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PROJECT INFORMATION DOCUMENT (PID)
APPRAISAL STAGE

Report No.: PIDA23877

Project Name	Lao PDR Health Governance and Nutrition Development Project (P151425)
Region	EAST ASIA AND PACIFIC
Country	Lao People's Democratic Republic
Sector(s)	Health (75%), General water, sanitation and flood protection sector (10%), Public administration- Health (10%), General energy secto r (5%)
Theme(s)	Nutrition and food security (40%), Population and reproductive health (30%), Child health (20%), Health system performance (10%)
Lending Instrument	Investment Project Financing
Project ID	P151425
Borrower(s)	Lao People's Democratic Republic
Implementing Agency	Ministry of Health
Environmental Category	B-Partial Assessment
Date PID Prepared/Updated	21-Apr-2015
Date PID Approved/Disclosed	21-Apr-2015
Estimated Date of Appraisal Completion	23-Apr-2015
Estimated Date of Board Approval	23-Jun-2015
Appraisal Review Decision (from Decision Note)	Authorization to appraise granted.
Other Decision	Final appraisal pending approval of safeguard documents

I. Project Context

Country Context

With a current GDP per capita of US$1,660 in 2013 and a population of 6.7 million, Lao PDR, though still one of the poorest countries in Southeast Asia, is currently undergoing a rapid economic expansion. The country is endowed with natural resources and it is in the midst of a fast growing region. This combination of comparative advantages, along with policy steps to exploit them, has yielded an average real GDP growth rate officially estimated at close to 7.5 percent per year for the past 15 years.

The country has made significant strides to becoming more integrated internally, and with the regional and international trading system. Besides the hydro-power sector, continued public investment in basic infrastructure, especially roads, has fostered internal and regional integration,

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supporting growth in agriculture, transport and tourism. The country has also become more open to its region and to global trade. Underlining the policy shift towards establishing a rules-based system for governing trade and private sector development, Lao PDR completed its accession to the World Trade Organization (WTO) in February 2013. The country is also preparing for Association of Southeast Asian Nations planned establishment of a single market, the ASEAN Economic Community (AEC), in 2015. National poverty line halved in two decades, from 46 percent in 1992/93 to 23 percent in 2012/13. During the past five years, poverty continued to decline in Laos, but at a slower rate than before.

Sectoral and institutional Context

Lao PDR has made steady and significant progress on key population health outcomes over the past few decades. Life expectancy has increased to almost 68 years in 2012, up from 49 years in 1980. The mortality rate for children under the age of five has also declined significantly over the same period: from 201 per 1,000 live births in 1980 to 71 in 2013. Notable progress has been made in improving maternal health, with maternal mortality decreasing from 1,600 per 100,000 live births in 1990 to 220 in 2013. The total fertility rate has also declined steadily from an estimated 6.0 births per woman in 1990 to 3.2 in 2013.

The gains in nutrition have been smaller. In Lao PDR, 44 per cent of children under five years of age (around 417,000) are stunted (low height for age), 27 per cent are underweight and 6 per cent are wasted (low weight for height). Since the early 1990s, stunting has declined at an average annual rate of 0.8 per cent, less than the average population growth rate. Undernutrition not only affects maternal and child health outcomes, it also affects physical growth, impairs cognitive development, and affects educational performance and future earning potential.

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Low coverage and income disparities in the use of high impact interventions such as contraceptives and post-natal care for newborns have a negative impact on reducing maternal and child mortality and nutrition outcomes. Skilled birth attendance, a key determinant of maternal and neonatal mortality, is 42 percent and utilization ranges from 11 percent in the poorest quintile to 91 percent by the richest.

Lao PDR is characterized by low government spending on health and a relatively high reliance on external assistance and out of pocket spending. Based on WHO estimates, general government spending on health was only 1.5% of GDP in 2012. High out of pocket spending limits the equitable utilization of health services (especially preventive services) and places households at risk of impoverishment. In recent years, the system has begun to scale back its reliance on direct payments, moving towards provision of free care for selected health services such as Maternal and Child Health (MCH) and towards the introduction of financial protection mechanisms for the poor such as via health equity funds.

While these programs have helped to reduce financial barriers, problems with the availability of quality health services remain. Remote areas are difficult to access, and health and nutrition logistics and supply systems are weak. Vitamin A distribution, for example, does not reach 41 per cent of children age 6-59 months. Primary health centres are typically understaffed, resulting in sporadic outreach. On the demand side, barriers such as ethno-linguistic barriers, cultural barriers, poor education, and physical access should be addressed. Many of the key determinants of poor

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health and nutrition are behaviours related to pregnancy, child feeding, household air pollution, and sanitation that are not easy to change.

II. Proposed Development Objectives

The Project development objective is to help increase coverage of reproductive, maternal and child health, and nutrition services in target areas.

III. Project Description

Component Name

Component 1: Health Sector Governance Reforms

Comments (optional)

This Component is expected to support the expansion and continued improvements to the district health management information system (DHIS2); support to train internal Ministry of Health (MOH) staff in access and utilization of the system is also covered. This system is utilized by the MOH to report on their health indicators and provides key management information to inform policy direction and resource allocation.

Component Name

Component 2: Service Delivery

Comments (optional)

This Component is expected to support the GOL's aim to strengthen reproductive, maternal, and child health, and nutrition services. Financing will be provided based on results which are tracked through a set of DLIs. DLIs are a set of tracer indicators aimed at measuring performance against service delivery outcomes and health system strengthening actions.

Component Name

Component 3: Nutrition Social and Behavior Change Communication

Comments (optional)

This component is expected to support the design of a national social and behavior change campaign (SBCC) which will include determinants of health and nutrition that lie outside of the health sector such as indoor air pollution, water, and sanitation. It is also expected to finance implementation of this SBCC in approximately 800 villages located in districts with high number of children with poor nutrition outcomes. Activities to be supported include technical assistance, and costs related to designing the campaign, and support for village level sanitation in high priority districts.

Component Name

Component 4: Management, Monitoring and Evaluation

Comments (optional)

The component is expected to support Program management, including fiduciary tasks and monitoring and evaluation of the Program. Financing from IDA will cover technical assistance for Provinces to achieve the DLIs, contracting of a firm to carry out independent verification of the DLIs, and selected studies.

Component Name

Component 5: Contingent Emergency Response

Comments (optional)

The objective of the contingent emergency response component with a provisional zero allocation is to allow for the reallocation of financing in accordance with the IDA Immediate Response Mechanism in order to provide a rapid response to disaster or emergency events, as needed. This

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component would finance expenditures on a positive list of goods and/or specific works and services required for emergency recovery. An Emergency Response Manual (ERM) will apply to this component, detailing streamlined financial management, procurement, safeguard and any other necessary implementation arrangements.

IV. Financing *(in USD Million)*

Total Project Cost:	26.40	Total Bank Financing:	26.40
Financing Gap:	0.00		

For Loans/Credits/Others	**Amount**
BORROWER/RECIPIENT	0.00
International Development Association (IDA)	26.40
Total	26.40

V. Implementation

The Ministry of Health is the project executing agency and has final responsibility for project implementation according to agreed administrative arrangements, financial management, procurement practices and applicable safeguards policies. The Department of Planning and International Cooperation of the Ministry will have a National Joint Program Coordination Office will coordinate project activities guided by the Ministry's Steering Committee. The Ministry of Health will be implementing the project activities as part of the work of its line departments.

VI. Safeguard Policies (including public consultation)

Safeguard Policies Triggered by the Project	**Yes**	**No**
Environmental Assessment OP/BP 4.01	×	
Natural Habitats OP/BP 4.04		×
Forests OP/BP 4.36		×
Pest Management OP 4.09		×
Physical Cultural Resources OP/BP 4.11		×
Indigenous Peoples OP/BP 4.10	×	
Involuntary Resettlement OP/BP 4.12		×
Safety of Dams OP/BP 4.37		×
Projects on International Waterways OP/BP 7.50		×
Projects in Disputed Areas OP/BP 7.60		×

Comments (optional)

VII. Contact point

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