PROJECT INFORMATION DOCUMENT (PID)
CONCEPT STAGE

Report No.: PIDC18243

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 (65%), General water, sanitation and flood protection sector (15%), Public administration- Health (10%), Sanitation (5%), Gen eral energy sector (5%)
Theme(s)	Child health (30%), Nutrition and food security (30%), Health system performance (25%), Population and reproductive health (15%)
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	24-Mar-2015
Date PID Approved/ Disclosed	24-Mar-2015
Estimated Date of Appraisal Completion	01-Apr-2015
Estimated Date of Board Approval	23-Jun-2015
Concept Review Decision	Track II - The review did authorize the preparation to continue

I. Introduction and Context

Country Context

Country Context

With a Gross National Income per capita of US$1,460 in 2013, up from US$280 in 2000, the Lao People's Democratic Republic (Lao PDR) is undergoing a sustained economic expansion. The country is richly endowed with natural resources—especially land, forestry, water, minerals—and is in the midst of a fast growing region. This combination of comparative advantages, along with targeted policies to utilize them, has yielded an average real Gross Domestic Product (GDP) growth rate officially estimated at close to 7.5 percent per year for the past 15 years, moving Lao PDR from lower-income to lower middle-income status. Despite impressive growth, Lao PDR is still one of the poorest countries in Southeast Asia. The country remains in Least Developed Country status and

reducing poverty remains a high priority. The national poverty headcount halved from 46 percent in 1992/93 to 23 percent in 2012/13. Despite such decline, the poverty rate in rural areas, where nearly three-fourths of the country's 6.7 million people live, is still high (28.6 percent) – almost three times the rate in urban areas (10 percent). Substantial disparities remain across ethno-linguistic groups, with the Lao-Tai group having much lower poverty rates (15 percent) than the other three groups (an average of close to 40 percent).

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.

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

Relationship to CAS

The proposed Program forms a core part of the World Bank Group's 2011-15 Country Partnership Strategy for Lao PDR, which in turn is closely aligned with the Seventh and Eighth National Social and Economic Development Plans. The proposed Program will form a major part of efforts to achieve the CPS Strategic Objective 3 on "Inclusive Development" and the Government's own Health Sector Development Plan. It will contribute to Lao PDR efforts to achieve the Millennium Development Goals for health, and poverty reduction goals and make services available to the disadvantaged. Finally, the Program is well aligned with both of the World Bank's Twin Goals to reduce poverty and promote shared prosperity.

II. Proposed Development Objective(s)

Proposed Development Objective(s) (From PCN)

The objective of the proposed operation is increase coverage of reproductive, maternal and child and nutrition services in target areas.

Key Results (From PCN)

It is proposed that one PDO indicator be selected for each expected result from the options below. These options are based on: (i) alignment with existing indicators of the Government of Lao (GOL); (ii) agreement with other development partners to use the same results indicators; and (iii) availability and reliability of the data. While challenging to measure, indicators related to nutrition (result 3) will be aligned to the agreements with the CEB; the proposed Program will support additional monitoring as may be required. Those indicators from the list below that are not selected as PDO indicators could be considered as intermediate results indicators.

Key expected results include increases in utilization of essential reproductive, maternal and child health services such as skilled birth attendance, anti-natal care, and family planning. Expanded integrated outreach to the most remote areas should improve the delivery of essential preventive services such as vitamin A supplementation, nutrition counseling and growth monitoring. Social and behavioral change campaigns at the village level should improve infant and child feeding practices and reduce indoor air pollution and open defection.

III. Preliminary Description

Concept Description

The proposed Program will be aligned with the Eighth National Social and Economic Development Plan of the Lao PDR Government (2016-2020), the Eighth Five Year Health Sector Development Plan (2016-2020), the Health Sector Reform Plan 2025, and the Multi-sectoral Food and Nutrition Security Action Plan (2014-2020). There are numerous active development partners in Lao PDR, including the UN agencies (e.g. UNICEF, UNFPA, WHO), the European Union, the Asian Development Bank (ADB), and bilateral partners (Korea, Japan, USA) who are aligning behind these Government policies.

A description of the components of the Program, including activities proposed for support by ADB, and IDA's expected financial contribution is as follows:

COMPONENT 1: HEALTH SECTOR GOVERNANCE REFORMS (IDA US$0.5 million), which supports the Government's Health Sector Reform Framework and will develop missing systems and institutional arrangements to deliver national health programs; reforms to be supported include the financial system, human resources, and health (including nutrition) information system. The

component primarily comprises technical assistance and will financed by ADB. IDA's support will be to expand the District Health Information System and to further develop a new system of civil registration of vital statistics.

COMPONENT 2: SERVICE DELIVERY (IDA US$18 million). Financing for this component will support existing national programs to increase the coverage of MCH services and family planning as well as integrated outreach which will including scaling up nutrition specific interventions. The ADB will parallel finance this through a Policy-Based Loan that will be used to finance grants to the provinces. IDA support will be based on the performance based lending modality utilizing disbursement linked indicators (DLIs) to implement results based management and to pay for performance at Provincial and central levels.

COMPONENT 3: MULTISECTOR RESPONSE TO IMPROVE MATERNAL AND CHILD HEALTH AND NUTRITION (IDA US$4 million). This component will 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 will also finance implementation of this SBCC in approximately 1000 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. This will not include any ADB financing.

COMPONENT 4: MANAGEMENT, MONITORING AND EVALUATION (IDA US$2.5 million). The component will 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.

IV. Safeguard Policies that might apply

Safeguard Policies Triggered by the Project	Yes	No	TBD
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		×	

V. Financing (in USD Million)

Total Project Cost:	52.00	Total Bank Financing:	25.00
Financing Gap:	0.00		
Financing Source			**Amount**

BORROWER/RECIPIENT	5.00
International Development Association (IDA)	25.00
Asian Development Bank	22.00
Total	52.00

VI. Contact point

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