.

²² Ibid.

²³ National Health Survey (2001)

²⁴ Ibid.

²⁵ MICS3 (2006)

²⁶ Joint Report of the National Statistics Centre of the Committee for Planning and Investment, the Asian Development Bank, the Swedish International Development Agency and the World Bank (2006)

²⁷ These targets set in the policy still need to be approved by the members of the National Assembly and the policy signed by the Prime Minister.

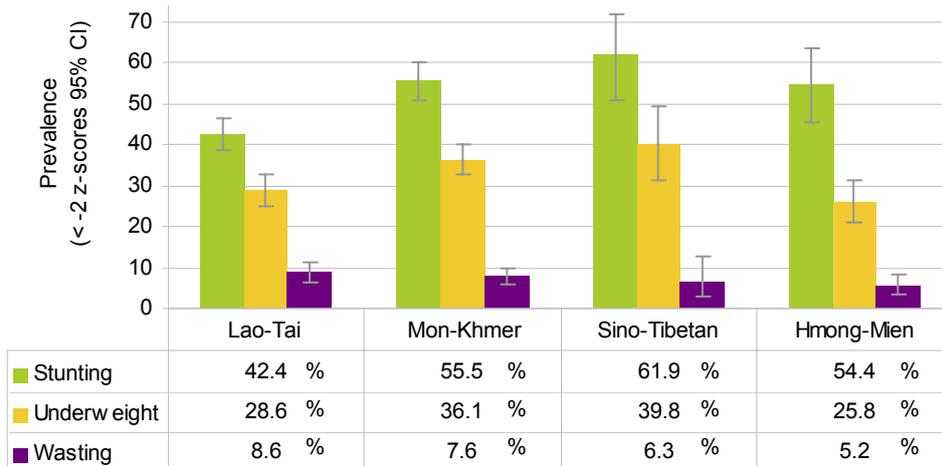
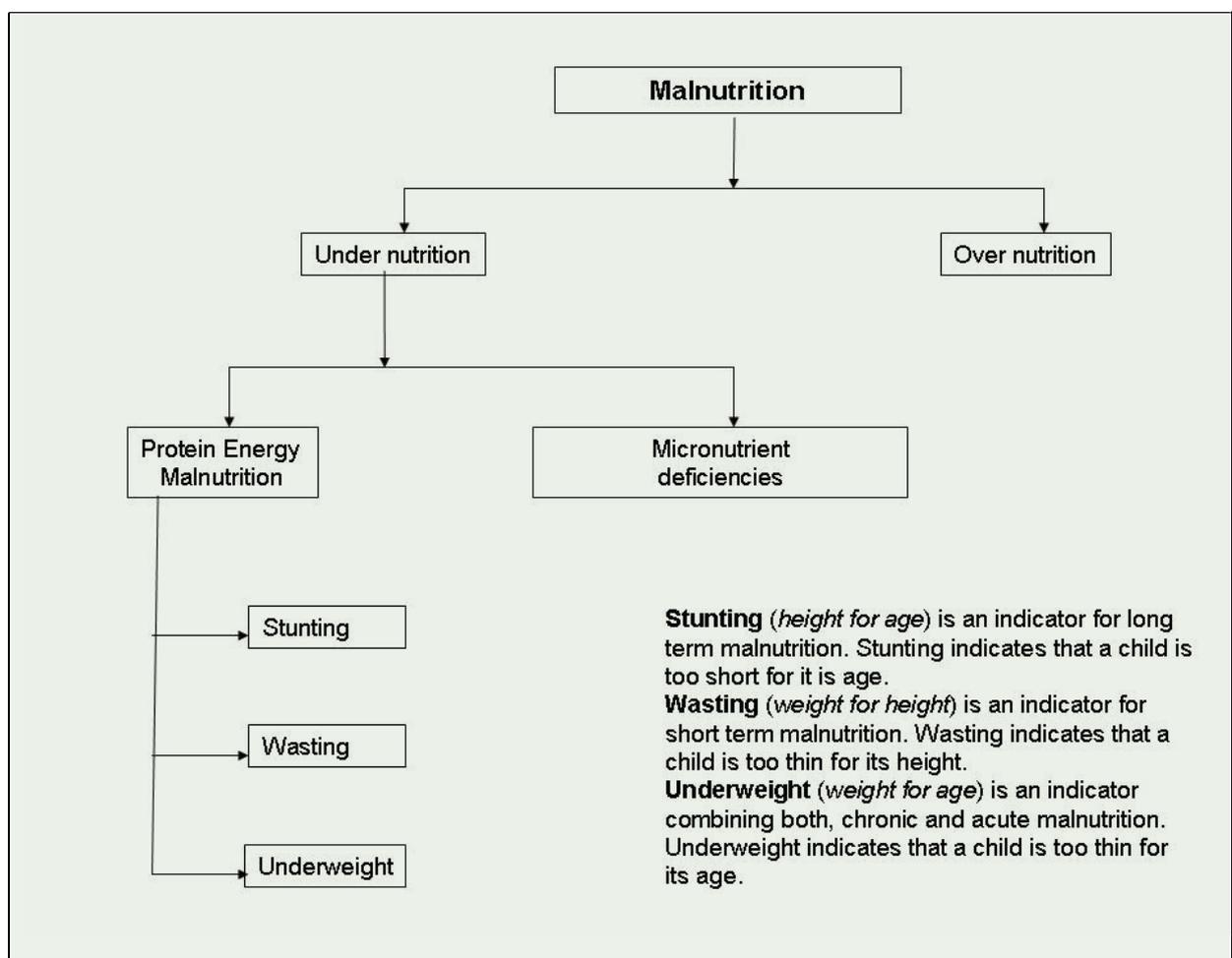


Figure 1.8:
**Nutritional Status by
Ethno-Linguistic Group**

Source: CFSVA (2007)

Box 1.3: Different Forms of Malnutrition



Food Poverty in Lao PDR

According to the World Bank's Poverty Assessment Report,²⁸ food poverty, based on a requirement of 2,100 calories per day and per person, has fallen faster than consumption poverty, propelled primarily by a steeper decline between 1997-98 and 2002-03. The period without sufficient rice decreased from 4.1 months in 1997-98 to 2.8 months in 2002-03. At the same time, the share of rice in food consumption dropped from 51 percent in 1997-78 to 43 percent in 2002-03.²⁹ Other welfare indicators confirm an improvement in living standards. However, as noted above, poverty reduction proceeds unequally for regions and ethnic groups.³⁰

Causes of Malnutrition

At the individual level, inadequate food intake and diseases represent immediate causes of malnutrition. At community level, food insecurity, inadequate care practices and poor environmental health are underlying causes. Because of the complexity of factors and issues, and the growing challenges linked to malnutrition in Lao PDR, the Government is revisiting its policies and strategies for malnutrition.

Low Intake of Fat and Protein

Food consumption patterns are varied among Lao people and a large difference exists between various

groups in dietary composition. In terms of quantity, many households that suffer from food poverty still do not have enough food to meet energy needs (2,100 calories per capita per day). In terms of quality, diets are highly staple-focused, resulting in an imbalanced nutrient intake. The use of vegetable oil in rural diets is too low. Wild meat and fish are the main sources of protein and fat, differentiating households with acceptable food consumption from households with poor or borderline consumption.³¹ In general, domestic meat is not regularly consumed, as many cannot afford to do so, or part of customary daily diets. At the same time, micronutrient supplementation (e.g., Vitamin A and iron) and food fortification schemes are yet to be scaled up.

Diseases Impede Food Utilisation

High frequency of vector- and food-borne diseases are impeding food absorption and lead to increased nutrient needs (e.g., loss of iron because of infection with parasites, malaria, and diarrhoeal diseases). In Lao PDR, 56 percent of children aged from two to five years³² are found to be infected with parasites. In all, the situation is aggravated by limited access to safe water, poor personal hygiene and sanitation facilities, together with limited access, provision and use of health services.

Household Food Insecurity

Household food insecurity has many causes. The CFSVA estimates that only one-third of rural households in Lao PDR are food-secure in the strictest sense, at the

Box 1.4: Malnutrition Impedes Achievement of the Other MDGs

Hungry children start school later, if at all, drop out sooner and earn less, stalling progress toward universal primary and secondary education (MDG #2).

Poor nutrition for women is one of the most damaging outcomes of gender inequality. It undermines women's health, stunts their opportunities for education and employment and impedes progress toward gender equality and empowerment of women (MDG #3).

As the underlying cause of more than half of all child deaths, hunger and malnutrition are the greatest obstacles to reducing child mortality (MDG #4).

Hunger and malnutrition increase both the incidence and the fatality rate of conditions that cause most maternal deaths during pregnancy and childbirth (MDG #5).

FAO, *The State of Food Insecurity in the World 2005*

²⁸ Joint Report of the National Statistics Centre of the Committee for Planning and Investment, the Asian Development Bank, the Swedish International Development Agency and the World Bank (2006)

²⁹ Ibid.

³⁰ Ibid.

³¹ World Food Programme (2007)

³² MICS3 (2006)

time of the harvest, and that two-thirds of the rural population are vulnerable to food insecurity, given that they face one or several risks that may reduce their access to food significantly (e.g., floods, droughts, price increases). Households' food security status was found to be associated with geographic location, changing livelihoods, education, access to suitable land and forests, and asset ownership.³³ Viable wild food resources, in particular, are increasingly under threat because of the growing demands on the country's natural resources including through illegal trade in wildlife.

Care and Nutritional Knowledge

Poor nutritional knowledge, poor mother and child care, and inadequate breastfeeding and complementary feeding practices, coupled with cultural taboos -- including stark food restrictions after delivery -- are very important causes of low nutrient intake. Low levels of nutritional knowledge go in hand with low levels of formal education among caretakers, especially women. Stunting in children under five is mainly caused by inappropriate nutrient intake by the mothers, during pregnancy and breastfeeding, and by the children in their first two years. Once this crucial window for nutrition has passed, the damage is done and stunting of the child cannot be corrected.

Government Strategy to Reduce Malnutrition

Food security is a high priority in Lao PDR, as reflected in the NGPES, the Ministry of Agriculture and Forestry's Food Security Strategy 2010 and related policies. In the past, however, food security was often equated with rice availability. Rice has been seen as key commodity both for improving national (overall availability of rice) and household food security (access to rice at household level). Other nutritional guidelines such as macronutrient ratios (protein, fat) and the sufficient intake of micronutrients -- namely, vitamins and minerals, especially from vegetables and fruits -- did not receive sufficient attention.

Until 2007, nutrition was not effectively linked to poverty reduction. Instead, it was perceived primarily as a health issue. The NSEDP 2006-10 set a target for reducing the number of malnourished children without, however, addressing the need for establishing food-based dietary guidelines. In addition, nutrition has not yet been adequately institutionalised in Lao PDR. A major

challenge is the low capacity related to nutrition both in terms of number of trained staff as well as institutionally. This has resulted in the lack of a multi-sectoral response to nutrition and the absence of nutrition advocacy. There is a need for strengthened investments for nutrition. Over the past few years, priority investments were devoted to socioeconomic growth and infrastructure development, with limited investments in nutrition programming and surveillance. The misperception prevailed that poverty reduction alone would be sufficient to reduce malnutrition. Other development policies have not yet been sufficiently linked to nutrition.

Meeting the MDG for Poverty, Hunger and Malnutrition

In line with its overarching goal to graduate from LDC status by 2020 and to achieve the MDGs by 2015, the Government focuses on creating an environment conducive to high, sustainable economic growth and eradication of mass poverty.

Poverty is multidimensional; therefore, poverty reduction efforts must be multi-targeted. Policies have to straddle different disciplines and must include economic, social, political and institutional instruments. The institutional environment in which the poor derive their livelihoods, and the socio-political factors that restrict their access to resources, can influence the relationship between economic growth and the level and extent of poverty. Notwithstanding such diversity, economic growth will be necessary, if not sufficient, for poverty reduction. Rural livelihoods in Lao PDR depend mostly on subsistence farming, and rural poverty incidence is strongly correlated with geography and the natural environment, which both determine agricultural production conditions and types of land-use systems practiced.

Agriculture remains the single largest source of employment in rural areas, and agricultural development can create large numbers of jobs in Lao PDR. However, the level of diversification of rural household incomes remains low, and the ability to generate cash income from wage sources is limited. Although in general the requirements for rural growth are well-known -- physical infrastructure, functioning economic institutions, a positive investment climate, demand in urban areas -- getting these in place in particular cases has often proved time consuming. As estimates by the World Bank, in 2002-03, only 39 percent

³³ Chamberlain (2007), World Food Programme (2007)



of rural households were able to generate cash incomes, scarcely more than half the level of urban households.³⁴ Moreover, opportunities to generate cash incomes are closely related to proximity to urban areas. Economic growth is necessary, but not sufficient for poverty reduction. To continue to achieve significant reductions in poverty, Lao PDR needs to diversify its economy and give further attention to strengthening the agricultural and manufacturing sectors. This will allow for more broad based and equitable growth and skills development. Additionally, attention must be given to the development of rural infrastructure and improved opportunities and wages of the unskilled workers. In most countries, productivity growth in small farms induces and leads to further poverty reduction via cash cropping, rural non-farm work, and shifts to urban employment and income growth.

Over the past decade, non-border districts have accounted for most of the people moving out of poverty. At the same time, poverty reduction has been strong in Lao PDR along the China/Myanmar border, responding to dynamic economic growth in southern China, demand for agricultural products, and growing tourism. The greatest challenges persist in areas bordering Viet Nam, home to a still-large and increasing number of rural poor. Remoteness and inaccessibility on both sides of the border are preventing dynamics similar to those along the China border. Even marketing of agricultural products

is not yet general across rural households, with about half of farming families selling livestock in a given year, and fewer than a third of households selling rice, outside of households in the Vientiane plain. In upland areas, non-timber forest products are generally a more important source of cash income for rural families than any cultivated crop or livestock.

Lao PDR has potential for the high rates of agricultural growth that are key to continued reduction of rural poverty; aiming for an annual rate of 5 to 6 percent over the next decade is reasonable. Achieving this, however, will involve transitioning from reliance on extensive growth to a future that will depend more on intensive sources of growth. Extensive growth, through the expansion of area and absorption of additional agricultural workers, is likely to continue, albeit more slowly. But this alone will not achieve the productivity gains upon which improvements in household welfare will be realised, and Lao PDR will face gradually tightening environmental management constraints as agriculture encroaches on forest resources. Lao PDR has considerable potential for agricultural intensification through catching up technologically, achieving higher farm yields, and improving incentives for diversification and regional specialisation. Intensification prospects are initially better in lowland areas, while managing and moderating disparities that risk emerging if uplands lag will be a particular challenge.

³⁴World Bank (2006b)

Despite the small share of agriculture in Lao PDR's export structure, the sector accounts for half of its GDP; subsistence agriculture binds a large proportion of the country's workforce. A great need exists to create off-farm employment opportunities, thereby using such a large human potential to contribute to economic growth. The new target of creating employment is inextricably bound up with the challenge of meeting the first MDG of reducing by half the proportion of people living on less than US\$1 a day and the proportion of people who suffer from hunger. The Government will need to find ways to improve existing rural jobs and to create additional jobs for new workers likely to join the labour force in the period leading up to 2015. Three things must be done:

- Increase growth in agriculture, since most rural workers earn their living from the land, and especially in the rural non-farm economy. Growth in agriculture can still create new jobs in the country, but growth in the non-farm economy will be critical to creating new jobs overall and, therefore, putting upward pressure on rural wages.
- Invest in rural people, with basic education, skills health, and early nutrition. This not only improves people's job prospects, but also reduces unacceptable disparities between rural and urban residents. Much can be done to remedy these disparities if public resources are allocated accordingly. These issues are discussed subsequently.
- Encourage migration through the provision of information, improved transport, making rights to public services and protection portable, and facilitating remittances. If some of the rural work force can find jobs in cities as migrants or commuters, this will help tighten rural labour markets.

The MoH cannot solve the nutritional problem alone. Attempts to significantly reduce food and nutrition insecurity require a favourable national policy environment for proper implementation of technical solutions. As noted above, poverty reduction is a necessary but not a sufficient condition for improved food security and nutrition. An urgent need exists for inter-sectoral, nutrition-friendly policies and regulations combining nutrition, food security, poverty and development objectives to address the root, underlying and immediate causes of malnutrition.

The Ministry of Agriculture and Forestry (MAF) has launched the national Food Insecurity and Vulnerability Information and Mapping Systems (FIVIMS) initiative, setting up institutional mechanisms to address both food and nutrition insecurity and vulnerability as an important national agenda. The MAF-FIVIMS Secretariat is strengthening national capacity to collect, analyse and disseminate data related to food and nutrition insecurity and vulnerability.

The MoH is active, and has developed a National Nutrition Policy (see Box 1.5), in technical cooperation with key Ministries (MAF, Ministry of Education - MoE, Ministry of Planning and Investment, Ministry of Justice, Water Resources and Environment Administration), as well as the National Commission for Mothers and Children under the Ministry of Foreign Affairs, mass organisations and Ministry-equivalent organisations. This has been supported by the United Nations, notably FAO, WHO, UNICEF and WFP. The policy was submitted for approval to the Lao

Box 1.5: The National Nutrition Policy Sets 10 Objectives for 2020

1. Improve nutrient intake
2. Reduce food- and vector-borne diseases
3. Improve household food access and food availability
4. Improve mother and child care and education
5. Improve environmental health
6. Improve nutrition programming, management, and monitoring and evaluation
7. Make nutrition central in socioeconomic development
8. Make investment in nutrition a priority
9. Improve the nutrition capacity within all sectors and levels of Government
10. Facilitate action-oriented research and information systems

National Assembly in the first half of 2008. It will help to substantially reduce levels of malnutrition, especially of vulnerable groups, and to mainstream nutrition in consecutive NSEDPs in line with implementation of the NGPES. After the National Nutrition Policy is endorsed, the MoH will continue as a leading body to disseminate it, in coordination with relevant key sectors. The Ministry will further cooperate with relevant key sectors to draft national nutrition legislation (National Nutrition Strategy, National Nutrition Action Plan and National Investment Plan).

The policy environment for nutrition is now favourable, yet the National Nutrition Policy is only a first step toward reaching the first MDG; many constraints still need to be overcome. Eradication of extreme poverty and hunger in Lao PDR depends on the strong commitment by and partnership between the Government and its development partners. This will require time, substantial investments and coordination to establish the necessary inter-sectoral development mechanisms.

In addition, increasing inequality in the last decade remains a cause for concern among policymakers. Rising inequality can seriously threaten the gains in poverty reduction achieved in recent years. Inequality strikes at the core of inclusive, sustainable human development. The notion of equity is complementary to the pursuit of long-term prosperity. Institutions and policies that promote a level playing field — where all members of society have similar chances to become socially active, politically influential and economically productive — contribute to sustainable growth and development. Greater equity is doubly good for poverty reduction, through potential beneficial effects on aggregate long-run development as well as through greater opportunities for poorer groups within the society.

Chapter 2

ACHIEVE UNIVERSAL PRIMARY EDUCATION MDG2



CAN LAO PDR MEET THE TARGET FOR ACHIEVING UNIVERSAL PRIMARY EDUCATION?

Target No.	Target	Will the target be met?	State of policy environment?
2A.	Ensure that by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling	Potentially	Strong
	<i>Assessment Scale</i>	<i>Probably Potentially Unlikely Lack of Data</i>	<i>Strong Fair Weak but Improving Weak</i>

SUMMARY

Education is among the better-performing sectors in Lao PDR, as reflected in continuous progress across all key indicators. However, some challenges remain with respect to ensuring equal education opportunities for children in all parts of the country, especially poor children, children in rural areas and children who do not speak Lao as their mother tongue.

While progress on enrolment has been satisfactory so far in Lao PDR, with net enrolment rates in primary schools soaring from 58 percent of primary school-age children in 1991 to 84 percent in 2005, reaching the last 15 to 20 percent of the population is always hard, and will require additional effort and resources. Like in many countries, progress in retention of students at the primary level has been slow, with the primary completion rate increasing by slightly more than 1 percentage point per year during 1991-2003.

To achieve the target, strengthened attention to retention and completion rates is required. It is also important to ensure that the Government's push toward attaining the MDG enrolment and literacy targets is gender-sensitive and pro-poor.

Effective public expenditure management reform is required to allocate adequate resources and infrastructure across provinces, so that all pupils complete the primary and lower secondary cycles, and that the quality of education is improved, a pool of trained teachers developed and curriculum strengthened to build its human resource capacity and extend educational opportunities to all. Special efforts need to be made to extend the benefits of education to those without adequate access to basic education. Performance and retention rates may be improved if teachers and pupils have the same language and culture.

Goal 2

ACHIEVE UNIVERSAL PRIMARY EDUCATION

Target 2A

Ensure that by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling

Indicator	1991	2001	2005	2015 Target
Net enrolment rate in primary school (*)	58	80	84	98
Proportion of pupils starting grade 1 who reach grade 5 (*)	48	62	62	95
Literacy rate in the age group 15-24	71 (**) (1995)	79 (***)	84 (**)	99

Source: (*) Ministry of Education
 (***) Population Census, 1995, 2005
 (***) Lao National Literacy Survey

Progress in Enrolment, Retention and Completion

Education is among the better-performing sectors in Lao PDR, which is reflected in the continuous progress in primary education. Administrative data suggests a large improvement in the net primary enrolment rate, from 58 percent in 1991 to 84 percent in 2005. Some divergence exists in net primary enrolment figures between the Government's two main data sources,³⁵ however. The

LECS shows a much more moderate increase, from 61 percent in 1992-93 to 65 percent in 2002-03.

Enrolment rates are higher among children in urban than in rural areas, boys as opposed to girls, Lao-Tai as opposed to non-Lao-Tai, and non-poor children as opposed to poor children. Only urban Lao-Tai girls have slightly higher enrolment rates than urban Lao-Tai boys (Table 2.1).

Table 2.1: **Primary School Enrolment, by Gender, Location, Ethno-Linguistic Group, and Poverty Status, 2002-03**

	Urban				Rural				Total		
	Lao-Tai		Total		Lao-Tai		Non-Lao-Tai			Total	
	M	F	M	F	M	F	M	F		M	F
Total	78.4	78.7	78.6	78.1	76.8	74.4	58.6	51.0	69.4	64.7	69.2
Non-poor	79.3	78.4	79.2	77.8	80.6	77.9	63.3	58.1	75.1	71.5	74.5
Poor	75.1	79.7	76.9	79.0	68.2	67.1	54.5	45.0	60.8	55.0	60.3

Note: The denominator for the net and gross enrolment rates is the number of children aged 6-10. All estimates are population-weighted. Source: LECS3 (2002-03).

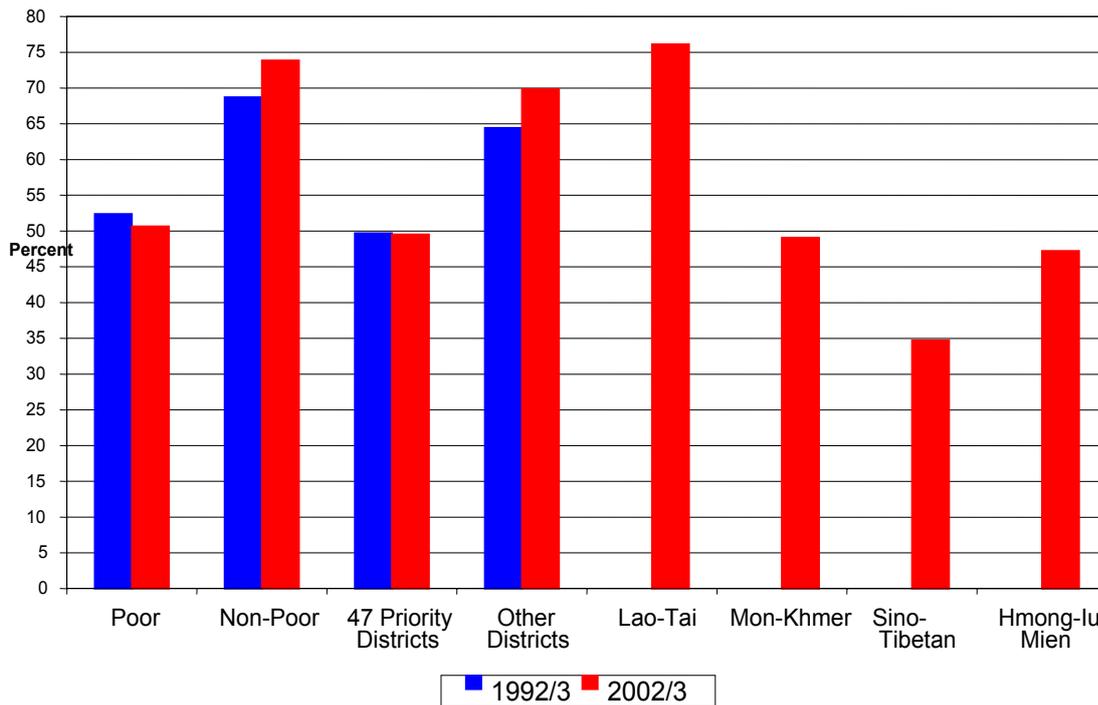
³⁵ Discrepancies between administrative and survey enrolment data can arise because of differences in the collection period (administrative data are collected on one day early in the school year, while survey data refer to the year); the estimated school-age population; and/or respondents (administrative data rely on schools, household survey data on parents and pupils).

The rise in enrolment rates over the decade was generally tilted toward the non-poor and non-priority districts, aggravating access disparities. While net primary enrolment fell by 2 percentage points for the poor and remained constant for first-priority districts, it rose by 5 percentage points for the non-poor as well as other districts. In both urban and rural areas, primary enrolment rate generally rises with consumption (Figure 2.1).

5) is 9.4 percent, but considerable variations are found across provinces, as illustrated by the difference between Oudomxay (17.1 percent) and Xayabury (3.1 percent). Analysis of LECS data reveals that almost one-third of 12-year-olds who did not pursue their studies beyond grade 5 said that cost was the key factor, while slightly fewer claimed lack of interest.

Figure 2.1:

Net Primary Enrolment Rate



Source: Joint Report of the National Statistics Centre of the Committee for Planning and Investment, the Asian Development Bank, the Swedish International Development Agency and the World Bank (2006)

Differences are wide in primary net enrolment rates across ethnic groups. More than three in four Lao-Tai attended primary school in 2002-03, compared to fewer than one in two Mon-Khmer and Hmong-lu Mien, and just over one in three Sino-Tibetans. Nearly 10 percent of children never attend school, with the highest proportion amongst rural non-Lao-Tai females.

Primary completion rate (the proportion of pupils who after starting grade 1 reach grade 5) increased from 48 percent to 62 percent during 1991-2005. Yet progress in retention of students at primary level is relatively slow. At the current rate, the MDG target of achieving a primary completion rate of 95 percent by 2015 looks unlikely, particularly given the high rates of repetition and dropouts. The overall dropout rate (for grades 1 to

Access to primary schools across the country also has gradually declined since the early 1990s. In 1992-93, fewer than one in 10 households lived in villages without primary schools. By 2002-03, however, one in six families had to send their children to neighbouring villages for education, although the distance to neighbouring schools declined by 1 to 2 kilometres. According to the 2005 Population Census, only 80 percent of all villages now have primary schools. While differences in access across poverty and priority district groups are modest, the Mon-Khmer and Sino-Tibetans are about 6 percentage points behind the Lao-Tai and Hmong-lu Mien in terms of availability of village primary schools. Their children also have to reach 2.5 to 7.5 km to the next village's primary school, compared to less than 1.5 km for the other ethnic groups. Encouragingly, the textbook availability in primary schools improved significantly over the decade.

Some villages have no schools, whereas others have only incomplete primary schools. Because of the small number of children, lack of teachers or limited facilities, some primary schools offer only the first two or three grades. The share of villages with complete schools fell from more than one in two in 1992-93 to less than one in three in 2002-03. Although 80 percent of villages have a primary school in the area, only 36 percent have complete primary schools (all five grades), according to

education sector, which is stipulated in the Education Law. Overall, education continues to be a luxury when it goes beyond the grades available in the village. Only a very small number of children continue education in other villages or in the nearby district, since expenses become prohibitive.³⁷ Uniforms account for the largest share of household education expenditures at both the primary and secondary levels -- about 50 percent in rural areas and 35-40 percent in urban areas (Table 2.3). The second-

Table 2.2: Incomplete Schools and Provincial Dropout Rates Are Strongly Correlated

Province	% of Schools Complete	Dropout rate (%)		
		Male	Female	Total
Vientiane Capital	88.1	7.3	6.5	7.0
Phongsaly	19.9	15.6	15.2	15.5
Luangnamtha	29.3	10.8	14.4	12.4
Oudomxay	31.5	15.7	18.6	17.1
Bokeo	27.5	11.3	10.2	10.9
Luangprabang	41.8	9.6	10.1	9.9
Huaphanh	31.1	8.9	8.9	8.9
Xayabury	80.3	3.3	2.9	3.1
Xiengkhuang	35.5	3.6	7.9	5.6
Vientiane Province	58.4	6.3	6.4	6.3
Borikhamxay	63.1	4.7	5.6	5.1
Khammuane	45.0	9.4	10.3	9.8
Savannakhet	42.6	10.1	9.4	9.8
Salavan	27.8	14.1	15.6	14.7
Sekong	47.5	14.1	13.0	13.6
Champasack	47.3	9.1	9.4	9.3
Attapeu	43.5	14.0	15.0	14.5
Total	44.2	9.2	9.6	9.4

Source: MOE/ESITC

the 2005 Population Census. The situation in the North is of particular concern. Nationwide, 90 percent of schools in the poorest districts are incomplete, with more than 40 percent of students attending an incomplete school. Dropout rates across provinces may be strongly related to the incidence of incomplete schools (Table 2.2). Less than one-third of the schools are completed in Oudomxay, where nearly 30 percent of children drop out after Grade 1.

Despite the 1996 Decree on Compulsory Education,³⁶ which provided for free and compulsory primary education for all children between six and 14 years of age, in reality parents pay a variety of fees and other charges, but it is not an obligation for the poor. This is to share the ownership of society by making a contribution to the

largest cost in rural areas is textbooks and materials (20-25 percent); in urban areas, it is transportation, meals, and lodging (21 percent). Tuition and parent-teacher association (PTA) fees account for less than 10 percent.

Per-student expenditures are generally lower in rural than urban areas, and the poor spend less in absolute amounts than the non-poor. Per-student education expenditures account for 16 percent of per-capita household expenditures in urban areas and 9 percent in rural areas.

³⁶ No.138/PMO/96

³⁷ As indicated in the EFA Mid-Decade Assessment.

Table 2.3: **Household Spending on Education and Component Shares, by Urban/Rural Location, Ethno-Linguistic Group and Poverty Status, 2002-03**

	Urban			Rural		
	Lao-Tai	Non-Lao-Tai	Total	Lao-Tai	Non-Lao-Tai	Total
Total						
Expenditure per primary student ('000 kips/month)	32.5	15.2	30.5	12.9	10.6	12.1
Share to tuition	7.2	6.6	7.1	2.1	3.5	2.6
Share to PTA fees	2.0	2.3	2.0	2.1	2.5	2.2
Share to uniforms	32.5	42.7	33.8	47.9	53.5	50.0
Share to textbooks & materials	15.5	24.3	16.6	21.5	24.8	22.7
Share to transportation/meals/boarding	22.8	6.5	20.8	11.5	5.2	9.2
Other expenses	20.0	17.6	19.7	14.9	10.6	13.3
Non-poor						
Expenditure per primary student ('000 kips/month)	35.6	18.2	34.1	14.3	12.3	13.8
Share to tuition	7.6	6.8	7.5	2.0	3.5	2.4
Share to PTA fees	1.9	1.4	1.9	2.1	2.6	2.3
Share to uniforms	31.0	42.6	32.1	47.0	51.0	48.2
Share to textbooks & materials	15.3	23.0	16.0	20.6	24.0	21.6
Share to transportation/meals/boarding	24.7	6.6	23.1	12.5	6.3	10.7
Other expenses	19.5	19.7	19.5	15.8	12.7	14.9
Poor						
Expenditure per primary student ('000 kips/month)	18.9	11.6	17.1	8.9	8.7	8.8
Share to tuition	5.5	6.4	5.7	2.4	3.5	3.0
Share to PTA fees	2.4	3.4	2.7	1.9	2.4	2.1
Share to uniforms	38.7	42.9	39.8	50.4	56.3	53.4
Share to textbooks & materials	16.6	26.0	19.0	24.0	25.7	24.9
Share to transportation/meals/boarding	14.7	6.3	12.5	8.8	3.9	6.4
Other expenses	22.2	15.1	20.3	12.5	8.3	10.3

Source: LECS3 (2002-03)

While school fees may still deter some students from attending school, the Government has successfully reduced the burden of tuition and PTA fees on rural and urban students. However, household outlays on uniforms, textbooks and learning materials and transportation are more likely to deter some students from attending school than school fees.

Reaching the remaining 15-20 percent of the population

The literacy rate among young adults (aged 15-24) has increased steadily, from 71 percent in 1995 to 84 percent in 2005. Again, challenges remain in particular with respect to rural, poor and ethnic children who make up a large proportion of the remaining and the hard-to-reach 15 to 20 percent of the population. But geographic variation in Lao PDR goes beyond urban-rural residence to significant variation across provinces and even districts, as well as by elevation of areas of residence.

Improvement in enrolment by years of schooling has directly effected consistent improvements in the literacy rate. Urban Lao-Tai males have the highest literacy³⁸ (above 90 percent for all cohorts), and literacy rates for urban female Lao-Tai have increased systematically so as to be consistent with those of male urban Lao-Tai in the 18-year-old age group. Interestingly, rural Lao-Tai females have greater rates of literacy than their male counterparts. Overall, though, rural non-Lao-Tai females experience the lowest rates of literacy, and the literacy gap between rural Lao-Tai and non-Lao-Tai females, as well as between rural and urban females, is widening.

Literacy has increased among the poor and non-poor alike, and the gains have generally been both absolutely and proportionally larger for the poor. Nevertheless, literacy remains much lower among the poor, particularly among rural females. Among poor rural females, the literacy rate was only 39 percent in 1997-98 and only modestly improved in 2002-03, to 46 percent. In contrast,

³⁸ King and van de Walle (2005).

among non-poor rural females, 58 percent were literate in 1997-98 and 67 percent in 2002-03.

Literacy is higher in 2002-03 than in 1997-98 for all levels of real per-capita consumption groups. As with schooling levels, this gain may be a result of one or more of several factors, such as increased availability of public schools, greater preference for schooling among the poor, higher perceived returns to education, other policy initiatives (such as a literacy campaigns), or a combination.

Income and Impact on Literacy

The upward shift in the relationship between literacy and household consumption is consistent with a relative gain in schooling for the poor. For national and rural distributions, absolute gains in literacy are nearly constant across income distribution -- that is, they are proportionately larger for the poor. However, significant differences in absolute gains are apparent in urban areas, where such gains have been largest for the poorest. The increase appears to have been driven by the enormous progress among poor urban females, who had lagged behind other urban groups. Poor males also achieved some progress, albeit less than females. As a result, literacy is becoming less skewed by income in urban areas. At the same time, the same trend is not apparent in rural areas.

School attendance patterns mirror these trends. The percentage of people who never attended school is much higher in rural than urban areas. Within both areas, the proportion of the population that never attended school is much smaller among Lao-Tai than other groups. Among both Lao-Tai and non-Lao-Tai, males are more likely to have attended than females, and the non-poor are more likely to have attended than the poor. Particularly striking is the pronounced disadvantage of both poor and non-poor non-Lao-Tai females, especially in rural areas.

In urban areas, two-thirds of teachers are women, which may encourage more girls to go to school. The opposite is true of rural areas, however. Qualifications and experience of teachers are highest for Lao-Tai in urban areas and lowest for non-Lao-Tai in rural areas. The average pupil-to-teacher ratio is 30:1, and is slightly higher in urban areas and for non-Lao-Tai. All the same, non-Lao-Tai females, especially those in rural areas, are again among the most disadvantaged groups.

Government Education Strategy

Improvements in education over the past decade are attributable both to economic growth and to Government policy and interventions. The NSEDP 2006-10 has placed education as one of the four pillars of the poverty reduction strategy. Development of human resources to meet the demands of socioeconomic development – and thus, poverty reduction – in the country is an important goal of the NSEDP. The NSEDP also provides detailed targets for the period and continues to identify three pillars of educational development in Lao PDR, similar to the previous plan: (i) equity and access; (ii) quality and relevance; and (iii) strengthened administration and management. Commitment also is expressed to the design of “a comprehensive, balanced and harmonious Sector Wide Approach.”

The Government is committed to becoming a “Fast Track Initiative” (FTI) country. FTI is a global partnership initiative between donor and developing countries to ensure accelerated progress of developing countries toward achievement of universal primary education by 2015. FTI is based on mutual commitment, where partner countries prioritise primary education through development of comprehensive national education plans, and development partners provide additional coordinated technical and financial assistance in a transparent and predictable manner. FTI is implemented at country level through country-owned programmes and allows development partners to provide increased volumes of aid more effectively through existing channels.

The MoE recently conducted the Education For All (EFA) Mid-Decade Assessment, which reviewed and assessed Lao PDR's progress against the EFA goals agreed at the 2000 World Education Forum in Dakar. EFA is the main vehicle for expanding access to primary and lower secondary education and adult literacy, and is recognised as such in the NSEDP. The goals of the EFA National Plan of Action mirror those of the NSEDP and are to be achieved by consolidating three major tasks: (i) equitable access; (ii) improving quality and relevance; and (iii) strengthening education management.

Given its commitment to EFA and FTI, the MoE, with technical assistance from ADB and AusAID, is developing a 10-year Educational Sector Development Framework (ESDF) for 2008-18. Creation of the ESDF will entail assessments of the projected expansion in primary,

lower and upper secondary, technical and vocation training, non-formal education and tertiary levels, as well as the impact this expansion will have on the demand for physical facilities, teachers, textbooks, learning materials and institutional and management capacity. The framework will enable: (i) comprehensive projection of education sector resource requirements; (ii) focused and better-coordinated external assistance; and (iii) more balanced sector development.

ESDF also will establish priorities to match resource availability. This process will enable the formulation of costed and prioritised annual plans, a requirement of the Vientiane Declaration Country Action Plan. Such budget planning will be conducted on the basis of minimum requirements by unit costing per student, at all levels and systems, and will reinforce the budget management mechanism of the sector in accordance with the Vientiane Declaration.

Current budgetary allocations are insufficient to meet the needs of the sector, and continued reform of public administration is essential if development targets are to be reached. The proportion of the national budget allocated to education is amongst the lowest in Asia and the Pacific. Public expenditure on education in Lao PDR collapsed with the Asian financial crisis of 1997-98 (Table 2.4), although by 2006-7, the levels had nearly recovered to that of 1995, both in relation to GDP and as a proportion of total public spending. Yet this recovery relates largely

total education budget was externally funded in 2005-06. Meanwhile, the ratio of foreign investment to recurrent budget expenditure is declining; the effect of this decline is that schools will be built without the necessary operating budget to pay for teachers, buy textbooks or other resources, and perform general maintenance.

Human resources remain a significant challenge because of inadequate numbers of teachers who are poorly and irregularly paid and who, particularly in rural areas, experience poor living and working conditions. These factors have an impact on the quality of education delivered to students. At the same time, 50 percent of children in rural areas have been found to be chronically malnourished (stunted). This also undoubtedly has a negative effect on cognitive and motor development, and impairs productivity at school and ultimately the ability to fulfil development potential.

Meeting the MDG for Education

The Government's commitment toward attaining the MDG enrolment and literacy targets requires extending education services to the most disadvantaged and underperforming sections elements of the population, along with removal of barriers that discriminate on the basis of location, gender, ethnic background or wealth. Achievement of universal primary education is most difficult in the poorest districts, and special attention

Table 2.4: **Trend in Public Expenditure on Education**

	1990-91	1994-95	1999-2000	2004-05	2005-06	2006-07
Education budget as % of GDP	1.9	3.6	1.4	2.3	3.2	3.2
Expenditure on education as % of total public expenditure	7.2	13.9	7.2	11.0	14.0	15.0

* Preliminary estimates

Sources: Data for 2005-06 and 2006-07 have been provided by MoE/DPC. Data for 2004 to 2005 are estimates by MoE reported in UNESCO and ADB 2005b. Data for earlier years are from R. Noonan (2001), Table 1.

to inputs from development partners and does not imply any improvement in the share of domestic funding or in the ratio of recurrent to investment budget.

Since 2004-05, foreign funds have contributed 90 percent of educational investment. Close to 60 percent of the

needs to be given to the most excluded, such as certain ethnic groups, girls and children in need of special protection. Ethnic diversity and the variety of languages spoken present the education system with particular challenges. The expansion of good practices related to the provision of relevant and sufficient learning

material specifically to the children and adults need to be supported. Geographical difficulties likewise have a role to play in inequality in access to education, and a key challenge is to deliver quality education to inaccessible areas. Secondary school coverage is highest in urban and economically developed areas and lowest in rural, remote and poor districts, which contributes to the widening gap in learning opportunities illustrative of increasing inequalities.

Literacy and numeracy levels will improve only if children can be retained in school for longer and the quality of teaching is improved. The likelihood of students completing primary schooling also is increased by access to complete schooling. A solution proposed is to



expand multigrade teaching in rural and remote areas, where it is not always feasible to dramatically increase human resources and facilities in a short time.

Further, special efforts need to be made to extend the benefits of education to those without adequate access to basic education, for example, by exploring options for distance education and adult literacy classes, particularly for women. Performance and retention rates may be improved if teachers and pupils have the same language and culture. In this context, the Government has instituted some pro-poor policy incentives to encourage teachers to teach in rural and remote areas and in multigrade schools. However, it is not clear yet whether these incentives have had a positive effect.

The quality of education provided must be upgraded, with more attention provided to teacher training to ensure modern methods of teaching sciences, languages and technology in particular. Considerable international evidence indicates that girls' schooling is more responsive to household and school characteristics than boys' schooling. Improved school supply in rural areas will

likely be of greatest benefit to non-Lao-Tai, particularly girls, and will have a positive effect on closing the gender gap. In order to raise enrolment amongst these groups, it is necessary to address the opportunity costs for girls attending school and to consider the specific constraints facing the most marginalised groups when planning policy interventions.

Supportive public expenditure management reform is required so that adequate resources and infrastructure are made available consistently across provinces and used effectively and efficiently at school level, so that all pupils actually complete the primary and lower secondary cycles. Donor alignment through programmatic funding also will assist in this area.

The Government needs to invest appropriately in education to make it a successful tool in poverty alleviation. Minimum per-capita budget allocations for basic education and improvements in management information systems are necessary to ensure effective management of revenues from natural resources and investment in basic social services, including primary and lower secondary education for disadvantaged populations.

It also is necessary to examine the education sector holistically: Improving access to quality secondary education will increase numbers entering and completing high school and progressing to tertiary education. A sector-wide holistic approach will help improve standards in tertiary and vocational and technical colleges. This needs to be taken into account in developing the 10-year ESDF and in ensuring that funds are not directed away from primary education into other areas within the sector.

One of the biggest constraints to achieving the MDG in education is the challenge of ensuring that provincial policies and funds allocated for education follow a nationally agreed strategy and budget. Provinces currently have significant autonomy to decide how much of their budget is spent on education, irrespective of national policy or regulation. It is envisaged that the decree to accompany the new Budget Law should address this issue.



Chapter 3

PROMOTE GENDER EQUALITY AND EMPOWER WOMEN MDG3



CAN LAO PDR MEET THE TARGET FOR PROMOTING GENDER EQUALITY AND EMPOWERING WOMEN?

Target No.	Target	Will the target be met?	State of policy environment?
3A.	Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015	Unlikely	Fair
<i>Assessment Scale</i>		<i>Probably Potentially Unlikely Lack of Data</i>	<i>Strong Fair Weak but Improving Weak</i>

SUMMARY

To achieve gender equality, it is necessary to place women's empowerment at the centre of national development plans. This includes ensuring that women and girls enjoy a set of basic human capabilities, as measured by indicators on education, health, and nutrition; have equal opportunities to use or apply their basic capabilities, including in non-agricultural wage employment and political representation; and have reduced vulnerability to violence and abuse.

Elimination of gender disparity in education in Lao PDR has made slow progress. Although gender gaps have been reduced, fewer girls than boys are enrolled at all levels, and this share is lower at the higher education levels. Overall, the gender gap is closing, but slowly, and so the MDG targets for elimination of gender disparity at all levels seem ambitious.

Low educational levels of girls affect their prospects of non-agricultural wage employment. While there are few such opportunities in Lao PDR, women's prospects of getting such employment are adversely affected by previous low access to higher levels of education. In the 10-year period (1995-2005) for which data are available, the share of women in wage employment increased less than 1 percentage point per year, which is close to the rate at which girls narrowed the school enrolment gap.

The situation is different with respect to women's political representation in Lao PDR: the proportion of women members of the national legislature tripled between 1990 and 2003 and is among the highest in the region.

More analytical work is required on gender disparities at sub-national levels, where real rigidities on gender roles may exist. Although the Government has begun to collect data disaggregated by sex, a need exists to further pursue data collection and dissemination on gender issues, so as to better sensitise decision makers and communities to the problems faced by the female population. This will foster a better understanding at all levels of the dynamics that sustain and/or create gender inequalities, and form the basis for, targeted policies, strategies and actions, and re-prioritisation of public expenditures. The new Lao National Commission for the Advancement in Women (Lao NCAW) provides an excellent opportunity for the Government to mainstream gender issues across sectors.

Goal 3

PROMOTE GENDER EQUALITY AND EMPOWER WOMEN

Target 3A

Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015

	1991	1995	2002	2005	2006	2015 Target
Ratio of girls to boys (number of girls per 100 boys) enrolled (^) in						
- Primary	77		84		86	100
- Lower secondary	66		74		78	100
- Upper secondary	56		68		74	100
- Tertiary	49		57		62	100
Ratio of literate women to men, 15-24 years old		Dropped following the global recommendations				
Share of women in wage employment in the non-agricultural sector (%)		38 (*)		44 (*)	50 (**)	No target
Proportion of seats held by women in national Parliament	6 (#)		23 (#)		25 (#)	No target

Sources:

(^) MoE (***) NSC, Economic Survey 2007

(*) Population Census, 1995, 2005 (#) National Assembly

The Government of Lao PDR has made promotion of gender equality a priority, and is making a conscious effort to include both women and men in its economic development. Men and women have equal rights in the Constitution, and a national mechanism to spearhead gender-sensitive development has been established with Lao NCAW. Lao NCAW is mandated to mainstream gender across all sectors and in all provinces. As a mass organisation, the Lao Women's Union forms another part of the framework that operates from national to community level to promote women as good citizens, "being good in development and building a good family." Women continue to be disadvantaged in their daily lives, however, and despite some progress in human development, gender gaps persist in a number of key social and economic development indicators, such as health, education, agriculture and Government representation.

Primary Enrolment Rates in Lao PDR

Although Lao PDR has made considerable progress in education over the past few decades, education indicators are among the lowest in Southeast Asia, and gains have not necessarily been evenly distributed across the population and all geographic areas. Improvements have been greater at higher levels of education, as the stay-on rates for girls increased faster than for boys. In spite of this progress, however, the speed is not sufficient to reach parity by 2015 and achieve the MDG target.

Gender Gaps in Education

In spite of progress in the last 15 years, Lao PDR has not seen the gender gap in education close significantly (Table 3.1). In fact, the gender gap in enrolment increased during the last decade; the disparity widens at the higher levels



Table 3.1: **Mean Net Primary School Enrolment Rates, by Location, Ethno-Linguistic Group and Gender**

Ethnic Group	Urban		Rural		(%)
	Male	Female	Male	Female	
Lao-Tai	90.4	91.9	82.1	80.7	
Mon-Khmer	80.1	75.0	61.4	57.4	
Hmong-lu Mien	87.8	84.5	66.0	48.3	
Sino-Tibetan	86.5	100.0	38.7	32.7	

Note: All estimates are population-weighted.

Source: King and van de Walle (2005), based on LECS3 (2002-03)

of schooling. In 2006, the number of girls enrolled per 100 boys in primary education was 86, in lower secondary 78, in upper secondary 74 and in tertiary education, 62. The gap between urban and rural women also continues to widen. Gaps likewise are considerable based on regional and ethnic backgrounds.

The stark disparities that persist between urban areas and rural areas, and between different rural areas, can to a great extent be explained by accessibility. Often communities that are inaccessible by road are home to groups that speak their own ethnic dialect. Among them, especially women and girls often did not learn to speak Lao.

The greatest progress in reducing the gender gap in primary enrolments has been for the Lao-Tai, where the gap has been almost closed in urban areas, and reduced significantly in rural areas. At the same time, gender-related challenges facing the more vulnerable non-Lao-Tai ethnic groups appear undiminished. These arise from physical, socio-cultural and economic constraints to access as well as perceptions about the limited benefits and poor quality of available education. The lowest rates of primary school enrolment are among non-Lao-Tai girls living in rural areas. Differences are notable among the groups: For example, fewer than one in two girls and two in three boys among the Hmong-lu Mien in rural areas are enrolled in primary school. Among the Mon-Khmer, 57 percent and 61 percent of rural girls and boys attend primary school. And while the gender gap is smaller between men and women from the Sino-Tibetan ethnic group, only 33 percent of girls and 39 percent of boys in rural areas are enrolled in primary school. For all three non-Lao-Tai groups, the gender gap in primary enrolment is lower in urban than in rural areas.

Women and girls in urban areas benefit most from closing of the gender gap. Improvements in enrolment ratios between girls and boys evident at national level are largely the result of greater progress in urban areas,

where economic growth has been concentrated. In rural areas, the disparities become much wider, particularly amongst vulnerable ethnic groups.

Analysis of LECS3 data reveals that boys and girls do not have the same age-enrolment profile. Boys who do not enter school by the peak ages of 9-11 are likely to enter school later, but girls not in school

by ages 9-11 are unlikely to do so. Ethnic differences are more pronounced for girls than for boys. Compared with boys, girls from the Sino-Tibetan group are much less likely to be in school than those from the Lao-Tai group.

The household's age-gender composition has a much larger, statistically significant effect on girls: the number of children and even the number of men, relative to the number of women reduces girls' enrolment. Living in the highlands or in one of the 47 priority districts has a greater negative effect on girls, indicating that girls' enrolment is more highly correlated with a household's living standard and the economic value of schooling in the community.

Sustainable Livelihoods and Women in Wage Employment

The share of women in wage employment increased from 38 to 44 percent during 1995-2005, at slightly less than one percentage point per year. Given that Lao PDR is primarily a rural subsistence economy, women perform numerous roles both at home and within the community that are unpaid and time-consuming. Thus, this figure must be interpreted carefully.

The formal sector remains relatively undeveloped, and most wage-earning opportunities are in urban areas. This mainly arises from the fact that the vast majority of the labour force works in agriculture. More women than men work in the formal sector, although women tend to be found in low-skilled jobs, rarely in management positions. About 38 percent of those in industry are women, 41 percent in trade, and 57 percent in the service sectors (UNIDO 2001).

The informal sector absorbs the great majority of Lao women, who tend to own small businesses, mainly in retail and textiles. Women are frequently pushed into this sector by their relative lack of education and the lack of

opportunities in the formal sector. According to the 1996 National Survey on Small and Medium Enterprises (SMEs), 63 percent of SMEs were owned by women, whereas men tend to own larger enterprises.³⁹ Female entrepreneurs had significantly less education than male entrepreneurs; the proportion of female owners with no schooling (22 percent) was almost twice as high as that of men (12 percent).

The most common sub-sectors for women's commercial micro and small enterprises were retail, vending and guesthouses/restaurants. In the manufacturing sector, textiles appeared to be the exclusive domain of women. Almost 95 percent of women's business used only hand tools, in contrast to 52 percent of men's businesses. Women's enterprises were more likely to be home-based or located in the marketplace, whereas men's businesses were much more likely to be mobile. In short, it can be concluded that while women have entered the marketplace as small- and medium-scale entrepreneurs with some force, a significant gender gap remains in terms of the type and size of business.

Non-agricultural activities are undertaken by both men and women, but in rural areas women generally demonstrate greater diversity than men in their choices. In addition to weaving (silk and cotton) and embroidery, many women undertake indigo and mulberry planting. Nonetheless, numerous constraints affect women's businesses (see Box 3.1).

As noted previously, non-agricultural wage employment represents a small proportion of total employment for men and women. In addition, the indicator measures only the presence or absence of work — not the quality. Whether increases in the number of women in non-agricultural waged employment is truly representative of a movement toward gender equality or empowerment

of women is questionable, given the frequently poor conditions and low wages paid. The full spectrum of non-agricultural wage employment needs to be considered, since some forms offer better social and legal protection than others. Migration is becoming an option for many Lao men and women, but one associated with increasing vulnerabilities, particularly for women and children. A 2004 study by the Ministry of Labour and Social Welfare identified the type of jobs available to men and women, and their geographical location, as one of the main factors influencing the outcome of migration (success or exploitation).

Women in the National Parliament

The proportion of female members in the National Assembly has increased significantly, from 6 percent in 1990 to 25 percent in 2006; this is among the highest in the region. With two female Ministers and a third in an equivalent position, as well as one female Vice Minister and five equivalent positions filled by women, it is clear that progress has been made. Even so, these achievements are not necessarily mirrored in similar developments at the sub-national level, where gender gaps still exist and are significant. It also is important to focus on the empowerment and advancement of women in decision-making roles at all levels of the civil service and Government, to ensure that a more active role is taken by women in socioeconomic development of the country. Significant improvements need to be made to ensure that this filters down to all levels of national and sub-national Government.

Within the National Assembly, a women's caucus was formed in late 2002, and a gender mainstreaming strategy and action plan are being developed. However, Lao women are not well-represented in other decision-

Box 3.1: Constraints affecting women's businesses and informal-sector workers

A number of challenges affect female workers in the informal sector. Multiple responsibilities, compounded by the limited level of education, experience and access to resources, represent some of the main obstacles. Moreover, women entrepreneurs who run businesses to generate income for household purposes have little capital to invest in business growth. Marketing constraints also pose an obstacle, given that women lack the awareness, knowledge and skills related to vocational development, business opportunity identification, simple accounting, and entrepreneurship. Mobility constraints and the limited nature of the domestic market – in terms of the number of consumers and their purchasing power – likewise are challenging. Because of their low level of education and demands on time, women entrepreneurs face difficulties in dealing with complicated and time-consuming business registration procedures, often lacking the confidence to handle legal documents and to communicate with official authorities. Other challenges include limited credit, complicated lending procedures, villagers' fear of borrowing, and borrowers' lack of collateral.

³⁹Ministry of Industry and Handicrafts of Lao PDR/German Agency for Technical Cooperation (1996)

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making bodies and Government offices. Retrenchments in the civil service, beginning in the late 1980s, resulted in disproportionate layoffs of women from Government. Women now represent a little over one-third of Government employees with very few in senior Government positions at national, provincial and district levels, or in the judiciary. In 2000 women represented 1.2 percent of village chiefs and 1.6 percent of deputy village chiefs. The limited role of women in village leadership, and the limited number of ethnic group women working as technical staff in provincial and district offices, hamper the effectiveness of poverty reduction programmes in rural areas and provide few role models for ethnic group girls.

Government Gender Strategy

Lao PDR is highly committed to the promotion of equality between men and women and has articulated relevant country goals and priorities in the NSEDP 2006-10. The gender strategy, aimed at reducing poverty, is founded on the important role played by Lao women in the society. The effective participation of women, especially poor and ethnic women, is thus essential for the country to both reduce poverty and improve living standards.

The Constitution provides a fundamental basis for gender equality by providing that all Lao citizens are equal before the law, irrespective of gender, social status, beliefs and ethnic group; Lao citizens enjoy equal rights in political, economic, cultural, social and family affairs. The national framework, consisting of the Constitution (Articles 22 and 24), laws such as the Law on the Development and Protection of Women 2004, and institutions such as the Lao Women's Union and Lao NCAW, provides an enabling environment for achieving gender equality.

In addition to its commitment to the MDG on gender equality and women's advancement, Lao PDR has ratified the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW, 1981), and the Beijing Platform for Action (1995). In accordance with the implementation of CEDAW, the country has steadily made progress toward gender equality and elimination of discrimination, through legislative and policy reform on gender-related issues. The Government's commitment to CEDAW implementation led to both the establishment of the Lao NCAW in April 2003 and the adoption of the Law on the Development and Protection of Women by the National Assembly in October 2004.

Lao NCAW has the mandate to assist the Government in formulating national policy guidance and strategic Plans of Action in order to promote women's advancement in every respect. Lao NCAW also functions as a focal point and coordinates closely with local authorities and international organisations concerned with implementation of the Government's policy on promoting gender equality and eliminating all forms of discrimination against women. Lao NCAW has prepared a national policy plan on the advancement of women 2006-2010, which is consistent with the Beijing Platform for Action, relevant international treaties and the MDGs. The plan consists of five programmes, as follows:

- Improve women's participation in implementation of the National Growth and Poverty Eradication Strategy
- Promote opportunities for women and girls to be equal with men and boys in education and other fields
- Improve health care services for women
- Increase the number of women in leading positions at all levels
- Strengthen the capacity of national organisations concerned with protection of women and promotion of their advancement

Under the leadership of Lao NCAW, a number of Ministries have begun to mainstream gender into their activities, while some are setting up teams to undertake the process. Sub-Commissions for the Advancement of Women (sub-CAWs) have been established pursuant to Government instruction in units within Ministries and equivalent organisations, as well in the provinces, with a view to ensuring more practical implementation of gender mainstreaming. While the establishment of Lao NCAW and the support of the Government in establishing sub-CAWs within Ministries and provinces is an extremely positive step, it is widely acknowledged that these organisations still lack critical capacity to carry out their mandate. In order to ensure that such organisations can provide the requisite support to Government in the areas of gender policy and strategic action toward the advancement of women, capacity strengthening activities are necessary.

The NSEDP 2006-10 aims to achieve gender equality in all spheres of society, recognising that Lao PDR will not be able to realise its socioeconomic development goals without active participation of all women, and particularly poor and ethnic women. The NSEDP recognises that gender is an issue interdependent with other priority

areas and that it is therefore crucial to involve women in local decision making, to take their needs into account when developing programmes and plans, to support poor women's economic activities and to improve their access to basic services (education, health and productive resources such as extension services). The NSEDP also details several strategies for improving gender disparities in education. These include recruitment of ethnic teachers, providing incentives for girls to go to school, scheduling primary and secondary classes to encourage school attendance, building dormitories for girls who live too far to travel to school daily, and providing distance education and bridging courses to enable female students to enter vocational and technical schools.

A study of textbooks for primary education from grades 1 to 6, conducted and published by the MoE, revealed that the textbooks contained biases with respect to gender roles. The Ministry now has revised these and has introduced gender-sensitive textbooks that demonstrate equality of gender roles.

The Public Administration and Civil Service Authority is in the process of developing a Civil Service Code of Conduct that will deal with discrimination in the civil service and set out grounds of recourse for those affected.

Meeting the MDG for Gender Equality

Overall, the gender gap is closing, but slowly. The MDG targets for elimination of gender disparity require increased awareness; a better understanding at all levels of the dynamics that sustain and/or create gender inequalities; targeted policies, strategies and actions; and re-prioritising public expenditures. The Government must address the regions in which compelling evidence of disparities persists, given that gender parity appears achievable in urban areas within the MDG timeframe. The small gains that can be made in urban areas will not have the same significant effect on overall statistics as incremental improvements in rural populations.

In order to encourage more women and girls to participate in education and improve literacy, it is important that ethnic groups have the opportunity for lessons to be taught in mother-tongue. Other steps include provision of safe accommodation for females attending school outside of their localities, thus reducing the burden of travel.

The new Lao NCAW provides an excellent opportunity for the Government to mainstream gender issues across sectors. Although the Government has begun to collect data disaggregated by sex, a need exists to further pursue data collection and dissemination on gender issues, in order to better sensitise decision makers and communities to the problems faced by the female population.

Despite the increased numbers of women members of the National Assembly, a need exists to improve their skills and capacity more systematically, so as to enable them to participate more fully and enhance their role. A need also is evident to work with all members of the National Assembly, to focus on gender roles and the impacts of legislation on women, and to arm members with appropriate skills and knowledge so that legislation and potential impacts can be deliberated and discussed. Conditions must be created in which women can better participate in the process of policy- and decision making at all levels, increasingly sharing responsibilities in different sectors.

The empowerment of women to contribute to public life is encouraged at all levels, including the village level. Currently, stereotypical attitudes continue to affect girls in the family, school and society. Females experience an unfair distribution of labour inside the home, and men are usually considered the heads of household and decision makers at domestic and village levels.⁴⁰ Consequently, women and girls are restricted in their ability to access education and thus gain less exposure to, and contribute less to, village and community development despite their significant social and economic role.

The overall afflictions of the education sector discussed in the previous chapter, arising from poor public expenditure management and limited resources, contribute to the inequalities of access to quality primary education between boys and girls. It also is necessary to examine public expenditures and the link between reform and gender-sensitive policies and programmes. Reform of the public expenditure system must result in more appropriate investment in education and greater allocations of budget toward addressing gender disparities and strengthening the capacity of institutions such as Lao NCAW.

⁴⁰ All the same, there is anecdotal evidence that male out-migration has an overall empowering impact on women by making them heads of household with an increased decision-making role.



Chapter 4

REDUCE CHILD MORTALITY MDG4



CAN LAO PDR MEET THE TARGET FOR REDUCING CHILD MORTALITY?

Target No.	Target	Will the target be met?	State of policy environment?
4A.	Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate	Probably	Fair
<i>Assessment Scale</i>		<i>Probably Potentially Unlikely Lack of Data</i>	<i>Strong Fair Weak but Improving Weak</i>

SUMMARY

Nationally, Lao PDR's child mortality indicators are improving satisfactorily. The under-five mortality rate declined from 170 to 98, and the infant mortality rate from 104 to 70, between 1995 and 2005. At this rate, the 2015 MDG mortality targets seem within reach, although mortality rates remain much higher in rural areas, particularly in the most remote districts, than in urban areas.

The progress in mortality indicators is not matched by progress in immunisation of one-year-old children against measles. The proportion of children immunised has remained more or less constant, at around 69 percent, during this period. Child health care does not seem to be reaching the desired target group, and the slow or insignificant progress in routine immunisation requires a fresh analysis of what may be happening, especially in remote, rural areas.

Child malnutrition figures show a similar rigidity, and chronic malnutrition (stunting) remains alarmingly high. Analysing the slow progress in immunisation of one-year-olds against measles and the proportion of underweight children (MDG 1, Indicator 4) together suggests that children are doubly disadvantaged because of a lack of immunisation and insufficient nutrition. This makes them vulnerable to various communicable diseases such as malaria, acute respiratory infections, diarrhoea and other epidemics, including dengue fever, measles and meningitis. The overall decline in child mortality may be a result of increased access to primary health care services such as village drug kits, village health volunteers, medical and preventive outreach services, and easy access to antibiotics.

Most children's deaths are a result of neonatal causes and communicable diseases, in particular malaria, acute respiratory infections, diarrhoea and epidemics such as dengue fever, measles or meningitis. To address this, the Government must tackle some of the more acute problems, such as ensuring universal access to primary health care (particularly skilled birth attendants), combating malnutrition, and increasing immunisation coverage. This must continue to be done in a way that benefits all people regardless of their geographic location, gender or wealth.

REDUCE CHILD MORTALITY

Target 4A

Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate

Indicator	1995	2000	2005	2015 Target
Under-five mortality rate (*)	170	107	98	80
Infant mortality rate (*)	104	82	70	49
Proportion of one-year-old children immunised against measles (**)	68	60	69	90

Sources: * The 1995 and 2005 figures from the Population Census; the 2000 figure from the LRHS

** MoH (Immunisation Centre)

Infant and Child Mortality Rates

Lao PDR has made progress over the past 10 to 15 years in reducing child mortality rates. Between 1995 and 2004, the infant mortality rate (IMR) decreased from 104 to 70 per 1,000 live births. But as in education, access to health services decreases dramatically as one moves outside urban areas, with the gap widening between rural and, especially, hard-to-reach rural areas. Again as in education, this situation particularly affects communities concentrated in remote areas, including women who bear the responsibility of the family's health care and whose reproductive health is critical.

The overall improvement is attributed to the availability of vaccinations to children under five years of age. More than 60 percent of those younger than five years of age are vaccinated against common childhood diseases, and almost all villages have been covered by immunisation programmes. However, the immunisation rate has not increased over the last decade, and there has been little success in delivering full immunisation to many children, especially in remote communities (Expanded Programme on Immunisation Multiple Year Plan). Family planning, distribution of treated bed nets, access to water supply and introduction of integrated management of childhood illnesses also are linked with improvements in the IMR and under-five mortality rate.

Age at first marriage is closely linked to changes in men and women's economic, social and educational opportunities. Little difference exists between the average age at first marriage in rural and urban areas; in general, women who live in rural areas marry about one year earlier than women in urban areas, and rural men marry about two years earlier than their urban counterparts. While small, this difference affects levels of education, especially of girls. This is particularly important because data show that the higher a mother's level of education, the lower the infant and under-five mortality rates (LRHS 2005).

Access to Health Services

In all, Lao PDR has high neonatal, infant and child mortality rates. Nearly half of infant deaths (46 percent) are from neonatal causes, of which about 60 percent occur in the first week of life, indicating that this is very closely related to maternal health, malnutrition and birth-related complications. Within these rates, wide rural-urban disparities exist because of the scarcity of qualified health personnel in rural areas and the difficulty in accessing the health services.

Most child services are delivered through a vertical approach and need to be integrated. These services should include neonatal care, immunisation, promotion

of breastfeeding, young infant and child feeding practices, micronutrient supplementation, and management of diarrhoea and acute respiratory infections (ARI).

Access to health services is linked to access to health facilities. Lao PDR's geography in great part defines such access, especially during the rainy season. According to the 2005 National Census, only 8 percent of villages had their own health centre. Data from LECS3 suggest that it takes an average of 92 minutes to access a health facility in the country, with a range from 108 minutes for rural residents to 19 minutes for urban ones. Similarly, it takes three hours to reach a health facility in the highlands, compared to an average of 48 minutes in lowland areas. Integrated maternal and child health services are lacking in many rural and remote areas. Where they exist, the quality of services is often low. There is a shortage of qualified health workers at district level, and at times there are language barriers between health workers and child caregivers. In addition, where the patient is female and the caregiver is male and from a different ethnic group, women may avoid modern health care completely. People in rural areas tend to make far less use of public health services than those in the urban areas. The inadequate number of staff, together with a lack of medicines and long distances, discourages use of health facilities.

As under-five mortality rates come down, remaining deaths are increasingly concentrated among children aged 12 months or younger. Many infant deaths take place very early – globally, one-third of deaths occur during the first 28 days of life. Most deaths of newborn babies are directly related to the mother's poor health or to inadequate care during and after pregnancy and childbirth. One of the best ways of helping children to survive their earliest hours and days is to ensure that skilled personnel are present during birth; however, this indicator is very low (23 percent) for Lao PDR. This is discussed in the next chapter.

Breastfeeding affects an infant's health, development and growth and is a highly encouraged practice. Exclusive breastfeeding during the first six months of a baby's life is particularly important; after the first six months, it is recommended to start introducing nutritionally adequate, safe and appropriate complementary foods, in conjunction with continued breastfeeding. At the time of the LRHS 2005, only 49 percent of mothers reported that they were breastfeeding. Survey data also indicate that more than 90 percent of infants younger than six months of age received food supplementation in addition to being breastfed. Malnutrition and other preventable conditions can weaken a child's resistance to disease

and contribute to his or her mortality. As outlined under MDG1, the proportion of underweight (37 percent) and stunted (40 percent) children still remains high.

Vaccine-Preventable Diseases

Child death is usually directly attributable to a specific disease, such as pneumonia, diarrhoea or measles. According to the MoH, two outbreaks of measles occurred in 2007, in Phongsaly province (March-April) and in Luangprabang province (October). The national surveillance system recorded a total of 1,680 cases and seven deaths for 2007, but the real figures may be higher as not all cases are reported. The Government's policy is to eliminate measles by 2012.

All child deaths from measles can be prevented; the vaccine is proven, safe and cheap. Indeed, measles intervention is among the most cost-effective interventions in the world, since it costs less than US\$1 to protect a child. In Lao PDR the cost is even lower, estimated at about US\$0.81. Immunisations have consistently been shown to be one of the most cost-effective health interventions, playing a key part in reducing child mortality.⁴¹ Vaccine-preventable conditions are more common among the poor, while at the same time, the poor are often the most difficult to reach with immunisation services, since immunisation costs can be higher in remote and outreach areas.

However, the indicator relating to the proportion of one-year-old children immunised against measles (percentage of 12- to 23-month-old children surveyed), along with routine data collected from the MoH, displays no change in the past 10 years, with coverage persistently hovering around 68 percent. Information on this indicator in MICS2 and MICS3 indicates a different trend, however, with much lower immunisation coverage in 2006 and a decreasing trend since 1996. While 67 percent of children surveyed during MICS3 had vaccination cards, fewer than 15 percent had all the eight recommended vaccinations by their first birthday. Under MICS 3, the coverage of measles vaccine by age 12 months was only 33 percent, less than half of the level from MoH records. Overall, vaccine efficacy is estimated to be about 85 percent, and since measles coverage has been low (< 65 percent) since the beginning of the Expanded Programme on Immunisation, a significant cohort of children is not protected against measles. At the same time, the recently conducted National Measles Campaign (November 2007) has reported 96 percent coverage. More than 2 million children aged between 9 months and 15 years were immunised.

⁴¹ According to UNICEF and WHO guidelines, a child should receive a BCG vaccination to protect against tuberculosis; three doses of DPT+HepB to protect against diphtheria, pertussis, tetanus and Hepatitis B; three doses of polio vaccine; and a measles vaccination, all by age 12 months.

In particular, un-immunised children are likely to be in remote and hard-to-reach areas, which also are home to a disproportionate number of the poor. Often, they have not been vaccinated fully because of a lack of vaccinators, lack of transport for outreach, poor communications (including language barriers), and traditional beliefs and superstitions, particularly among some ethnic groups. In addition, immunisation services have depended on external funding, leading to planning and implementation constraints, while immunisation has remained separate from other health services and thus opportunities for mutual enhancement of services have been missed.

Government Mother and Child Health (MCH) Strategy

MCH is the responsibility of the Department of Hygiene and Prevention of the MoH. At national level, the Mother and Child Health Centre is responsible for implementing programmes and coordinating the nationwide provision of maternal and child health services. The Centre also has a number of specialised programmes on reproductive health, including safe motherhood, family planning and breastfeeding promotion, control of diarrhoeal diseases, and ARI.

A National Commission for Mothers and Children also has been established under the leadership of the Deputy Prime Minister and the Ministry of Foreign Affairs. Each province further has a provincial commission for mothers and children, chaired by the provincial governor or vice governor.

The 12 strategic programmes for eradicating poverty in the health sector under the NGPES have been incorporated into the NSEDP 2006–10. Directly related to child health is maternal and child health promotion, as well as immunisation programmes. In addition, programmes relating to improving the health system overall also will contribute to improved child health. These programmes include information, education and communication (IEC); expansion of the rural health service network; upgrading of the capacity of health workers; water supply and environmental health; communicable disease control; HIV/AIDS and Sexually Transmitted Disease (STD) control; development of village revolving funds for drugs; food and drug safety; promotion of cooperation between traditional and modern medicine; and strengthening of health sector sustainability.

Measures identified for improving maternal and child health, especially in the 47 poorest and 72 poor districts, include:

- Improving the quality of maternal and child health services by upgrading the skills/capacity of health staff
- Strengthening the MCH network by organising mobile teams to assist high-risk mothers and children and improve the referral system
- Increasing the awareness and understanding of MCH and safe motherhood
- Controlling ARI diseases and diarrhoea among children under 5
- Promoting breastfeeding, supplementation of vitamin A and iron, and iodised salt use
- Promoting better nutrition
- Monitoring, supervision and evaluation of MCH activities

Meanwhile, measles is the leading cause of child deaths among vaccine-preventable diseases in the country, while the intervention is one of the most cost-effective, at less than US\$1 a day. The Government is committed to eliminating measles by 2012 and in late 2007 launched a campaign to achieve this goal (see Box 4.1).

Box 4.1: Measles Immunisation Campaign Yields Quick Results

While Lao PDR is off-track overall to meet the MDG immunisation target, the Government launched an immunisation campaign that exceeded its immediate target. More than 2 million children aged 9 months to 15 years were targeted, with the aim of reaching at least 95 percent. UNICEF and WHO provided technical and financial support for the preparation and implementation of the measles campaign, including vaccines and injection materials to ensure safety and high quality. The campaign also was integrated with two other child life-saving interventions, namely Vitamin A supplementation and distribution of de-worming tablets for children under five years of age.

The personal involvement of the Prime Minister and other high-level officials contributed to the success of the immunisation campaign, whose target was surpassed. This highlighted that it is possible to reach out to most children if political commitment and adequate mobilisation of resources coincide. However, such high numbers are unlikely to be sustained in future immunisation campaigns without a relevant institutional structure.

Even after the campaign, there remains a need to maintain a high level of advocacy for routine immunisation, asking mothers to bring their children in for such activities, which represent the backbone for vaccine-preventable disease control, elimination or eradication. A proactive role by local authorities thus will be crucial in the future.



Meeting the MDG for Child Mortality

High infant and child mortality rates stem from weak health systems. While there has been progress in reducing child mortality rates in Lao PDR, it is important to view this against progress in inter-related indicators such as immunisation, nutrition and access to health services in order to obtain an overall perspective on the state of child health in the country and devise suitable interventions. The fact that infant and under-five mortality are declining while child care shows little improvement needs to be carefully considered.

If infant and child mortality rates are to meet the MDG targets for 2015, the Government will need to tackle some of the most acute problems, including universal access to quality health care and particularly skilled birth attendants; malnutrition; and increasing immunisation

coverage. Data suggests that serious disparities remain in health indicators accordingly to geographic location, and particularly between urban, rural and rural without road areas, as well as Central, Northern and Southern regions. These areas will need to be specially targeted.

Sustainable financing of health services represents a major issue, given that Lao PDR's health system has become heavily dependent on donor funding and out-of-pocket payments by patients. In 2005, public expenditures in health represented only 1.5 percent of GDP and 7 percent of total public expenditures.

Chapter 5

IMPROVE MATERNAL HEALTH MDG5



CAN LAO PDR MEET THE TARGETS FOR IMPROVING MATERNAL HEALTH?

Target No.	Target	Will the target be met?	State of policy environment?
5A.	Reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio	Unlikely	Weak but Improving
5B.	Achieve, by 2015, universal access to reproductive health	Potentially	Weak but Improving
<i>Assessment Scale</i>		<i>Probably</i> <i>Potentially</i> <i>Unlikely</i> <i>Lack of Data</i>	<i>Strong</i> <i>Fair</i> <i>Weak but Improving</i> <i>Weak</i>

SUMMARY

As revealed by the 1995 and 2005 population censuses, Lao PDR appears to have made progress in reducing maternal mortality, from a figure of 650 deaths per 100,000 live births to 405 deaths per 100,000 live births. Irrespective of estimated progress, the maternal mortality ratio is one of the highest in the region, and it is doubtful if Lao PDR can reach the MDG 5 target given the current low levels of investment for maternal health. MMR does not wholly measure maternal health, for behind every woman who dies from complications during pregnancy or childbirth, 20 women survive but suffer ill health or disability. Serious investments will be required for Lao PDR to achieve this target.

Increasing the proportion of births attended by skilled health personnel and referral capacity to emergency obstetric and neonatal care will significantly reduce maternal and perinatal mortality. The MDG indicator on proportion of births attended by skilled birth health personnel increased by less than 5 percentage points between 1994 and 2005. Universal access to reproductive health, meanwhile, is measured by indicators on access and usage of contraception, antenatal care and adolescent fertility. Although progress has been significant in the access and use of contraception, the percentage of births to women receiving antenatal care remains low, at only 28.5 percent (LRHS 2005). Early marriage and pregnancy are still the norm in rural areas, where access to life-saving services in case of pregnancy-related complications is limited.

Priority interventions include access to family planning to reduce unwanted pregnancies, presence of skilled birth attendants at deliveries, and access to emergency obstetric and neonatal care. These interventions will only be effective, however, if they reach out to women in rural and remote communities.

In order to increase use of health services and provide the reproductive health care needed to improve maternal and neonatal health, investment in training and capacity strengthening for health personnel -- especially skilled birth attendants -- is required. Health systems must meet minimum standards in terms of human resources, infrastructure, supplies and management. Consequently, recurrent budget expenditures for the health sector, including reproductive health, need to be increased, and sufficient revenue should be directed to the sector in general.

IMPROVE MATERNAL HEALTH

Target 5A

Reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio

	1995	2000	2005	2015 Target
Maternal mortality ratio (*) (deaths per 100,000 live births)	650	530	405	260
Proportion of births attended by skilled birth attendants (**) (1994)	14	17	23 [#]	50

The estimate is weighted and therefore higher than the 18.5 in LRHS (2005)

Sources:

* The 1995 and 2005 figures from the Population Census; the 2000 figure from the LRHS

** LRHS (2000, 2005)

Target 5B

Achieve, by 2015, universal access to reproductive health

	1995	2000	2005	2015 Target
Contraceptive prevalence rate, all methods, currently married women (**) (1994)	20	32	38	No target
Age-Specific Fertility Rate (ASFR)		96	76	No target
Antenatal care coverage (**)		21	28.5 [#]	No target
Unmet need for family planning		40	27	No target

This figure covers at least one ANC visit.

Sources:

** LRHS (2000, 2005)

Maternal Mortality Ratio

Lao PDR appears to have made progress in reducing maternal mortality, from 650 per 100,000 live births in 1995 to 405 per 100,000 live births in 2005. But while MMR may have declined, especially in urban areas, a large disparity remains between urban and rural areas. This may be related to the high rate of home deliveries without skilled care in rural areas, also a cause of neonatal mortality. According to LRHS 2005 data, about 90 percent of rural women deliver at home, compared to about 50 percent of urban women.

The major causes of maternal mortality are haemorrhage, obstructed labour, pregnancy-induced hypertension and sepsis. In addition, a woman's risk of pregnancy-related death is dependent upon availability and quality of health care, female education, geographic accessibility and poverty. Moreover, poverty manifests itself in many ways, including food insecurity; women's poor nutritional status



can leave them vulnerable to complications in pregnancy and childbirth. Women's poor nutritional status also has impacts on neonatal well-being. Early, frequent, narrowly spaced, late and unwanted pregnancies are strongly correlated with maternal mortality. Improving access to and the quality of antenatal care is therefore vital for early identification of problems, health education and promotion, and assistance to families to make an appropriate birth and emergency preparedness plan.

Reduction in maternal mortality does not occur on its own: The three pillars for saving the lives of women and newborns are (1) access to comprehensive reproductive health services, especially family planning; (2) skilled care during and immediately after pregnancy and childbirth; and (3) emergency obstetric and neonatal care when life-threatening complications develop. An adequate assessment of progress on MMR requires a review of these factors. In all, it is estimated that family planning has the potential to reduce maternal deaths by 25 to 40 percent; skilled birth attendants can reduce 13 to 33 percent of maternal deaths and up to 30 percent of neonatal deaths; and access to emergency obstetric and neonatal care can reduce more than 70 percent of maternal deaths.

Most women deliver at home, without a skilled birth attendant. The highest risk of death for mother and child is during birth, and the 24 hours after birth. Slow progress has been made in ensuring the presence of a skilled birth attendant at every birth in Lao PDR. During the period 1995-2005, the number of births attended by skilled birth attendants increased from 14 percent to 23 percent (see Box 5.1).

Large differences exist in delivery practices according to region, residence and women's educational levels. About 51 percent of women in urban areas delivered at a health facility, compared to less than 10 percent of rural women. At the same time, women with upper secondary education were seven times more likely to deliver at a health facility compared to those with no completed education (LRHS 2005). Access to family planning and antenatal care are critical in reducing maternal mortality and morbidity.

The Plan of Action adopted in Cairo at the 1994 International Conference on Population and Development (ICPD) calls for the promotion of healthy, voluntary and safe reproductive choices related to fertility and timing of marriage and gender equality. Reproductive health



Box 5.1: **Who Is a Skilled Birth Attendant?**

For the purposes of reporting on the MDGs, a skilled birth attendant (SBA) is a formally trained health care provider proficient in a number of essential midwifery skills, such as midwives, nurses and other non-physicians with midwifery skills, physicians with midwifery skills and specialist obstetrician/gynaecologists.

A skilled birth attendant must be able to provide care for women in pregnancy, during childbirth, and in the vital weeks after birth, or the postnatal period. In addition, the SBA must be able to recognise complications and give immediate treatment and care to stabilise or manage the woman and/or newborn, including making an effective referral where required.

In order to save lives, providers must be proficient in a specific set of competencies; the definition also recognises that mere possession of these competencies is not sufficient. Skilled birth attendants must have the authority to give certain life-saving treatments, and have adequate support so as to refer to higher-level care for Emergency Obstetric and Neonatal Care, such as for caesarean section when needed.

Without proficiency, authority to carry out essential functions and tasks, and adequate support from the health system and the community -- especially for referral to a functioning health facility able to offer surgery and blood transfusions -- it will be impossible for the health care provider to function properly as a skilled birth attendant.

Skilled birth attendants must work in partnership with women and families and with traditional birth attendants, other health care providers, support workers and traditional healers. The definition of a skilled birth attendant has been ratified by UNFPA, World Bank and the International Council of Nurses, among others.

includes access to a broad range of services such as family planning, maternal health, prevention and treatment of HIV/AIDS and Sexually Transmitted Infections (STIs), and youth-friendly services. In recognition of its importance for development and poverty reduction, universal access to reproductive health was added in 2006 as a target with four indicators for the MDG framework by an international expert panel.⁴²

At present, women's access to reproductive health services, skilled birth attendants ante-natal and emergency obstetric care services is significantly lower in rural and remote areas than in urban areas, and also among certain ethnic groups, the poor and those with lower education. This also is evident for access to skilled birth attendants, antenatal care and family planning services. Such disparities will need to be addressed if the MMR target is to be reached by 2015.

Despite improvement and expansion of health care coverage to district and village levels, the overall quality of and demand for health service delivery remains low. A shortage of qualified health workers exists in district hospitals and health centres. In some areas, moreover, health workers face difficulties in communicating with clients because of language barriers.

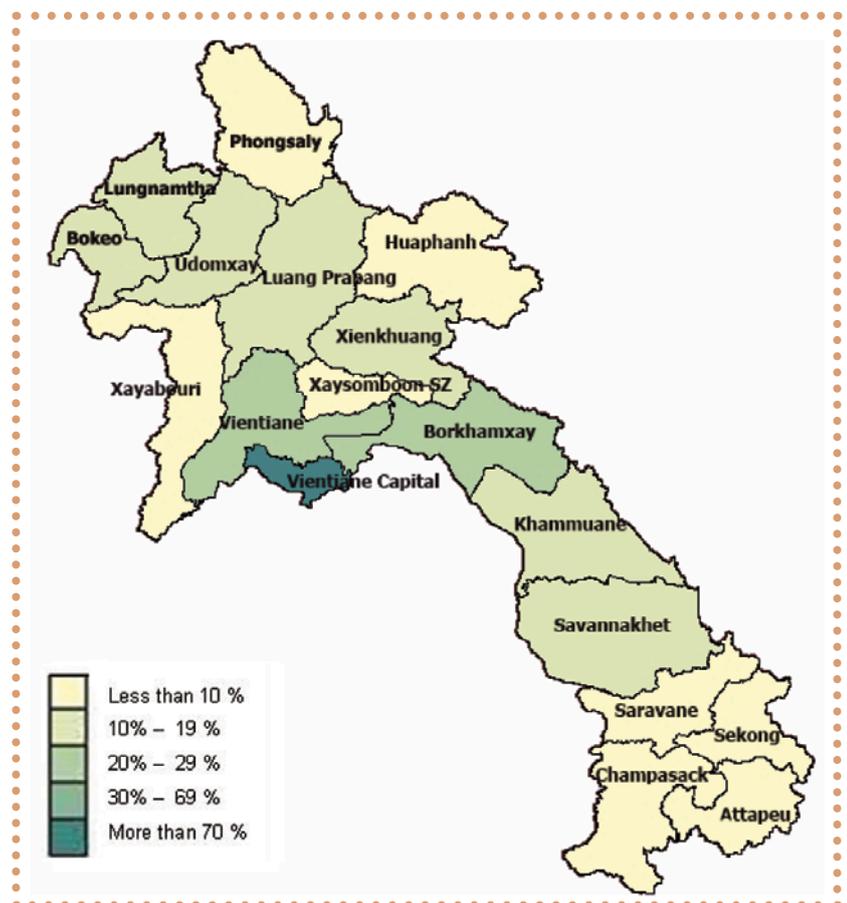
Information on coverage of antenatal care for pregnant women is important, since it offers an opportunity to monitor the health of the mother and to provide women with information and services that promote not only a healthy pregnancy but also correct infant and child care practices. Coverage of antenatal care rose from 21 percent in 2000 to 28.5 percent in 2005, so that nearly one in three pregnant women received at least one visit from a health provider or visited a health centre. Access to antenatal care is far higher in urban areas (84 percent) than in rural areas (29 percent) and in rural areas without roads (9 percent). Uptake of antenatal care also increases sharply with women's education (LRHS, 2005).

Contraceptive usage accounts for a substantial proportion of variation in fertility, and access to voluntary, safe, affordable and appropriate family planning information and services promotes gender equality and reduces unintended and high-risk pregnancies. Such high-risk pregnancies include women who started childbearing in their adolescence and those who have many and narrowly spaced

pregnancies. For example, compared with women who give birth at 9- to 14-month intervals, women who have their babies at 27- to 32-month intervals are 2.5 times more likely to survive childbirth (World Bank).⁴³

The contraceptive prevalence rate (CPR) is a common indicator to monitor the use of family planning, although no target has been set for the purpose of MDG reporting. Data shows that the CPR has doubled over the 11-year period between 1994 and 2005. While CPR measures usage, unmet need for family planning measures access. Simply put, unmet need includes women who do not want any more children but currently are not using contraception. In Lao PDR, data on unmet need confirm the trend in the CPR. Unmet need has significantly declined in the past five years, from 40 to 27 percent. Consistent with data on method mix and availability of contraception, unmet need for long-term methods (IUD and sterilisation) is higher than for short-term methods (pills, injections and condoms). The country's significant progress in modern contraceptive access and usage suggests a remarkable change in childbearing behaviour among Lao women in the last decade. Family planning is becoming more accessible and popular and is practiced by more women, also reflected in the decline in the Total Fertility Rate to 4.07 children per woman in 2005 from 4.88 in 2000.

Figure 5.1: Percentage of Live Births in a Health Facility, by Province

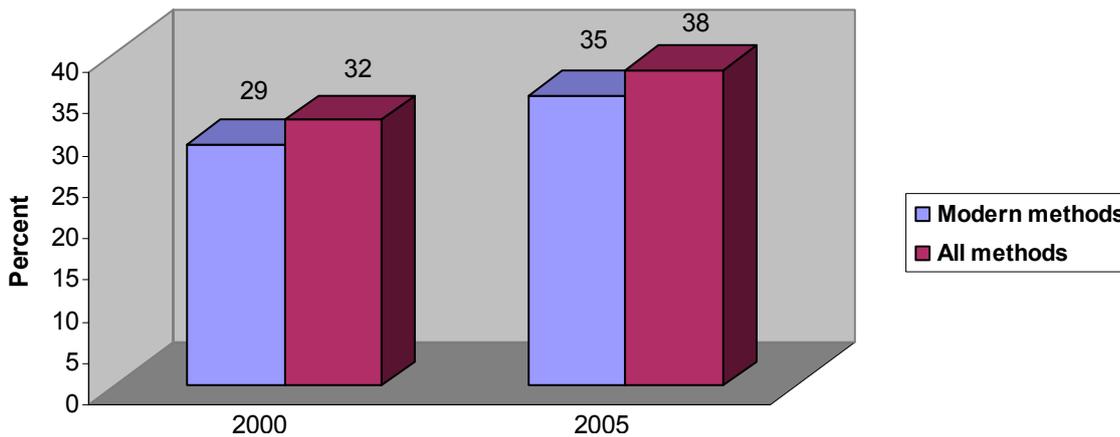


Source: Preliminary provincial analysis of the Lao Reproductive Health Survey (2005)

⁴² The indicator contraceptive prevalence rate was shifted from MDG 6 to MDG 5.

⁴³ World Bank (2006c)

Figure 5.2 : Trend in CPR for all and modern methods, 2000 and 2005



Source: Lao Reproductive Health Survey (2000, 2005)

Vulnerable Women

Early pregnancy can have severe implications for the health and well-being of girls whose bodies are not sufficiently developed to withstand pregnancy and childbirth. Global estimates show that girls aged 10-14 are five times more likely to die in pregnancy and childbirth than women aged 20-24.⁴⁴

The adolescent birth rate⁴⁵ was 96 per 1,000 women aged 15-19 in 2000 and 76 in 2005 (LRHS 2005). Because the adolescent fertility rate can be difficult to interpret, age at first birth can be a useful indicator to obtain information about the onset of childbearing. Results from the LRHS 2005 show that among married women, about 11 percent gave birth before their 15th birthday and about 38 percent had given birth before age 18. Before age 20, about 3 in 5 women reported having their first birth. This suggests that early childbearing is still the norm among married women; data further indicate that adolescent pregnancies are particularly common in rural areas and among women with limited education.

In Lao PDR, marriage marks the onset of childbearing for most women and it is therefore critical to address early marriage to reduce pregnancy-related deaths. This can be done by increasing education and employment opportunities, promoting gender equality and changing cultural practices. The LRHS 2005 suggests that women's education level has a particularly positive impact on increasing age at first marriage, since women with at least secondary or higher education married significantly later compared to women with primary or no education.

Government Strategy on Maternal Health

The Government's strategies relating to maternal and child health are laid down in the NSEDP 2006-10 (please also see the previous chapter).

In addition to these strategies, Lao PDR is committed to the Programme of Action from the ICPD and is a signatory to a number of conventions and other international instruments. The National Reproductive Health Policy, released in January 2005, provides guidance in achieving the policy goals set out in the national Population and Development Policy and other policy instruments in line with the NGPES, such as the national Policy on Birth Spacing 1995; policies on maternal and child health, particularly the safe motherhood policy 1997; the national policy and strategy for prevention and care of STDs 1998; the National AIDS Policy 2001; and the health strategy 2020.

Meeting the MDG on Maternal Mortality

Priority interventions necessary to reduce the maternal mortality ratio include family planning to reduce high risks and unwanted pregnancies, presence of skilled birth attendants at 100 percent of deliveries, and access to emergency obstetric and neonatal care. Nonetheless,

⁴⁴ Ibid.

⁴⁵ The adolescent birth rate is measured as the total number of live births during one year by women aged 15-19 to the number of women of that particular age group in the same year. The rate is expressed per 1,000.

these interventions will only be effective if they reach out to women in rural and remote communities. In order to ensure that health centres and hospitals are fully used and provide the reproductive health services required, greater investments in training and capacity strengthening for health personnel are required. Health systems must meet minimum standards in terms of human resources, infrastructure, supplies and management. A particular need exists to strengthen health service delivery to ensure the continuum of care from pregnancy through childbirth and into the postnatal period for mother and baby, including promotion of effective links between communities and health facilities.

While traditional birth attendants are not qualified skilled birth attendants, they provide care during delivery for an estimated 12 percent (LRHS 2005) of women in Lao PDR. Studies from other countries in the region point to the need for effective partnerships to be established among skilled and traditional birth attendants and community health workers to reduce maternal and neonatal mortality.

A need also exists for Government to invest sufficiently in the health sector if it is to contribute to poverty alleviation. Recurrent budget expenditures for the health sector need to be increased, and sufficient revenue from natural resources should be directed to the sector. Budget allocations are currently insufficient to meet the needs of the health sector, and the health system has become heavily dependent on both donor funding and out-of-pocket payments by patients. In 2005, public expenditures on health represented only 1.5 percent of GDP and 7 percent of total public expenditures. Most health expenditures in Lao PDR are privately financed. For example, cost recovery is mainly through drug revolving funds and fees for diagnostic examinations, which enables major hospitals to cover as much as 60 percent of their budgets. While this has increased the resources available to the health sector, it also may have limited access to health services for the poor.

Reproductive health needs to move beyond simply the public health sphere and become recognised as a socioeconomic issue: That is, women are not only mothers, but also valuable contributors to society. Recognising the link among maternal health, women's status and broader development is important, and investing in women and their health pays off for governments as well as families. Women's groups are particularly crucial, since they can build awareness of maternal complications, draw on the collective maternity experience at village level, build

social capital for mutual support networks, promote hygiene, and prevent delays in women gaining access to health care.

Quality and access to maternal care and other reproductive health services generally reflect the state of health of the country as a whole. Embracing a reproductive health approach not only requires adding services and information but also integrating and ensuring delivery of these services at individual, family and community levels. Given that a large percentage of the Lao PDR population lives in rural and remote areas without access to adequate health facilities, a balance will need to be achieved between investments in community approaches and clinical care and simple packages that will enable early success. In so doing, this can reduce deaths for poor communities at fairly low cost, while working to achieve higher coverage with more complex care, including skilled-delivery care in the longer term.

Targeted behaviour change communication campaigns and IEC materials are necessary to increase the demand for reproductive health services and promote health-seeking behaviour among diverse clients, including remote and ethnic populations.

In addition, men as husbands, fathers and brothers play an important role in determining women's reproductive health status. Therefore, any health intervention must be gender sensitive, taking into account both men's own reproductive needs and their influence on women's reproductive behaviour, especially decisions on family planning and on accessing maternity services such as emergency obstetric and neonatal care.

Lastly, young people often find it difficult or embarrassing to obtain reproductive health information and services. Sexual education and provision of youth-friendly services are therefore important to avoid high-risk unintended pregnancies, to increase contraceptive uptake and to prevent STIs among adolescents. Increasing girls' education levels is likely to have a particularly positive effect on improved reproductive health status.



Chapter 6

COMBAT HIV/AIDS, MALARIA AND OTHER DISEASES MDG6



CAN LAO PDR MEET THE TARGETS FOR COMBATING HIV/AIDS, MALARIA AND OTHER DISEASES?

Target No.	Target	Will the target be met?	State of policy environment?
6A.	Have halted by 2015 and begun to reverse the spread of HIV/AIDS	Probably	Strong
6B.	Achieve, by 2010, universal access to treatment for HIV/AIDS for all those who need it	Probably	Strong
6C.	Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases	Probably	Strong
<i>Assessment Scale</i>		<i>Probably Potentially Unlikely Lack of Data</i>	<i>Strong Fair Weak but Improving Weak</i>

SUMMARY

HIV prevalence in the general population in Lao PDR remains low, but varies considerably among risk groups and locations. While knowledge of disease transmission is high, a large gap remains between knowledge and desired behaviours. Correct and consistent use of condoms is low, and STI levels continue to be high among service women, for example. Because Lao PDR is surrounded by countries with high HIV prevalence and its working-age population is becoming more mobile within and across borders, it faces the threat of an expanding HIV epidemic.

A large proportion of the population is exposed to malaria. Since the early 1990s, however, an appreciable drop has occurred in the incidence of the disease, which may be largely because of the increase in number of people sleeping under insecticide-treated bed nets. Death rates from malaria fell sharply from 9 per 100,000 in 1990 to 0.4 in 2006. Even so, a great deal of ground remains to be covered in order to meet the MDG target. With regard to tuberculosis, considerable progress has been made in case detection and the MDG target was achieved by 2005.

While the prevention of new HIV infections will remain the priority in Lao PDR, care and support services, including antiretroviral (ARV) treatment, need to be scaled up. A full package of services should be expanded and sustained among appropriate target populations. Blood transfusion services need to ensure that proper cross-matching is conducted, and that appropriate guidelines are followed in administering blood and blood products.

Sustainably combating malaria and tuberculosis requires new drugs to fight a malarial parasite that has become resistant to traditional drugs, as well as new strains of tuberculosis that are multi-drug-resistant and associated with HIV infection. Funding and donor support for malaria and tuberculosis (TB) should be more diversified. Efforts must be made to strengthen cross-border malaria control. A need exists for early detection and effective treatment of malaria through comprehensive primary health care approaches. In addition, community participation is critical to ensure early detection.

Goal 6

COMBAT HIV/AIDS, MALARIA AND OTHER DISEASES

Target 6A **Have halted, by 2015, and begun to reverse the spread of HIV/AIDS**

Target 6B **Achieve, by 2010, universal access to treatment for HIV/AIDS for all those who need it**

Indicator	1990	1995	2000	2005	2015 Target
HIV prevalence among general population (%)			0.06 (2001)	0.1*** (2007)	<1
HIV prevalence among high-risk group aged 15-24 (%)*			0.4 (2001)	N/A	<5
HIV prevalence among service women aged 15-49			0.9 (2001)	2 (2004)	<5
Percentage of condom use among service women			N/A	54.4 (2004)**	No target set

Source: CHAS, WHO, UNAIDS

*High-risk group includes service women and their clients but does not include intravenous drug users.

**National HIV Surveillance Survey & Behavioural Surveillance Survey (CHAS)

***National Estimate (CHAS)

HIV in Lao PDR

Overall, Lao PDR remains a low-prevalence country for HIV, with an estimated 0.4 percent prevalence in the high-risk age population of 15-24 years and 0.1 percent prevalence in the general population. However, the steady increase of population mobility, urbanisation and seasonal migration to neighbouring countries with a high and growing HIV incidence makes Lao PDR particularly vulnerable to the disease.

At the end of 2005, the official cumulative number of people identified with HIV was 1,827, of which 1,069 were known to be living with HIV/AIDS. Among these, 306 were receiving ARV treatment.⁴⁶ A total of 60 percent of reported HIV cases were male and 40 percent female. Based on cumulative HIV case reports, more than 77 percent of those infected were aged 20 to 39, which is largely a working-age population. Of those whose mode of transmission was known, 95 percent had been contracted through heterosexual sex, 4 percent from mother to child, 0.7 percent through homosexual sex, 0.3 percent through blood products, and 0.2 percent through unsterilised needles. There is an urgent need for increasing the quality and quantity of preventive and

curative service delivery within targeted communities, in order to have a sustained impact. However, a significant gap remains between people in need of key services and care (as defined in the NSEDP 2006-10) and estimated coverage.

Two rounds of second-generation surveillance, with biological and behavioural markers, were successfully completed in 2000-01 and 2004. The first round provided the first prevalence measurements of HIV, Chlamydia, gonorrhoea, syphilis, and behavioural risk in five provinces. Participants included service women from entertainment establishments, local men whose occupation required cross-provincial travel, seasonal migrants, and factory workers. Sampling was limited to five provinces: Luangprabang, Vientiane, Khammuane, Savannakhet and Champasack. Key findings of the first round were HIV's lower prevalence in Lao PDR than in a number of other countries of the Mekong sub-region, but also the existence of disturbingly high levels of curable STIs, indicative of the low quality of treatment and poor outreach and prevention efforts. The second round of data collection expanded to include two provinces in the northwest of the country, Bokeo and Luangnamtha, and excluded factory workers and seasonal migrants. This

⁴⁶ Data from CHAS

round also revealed information concerning the coverage and quality of prevention. Although between 2001 and 2004 the overall response to the epidemic had improved considerably, the number of service women, clients and migrant labour workers reached with interventions was still low, and none of the surveyed provinces achieved a full set of prevention services.

It appears from the 2004 HIV Surveillance Survey that HIV prevalence varies considerably by province among service women (from 0.0 to 1.3 percent in four provinces and 3.3 to 3.9 percent in the other two provinces). Experiences from other countries in the Mekong sub-region suggest that 5 percent HIV prevalence among service women may be a threshold level; that is, HIV prevalence may accelerate quickly once it reaches this level, if conditions are right for rapid spread.

As for STIs, the 2004 round of surveillance showed continuing high levels among service women – about 25 to 50 percent of surveyed service women were infected with Chlamydia and/or gonorrhoea. More recent data showed far lower levels of STI infection amongst surveyed service women (10-15 percent), but re-infection remains a problem as long as STI treatment is not combined with peer-led behavioural change communication and condom provision. Syphilis prevalence remained low and relatively stable between two rounds of surveys in key provinces. Yet other STIs increase the potential for HIV transmission, and these were at high levels in the northwest of Lao PDR in late 2004. Only one province showed declines in STIs for men and women over the two rounds of surveillance.

Lao PDR's HIV prevention programme has been spreading the message of safer sex for many years. Among sampled men, however, a large gap existed between knowledge and practice of condom use. The 2004 round of the surveillance found nearly 100 percent awareness that condoms protect against HIV, but the percentage using condoms for all commercial sex episodes was significantly below this. Consistent (i.e., "always") condom use with non-regular partners was even lower, and this opened the pathway to broader exchange of STI and HIV pathogens beyond the traditional core transmitter groups. It is noteworthy that the most mobile of the male sample populations (truckers) had the highest levels of self-reported symptoms of STIs in the previous year (nearly one in five).

In late 2004, none of the five sampled provinces had achieved a full package of services, defined as condoms

plus STI screening and outreach education. But with external funding by mid-2005, programmes had been launched in three of the provinces to address these gaps. However, to be effective in the long run, these programmes must be sustained and expanded to hard-to-reach areas and appropriately targeted populations.

Comparing the two rounds of surveillance, not a single person surveyed reported injecting drugs in 2001; however, in 2004, injection was present in some of the risk populations, particularly service women. Injection of addictive drugs is of concern because of the potential transmission of HIV and other pathogens via contaminated syringes, and the need to inject frequently. Other studies have revealed the overlap between commercial sex and injecting drug use in the sub-region, and this phenomenon is creating ominous new opportunities for accelerated spread of HIV in Lao PDR as well as Asia as a whole, with new challenges for prevention programmes.

WHO estimates that a population the size of Lao PDR might need as many as 112,500 units of blood for transfusion, but this appears unrealistic to be achieved in a short time in the country. Blood transfusion services currently provide about 12,500 units of safe blood per year, with support from the Global Fund as the main donor, and with the Government providing the staff and buildings. The challenge now is to increase to 22,000 units per year over a five-year period.

Government Strategy on HIV/AIDS

HIV/AIDS was included as a priority area in the NGPES, which is fully integrated into the NSEDP 2006-10. Moreover, the national HIV/AIDS programme represents a priority programme. The National Committee for the Control of AIDS (NCCA) is a multi-sectoral body chaired by the Minister of Health that provides overall direction for HIV control efforts in Lao PDR. The NCCA has developed and launched the National Strategic and Action Plan (NSAP) on HIV/AIDS/STI 2006-2010, which serves as a tool to guide all partners engaged in the national response. The goal of the NSAP 2006-10 is to maintain the present low level of HIV/AIDS in the general population. A key outcome is that HIV sero-prevalence among vulnerable groups should be lower than 1 percent. The key objective is to scale up the national response in order to prevent and minimise the impact of the HIV/AIDS epidemic on social and economic development in Lao PDR, in a timely manner. The NSAP highlights the need to change from individually funded projects to a programme approach with increasingly



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pooled resources. Remaining challenges are the weak and dysfunctional decentralised management and coordination structures; weak implementation capacity for HIV/AIDS/STIs at all levels; scarce resources for internal management of HIV/AIDS/STI prevention and care; and lack of monitoring and evaluation system and weak surveillance system with unclear responsibilities. The NSAP also emphasises that the Government needs to encourage open discussion on sensitive issues such as sexual behaviour as well as recognise the needs of marginalised groups such as service women, homosexuals and drug users.

The country's overarching goal in HIV is to scale up efforts toward universal access for prevention, treatment, care and support. The national programme places a clear focus on service women, clients, mobile populations and men having sex with men in prevention, as well as on expansion of ARV and opportunistic infection treatment in care and support. Expansion of HIV counselling and testing services, along with strengthening monitoring and evaluation and surveillance, are other priorities. Preventative services are organised through the Department of Hygiene and Prevention of the MoH, which includes the Centre for HIV/AIDS and STI (CHAS) as the technical unit dealing with HIV/AIDS/STI. The MoH structures extend to the 16 provincial health offices and Vientiane capital.

Malaria

In Lao PDR, malaria has consistently been among the top three causes of morbidity and mortality. A large proportion of the Lao population is exposed to malaria,

and the early 1990s witnessed an increase in the morbidity rate. By the late 1990s, however, an appreciable drop had occurred, which may have been largely due to more than a doubling of the number of people sleeping under insecticide-treated bed nets (from 25 percent in 1999 to 60 percent in 2002). However, only 10 percent of children in rural areas, who are at higher risk of death due to malaria, are receiving appropriate malaria treatment,⁴⁷ primarily because of low levels of early detection and treatment, a scattered population and little access among remote communities to functional health facilities. Thus, a lot of ground remains to be covered to meet the MDG target. As of 2007, village-based interventions with bed nets and early diagnosis and treatment have reached almost 8,000 villages nationwide. By May 2008, 13,120 villages were to be providing malaria services.⁴⁸ At the same time, while the death rate associated with malaria (per 100,000 population) fell sharply from 9 in 1990 to 0.4 in 2006, it remains above the 2015 target of 0.2 per 100,000.

Tuberculosis

Considerable progress has been made for tuberculosis indicators (number of TB cases detected and cured), and the MDG target for 2015 for these two indicators was achieved by 2005. Under DOTS, 72 percent of cases were detected by 2005, and of these, 90 percent were cured, compared to MDG targets of 70 percent and 85 percent respectively. On the other hand, prevalence levels remain high and mark Lao PDR as a high-prevalence country (306 per 100,000 in 2005). In fact, as of 2005 estimates, only two of the seven South-East Asian countries surveyed (Cambodia and Philippines) had higher prevalence levels than Lao PDR.

Target 6C

Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases

Indicator	1990	1995	2000	2005	2015 Target
Death rates associated with malaria (per 100,000 population)	9	14	7	0.4 (2006)	0.2
Morbidity rate due to malaria (confirmed cases per year per 1,000)	10 (1991)	12	8	3 (2006)	
Proportion of children under 5 sleeping under bed nets			82	87 (2006)	95
Prevalence and death rates associated with tuberculosis (per 100,000)	472		357	306	240
Proportion of tuberculosis cases detected under Directly Observed Treatment Short Courses (DOTS)		24 (1996)	42	72	70
Proportion of tuberculosis cases cured under DOTS		72 (1996)	80	90	85

Source: CMPE, MICS1, MICS2, MICS3
WHO for data on TB

⁴⁷ According to CMPE 2007 data

⁴⁸ According to WHO

Government Strategy on Malaria and TB

Based on epidemiological information and a review of the 2002-05 plan, the following priorities were defined for the National Strategic and Action Plan 2006-10: (a) reach full coverage of targeted and comprehensive interventions in prioritised provinces/districts in a phased approach; (b) establish an enabling environment for an expanded response at all levels; (c) increase data availability to monitor both the epidemic and the response; (d) increase capacity strengthening of implementing partners at all levels; and (e) effectively manage, coordinate and monitor the expanded response.

The Lao National Malaria Control Programme was started in 1980. The Government also has a National Policy for Malaria Control and a Malaria Strategic Plan. For TB, a National Plan of Action to Stop TB, a National TB Programme Manual, a National TB Programme Planning Matrix and a National TB Policy are already in place. The TB National Programme reaches all provinces and all districts and had been decentralised in 55 percent of health centres by the end of 2007.

Major challenges with regard to TB are to develop strategic programmes to tackle the emergence of drug-resistant bacteria and TB associated with HIV infection, both of which are making treatment more difficult and expensive. In addition, and similar to malaria control, the TB programme's heavy reliance on donor funding makes it vulnerable to reversal; unless funding can be secured for the long term, the programme is likely to suffer.

Meeting the MDG on Combating HIV/AIDS, Malaria and Other Diseases

While the prevention of new HIV infections will remain the priority in Lao PDR, care and support services, including ARV, require scaling up. The full package of services needs to be expanded and sustained among appropriate target populations. In addition, both the quality and quantity of interventions also need to be scaled up in order to be effective. The NSAP therefore defines a set of "essential elements" for targeted interventions, which include peer-led behavioural change communication (with frequent peer contacts in marginalised groups like service women

and men having sex with men), condom provision, access to tailored STI services, and referral to voluntary counselling and testing. The aim is to reach 90 percent of the target population and influence behaviour change of constant and consistent condom use in 70 to 80 percent of those reached.

Two rounds of surveillance suggest a cause-effect relationship between increased frequency of outreach, increased condom use and reduced STI prevalence. A prospective cohort trial is needed to establish this causality more conclusively.

Blood transfusion services aim to provide adequate amounts of safe blood. This includes voluntary blood donation and testing all blood collected for HIV, HBV, HCV and syphilis, whether it is collected in advance or at the time of an emergency. Blood transfusion services need to ensure that proper cross-matching is done, and that appropriate guidelines are followed in administering blood and blood products.

Combating malaria and TB must be continued on a sustainable basis. In addition, funding and donor support for malaria and TB control needs to be more diversified. New drugs are required to fight the malarial parasite that has become resistant to the traditional regimen. Prevention activities need to focus particularly on high-risk and vulnerable groups: women, rural children, ethnic groups, migrant workers, and others. For this, availability of insecticide-treated bed nets must be expanded through both Government distribution and social marketing. Cross-border malaria control needs to be strengthened, along with early detection and effective treatment of malaria through comprehensive primary health care approaches. Community participation is critical to ensure early detection. This requires regular supervision, training and feedback of health workers. To better monitor malaria and TB control, the reporting system should be strengthened as well. TB control information and reporting systems are very well-established and strong; however, integration of this information into general health management information systems remains a challenge.



Chapter 7

ENSURE ENVIRONMENTAL SUSTAINABILITY MDG7



CAN LAO PDR MEET THE TARGETS FOR ENSURING ENVIRONMENTAL SUSTAINABILITY?

Target No.	Target	Will the target be met?	State of policy environment?
7A.	Integrate the principles of sustainable development into country policies and programmes, and reverse the loss of environmental resources	Probably	Strong
7B.	Reduce biodiversity loss, achieving, by 2010, a significant reduction in the rate of loss	Probably	Strong
7C.	Halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation	Potentially	Fair
7D.	By 2020, achieve a significant improvement in the lives of at least 100 million slum dwellers	Probably	Strong
<i>Assessment scale</i>		<i>Probably Potentially Unlikely Lack of Data</i>	<i>Strong Fair Weak but Improving Weak</i>

SUMMARY

Given the limited diversification of the Lao economy, forests, while being a critical component of the ecosystem, also remain an important source of livelihoods. Lao PDR's forest resources, which once covered about 70 percent of total land area, had declined to 42 percent by 2002. This is largely a result of clearing of lowland forest for permanent agriculture and unsustainable logging, along with upland forest for slash-and-burn cultivation.

Although Lao PDR is a minor contributor overall to global climate change, climate change at global and regional levels may have significant impact on the country. Its net contributions to greenhouse gas (GHG) emissions were not negligible, mainly because of widespread use of fuel wood and swidden (slash-and-burn) agriculture. Thus, the Government's policies and measures that aim to reduce the extent of swidden agriculture represent the principal means of meeting its obligations under the United Nations Framework Convention on Climate Change (UNFCCC). Meanwhile, Lao PDR's consumption of ozone-depleting substances (ODS) has declined considerably, from a high of 50 metric tonnes in 1999 to 18 metric tonnes in 2006. It hopes to eliminate the use of ODS by 2015.

With total surface water of more than 55,000 m³ on an annual per-capita basis, Lao PDR has the highest per-capita water supply among all Asian countries. Hydropower generation, an important contributor to economic growth and thus far only developed to less than 8 percent of its estimated national potential, will be further exploited to generate much needed resources.

Fish and fisheries in Lao PDR play an important economic role, contributing an estimated 13 percent of GDP. The waters are rich in aquatic biodiversity, and most rural people rely heavily on fish as the main sources of protein. But there has been little increase in production from capture fisheries during 1995-2005. Of the total annual fish production of 80,000 to 90,000 tonnes, some 30-40 percent comes from capture fisheries while 60-70 percent is contributed by ponds, pools and aquaculture. Over the years, aquaculture thus has become the decisive component of the total output.

Loss of forest habitat is the most cited threat to Lao PDR's endangered species; however biodiversity loss due to unsustainable hunting and gathering for trade also is significant.

Meanwhile, the proportion of people with access to safe drinking water and basic sanitation increased significantly during the period 1996-2006. Access to safe drinking water is more widespread than access to basic sanitation, although performance across provinces is varied. Access in rural areas is determined by location: More remote provinces and those with fewer roads are likely to have lower coverage. Urban areas are served by piped water. Access to safe drinking water is associated with health outcomes, and these therefore need to be analysed together.

The Government has formulated a wide array of legislation and regulations for environmental conservation and protection, to ensure that necessary exploitation of the country's natural resource base is done in a sustainable manner. The Environmental Protection Law 1999, supported by its Implementing Decree 2002, is the country's principal environmental legislation. It includes measures for the protection, mitigation and restoration of the environment, as well as guidelines for environmental management and monitoring. The Forestry Law was amended in 2007 to strengthen sustainable management of forests, while the Wildlife Law also was enacted to provide a stronger legal framework for biodiversity conservation.

The capacity of various institutions to implement and enforce environmental regulations needs to be strengthened. In addition, an urgent need exists to increase awareness of the need for environmental protection among the general public, investors and businesses alike.

Goal 7

ENSURE ENVIRONMENTAL SUSTAINABILITY

Target 7A

Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources

	1991	1995	2002	2005	2006	2015 Target
Proportion of land area covered by forests (%)*	47 (1992)		42			Under consideration
Consumption of Ozone Depleting Substances (metric tonnes)**		50 (1999)	42	19	18	0
Proportion of total water resources used (%)**		2 (1999)			2-5	

Sources: * Department of Forestry, MAF

** STEA

Environment and Poverty

Poverty is linked to environmental conditions, given that poor people rely disproportionately on the environment -- in particular, agricultural biodiversity resources -- to meet their daily needs. For example, forests supply poor people with non-timber forest products for consumption, shelter and fuel, and represent an important source of income. Higher living standards ultimately require the sustainable use of natural resources, but the trajectory of economic development and population growth can threaten the availability of clean land, forests and water, if the process is not carefully managed. Environmental degradation can lead to poverty through the loss of natural assets and a decline in returns to such assets, just as poverty can result in excessive exploitation of the environment. The loss of agricultural biodiversity can affect food availability and production as well as dietary diversity, and threatens the livelihoods of people as well as entire ecosystems. The conservation and sustainable use of agricultural biodiversity also play important roles in Lao PDR in achieving both MDGs 1 and 7, given the strong link between natural resources and nutrition.

Lao PDR has a wealth of natural resources: forest cover that is substantially higher than in surrounding countries; the largest per-capita volume of (internal) renewable water resources in the region; and considerable mineral

resources, such as gold, lignite and copper. The country is also one of the most biodiversity-rich in the region. A relatively low population density and a moderate rate of natural resource use⁴⁹ relative to neighbouring countries have allowed significant natural and cultivated biological resources to survive. These natural resources have catalysed past economic growth throughout Lao PDR, playing a significant role in supporting rural livelihoods and contributing to the national economy. For example, with around 80 percent of the population engaged in agriculture and fisheries, these people are thus directly dependent on the natural resource base. Timber and hydropower are Lao PDR's primary exports, accounting for two-thirds of total export value. However, in recent years timber export has been declining in terms of share because of a rapidly increasing share of mining products.

The key environmental challenge for Lao PDR is to devise suitable ways to benefit economically from its abundant natural resources while at the same time ensuring their sustainability. While it is recognised that the economy will continue to depend upon extractive industries, plantations and other such enterprises, it is important to keep the long-term interests of the country in mind.

⁴⁹ In fact, Lao PDR exhibits a very high rate of natural resource use once access to an area is feasible. The lack of access to many parts of the country had restricted the scale of extraction of natural resources. Within the last decade, this has been changing as access improves in the absence of management, and the country is experiencing a steep decline in populations of many species of animals and plants.

Lao PDR's Forest Resources

Forest areas still cover up to 25 percent of land in some Northern provinces and as much as 70 percent in some of the Southern provinces. Moreover, forest resources have played a central role in the Lao economy. In 1998 forest products accounted for 42 percent of the country's foreign exchange earnings, although their share had declined to about 10 percent by 2006. Forests in Lao PDR make essential contributions to nutrition, income, energy and shelter for four in every five members of the Lao population, who reside in rural areas and rely on non-timber forest products for subsistence and for offsetting seasonal food shortages. Forest areas contain rich ecosystem diversity and species of great national and international importance. In addition, they provide other environmental services for the well-being of the local people by controlling soil erosion, protecting watersheds and supporting agriculture.

During the 1940s, the forest cover represented about 70 percent of total area, and declined to about 64 percent at the beginning of the 1960s. By 2002, it was estimated to have further decreased to 42 percent. This is largely a result of clearing of lowland forest for permanent agriculture and unsustainable logging. Given the limited diversification of the Lao economy, forest clearing continues at an estimated rate of 134,000 ha per annum.

An estimated 146,000 hectares of planted forests have been established, particularly in a recent planting boom since 2006, primarily by large foreign companies. This limits the area available for farming of food crops. Farmers themselves are also beginning to use agricultural land for plantations instead of agricultural production. In some instances, natural forests have been cleared to establish planted forests. A multi-stakeholder process to prepare a national guideline for responsible management of planted forests is under way to enhance the social, cultural, environmental and economic benefits of planted forests.

In the North, the lack of flat land for permanent and stable agricultural cultivation contributes to the traditional practice of shifting cultivation. In the Centre and the South, meanwhile, forested areas face more pressures from encroaching lowland farmers. Because agriculture is dependent on rainfall, both drought and excessive rain limit yields. In addition, yields are low because of the use of traditional rice varieties and lack of knowledge and training in the use of organic fertilisers, combined with generally low soil quality. This leads to increasing cultivation areas for rice self-sufficiency, which is achieved

by either re-cultivating patches earlier cleared but left fallow – which is causing soil degradation because the soil cannot generate itself in a shorter fallow period – or by clearing more forest lands. In 1999, about 600,000 ha were identified as shifting cultivation land.⁵⁰ The ongoing *Land Use Planning and Land Allocation* aims to provide farmers with permanent land titles, with the purpose of improving agricultural production through improved investment when farmers get security of tenure. However, farmers often lack knowledge, skills and resources in the transition phase, and therefore continue to practice shifting cultivation.

At least half of the country's population practices swidden agriculture on forest lands to grow upland rice and other crops. In addition to farming, rural families also collect edible forest foods and medicines, hunt, and raise livestock on common land. In fact, many communities depend on the forest for more than half of their food supply throughout the year. Thus, the sharp decline in forest cover poses grave consequences for livelihoods as well as wildlife and plant diversity. In recognition of this, an order was issued by the Prime Minister in 2007 enacting clearer and stricter measures to control logging and wood business.



⁵⁰ STEA (2000)

Carbon Emissions and Consumption of ODS

Lao PDR is a signatory of the UNFCCC and a party to the discussion about the sources of GHG emissions and impacts of global warming. A 1998 GHG survey by STEA established the baseline of carbon dioxide (CO₂), methane (CH₄), carbon monoxide (CO), nitrous oxide (N₂O) and nitrogen oxides (NO_x) emissions and GHG sinks under the following categories: Fossil fuel combustion, traditional biomass burned for energy, rice cultivation, enteric fermentation and manure management, changes in the stock of forest and other woody biomass, forest and grassland conversion, landfills and wastewater. The results showed that Lao PDR was a net CO₂ sequester. Biomass burning dominated CO₂ emissions, while CH₄ emissions were by far the largest in the agriculture sector, followed by the forestry sector. In all, the agriculture sector accounted for about 86 percent of the country's methane emissions in the late 1990s, with rice cultivation accounting for 50 percent of the total.

No previous or subsequent survey of GHG emissions has been conducted and therefore no trend can be established for the time being. While the indicator identified has limited value, it does bring together all that is known about GHG emissions in Lao PDR today.⁵¹ It is found that Lao PDR's net contributions to GHG emissions were not negligible in recent years, mainly because of widespread use of fuel wood and swidden agriculture. At the same time, agricultural production can benefit the environment – its sustainable management, for example, can contribute to the functioning of ecosystem services. The conservation and sustainable use of agriculture biodiversity also can play a role in adapting to climate change.

The Government's principal means of meeting its obligations under UNFCCC is its policies and measures that aim to reduce the extent of swidden agriculture. Expenditures on sedentarisation have increased from 11,000 million kip in 2001 to 17,923 million kip in 2005 and are a suitable indicator of the Government's seriousness in meeting its international obligations. Lao PDR's consumption of ODS has declined considerably, from a high of 50 metric tonnes in 1999 to 18 metric tonnes in 2006. It hopes to eliminate the use of ODS by 2015.

Water Resources

Water resources are one of Lao PDR's principal assets, with total surface water standing at more than 55,000 m³ on an annual per-capita basis. Indeed, Lao PDR has the highest per-capita water supply among all Asian countries. However, little of the national available water supply is developed: Total storage capacity of large reservoirs is only 7,000 million m³, or 2.8 percent of annual surface water supply. Hydropower generation has been developed to less than 8 percent of its estimated national potential. To generate much needed additional resources, the Government explores the possibility of establishing new hydropower schemes to generate up to 30,000 megawatts of power. Potential impacts on river hydrology, fish and wildlife need to be taken into consideration, acknowledging that the Mekong River is a major source of fish for human consumption and a key transport route.

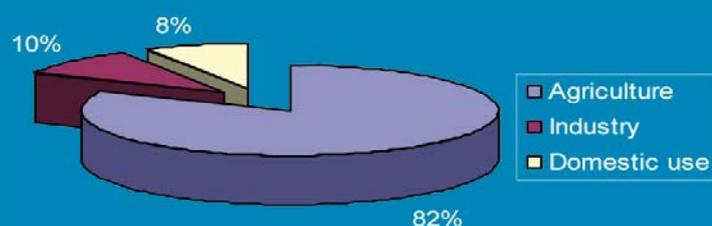
Total water availability (assuming no obligation to downstream countries) is 270 billion m³ per year. Yet in 1999, total water developed was 5.7 billion m³ per year -- or about 2 percent of the existing capacity; the current estimate is between 2 and 5 percent. Efficient use of water resources remains a critical factor in realising the Government's dual strategic objectives of poverty reduction and sustainable economic growth.

The country receives annual rainfall between 1,300 mm in the North and 3,000-3,700 mm in the South. An estimated 35 percent of all water in the Mekong Rives originates from watersheds within Lao PDR; these watersheds form 26 percent of the Mekong Basin. About 80 percent of the water flows in streams during the rainy season, and the rest in the dry season. Water resources are used for agriculture, fisheries, hydropower, navigation, tourism and municipal supply.⁵² Total water withdrawal was estimated at 1,000 million m³ in 1987, of which 82 percent went for agriculture, 10 percent for industry and 8 percent for domestic use (Figure 7.1). The relative proportions have changed little since then.

⁵¹ STEA (2006)

⁵² UNEP (2001)

Figure 7.1: Water Withdrawal by Sector



Target 7B

Reduce biodiversity loss, achieving, by 2010, a significant reduction in the rate of loss

	1991	1995	2002	2005	2006	2015 Target
Proportion of species threatened with extinction (%)				1.6 (2004)		

Source: STEA/UNEP

Aquatic Biodiversity

Fisheries in Lao PDR play an important economic role. Hundreds of wild fish species are caught as well as a wide range of other aquatic animals, including shrimp, crab, molluscs, insects, snakes and turtles. Most rural people rely on aquatic biodiversity resources as their main source of protein, fat, vitamins, iron and calcium (Table 7.1). Inland fish make up 43 percent and other aquatic animals 5 percent of animal protein consumed.⁵³ Fishing takes place in the Mekong River and its 14 tributaries, as well as in large reservoirs, floodplains, swamps and rice fields.

Assessing the size and value of the capture fisheries is difficult and complex because of the diversity of habitats and species, the seasonal variability of the yield, and the dispersed geographical spread of different fishing techniques. Livelihood analysis by Shoemaker et al. (2007) in the Xai Bang Fai river basin revealed that “from place to place and from season to season, different ethnic groups take advantage of the natural wealth of the basin in different ways.” Livelihoods of rural communities living

in seasonally flooded habitats in southern Lao PDR are closely linked to the preservation of biodiversity in these ecosystems.⁵⁴ No definite way exists of discriminating between the relative proportions of the two sources of production, capture fisheries and aquaculture production. FAO estimates suggest that aquaculture accounts for about 60-70 percent of annual fish production in Lao PDR and conversely, capture fisheries account for some 30-40 percent. It is estimated that aquaculture production is increasing. While it is still a relatively limited contributor to fish supply in rural areas, its share in supplying fish for urban and peri-urban areas is growing. Yet rivers, streams, wetlands and rice fields still provide a vastly more diverse and significant source of fish and other aquatic biodiversity. Increasingly, wetlands are being converted into rice fields, even as the connectivity between rice fields and natural waterways must be maintained to ensure recruitment of fish to paddy fields.

The Government recognises the potential of this natural resource base for economic development, poverty reduction and food security. This is reflected in the NGPES

Table 7.1: Fish Consumption and Yield in Lao PDR

	Estimated per-capita consumption (kg/capita/year), based on consumption studies	Estimated yield (tonnes/year as FWAE*) of inland fish and other aquatic animals, based on consumption studies
Inland fish	24.5	167,922
Other aquatic animals	4.1	40,581
Total inland fish and OAAs	28.6	208,503

* Fresh whole animal equivalent weights
Source: Mekong River Commission (MRC)

⁵³ Hortle (2007)

⁵⁴ Mollot et al. (2003), quoted in MRC (2007).

and numerous laws, regulations and decrees for sustainable usage (e.g., hydropower policy, Environmental Impact Analysis – EIA - and Social Impact Analysis regulations, the Fisheries Bill). There are some challenges with regard to their application and enforcement, however, which has potentially detrimental effects on human health and nutrition.

The possible development of additional hydropower schemes on the Mekong mainstream and its tributaries needs to be carefully planned so as not to have negative impacts on the income and food security of riverside households.

The lack of accurate quantitative data on fish consumption, including EIAs, leads to relative neglect in development planning. As a result, other sectors that may compete with the fishery sector for use of water tend to get more emphasis. Fishery and hence food security, however, must be given balanced weight in development planning.

Biological Diversity

Large areas of Lao PDR have been designated as wildlife and flora sanctuaries and gazetted as protected areas, at national, provincial and district levels. The country's diverse ecological habitats contain at least 10,000 species of mammals, reptiles, amphibians, birds, freshwater fish, insects and vascular plants. The importance of biodiversity conservation has long been recognised by Lao PDR. Internationally, it is a signatory of the United Nations Convention on Biological Diversity; as part of its obligations under that Convention, it drafted the National Action Biodiversity Strategy and Action Plan in 2003. The country has received substantial donor assistance for biodiversity protection.

The MDG indicator of proportion of species threatened with extinction refers to the number of nationally threatened species expressed as a percentage of globally threatened species.⁵⁵ The indicator is based on the latest 2004 International Union for the Conservation of Nature (IUCN) Red List of Threatened Species, but only for threatened mammals, birds, reptiles, amphibians and fish. Plant species, for which evaluation work has only just begun in the IUCN Red List (Box 7.1), are excluded from the indicator.

Box 7.1: The IUCN Red List

The IUCN Red List is a relatively new instrument to monitor loss of biodiversity. The Red List was initiated in 1996 without plant species, updated with some plant species in 1998, updated in year 2000 with more consideration for reptile species, and skipped in year 2001. Only since 2003, when bird species were added, has it shown some degree of completeness and annual updating. The indicator is therefore a baseline indicator for the future monitoring of threatened species; any trend observed since 1996 is not indicative of loss of biodiversity, but rather the level of effort that IUCN biologists have placed on certain species groups in certain years.

In 2004 Lao PDR was a tentative sanctuary for about 1.6 percent of globally threatened species. This standing includes about 3.1 percent of globally threatened mammals, 2.1 percent of globally threatened birds, 4 percent of globally threatened reptiles, and less than 1 percent of globally threatened fish or amphibians. Lao PDR's 1.6 percent of globally threatened species ranks lowest amongst six Greater Mekong Sub-region (GMS) countries. Reptile species are the largest contribution to Lao PDR's share of the threatened species, as is the case for all other GMS countries. While half of these reptile species are endemic to the GMS and sometimes one neighbouring country, none are endemic to Lao PDR. Even so, Lao PDR is the most extensive habitat remaining for even the "near-endemics" (Box 7.2).

Overall, none of Lao PDR's share of globally threatened species is endemic, and therefore it shares responsibility with other states for its globally threatened species. Loss of forest habitat is the most cited threat, but loss because of hunting and gathering also is significant. In fact, over-harvesting actually represents a greater threat than habitat loss for most of the globally threatened species at this point.⁵⁶ Increased access to areas of the country that were once remote is at the root of the problem, as systems for managing off-take have not been put in place. Implementation of recent legislation⁵⁷ for managing off-take is needed to reduce the proportion of species threatened with extinction.

⁵⁵ Threatened species are those classified as "critically endangered," "endangered" or "vulnerable" on the IUCN Red List. Extinct species, least-risk species or species with data deficiencies are excluded.

⁵⁶ Recent publications such as *End of the Game* (Nooren and Claridge 2001), *Going, Going, Gone* (World Bank 2005) and *Consuming the Future* (IUCN, WCS, and WWF 2007) highlight this problem in Lao PDR.

⁵⁷ 07/National Assembly/24 December 2007.

Box 7.2: Lao PDR is the Most Extensive Habitat Remaining for “Near-Endemics”

Mammals - At least two species of mammals are thought to be endemic to Lao PDR: One is the Roosevelt’s muntjac (*Muntiacus rooseveltorum*) in the Northeast of the country, while the other is the Laotian rock rat (*Laonastes aenigmamus*) in Khammuane province. The latter is a species that was new to science in 2005. When biologists tried to place the new species in the rodent family tree, they had considerable difficulty deciding to which family of rodents it belonged, and instead created a whole new family for this species. Several “near-endemic” species of mammals occur only in the Annamite Mountain forests on the Lao-Viet Nam-Cambodia border. They occur nowhere else in the world, and most of their remaining habitat lies in Lao PDR. Several species are notable particularly the recently discovered large mammals like the saola (*Pseudoryx nghetinhensis*), Annamite striped rabbit (*Nesolagus timminsi*), and large-antlered muntjac (*Megamuntiacus vuquangensis*).

Birds - Three “endemic bird areas” in Lao PDR contain restricted-range bird species (species with a total global breeding range of less than 50,000 sq. km.) that are entirely confined. Again, these are primarily in parts of Central Lao PDR and overlap into Viet Nam.

Reptiles and Amphibians - Several recent discoveries of reptiles and amphibians in Lao PDR that may be endemic species have been made. A confirmed endemic specie is the Lao salamander (*Paramesotriton laoensis*) in Xiengkhuang province.

Target 7C

Halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation

	1990	1995	2000	2007	2015 Target
Proportion of population using an improved drinking water source (%)	28		52	74	80
Proportion of population using an improved sanitation facility (%)		29	37	49	60

Source: Population Census (1995), National Centre for Environmental Health and Water Supply

Access to Safe Drinking Water

Between 1990 and 2007, the proportion of the population with access to a safe source of water soared from 28 to 74 percent, even as access continues to vary considerably across provinces. More remote provinces and districts with poor roads tend to have lower coverage than those on major national roads. In mountainous areas, water supplies are taken from springs and streams, while in low-lying areas they come from shallow tube wells and dug wells. In urban areas, on the other hand, water is increasingly being delivered through pipes, from streams, rivers and groundwater.

An increasing proportion of households in Vientiane are gaining access to a piped water connection; however, significant inequities exist in secondary towns and

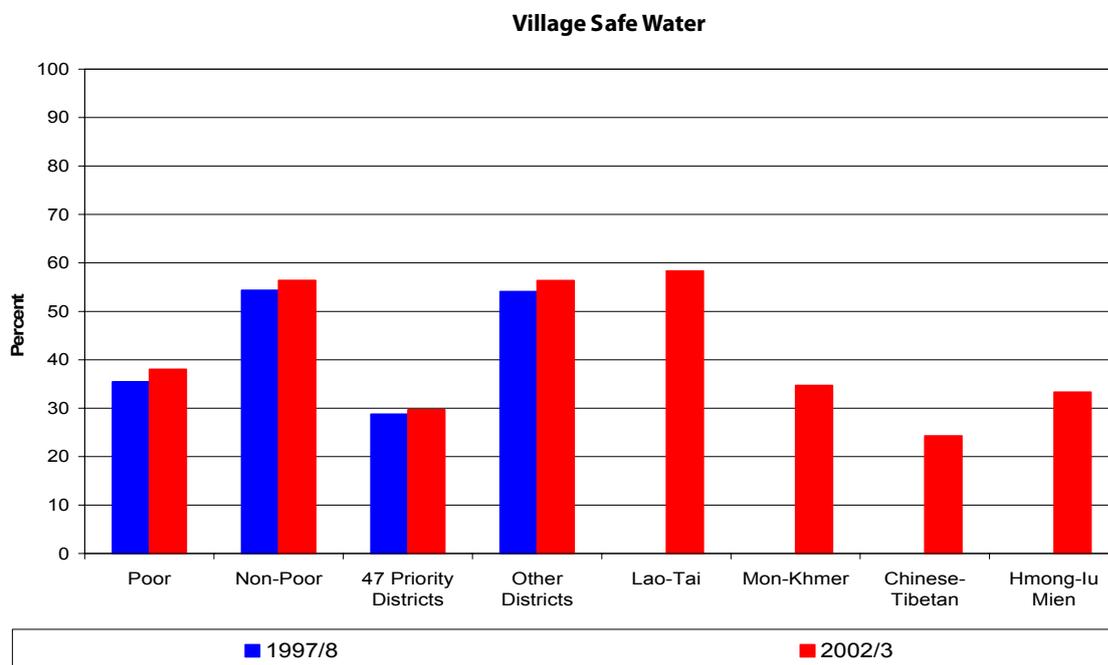
rural areas. Many of the smaller provincial towns do not have a continuous supply, lack the required pressure to serve the entire network, or show signs of deterioration. Data at the provincial level describing the quality of surface and groundwater are limited. In addition, no summary information can be found concerning the functioning of the water supply systems in smaller urban settlements that have received assistance for basic piped water systems with public stand posts, shallow wells or boreholes. The fact that so little information exists about the actual functioning of the facilities financed during the last decade should invite caution in accepting uncritically the figures of overall achievements in water supply provision.

The share of private households with access to water from pipes or protected wells increased from 15 percent

in 1995 to 35 percent in 2005. Village access to piped water or protected wells increased by about 2 percentage points between 1997-98 and 2002-03, and progress was even for poor and non-poor subgroups, as well as first and other priority districts (Figure 7.2). The same holds for household access to drinking water. Piped water supply increased by 2.5 percentage points between the 1995 Population Census and LECS3 (2002-03), confirming the village data. More striking is the increase in protected groundwater, which more than tripled from 6.7 to 22 percent, while the share of unprotected groundwater fell from 33 to 24 percent.

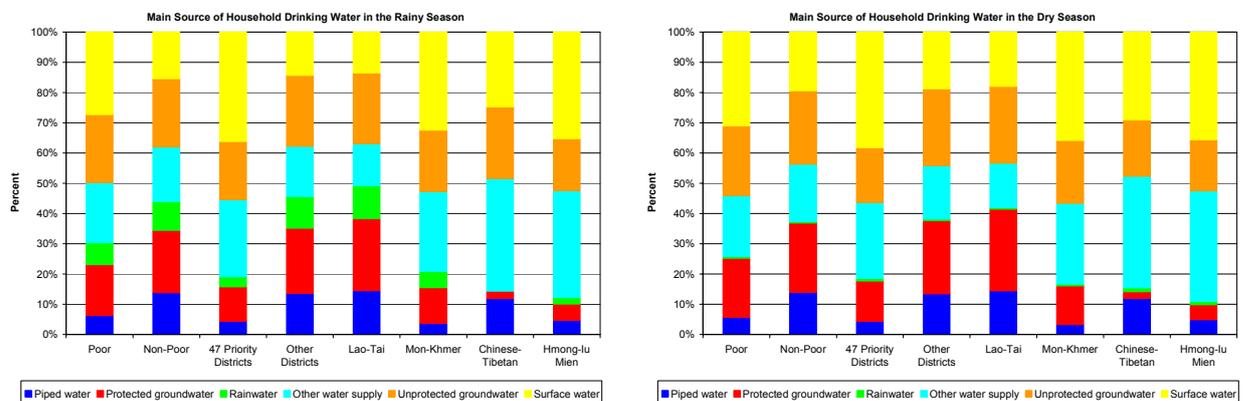
In spite of these achievements, much remains to be done. Between one in two to two in five persons still have no source of safe drinking water (Figure 7.3). Improved water access is more than 10 percentage points lower for the poor than the non-poor, and between 10 and 15 percentage points lower for first-priority districts than other districts, as well as for Lao-Tai than Mon-Khmer. While original water sources are good because of low levels of industrial or agricultural contamination, the water quality often deteriorates at network and collection points in the village or household. In addition, the share of the population with access to safe water increases during the rainy season because households rely more on rainwater.

Figure 7.2: **Extent of Safe Drinking Water**



Source: Joint Report of the National Statistics Centre of the Committee for Planning and Investment, the Asian Development Bank, the Swedish International Development Agency and the World Bank (2006)

Figure 7.3: **Main Source of Household Drinking Water in Rainy and Dry Seasons (2002-03)**



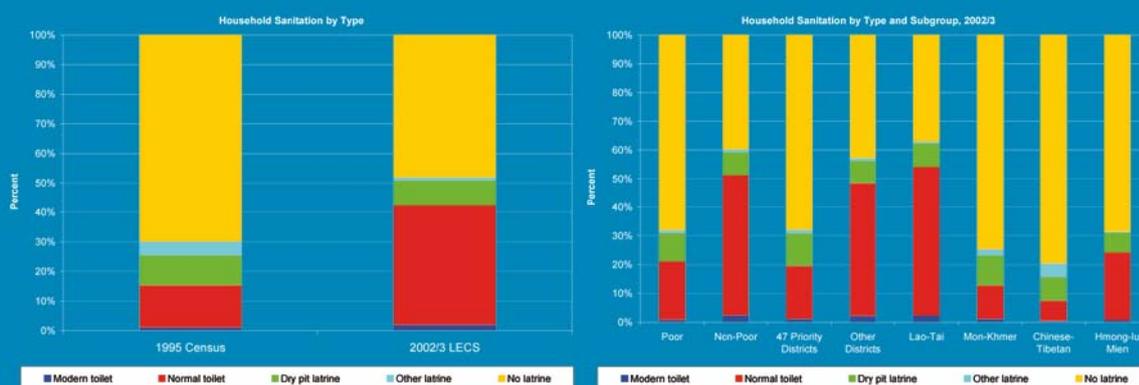
Source: Joint Report of the National Statistics Centre of the Committee for Planning and Investment, the Asian Development Bank, the Swedish International Development Agency and the World Bank (2006)

Access to Sanitation

Human wastes cause sickness. When waste left on the ground near a small river or lake is washed into the water, bacteria can make the water dirty and unsafe for drinking. In Lao PDR, improvements in water supply are matched by similar progress in sanitation (Figure 7.4). Comparing again the 1995 Population Census with the 2002-03 LECS, the share of population living in households with access to some kind of latrine increased from less than one in three to one in two. Most of this improvement is due to a rise in normal or pour-flush toilets, which served two in five people in 2002-03, compared to only one in seven in 1995. As for water supply, more progress is required: one in two persons do not even have access to a simple pit latrine. Among the poor and first-priority districts, this share rises to more than two in three, and among the Mon-Khmer and Sino-Tibetans to more than three in four.

protection. The Environmental Protection Law 1999, supported by its Implementing Decree 2002, represents the country's principal environmental legislation. It includes measures for the protection, mitigation and restoration of the environment, as well as guidelines for environmental management and monitoring. The Forestry Law was amended in 2007 to strengthen sustainable management of forests, and reinforced by an order issued by the Prime Minister in August 2007 enacting clearer and stricter measures to control logging and wood business. The Wildlife Law also was enacted to provide a stronger legal framework for biodiversity conservation. Implementation and enforcement of these laws are key to meeting the targets. Significant steps can be made in the areas of fisheries legislative reform, more effective design and operation of water control systems (e.g., irrigation), better appreciation of the contribution of wetlands and water habitats in sustaining aquatic biodiversity, and a rigorous commitment to environmental impact and true

Figure 7.4: Type of Household Sanitation by Year, Poverty Status, Location and Ethno-Linguistic Group, 1995 to 2002-03



Source: Joint Report of the National Statistics Centre of the Committee for Planning and Investment, the Asian Development Bank, the Swedish International Development Agency and the World Bank (2006)

Government Environment and Water and Sanitation Strategies

The institutional structure for environmental management in Lao PDR consists of: (i) national committees that guide inter-sectoral coordination among agencies; (ii) national-level Ministries and agencies, which have a core role in environmental protection and conservation; (iii) provincial and district entities that have devolved responsibility for environmental protection; and (iv) mass organisations that support the Government in promoting public participation and awareness.

The Government has formulated a number of legislation and regulations for environmental conservation and

valuation of the costs of water development initiatives. In particular, the latter should be not only a commitment by the Government, but also by private-sector investment and engineering interests and the lending institutions that support them.

The capacity of various institutions to implement and enforce environmental regulations is relatively weak. Capacity constraints at the local level, a lack of practical implementation guidelines, overlapping responsibilities and jurisdiction, insufficient budgets, and inadequate disciplinary options contribute to poor implementation of legislation and regulations. This process also is undermined by low awareness of the need for environmental protection among the public at large.

Rural water supplies are the responsibility of the National Centre for Environmental Health and Water Supply (Nam Saat), while the urban water supply is the responsibility of the Ministry of Transport and Public Works. It is often unclear who is responsible for water supplies in small towns or for sanitation in urban areas – an ambiguity that the Government is trying to address.

In an effort to meet the Government's objective to provide 80 percent of the population with access to safe water by 2015, Nam Saat has concentrated mainly on increasing coverage and is giving priority to the poorest, least accessible and most vulnerable zones. This involves delivery of sustainable services through community participation, cost sharing and decentralisation of planning and implementation processes.

Meeting the MDG on Environmental Sustainability

The Government has enacted a wide array of legislation, regulations and action plans for environmental

conservation and protection, including through other sectors such as health. As cited above, the Environmental Protection Law 1999, supported by its Implementing Decree 2002, is the principal environmental legislation, including measures for the protection, mitigation and restoration of the environment as well as guidelines for environmental management and monitoring. On a related note, the Prime Minister's Decree on Health Impact Policy was enacted in 2007 to safeguard public health. National Environmental Health Action Plans are being drafted to provide multi-sectoral collaboration and cooperation on environment and health programmes in the country.

The capacity of various institutions to implement and enforce environmental regulations as well as environmental action plans requires strengthening. In addition, an urgent need exists to increase awareness among the general public of the necessity of environmental protection and environment and health correlations. Implementation and enforcement of the Forestry Law and the Wildlife Law will be one of the keys for meeting the MDG targets. Along with continued donor support, reaching the safe water and sanitation targets also will require decentralised delivery through community participation and cost sharing.





Chapter 8

DEVELOP A GLOBAL PARTNERSHIP FOR DEVELOPMENT MDG8



CAN LAO PDR MEET THE TARGETS FOR DEVELOPING A GLOBAL PARTNERSHIP FOR DEVELOPMENT?

Target No.	Target	Will the target be met?	State of policy environment?
8A.	Develop further an open, rule-based, predictable, non-discriminatory trading and financial system	No Target Set	Strong
8B.	Address the special needs of Least Developed Countries	No Target Set	Fair
8C.	Address the special needs of landlocked countries	No Target Set	Fair
8D.	Deal comprehensively with the debt problem	No Target Set	Strong
8E.	Make available the benefits of new technologies, especially information and communications	No Target Set	Strong
<i>Assessment Scale</i>		<i>Probably</i> <i>Potentially</i> <i>Unlikely</i> <i>Lack of Data</i>	<i>Strong</i> <i>Fair</i> <i>Weak but Improving</i> <i>Weak</i>

SUMMARY

Lao PDR is the only country without an access to the sea among the six states of the GMS. Compared to other landlocked countries, Lao PDR's growth in Gross National Product (GNP) per capita of 3.8 percent during the period 1990 to 2001 was the highest; landlocked countries elsewhere averaged growth of only 0.2 percent.

Lao PDR's exports are concentrated on very few products, namely garments, wood and wood products, electricity, coffee, forestry products and, more recently, mining. The share of mining exports has grown rapidly since 2000 and accounted for more than half of the country's export volume in 2006. Overall, expanding exports play a major role in Lao PDR's growth, increasing at more than 11 percent per year and accounting for 24 percent of GDP in 2005 (up from only 9 percent in 1990).

A large gap remains between domestically generated resources and what the Government needs to implement the NSEDP 2006-10, so that Lao PDR needs continued commitment from its development partners to achieve the MDGs by 2015. Likewise, to achieve the MDGs it will be critical that more resources be devoted to basic social services in the country, for the benefit of all categories of the population in an equitable manner. ODA plays an important role by funding both the Government's overall public expenditure and its PIP.

By low-income country standards, Lao PDR's public debt burden is high, and debt service payments consume close to a fifth of Government revenues.

Lastly, in the NSEDP 2006-10, the Government is committed to encourage investment in computer technology and facilitate use of the Internet, particularly in remote and poor areas.

PARTNERSHIP FOR DEVELOPMENT

MDG 8 was not reported upon in the national MDG Report 2004. Targets in Goal 8 relate to Official Development Assistance, market access, debt sustainability, access to essential drugs, and access to telephone, Internet and cellular services. The Government, in consultation with the international community, has developed locally relevant indicators and targets that are both useful and possible to consistently report on over time.

The eighth MDG calls on developed countries to relieve debt, increase aid and give developing countries fair access to their markets and technology. This is seen as creating the enabling environment for developing countries to achieve the first seven MDGs. Building a global partnership for the MDGs thus complements the overall responsibility of the governments of developing countries for aligning their budgets toward development strategies aimed at achieving the MDGs. Another responsibility borne by poor countries is to ensure rational and effective use of external resources to reduce poverty and vulnerability while improving the delivery of social services.

Market Access

An important component of the eighth MDG that would help developing countries fill their resource gaps is enhanced market access. Lao PDR is the only country

without an access to the sea among the six states of the GMS. Key aspects of landlocked countries' development are investments in transport, infrastructure and effective regional cooperation. Both form the cornerstone of Lao PDR's national development strategy.

Among landlocked countries, Lao PDR stands out for the amount of resources it devotes to the transport sector.⁵⁸ Major public investment programmes and Foreign Direct Investments have been ongoing for years to improve the road network. This has mainly helped rehabilitate Route 13, the North-South route connecting the Chinese, Thai and Cambodian borders and passing through the major urban centres: Luangprabang, Vientiane, Savannakhet and Paxay. Major investments in Routes 8 and 9 have connected Lao PDR with the Vietnamese ports of Vinh and Danang. Longstanding Thai road investments connected Vientiane with Bangkok and Thai ports. However, not enough resources are available to rehabilitate or adequately maintain provincial and district roads. Large sections of the Lao population thus have limited access to domestic and external markets.

Because higher transport costs limit the range of trading partners, the fortunes of landlocked countries are more closely linked with those of nearby countries.⁵⁹ Compared to other landlocked countries in sub-Saharan Africa, South Asia and East Asia, Lao PDR's growth in GNP

Target 8A

Develop further an open, rule-based, predictable, non-discriminatory trading and financial system

Indicator	1996	2000	2002	2005	2015 Target
Average tariffs imposed on exports of agricultural products, clothing and textiles to developed markets economies with which Lao PDR has					
• MFN status	21	20	8	8	
• Preferential trade agreements	17	17	7	6	
Proportion of exports of agricultural products, clothing and textiles (by value) to developed market economies from Lao PDR admitted free of duty	99	98	100	99	
Border cost related to importing one container (US\$ per container)				1690	
Border cost relating to exporting one container (US\$ per container)				1420	

Sources: World Bank (2007a)

⁵⁸ "A study of 30 Landlocked Least Developed Countries found that Laos devoted the largest share of GNP to transport (4.9%), along with Mongolia (3.5%) and the Central African Republic (2.7%), while 13 others devoted only 1-2% and the remaining 14 less than 1%". Quoted from Chawdhury (2003).

⁵⁹ Ibid.

per capita of 3.8 percent during the period 1990-2001 was the highest for all landlocked countries (average 0.2 percent), suggesting that it might have benefited from its geographic location at the centre of the dynamic GMS. Indeed, regional integration is an important economic driver for Lao PDR, given that its trade is predominantly with other ASEAN member states.⁶⁰ Trade and investment links with China, Thailand and Viet Nam are especially strong; in 2004, these countries accounted for 64 percent of Lao PDR's total merchandise trade.⁶¹ To continue to facilitate trade, the country has to further implement its commitments under the ASEAN Free Trade Area (AFTA). Complicated administrative requirements, non-harmonised procedures and documents all hinder trade.

With increased access to foreign markets through AFTA, and the World Trade Organisation in 2010, there also arises increased access to Lao PDR's domestic market for outside producers – and both mean increased competition for domestic producers and exporters. Trade liberalisation constitutes a significant challenge for Lao producers to improve the quality and competitiveness of their goods and services, in order to capitalise on opportunities resulting thereof. In this context, an important priority for the Government besides the reduction of regulatory burdens is to create an investment-friendly climate in Lao PDR.⁶²

While Lao PDR has easy access to world markets as an LDC, often complex rules of origin limit its ability to make full use of trade preferences. Exports are concentrated in very few products, namely garments, wood and wood products, electricity, coffee, forestry products and, more recently, mining. The share of mining exports have grown rapidly since 2000, and accounted for more than half of the country's export volume in 2006 (Figure 8.1).

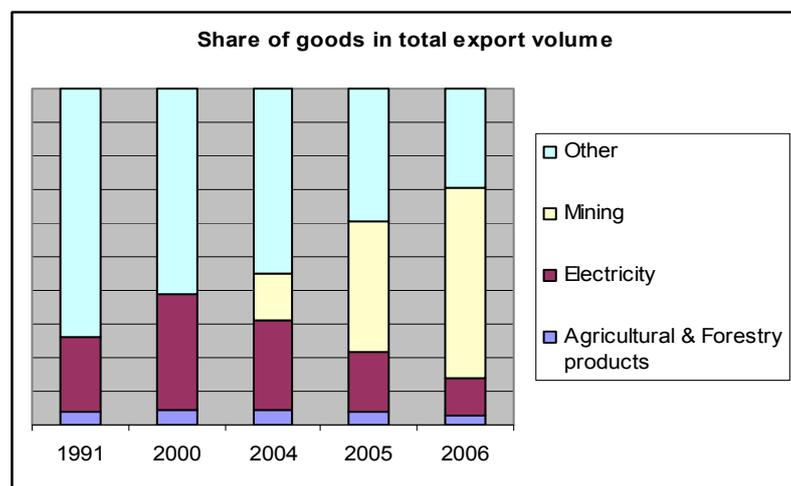


Despite the small share of agriculture in Lao PDR's export structure, the sector accounts for half its GDP. Most of it is subsistence agriculture, which binds a large proportion of the country's workforce. A great need exists to create off-farm employment opportunities, thereby using such a large human potential to contribute to economic growth.

Overall, expanding exports play a major role in Lao PDR's growth, increasing at more than 11 percent per year and accounting for 24 percent of GDP in 2005 (up from only 9 percent in 1990).⁶³ While the country's external balance of payments is stable, imports for the construction of major hydroelectric projects that the Government is pursuing have greatly increased the current account deficit. Committed finance and labour remittances, however, have helped fill the gap.⁶⁴ Because Lao PDR's export structure is not diversified, the country needs to prepare for the possibility of a breakdown of global market prices for the commodities that it exports, through wisely reinvesting revenues in developing its human resource potential. A good human resource base, which can provide quality services, will ensure the continuation

of economic growth over the long run. It is important to address issues of international trade competitiveness and inclusive globalisation through mainstreaming human development, and especially gender, into national development strategies.

Figure 8.1: Share of Goods in Total Export Volume



Sources: NSC

⁶⁰ According to ADB (2006), ASEAN (without Viet Nam) takes one-third of Lao PDR's exports and supplies two-thirds of it imports.

⁶¹ Ibid

⁶² World Bank (2006a)

⁶³ Ibid

⁶⁴ According to ADB (2006), labour remittances from Lao workers abroad accounted for an estimated 4 percent of the 2005 GDP. With the regional economies expected to remain strong and integration likely to intensify, remittances from Lao workers abroad could provide a significant source of domestic demand growth and are a vital source of cash income in rural areas.

Targets 8B and 8C

Address the special needs of the Least Developed Countries

Address the special needs of landlocked developing countries

Indicator	1990	1995	2000	2002	2005	2006	2015 Target
Proportion of total bilateral ODA of OECD/DAC donors to basic social services				32 (2003)	35 (2004)		
Proportion of bilateral ODA of OECD/DAC donors that is untied							
ODA received as							
- proportion of its GDP				21	13	(10.6)	
- in US\$ per capita				74	81	(60)	
ODA received as proportion of its GNI	17	17	17	16	11	12	
Proportion of ODA provided to help build trade capacity							
Proportion of ODA grants to LDCs that goes to Lao PDR	0.6	1.8	2.3	1.7	0.9	1.5	
Net ODA received from OECD/DAC donors by Lao PDR as percent of its GDP		9.7	11.2	9.8	5.5	5.45	

Sources: Foreign Aid Report; UN; OECD

Financing for Development and Aid Effectiveness

While many countries will be able to implement their strategies for MDG achievement by investing from their own resources, others do not have the funds to meet all their needs. They have a resource gap, which is the difference between savings and investment as a percentage of GDP. The eighth MDG, through building a global partnership for development, wants to help meet such gaps – for example, with the help of ODA.

Between 2001 and 2006, ODA received as a percentage of GDP decreased in Lao PDR. This confirms the global trend of decreasing ODA net disbursements as percent of average LDC GDPs. It represents, however, a steeper decrease than the LDC average. Per-capita ODA received in Lao PDR decreased by US\$ 10 between 2001 and 2005 (Figure 8.2).

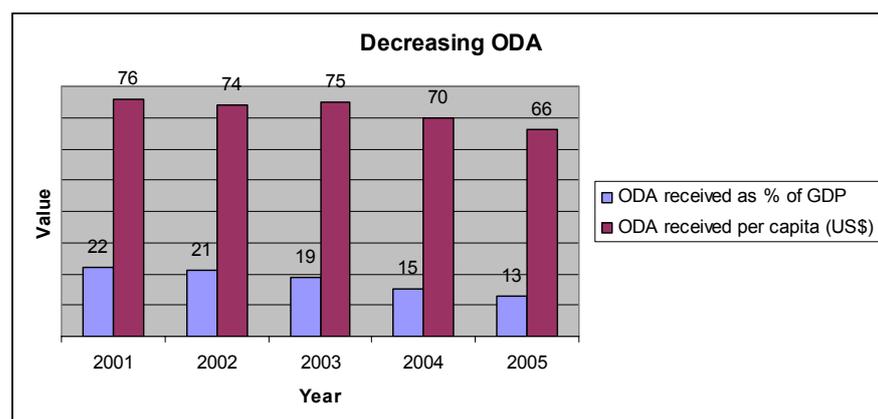
Several OECD/DAC donor countries are reviewing their global strategies, and at least one has confirmed that it was phasing out its longstanding assistance programme to Lao PDR. Not staying the course now, however, will hamper Lao PDR's prospect of achieving the MDGs.

Put simply, Lao PDR is at a threshold: While economic growth rates could

be sustained previously at a high level with an increasing inflow of revenues from exports, as well as from extractive industries and hydropower, a large gap remains between domestically generated resources and what it needs to implement the NSEDP 2006-10. Despite its impressive economic growth, Lao PDR needs continued commitment from its development partners to achieve the MDGs by 2015.

Likewise, it is critical for MDG achievement in the country that more resources be devoted to basic social services, for the benefit of all categories of the population in an equitable manner. In this respect, recurrent expenditures must be stepped up drastically in the education and health sectors. The NSEDP 2006-10 provides for a massive increase in public investment spending on the four priority sectors – transport, agriculture, education and health – to US\$2.6 billion. Most of the planned spending,

Figure 8.2: Decline in Per-Capita ODA



Sources: NSC

however, will be devoted to infrastructure, and primarily transportation, as in previous years. The Government has planned to substantially increase the recurrent-to-total expenditure ratios for education and health, to 84 and 74 percent respectively, by 2010.⁶⁵

Meanwhile, the Government plans and allocates capital investments in the public sector through its PIP to promote growth and development. While the proportion of public investments in the economic sectors has slightly decreased, from 69 percent in 1999-2000 to about 65 percent in 2005-06, the proportion dedicated to the social sectors increased from 17 to 27.6 percent over that period. Within the sector, while capital investments in education increased substantially, those in health fell by almost half, from 6 to 3.5 percent.⁶⁶ This is surprising, given that the health-related MDGs are performing less well than other MDGs, which points to the need for injecting more resources, not less, into the health sector. A cross-country comparison of public health expenditures in 2003 confirms that the Governments of most neighbouring countries, as well as other Landlocked Least Developed Countries in the region, invest more in the health of their citizens than Lao PDR (Table 8.1).

in capital projects, the pressure on the Government's recurrent budget has increased. Likewise, in the case of ODA loans, amortisation and interest payments also are part of the Government's current expenditure budget.⁶⁸ Both donors and the Government need to identify alternative ways to meet increasing development demands, while examining the recurrent expenditure implications in ODA project selection and efficiency. This should be considered in the context of the Vientiane Declaration on Aid Effectiveness that was signed by the Government and development partners in November 2006 (see Box 8.1).

The proportion of ODA funding for capital expenditures in the health and education sectors increased slightly from 2004-05 to 2005-06 (Figure 8.3). To counter aid dependency, Lao PDR needs to move further toward achieving fiscal stability. Despite the country's large stock of public debt and weak domestic revenue base, this seems feasible in the mid- to long-term. Economic and social development prospects are good, with the country having significant potential to capitalise on hydropower, mining, eco- and cultural tourism, commercial agriculture, niche-market SME development, regional employment and transit trade. Several conditions for structural change

Table 8.1: Public Expenditures on Health in Countries in the Region

	General government expenditure on health as percentage of total government expenditure (2005)	Per capita government expenditure on health (PPP int. \$) (2005)
Bhutan	6.5	60
Cambodia	12.0	41
China	1.0	122
Lao PDR	4.1	16
Mongolia	11.0	87
Myanmar	1.1	4
Nepal	8.4	21
Thailand	11.3	207
Viet Nam	5.1	57

Source: WHO Statistical Information System

Capital expenditures accounted for 47 percent of total public expenditures in 2005-06, down from 69 percent in 1999-2000. A total of 87 percent of the PIP, or capital expenses, were funded from ODA contributions in 2005-06 (73 percent in 1999-2000). ODA in 2005-06 thus accounted for funding of 41 percent of total Government expenditure, compared to 50 percent in 1999-2000.⁶⁷

ODA plays an important role by funding both the Government's overall public expenditures and its PIP. Moreover, PIP projects generate recurrent funding needs in the form of salaries and wages, materials and other operations and maintenance costs. With an increase

and acceleration of economic growth are largely in place. If managed in sustainably and inclusively, economic growth will generate employment and equitable social development for all.⁶⁹

⁶⁵ Ibid.

⁶⁶ Foreign Aid Report 2005-06 (2007)

⁶⁷ Ibid.

⁶⁸ In the Fiscal Year 2005-06, ODA agreements signed were for grants and loans in about equal proportions (agreements totalling US\$ 208.75 million in grants and US\$ 210.43 million in loans).

⁶⁹ World Bank (2007b)

Box 8.1: The Vientiane Declaration on Aid Effectiveness

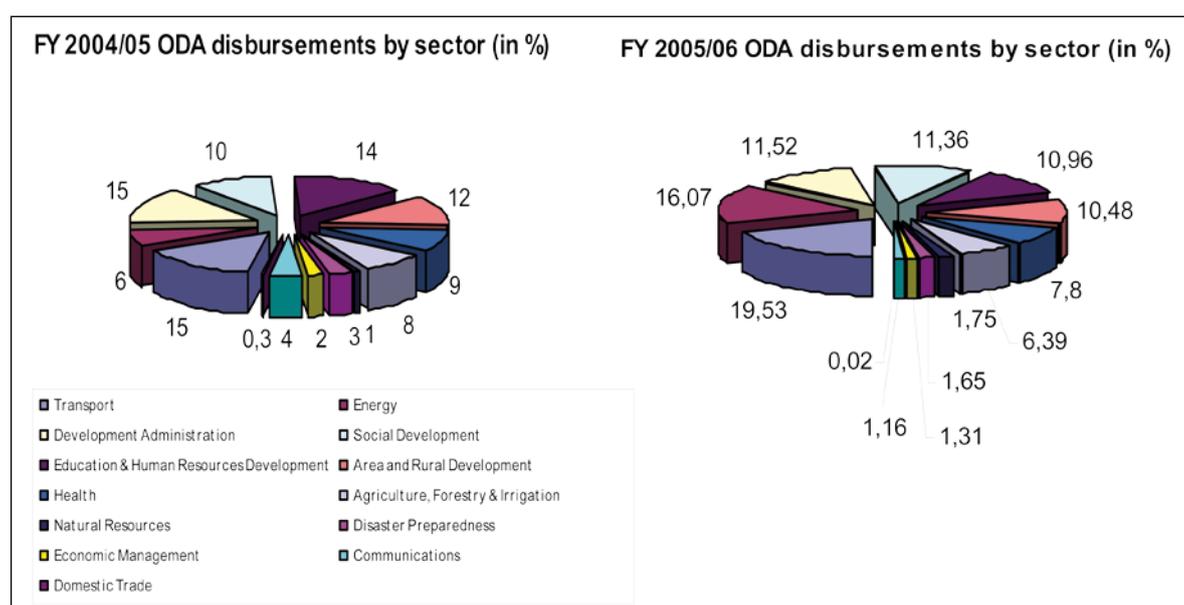
The Vientiane Declaration provides a framework for cooperation for Government and donors to increase the impact of ODA and better measure results. Specifically, it focuses on five main areas: strengthening Government ownership of the development process; aligning donors to national policies and increasing their use of national institutions; harmonising donors' actions, making them transparent and simple; better managing results; and improving accountability.

A Country Action Plan was finalised in May 2007 as a tool for implementing the Vientiane Declaration and measure progress. The three key aspects to the Country Action Plan are: (i) it is a more coordinated approach to programming in key sectors of the NSEDP, as well as in strengthened use of national systems; (ii) more donors using common procedures and harmonising activities such as reporting and evaluating procedures; and (iii) making ODA more transparent, predictable and better- integrated into national and sectoral plans and budgets.

Within the Round Table Process, the dialogue between the Government and donors is ongoing on policies, priority programmes and resources, and strong partnership and commitment exist for accelerating the development process and facilitating the achievement of the NSEDP goals, including the MDGs.

The last Round Table Implementation Meeting, in November 2007, highlighted the importance of increasing resources and strengthening policies to ensure timely achievement of the MDGs. Sector Working Groups are appropriate fora to deal with issues related to MDGs, among others, as under the Vientiane Declaration and the accompanying Country Action Plan both the Government and development partners are accountable for achieving development results. Considerable progress has been made in improving aid effectiveness, in particular in the social sectors. Nevertheless, much remains to be done in this area.

Figure 8.3: ODA Disbursements for Capital Expenditure by Sector, 2004-05, 2005-06



Sources: Foreign Aid Report 2005-06 (2007)

Target 8D

Deal comprehensively with the debt problem

Indicator	1990	1995	2002	2005	2006	2015 Target
Debt servicing as a percentage of exports of goods and services	9	6	9 (2001)			

Sources: UNdata

Debt Servicing

ODA plays an important role in meeting Lao PDR's resource gap. As of the end of 2004, the face value of public and publicly guaranteed external debt was US\$ 2.1 billion (83 percent of GDP), out of a total external debt of US\$ 2.5 billion (101 percent of GDP). Most public sector debt is on concessional terms (73 percent to multilateral lenders, 22 percent to bilateral lenders). Of the bilateral debt, 85 percent is owed to the Russian Federation. ADB (50 percent of multilateral debt) and the World Bank (41 percent) are the largest multilateral creditors.

By low-income country standards, Lao PDR's public debt burden is high, and debt service payments consume close to a fifth of Government revenues. Because the Government's ability to mobilise domestic revenues for development expenditure priorities remains low, public sector borrowing requirements is high.⁷⁰ To reduce its borrowing requirements, ensure the payment of debt service and ultimately reduce its debt burden, Lao PDR must mobilise increased domestic revenues. A prudent also borrowing strategy is required, which – besides better

revenue collection – includes borrowing on concessional terms only, the continuation of structural reforms, and better prioritisation of public expenditures.

Making Available New Technologies

Information and Communications Technology (ICT) can play an important role in the fight against poverty and be an effective tool in helping countries to achieve the MDGs.⁷¹ It has the potential to create earnings opportunities and jobs, improve delivery of and access to health and education services, facilitate information sharing and knowledge creation, and increase the transparency, accountability and effectiveness of Government, business and non-profit organisations, all of which contributes to an enabling environment for development. By making ICT an integral part of their national development strategies, developing countries and their partners can more effectively address economic and social divides.

Although many developing countries already have the basic infrastructure to connect to the global

Target 8E

In cooperation with the private sector, make available the benefits of new technologies, especially information and communications

Indicator	1990	1995	2000	2005	2006	2015 Target
Telephone lines per 100 population	0.2	0.5	0.7	1.5	1.6	
Cellular subscribers per 100 population			0.6 (2001)	9.8	13.5	
Internet users per 100 population				0.05 (2004)	0.08	
Access to radio		36 (1997)	46 (2002)			
Access to TV		31 (1997)	41 (2002)			

Sources: Song (2002)

⁷⁰ ADB (2006)

⁷¹ Song (2002)



information network, affordable and equitable access is still a critical issue. Lao PDR ranks among the nations in the lowest category for both indicators adopted at the World Summit on the Information Society (WSIS) in 2003/2005; the ICT Opportunity Index (2005) and Digital Opportunity Index (DOI, 2005/06) show values of 39.29 (151st out of 183 nations) and 0.18 (150th out of 181 nations) respectively (Table 8.2). The ICT Opportunity Index is a composite indicator focusing on traditional ICTs, e.g. fixed-lines and televisions, as well as on measures of literacy and educational achievement. The DOI, meanwhile, is a composite index focusing on adoption of new technologies, such as broadband and mobile Internet. The ICT Opportunity Index and the DOI are complementary indices adopted by the WSIS as part of an agreed implementation methodology of Summit outcomes.

These figures show that full access to the Information Technology has not yet been realised in Lao PDR. Yet access to ICT is critical to socioeconomic development, particularly in rural areas. It enables people to mitigate their remoteness and distance from markets, through the transfer of information across geographic space at low cost. While there is still very limited access to the Internet in rural Lao PDR (for reasons including high

installation costs for providers, high costs for users, lack of required electricity and telecom networks, and low education and literacy levels), access to voice telephony (through fixed-lines, including fax, and mobile networks) has increased. Voice telephony and fax allow one-to-one communication with immediate feedback, which is not possible with more traditional media, i.e., TV and radio. Using telephones and fax is relatively cheap and does not require extensive education and skills. Besides providing channels for communications and information exchange, advanced ICT services, such as the Internet, can be introduced easily once reliable and affordable telecom networks are available.⁷²

After the Government's move toward economic liberalisation in 1986, awareness grew regarding the need for modern telecommunications as a means for integrating remote regions to the rest of the country, as well as the country to world markets.⁷³ The number of fixed telephone lines has increased from 0.2 per 100 people in 1990 to 1.6 in 2006. Despite this development, tele-density in Lao PDR remains well below the target set for LDCs in the Brussels Programme for Action, at 5 lines per 100 habitants by 2010.

The number of cellular subscribers, meanwhile, has increased from 0.6 per 100 people in 2001 to 13.5 in 2006. Four mobile service providers are active in the country, a development in line with a global trend whereby people use a mobile phone as their main, and often the only, telephone. Despite this, fixed-line connectivity still has a role to play, especially for Internet access.

In the NSEDP 2006-10, the Government is committed to encourage investment in computer technology and facilitate use of the Internet, particularly in remote and poor areas. Education and training in ICT will be promoted. It remains to be seen if this will indeed be followed through, however, given the cost implications amid competing development imperatives.

Table 8.2: Extent of ICT Penetration in the Region

	ICT Opportunity Index (*)	Digital Opportunity Index (**)
China	109.41	0.45
Thailand	99.20	0.43
Mongolia	87.68	0.32
Viet Nam	76.66	0.29
Bhutan	55.88	0.22
Nepal	27.91	0.19
Cambodia	28.75	0.18
Lao PDR	39.29	0.18
Myanmar	19.11	0.04

Sources: (*) ITU (2007)

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ANNEX 1

New Targets and Indicators Included in the MDG Report 2008

MDG 1: Eradicate extreme poverty and hunger

New Indicators

- Prevalence of stunting in children under age 5 years
- Proportion of people below the food poverty line

New Target:

Achieve full and productive employment and decent work for all, including women and young people

Indicators

- Growth rate of GDP per person employed
- Employment-to-population ratio
- Proportion of employed people living below US\$1 (PPP) per day - *dropped*
- Proportion of own account and contributing family workers in total employment

MDG 5: Improve maternal health

New Target:

Achieve, by 2015, universal access to reproductive health

Indicators

- Age-specific fertility rate
- Antenatal care coverage (at least one visit, and at least four visits)
- Unmet need for family planning

MDG 6: Combat HIV/AIDS, malaria and other diseases

New Target:

Achieve, by 2010, universal access to treatment for HIV/AIDS for all who need it

Indicator

- Proportion of population with advanced HIV infection with access to antiretroviral drugs

MDG 7: Ensure environmental sustainability

New Target:

Reduce biodiversity loss, achieving a significant reduction in the rate of loss by 2010

Indicators

- Proportion of terrestrial and marine areas protected
- Proportion of species threatened with extinction

ANNEX 2

Data challenges in preparing the MDG Report 2008

The team preparing the MDG Report 2008 closely examined existing data, as well as data sources used in the first MDG Report 2004, for inconsistencies and filling data gaps, wherever necessary and possible. A number of data-related challenges were identified that needed to be addressed at the outset:

1. Get the baselines right. The MDGs set the benchmarks for monitoring progress from 1990, yet it is well-recognised that the country's statistical capacity in 1990 was weak. At that time, there existed few household surveys, and the 1985 Population Census was the only large source of statistical data. The first LECS was conducted in 1992-93, the first MICS in 1997.

Consequently, the 1990 baseline numbers for many targets are extrapolations of data collected later. Extrapolations rely upon assumptions, and it is important to first assess the reliability of the 1990 figures since the baseline figures were used to set the 2015 targets.

2. Check for consistency and comparability across different data sources. The first MDG Report used many different data sources to put together the baseline figures, as well as figures for subsequent years to assess progress. These are not always comparable, and the lack of comparability across data sources can distort progress.

3. Check whether the target figures have been calculated correctly. Data for indicators pertaining to water and sanitation used in the MDGR 2004 reflect all the three challenges. The 1990 baseline figures were arrived at by extrapolating data from 2003; provincial data from 2001-02, which may not be comparable to the baseline figure, have been used to obtain the "most recent status;" and even assuming the baseline figure to be reliable, calculation of the 2015 targets are incorrect.

As a result of the preliminary data analysis, the baseline and target figures for some indicators were revised. In some cases, this required setting 1995 as the baseline year, when the first LECS data was available, and accordingly revising the targets on a pro rata basis.

Summary Statistics on the MDG Indicators

	1990	1995	2000	2005	2015 Target
Target 1A: Halve, between 1990 and 2015, the proportion of people whose income is less than US\$1 a day					
1.1. Proportion of population below \$1 (PPP) per day ¹	46 (1992)	39 (1997)	33 (2002)		24
1.2. Poverty gap ratio	11 (1992)	10 (1997)	8 (2002)		6
1.3. Share of poorest quintile in national consumption	9 (1992)	8 (1997)	8 (2002)		Not decided
Target 1B: Achieve full and productive employment and decent work for all, including women and young people					
1.4. Growth rate of GDP per person employed		5 p.a. (1995-97)		8.5 p.a. (2002-05)	
1.5 Employment-to-population ratio		47		49	Under consideration
1.7 Proportion of own account and contributing family workers in total employment		90		88	Under consideration
Target 1C: Halve, between 1990 and 2015, the proportion of people who suffer from hunger					
1.8. Prevalence of underweight children under 5 years		44 (1993)	40	37 (2006)	22
1.8A Prevalence of stunting in children under 5 years		48 (1993)	42	40 (2006)	34
1.9. Proportion of population below food poverty line ²		38	33	22	19

Note: ¹ This refers to national poverty line.

² This indicator is a proxy for "Proportion of population below minimum level of dietary energy consumption"

Sources: LECS1 (1992-93); LECS2 (1997-98); LECS3 (2002-03); Population Census (1995, 2005); MICS3 (2006), LSIS

Goal 2: Achieve universal primary education

	1990	1995	2000	2005	2015 Target
Target 2A: Ensure that by 2015 children everywhere, boys and girls alike, will be able to complete a full course of primary schooling					
2.1. Net enrolment rate in primary school	58 (1991)		80 (2001)	84	98
2.2. Proportion of pupils starting grade 1 who reach grade 5	48 (1991)		62 (2001)	62	95
2.3. Literacy rate in the age group 15-24 years	71 (1995)		79 (2001)	84	99

Sources: MoE; Population Census (1995, 2005); Lao National Literacy Survey

Goal 3: Promote gender equality and empower women

	1990	1995	2000	2005	2015 Target
Target 3A: Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015					
3.1. Ratio of girls to boys (number of girls per 100 boys) enrolled (^) in	(all 1991)		(all 2002)	(all 2006)	
- Primary	77		84	86	100
- Lower secondary	66		74	78	100
- Upper secondary	56		68	74	100
- Tertiary	49		57	62	100
3.2. Share of women in wage employment in the non-agricultural sector (%)		38		44 50 (2006)	No target
3.3. Proportion of seats held by women in National Parliament	6		23 (2002)	25 (2006)	Target under consideration

Sources: MoE; Population Census (1995, 2005); DoS, Economic Census, 2007; National Assembly

Goal 4: Reduce child mortality

	1990	1995	2000	2005	2015 Target
Target 4A: Reduce by two-thirds, between 1990 and 2015, the under-5 mortality rate					
4.1. Under-5 mortality rate		170	107	98	80
4.2. Infant mortality rate		104	82	70	49
4.3. Proportion of 1 year-old children immunised against measles		68	60	69	90

Sources: The 1995 and 2005 figures from the Population Census (1995, 2005), the 2000 figure from the LRHS (2005); MoH (Immunisation Centre)

Goal 5: Improve maternal health

	1990	1995	2000	2005	2015 Target
Target 5A: Reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio					
5.1. Maternal mortality ratio (deaths per 100,000 live births)		650	530	405	260
5.2. Proportion of births attended by skilled birth personnel		14 (1994)	17	23*	50
Target 5B: Achieve, by 2015, universal access to reproductive health					
5.3 Contraceptive prevalence rate		20 (1994)	32	38	No target
5.4 Antenatal care coverage			96	76	No target
5.5 Age-specific fertility rate			21	28.5	No target
5.6 Unmet need for family planning (dropped)			40	27	

* The estimate is weighted and therefore higher than the 18.5 in the LRHS 2005.

Source: MoH, LRHS (2005)

Goal 6: Combat HIV/AIDS, malaria and other diseases

	1990	1995	2000	2005	2015 Target
Target 6A: Have halted by 2015 and begun to reverse the spread of HIV/AIDS					
6.1 HIV prevalence among general population (%)			0.06 (2001)	0.1 (2007)	<1
6.2 HIV prevalence among high-risk groups, 15-24 years old (%)			0.4 (2001)		<5%
6.3 HIV prevalence among service women, 15-49 years old (%)			0.9 (2001)	2 (2004)	<5
6.4 Percentage of condom use among service women				54.4 (2004)	
Target 6B: Achieve, by 2010, universal access to treatment for HIV/AIDS for all those who need it					
6.5 Proportion of population with advanced HIV infection with access to antiretroviral drugs					
Target 6C: Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases					
6.6 Death rates associated with malaria (per 100,000 population)	9	14	7	0.4 (2006)	0.2
6.7 Morbidity rate due to malaria (confirmed cases per year per 1,000)	10 (1991)	12	8	3 (2006)	
6.8 Proportion of children under 5 sleeping under bed nets			82	87 (2006)	95
6.9 Prevalence and death rates associated with tuberculosis (per 100,000)	472		357	306	240
6.10 Proportion of tuberculosis cases detected and cured under Directly Observed Treatment Short Courses (DOTS)					
- Detected		24 (2006)	42	72	70
- Cured		72 (2006)	80	90	85

Source: Data from CHAS, WHO, UNAIDS; CMPE, MICS, various years; WHO for data on TB

Goal 7: Ensure environmental sustainability

	1990	1995	2000	2005	2015 Target
Target 7A: Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources					
7.1 Proportion of land area covered by forests (%)	47 (1992)		42 (2002)		Under consideration
7.2 CO ₂ emissions, total, per capita and per US\$1 GDP (PPP) and consumption of ozone-depleting substances (metric tonnes)		50 (1999)	42 (2002)	19 (2005) 18 (2006)	0
7.3 Proportion of total water resources used (%)		2 (1999)		2-5 (2006)	
Target 7B: Reduce biodiversity loss, achieving by 2010 a significant reduction in the rate of loss					
7.4 Proportion of species threatened with extinction (%)				1.6 (2004)	
Target 7C: Halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation					
7.5 Proportion of population using an improved drinking water source (%)	28		52	74 ⁴ (2007)	80
7.6 Proportion of population using an improved sanitation facility (%)		29	37	49 ⁵ (2007)	60

Source: MAF; STEA; LECS; Population Census; National Centre for Environmental Health and Water Supply

⁷⁴ Definition and criteria for improved water and sanitation coverage used in this report, provided by the National Centre for Environmental Health and Water Supply (Nam Saat), varied from province, and hence an agreed set of criteria and definitions are needed to report future water and sanitation coverage.

⁷⁵ Ibid.

Goal 8: Partnership for development

	1990	1995	2000	2002	2005	2006	2015 Target
<i>Target 8A: Develop further an open, rule-based, predictable, non-discriminatory trading and financial system</i>							
8.1 Average tariffs imposed on exports of agricultural products, clothing and textiles to developed markets economies with which Lao PDR has	21		20	8	8		
- MFN status	17		17	7	6		
- preferential trade agreements							
8.2 Proportion of exports of agricultural products, clothing and textiles (by value) to developed market economies from Lao PDR admitted free of duty	99		98	100	99		No targets
8.3 The border cost related to importing one container (US\$ per container)					1690		
8.4 The border cost relating to exporting one container (US\$ per container)					1420		
<i>Target 8B: Address the special needs of the least developed countries</i>							
<i>Target 8C: Address the special needs of landlocked developing countries</i>							
8.5 Proportion of total bilateral ODA of OECD/DAC donors to basic social services				32 (2003)	35 (2004)		
8.6 Proportion of bilateral ODA of OECD/DAC donors that is untied							
8.7 ODA received as proportion of its GDP				21	13	(10.6)	No targets
- in US\$ per capita				74	81	(60)	
8.8 ODA received as proportion of its GNI	17	17	17	16	11	12	
8.9 Proportion of ODA provided to help build trade capacity							
8.10 Proportion of ODA grants to LDCs that goes to Lao PDR	0.6	1.8	2.3	1.7	0.9	1.5	
8.11 Net ODA received from OECD/DAC donors by Lao PDR as percent of its GDP		9.7	11.2	9.8	5.5	5.45	
Target 8D: Deal comprehensively with the debt problem							
8.12 Debt servicing as a percentage of exports of goods and services	9	6	9 (2001)				No targets
<i>Target 8E: In cooperation with the private sector, make available the benefits of new technologies, especially information and communication</i>							
8.13 Telephone lines per 100 population	0.2	0.5	0.7	1.5	1.6		
8.14 Cellular subscribers per 100 population			0.6 (2001)	9.8	13.5		
8.15 Internet users per 100 population				0.05 (2004)	0.08		No targets
8.16 Access to radio		36 (1997)	46 (2002)				
8.17 Access to TV		31 (1997)	41 (2002)				

Sources: World Bank (2007a); Foreign Aid Report.2005-06; UNdata; OECD; Song (2002)

Glossary of Indicators

Goal 1: Eradicate extreme poverty and hunger
Proportion of population below US\$1 per day (1993 PPP values)
The percentage of the population living on less than \$1.08 a day at 1993 international prices. The \$1-a-day poverty line is compared to consumption or income per person and includes consumption from own production and income in kind. Because this poverty line has fixed purchasing power across countries or areas, the \$1-a-day poverty line is often called an "absolute poverty line." (Source: UNDG 2003)
Poverty gap ratio (incidence x depth of poverty)
The mean distance separating the population from the \$1 (1993 PPP US\$)-a-day poverty line, expressed as a percentage of the poverty line. The mean is taken over the entire population, with the non-poor being given a distance of zero). The measure reflects the depth of poverty as well as its incidence. (Source: HDR 2003)
Share of poorest quintile in national consumption
The share of consumption or, in some cases, income that accrues to the poorest 20 percent of the population. (Source: WDI 2005)
Prevalence of underweight children under 5 years
Prevalence of (moderately or severely) underweight children is the percentage of children under 5 years whose weight for age is less than minus two standard deviations from the median for the international reference population aged 0-59 months. The international reference population was formulated by the National Centre for Health Statistics as a reference for the United States and later adopted by the World Health Organisation (WHO) for international use (often referred to as the NCHS/WHO reference population). (Source: UNDG 2003)
Prevalence of stunted children under 5 years
Prevalence of (moderately or severely) stunted children is the percentage of children under 5 years whose height for age is less than minus two standard deviations from the median for the international reference population aged 0-59 months. The international reference population was formulated by the National Centre for Health Statistics as a reference for the United States and later adopted by the World Health Organisation (WHO) for international use (often referred to as the NCHS/WHO reference population).
Proportion of population below the food poverty line
The percentage of the population whose expenditure on food consumption is below a certain minimum.
Goal 2: Achieve universal primary education
Net enrolment ratio in primary education
The ratio of the number of children of official school age (as defined by the national education system) who are enrolled in primary school to the total population of children of official school age. Primary education provides children with basic reading, writing and mathematics skills, along with an elementary understanding of such subjects as history, geography, natural and social science, art and music. (Source: UNDG 2003)
Proportion of pupils starting Grade 1 who reach Grade 5
The survival rate to grade 5 is the percentage of a cohort of pupils enrolled in grade 1 of the primary level of education in a given school year who are expected to reach grade 5. (Source: UNDG 2003)
Literacy rate of 15- to 24-year-olds
The percentage of the population ages 15-24 who can both read and write with understanding a short, simple statement on everyday life, of total population in the same age group. The definition of literacy sometimes extends to basic arithmetic and other life skills. (Source: UNDG 2003)
Goal 3: Promote gender equality and empower women
Ratio of girls to boys in primary, secondary and tertiary education
The ratio of the number of female students enrolled at primary, secondary and tertiary levels in public and private schools to the number of male students. (Source: UNDG 2003)
Ratio of literate females to males (15- to 24-year-olds)
(Literacy Gender Parity Index) is the ratio of the female literacy rate to the male literacy rate for the age group 15-24. (Source: UNDG 2003)
Share of women in wage employment in the non-agricultural sector (%)
The ratio of the number of women employed in the non-agricultural sector to the total number of women employed.
Proportion of seats held by women in national, provincial and district representative bodies
The number of seats held by women, expressed as a percentage of all occupied seats.
Goal 4: Reduce child mortality
Under-5 mortality rate
The probability of dying between birth and exactly 5 years of age, expressed per 1,000 live births. (Source: HDR 2003)
Infant mortality rate
The probability of dying between birth and exactly 1 year of age, expressed per 1,000 live births. (Source: HDR 2003)
Proportion of 1-year-old children immunised against measles
The percentage of children under 1 year of age who have received at least one dose of measles vaccine. (Source: UNDG 2003)

Goal 5: Improve maternal health
Maternal mortality ratio
The annual number of deaths of women from pregnancy-related causes per 100,000 live births. (Source: HDR 2003)
Proportion of births attended by skilled health personnel
The percentage of deliveries attended by personnel (including doctors, nurses and midwives) trained to give the necessary care, supervision and advice to women during pregnancy, labour and the postpartum period, to conduct deliveries on their own, and to care for newborns. (Source: HDR 2003)
Reduce total fertility rate (births per woman) by 30% by 2020
(The reduction by 30% by 2020 of the number of children that would be born to each woman if she were to live to the end of her child-bearing years and bear children at each age in accordance with prevailing age-specific fertility rates. (Source: HDR 2003)
Proportion of women receiving professional ante-natal (prenatal) care
The percentage of women attended at least once during pregnancy by skilled health personnel for reasons related to pregnancy. (Source: WDI 2005)
Goal 6: Combat HIV/AIDS, malaria and other diseases
HIV prevalence among blood donors
The percentage of blood donors whose blood samples test positive for HIV.
HIV prevalence among general population (%)
Estimated percentage of population that is HIV positive in Lao PDR.
Condom use rate of the contraceptive prevalence rate
The number of women ages 15-49 in marital or consensual unions who are practicing contraception by using condoms as a proportion of all of women of the same age group in consensual unions who are practicing, or whose sexual partners are practicing, any form of contraception. (Source: UNDG 2003)
Percentage of population aged 15-49 with comprehensive correct knowledge of HIV/AIDS
The percentage of population aged 15-49 with comprehensive correct knowledge of HIV/AIDS is the share of women and men ages 15-49 who correctly identify the two major ways of preventing the sexual transmission of HIV (using condoms and limiting sex to one faithful, uninfected partner), who reject the two most common local misconceptions about HIV transmission, and who know that a healthy-looking person can transmit HIV.
HIV prevalence among high-risk groups, 15-24 years old (%)
The percentage of 15-24 year olds who are HIV positive and members of a group considered high-risk, including service women, clients, mobile populations and men having sex with men.
HIV prevalence among service women, 15-49 years old (%)
The percentage of 15-49 year old service women who are HIV positive. "Service women" is an overall term used for women who sell sex either for money or in-kind benefits, working in small drink shops and nightclubs, or can be contacted by clients via other means.
Percentage of condom use among service women
The percentage of service women who always use condoms with their clients.
Contraceptive prevalence rate
The percentage of women who are practicing, or whose sexual partners are practicing, any form of contraception. It is usually reported for women ages 15-49 in marital or consensual unions. (Source: UNDG 2003)
Proportion of blood samples screened for HIV/AIDS and STDs
The percentage of blood samples screened for HIV/AIDS and STDs.
Proportion of women's unmet needs for family planning met
This indicator is based on the contraceptive prevalence rate (CPR) and the level of unmet needs (LUN). Specifically, it is the ratio of the CPR to the sum of the CPR and the LUN. The Needs Being Met (NBM) thus assumes that all current users of contraception want to space or limit their births, and takes those users as a proportion of all women who say they want to space or limit their births. The met need for family planning can be considered as those currently married women who are using family planning methods. By implication, the unmet need is defined as those currently married women who do not want any more children or want to wait before having another child but are not using contraception.
Proportion of IV drug users in treatment by 2015
The percentage of intravenous drug users in treatment.
Prevalence and death rates associated with malaria
Prevalence of malaria is the number of cases of malaria per 100,000 people. Death rates associated with malaria are number of deaths caused by malaria per 100,000 people. (Source: UNDG 2003)
Proportion of population in malaria risk areas using effective malaria prevention and treatment measures (e.g., bed nets)
Malaria prevention is measured as the percentage of children aged 0-59 months sleeping under insecticide-treated bed nets. Malaria treatment among children is measured as the proportion of children aged 0-59 months who were ill with the fever in the two weeks before the survey and who received appropriate antimalarial drugs. (Source: UNDG 2003)
Prevalence and death rates associated with tuberculosis
Tuberculosis prevalence is the number of cases of tuberculosis per 100,000 people. Death rates associated with tuberculosis are deaths caused by tuberculosis per 100,000 people. A tuberculosis case is defined as a patient in whom tuberculosis has been bacteriologically confirmed or diagnosed by a clinician. (Source: UNDG 2003)
Proportion of tuberculosis cases detected and cured under DOTS
The tuberculosis detection rate is the percentage of estimated new infectious tuberculosis cases detected under the directly observed treatment, short course (DOTS) case detection and treatment strategy. The tuberculosis cure rate is the percentage of new, registered smear-positive (infectious) cases that were cured or in which a full course of DOTS was completed. A tuberculosis case is defined as a patient in whom tuberculosis has been bacteriologically confirmed or diagnosed by a clinician. (Source: UNDG 2003)

<p>Goal 7: Ensure environmental sustainability</p>
<p>Proportion of land area covered by forest</p> <p>Forest areas as a share of total land area is the total surface area of the country less the area covered by inland waters like major rivers and lakes. As defined in the Food and Agricultural Organisation's (FAO) Global Forest Resources Assessment 2000, forest includes both natural forests and forest plantations. It refers to land with an existing or expected tree canopy of more than 10 percent and an area of more than 0.5 hectare where the trees should be able to reach a minimum height of 5 metres. Forests are identified both by the presence of trees and the absence of other land uses. Land from which forest has been cleared but that will be reforested in the foreseeable future is included. Excluded are stands of trees established primarily for agricultural production, such as fruit tree plantations. (Source: UNDG 2003)</p>
<p>Ratio of area protected to maintain biological diversity to surface area</p> <p>The nationally protected area as a percentage of total surface area of a country. The generally accepted IUCN-World Conservation Union (The International Union for the Conservation of Nature and Natural Resources) definition of a protected area is an area of land or sea dedicated to the protection and maintenance of biological diversity and of natural and associated cultural resources and managed through legal or other effective means. (Source: UNDG 2003)</p>
<p>Energy use (kg, oil equivalent) per US\$1,000 GDP (PPP)</p> <p>Energy use (kilogramme oil equivalent) per \$1,000 GDP (PPP) is commercial energy use measured in units of oil equivalent per \$1,000 of GDP converted from national currencies using purchasing power parity (PPP) conversion factors. (Source: UNDG 2003)</p>
<p>Carbon dioxide emissions (per capita) and consumption of ozone-depleting CFCs (ODP tonnes)</p> <p>Carbon dioxide emissions per capita is the total amount of carbon dioxide emitted by a country as a consequence of human (production and consumption) activities, divided by the population of the country. In the global carbon dioxide emission estimates of the Carbon Dioxide Information Analysis Centre of Oak Ridge National Laboratory in the United States, the calculated country emissions of carbon dioxide include emissions from consumption of solid, liquid and gas fuels; cement production; and gas flaring. National reporting to the United Nations Framework Convention on Climate Change that follows the Intergovernmental Panel on Climate Change guidelines is based on national emission inventories and covers all sources of anthropogenic carbon dioxide emissions as well as carbon sinks (such as forests). Consumption of ozone-depleting chlorofluorocarbons (CFCs) in tonnes (ozone-depleting potential) is the sum of the consumption of the weighted tonnes of the individual substances in the group — metric tonnes of the individual substance (defined in the Montreal Protocol on Substances That Deplete the Ozone Layer) multiplied by its ozone-depleting potential. Ozone-depleting substances are any substance containing chlorine or bromine that destroys the stratospheric ozone layer. The stratospheric ozone absorbs most of the biologically damaging ultraviolet radiation. (Source: UNDG 2003)</p>
<p>Proportion of population using solid fuels</p> <p>The proportion of the population that relies on biomass (wood, charcoal, crop residues and dung) and coal as the primary source of domestic energy for cooking and heating. (Source: UNDG 2003)</p>
<p>Proportion of population with sustainable access to an improved water source, urban and rural</p> <p>The percentage of the population that use any of the following types of water supply for drinking: piped water, public tap, borehole or pump, protected well, protected spring or rainwater. Improved water sources do not include vendor-provided waters, bottled water, tanker trucks or unprotected wells and springs. (Source: UNDG 2003)</p>
<p>Proportion of population with access to improved sanitation, urban and rural</p> <p>The percentage of the population with access to facilities that hygienically separate human excreta from human, animal and insect contact. Facilities such as sewers or septic tanks, pour-flush latrines and simple pit or ventilated improved pit latrines are assumed to be adequate, provided that they are not public, according to the World Health Organisation (WHO) and United Nations Children's Fund (UNICEF) Global Water Supply and Sanitation Assessment 2000 Report. To be effective, facilities must be correctly constructed and properly maintained. (Source: UNDG 2003)</p>
<p>Proportion of households with access to secure tenure</p> <p>The percentage of the urban population that lives in slums. In the absence of data on number of slum dwellers, the United Nations Human Settlements Programme (UN-HABITAT) produces estimates based on a definition of slums as agreed by the Expert Group Meeting on Urban Indicators in 2002. These indicators will be adjusted and the definitions of secure tenure and slums will be refined through future consultations with Expert Group Meeting participants and their related networks of professionals. Secure tenure refers to households that own or are purchasing their homes, are renting privately or are in social housing or subtenancy. Households without secure tenure are defined as squatters (whether or not they pay rent), the homeless and households with no formal agreement. A slum household is defined by UN-HABITAT as a group of individuals living under the same roof that lack one or more (in some cities, two or more) of the following conditions: security of tenure, structural quality and durability of dwellings, access to safe water, access to sanitation facilities and sufficient living area. (Source: UNDG 2003)</p>

Goal 8: Develop a global partnership for development

Proportion of total bilateral, sector-allocable ODA of OECD/DAC donors to basic social services (basic education, primary health care, nutrition, safe water and sanitation)

Official development assistance (ODA) comprises grants or loans to developing countries and territories on the Organisation for Economic Co-operation and Development/Development Assistance Committee (OECD/DAC) list of aid recipients that are undertaken by the official sector with promotion of economic development and welfare as the main objective and at concessional financial terms (if a loan, having a grant element of at least 25 percent). Technical cooperation is included. Grants, loans and credits for military purposes are excluded. Also excluded are aid to more advanced developing and transition countries, as determined by the DAC. Bilateral official development assistance is from one country to another. Basic education comprises primary education, basic life skills for youth and adults and early childhood education. Primary health care includes basic health care, basic health infrastructure, basic nutrition, infectious disease control, health education and health personnel development. (For safe water and sanitation, see indicators 30 and 31). (Source: UNDG 2003)

Proportion of bilateral ODA of OECD/DAC donors that is untied

Official development assistance (ODA) comprises grants or loans to developing countries and territories on the Organisation for Economic Co-operation and Development/Development Assistance Committee (OECD/DAC) list of aid recipients that are undertaken by the official sector with promotion of economic development and welfare as the main objective and at concessional financial terms (if a loan, having a grant element of at least 25 percent). Technical cooperation is included. Grants, loans and credits for military purposes are excluded. Also excluded are aid to more advanced developing and transition countries as determined by the DAC. Bilateral official development assistance is from one country to another. Untied bilateral official development assistance is assistance from country to country for which the associated goods and services may be fully and freely procured in substantially all countries. (Source: UNDG 2003)

ODA received as proportion of its GNI

Official development assistance (ODA) comprises grants or loans to developing countries and territories on the Organisation for Economic Co-operation and Development/Development Assistance Committee (OECD/DAC) list of aid recipients that are undertaken by the official sector with promotion of economic development and welfare as the main objective and at concessional financial terms (if a loan, having a grant element of at least 25 percent). Technical cooperation is included. Grants, loans and credits for military purposes are excluded. Also excluded are aid to more advanced developing and transition countries as determined by the DAC. Bilateral official development assistance is from one country to another. Recipient countries' gross national income (GNI) at market prices is the sum of gross primary incomes receivable by resident institutional units and sectors. GNI at market prices was called gross national product (GNP) in the 1953 System of National Accounts. In contrast to gross domestic product (GDP), GNI is a concept of income (primary income) rather than value added. (Source: UNDG 2003)

Proportion of ODA provided to help build trade capacity

ODA directed to activities intended to enhance the ability of the recipient country to formulate and implement a trade development strategy and create an enabling environment for increasing the volume and value added of exports, diversifying export products and markets and increasing foreign investment to generate jobs and trade; stimulate trade by domestic firms and encourage investment in trade-oriented industries; or participate in and benefit from the institutions, negotiations and processes that shape national trade policy and the rules and practices of international commerce. (Source: HDR 2003)

Percentage of total export to countries with which Lao PDR has a preferential trade agreement

Preferential Trade Agreements (PTAs) are agreements among a set of countries involving preferential treatment of bilateral trade between any two parties to the agreement relative to their trade with the rest of the world. Preferences, however, need not extend to all trade between the two, and the coverage could depend on the type of PTAs.

Unemployment rate of young people aged 15-24 years, each sex and total

Unemployment of 15- to 24-year-olds is the number of unemployed people ages 15-24 divided by the labour force of the same age group.

Unemployed people are all those who are not employed during a specified reference period but are available for work and have taken concrete steps to seek paid employment or self-employment. In situations where the conventional means of seeking work are of limited relevance, where the labour market is largely unorganised or of limited scope, where labour absorption is temporarily inadequate or where the labour force is largely self-employed, a relaxed definition of unemployment can be applied, based on only the first two criteria (without work and currently available for work). The labour force consists of those who are employed plus those who are unemployed during the relevant reference period. It is the economically active portion of the population. Employment refers to being engaged in an economic activity during a specified reference period or being temporarily absent from such an activity, while economic activity refers to the production of goods and services for pay or profit or for use by own household. (Source: UNDG 2003)

Proportion of population with access to affordable essential drugs on a sustainable basis

The percentage of the population that has access to a minimum of 20 most essential drugs. Access is defined as having drugs continuously available and affordable at public or private health facilities or drug outlets that are within one hour's walk of the population. Essential drugs are drugs that satisfy the health care needs of the majority of the population. The World Health Organisation (WHO) has developed the Model List of Essential Drugs, which is regularly updated through widespread consultations with member states and other partners. Progress in access to essential medicines is thus the result of combined effort by governments, strategic partners such as United Nations Agencies, public-private partnerships, non-government organisations and professional associations. (WHO Expert Committee on Essential Drugs, November 1999). (Source: UNDG 2003)

Telephone lines and cellular subscribers per 100 population

Telephone lines refer to the number of telephone lines connecting subscribers' terminal equipment to the public switched network and that have a dedicated port in the telephone exchange equipment. Cellular subscribers refers to users of cellular telephones who subscribe to an automatic public mobile telephone service that provides access to the public switched telephone network using cellular technology. (Source: UNDG 2003)

Personal computers in use per 100 population and internet users per 100 population

Personal computers (PCs) are computers designed to be operated by a single user at a time. The Internet is a linked global network of computers in which users at one computer, if they have permission, get information from other computers in the network. (Source: UNDG 2003)

