



MILLENNIUM DEVELOPMENT GOALS

PROGRESS REPORT ■ LAO PDR

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

2008



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 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 National Nutrition Policy was approved in December 2008, 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 is also 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 reducing overall, 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. However, there is still limited access to improved drinking water and sanitation in rural areas.
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