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Social Development in Lao PDR

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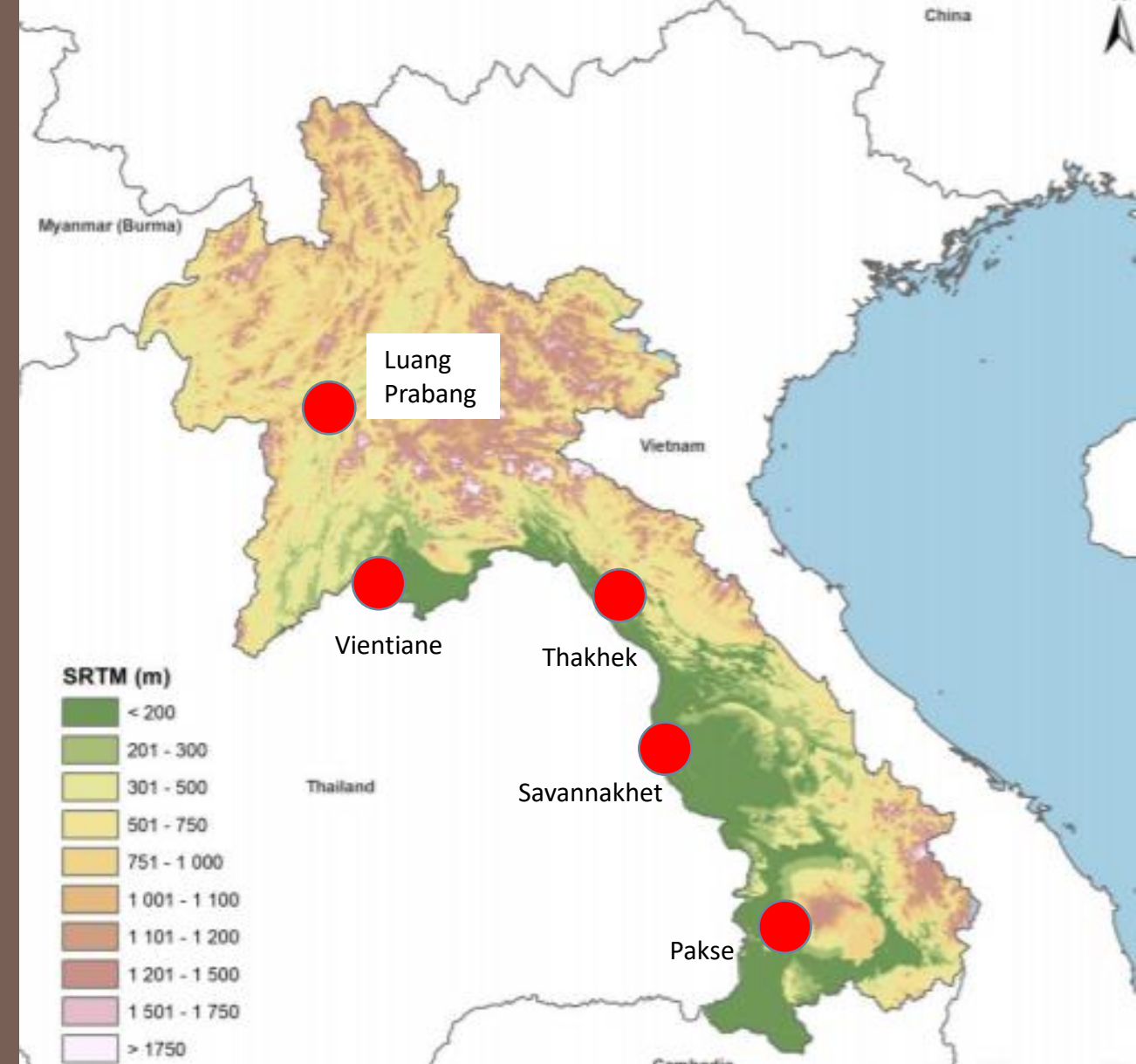
Country context

	2000	2018
Population	5.3 million	7.3 million
GDP per capita	\$325	\$2,542
Under 5 mortality (per 100,000 births)	106.4	47.3
Infant mortality (per 100,000 births)	78.7	37.6
Primary education attainment	82%	97%
Poverty rate	32.1%	15.0%



Geography

- Land area: 236,000 square km
- Landlocked, bordered by Cambodia, Thailand, Myanmar, PR China and Viet Nam
- Only 7% of the land area is arable, mostly on the lowlands along the Mekong river
- Main towns and cities are located in the lowlands



Economic and social development

- 1986: Lao PDR embarks on New Economic Mechanism, but still depended on the Soviet Union
- 1990s: Government control over wages and prices abolished; income gap was still narrow but began to widen
- Poverty level was still high, 53%
- Collapse of Soviet Union triggered emergency in the health and education systems



Socioeconomic challenges

- Weak rule of law, social infrastructure and human capacity and skills
- Lack of conducive business environment to attract foreign investors; limited global networking
- 1990s: economic and social reforms not pushing through as expected
- Investments to ensure good quality basic social services, e.g., primary education, basic health care, and family planning not forthcoming

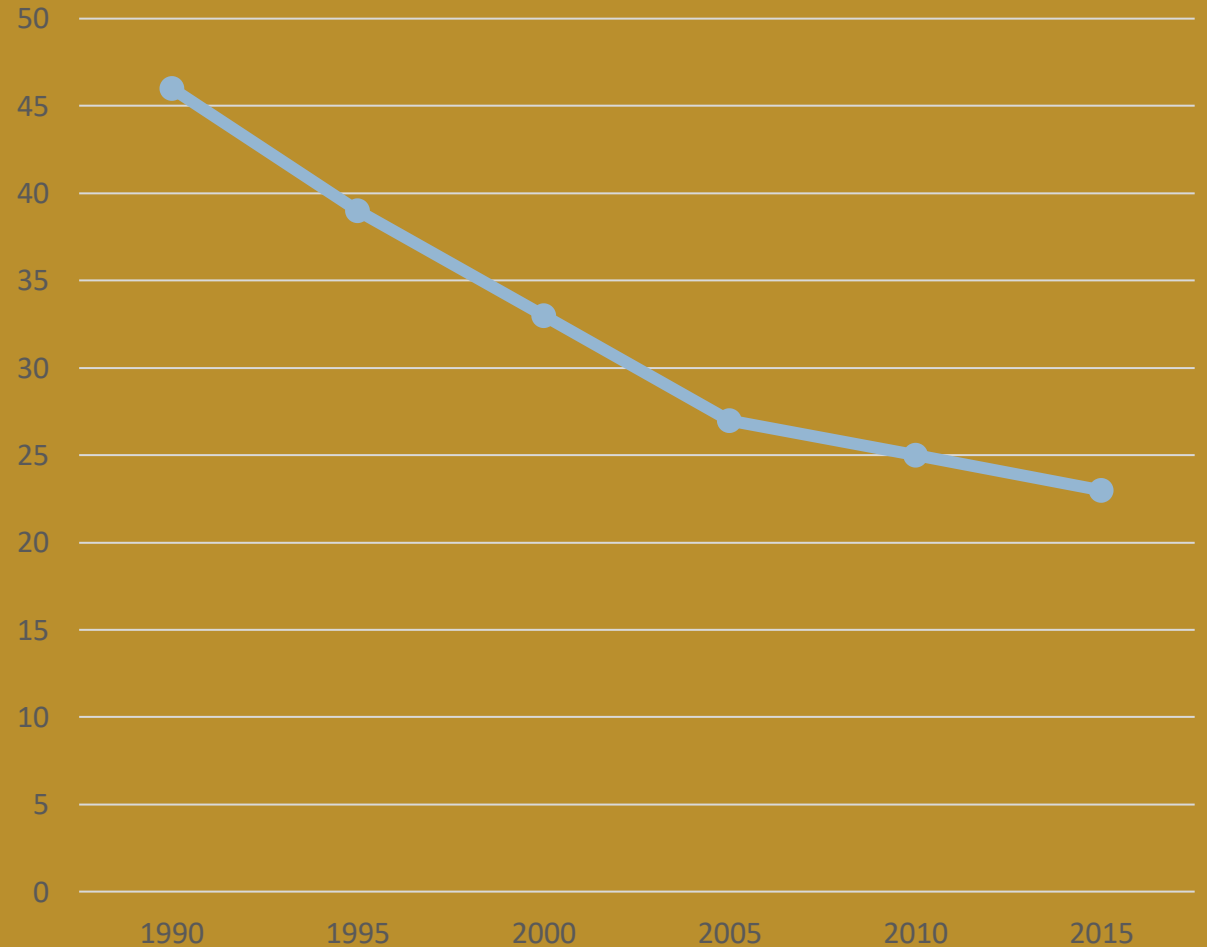


Five priority areas for social development

- **Poverty alleviation**
- **Rural development**
- **Education**
- **Health**
- **Policy on ethnic minorities**

Poverty alleviation

- 1990s: poverty level in Lao PDR was 46%, Gini coefficient was 0.31
- Profitable economic sectors created more jobs and wealth; however, funding to impoverished geographic areas was limited
- Poverty incidence decreased to 23.2% in 2018; however inequality has widened; the Gini coefficient rose to 0.36



Policies and achievements

- 2000: National Poverty Alleviation Action Plan established to target rural development
- Improved skills and knowledge, increased access to land, creation of non-farm jobs
- Investments in education and skills
- Targeted social protection system and welfare programs
- Investments in infrastructure gap and improved connectivity in remote areas



Rural development



Rural development issues and policies

- Overwhelming focus on the transport sector increased risks; vulnerable upland communities, degradation of forests and irresponsible extraction of natural resources
- 1998: renewed focus on integrated rural development (Rural Development Program); objective: develop rural areas with growth potential
- Poverty reduction efforts redirected towards rural areas

Integrated rural development: involves improved farming methods, improved infrastructure (roads, irrigation, social facilities); livelihood improvements

Objectives of Rural Development Program

- alleviate poverty among rural populations in remote areas;
- provide food security;
- promote commercialization of agriculture production;
- eliminate shifting cultivation;
- improve access to development services

Education issues

- Low efficiency; poor retention rates of students within the education system; high dropout and repeater rates
- Provision of educational facilities is not equitable and favors the lowland ethnic group over upland minorities
- In 1990: stock of human resources in Lao PDR was among the lowest in Asia

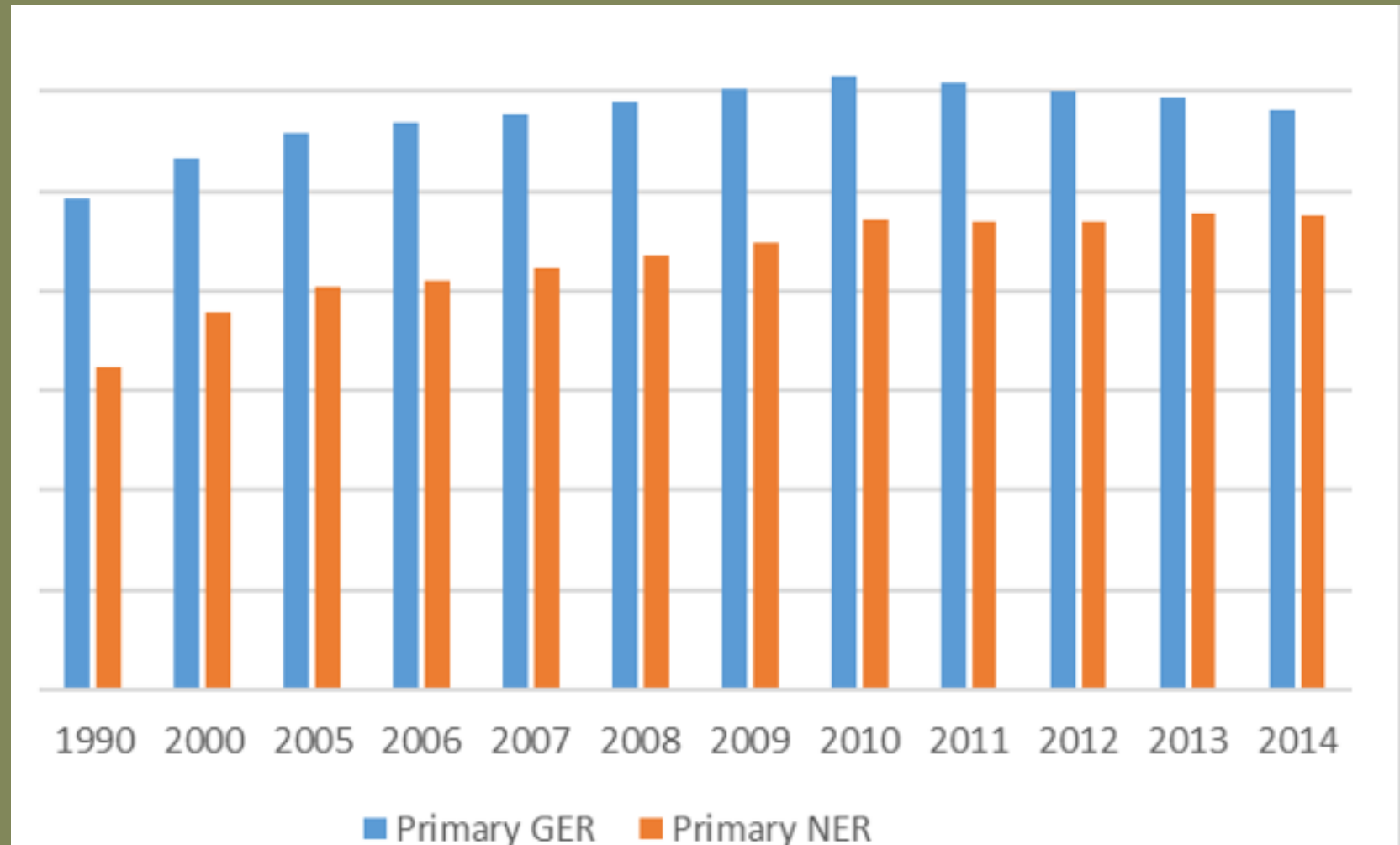


Education policies and achievements

- 1990: GOL education sector strategy to year 2000 established to improve the quality of education and achieve efficiency in educational planning and management
- Particular attention given to primary and lower secondary education
- Upgrade working conditions of teachers by providing career incentives, salary increases, and regular payment of salaries



Gross and net enrollment rates, 1990-2014



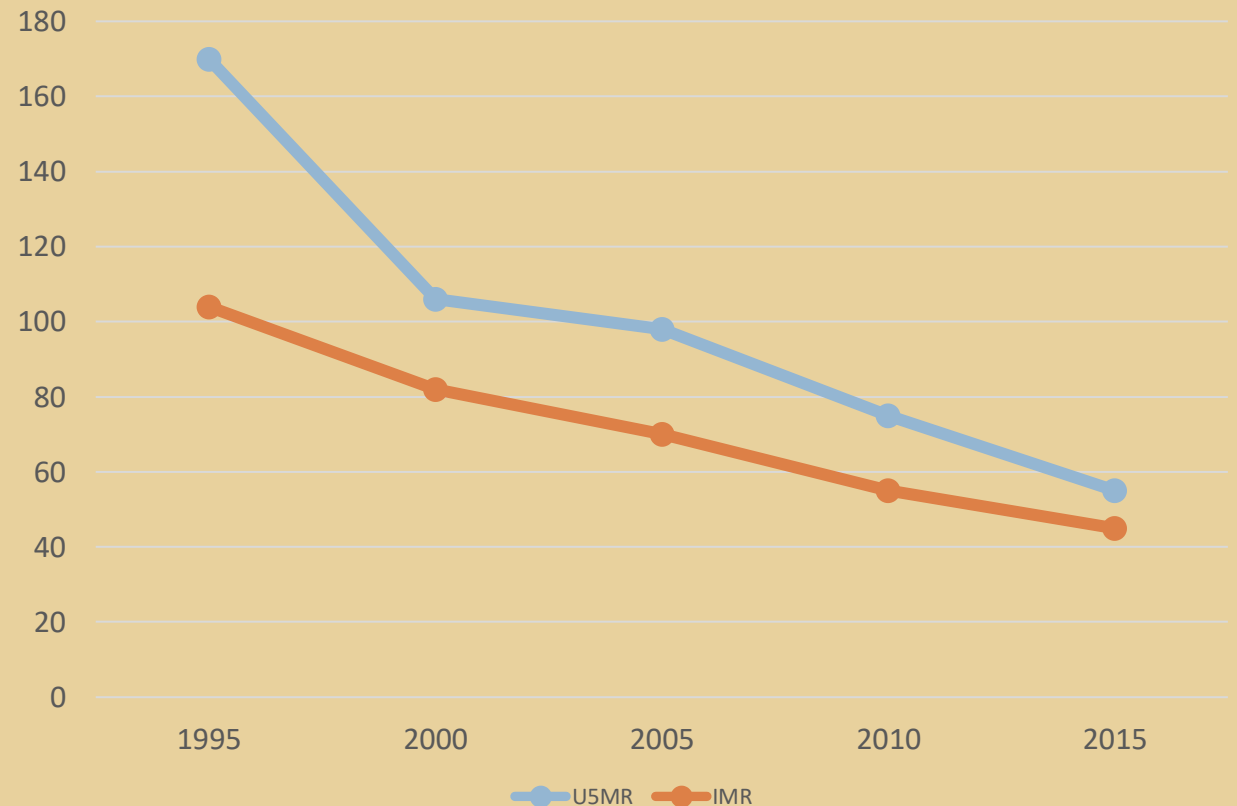
Health issues

- 1990s: health system in disarray; national health expenditure comprised only 2% of GNP; only 35% population had access to safe drinking water
- Malaria remains one of the most serious diseases; nutrition, and early child development remains a concern
- Coverage of medical facilities and health personnel still limited and of poor quality



Health policies and achievements

- 2000s: Expanded Program of Immunization increased health coverage to 48% villages (from 30% in 1990)
- Progress in public health: measles eliminated as a major cause of child mortality, life expectancy increased; under-5 infant mortality decreased; life expectancy increased



Policies on ethnic minorities

- Lao PDR comprises 43 ethnic minority groups totaling 3.0 million (45% of the national population)
- Ethnic minorities have been unable to actively participate in the economic growth of the 1990s
- Strategy: encourage a transition from many small scattered villages to a few large consolidated villages in the uplands



Policies on ethnic minorities

- Experience to date: relocation of minority communities to lowlands has been less than successful
- In developing an effective strategy to encourage ethnic minority participation and contribution to national development, there is a need to understand and support local cultures and traditions and effectively draw on local knowledge

Conclusion

- Lao PDR has made considerable progress in the five areas of social development, particularly in alleviating poverty, developing rural areas, education, health and in dealing with ethnic minorities
- However challenges remain and much has yet to be achieved
- Several constraints include limited human capacity, lack of infrastructure investments, and effective governance and institutions

THANK **Y**OU!