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Country Report on
Economic Ω Social and Population
Development
In Lao P D R

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I Introduction.

The Lao People's Democratic Republic (Lao PDR) is a landlocked country. It has land surface of 236,800 square kilometers. The areas stretching more than 1,700 kilometers from North to South, and between 100 kilometers and 400 kilometers from East to West. It shares an eastern border about 1,957 kilometers with the Socialist Republic of Vietnam, a Western border of 1,730 kilometers with the Kingdom of Thailand, and a Southern border of 492 kilometers with a Kingdom of Cambodia. The northern border of 416 kilometers is placed with the People's Republic of China, and 230 kilometers with the Union of Myanmar (National Statistic Center, 1995). The country has been an abundance of forest and river. There are about 1,865 kilometers segment of the Mekong river, Nam Khong, which defines the border with Myanmar and the major part of the border with Thailand. Most of the Mekong river is navigable and provides alluvial deposit for some fertile plains. However, about two third of the country is mountainous. The top ranking is from 200 to 2,820 meters high. The mountain causes difficulties of transportation and communication.

II Economic Situation.

The economy of the Lao PDR has been growing progressively and continuously. This is shown on the impressive increase of GDP, 6.2% annually which is 0.3% higher than the average expected level in the last 5 years (1996-2000). However, if compares to the goal of the Five Year Plan, which aimed to increase GDP to 7% annually, the current GDP level is 0.8% lower. The agricultural sector grows 3.4% annually (expected 4-5% annually); while the service sector grows 6.7% per year (expected 8-9% annually). In 2005, GDP per capita was US$ 491. The economic growth of the country is contributed by the agricultural sector which increases its products in both quality and quantity. Furthermore, new products are also available due to the introduction of new technologies and innovation. Irrigation has extended to wider areas and, the industrial and handicraft sector has also impressively developed. New sectors also emerged, such as the hydropower and mining sector.

In the last five years, the economic structure has changed the direction towards industrialization and modernization. This is also followed by the change of labour structure in order to meet the demand of the new development/industrialization. Employment in the agricultural sector has continually fallen (the employment rate dropped from 78.8% in 2000 to 76.6% in 2005). Contrary, the percentage of workers in the industrial and construction sector has considerably risen (increased from 6.9% in 2000 to 7.7% in 2005). Similarly, the employment rate in the service sector also increased from 14.5% in 2000 to 15.6% in 2005. In 2005, the total labour force was 2.71 millions.

The change of the economic structure is mainly focused on the improvement of the industrial sector. However, a little attention is paid on the
direction of industrial development. The development of new technologies and modernized techniques are slow. The change of the labour structure is in a slow pace compared to the change of the economic structure. Lao workers are largely unqualified with low skills. More than 5% of total population was unemployed in the agricultural sector and in the urban areas. Thus, the in last five years, the increased labour force remained unable to satisfy the demand of development.

III. Social Development

In general, the implementation of the education development plan in the past few years was successful and improved in terms of quantity and quality. This was indicated in: the increase of Gross enrollment in the primary level from 79% in 2001 to 84.2% in 2005, in the lower secondary level from 46.6% to 54.8%, and in the upper secondary school from 22.6% to 34.4%. The vocational and tertiary education has been expended and improved. The adult literacy increased to 73% of total population. At the same time, the ratio of students per 100,000 populations also went up to 845.

The health system has also enhanced, especially in the local level. Villages became the focus of health services and health cares. Meanwhile, private health is also encouraged, contributing to the improvement of health services for all ethnicities. Currently, the supply of medicines by domestic producers can meet 48% of the demand. 94% of total villages received medicine boxes. More population is increasingly access to clean water. The rate of malnutrition child age under 5 has shown a significant decline.

In terms of poverty alleviation, various sectors have cooperated with the local level in taking actions to improve the life of the poor. The village development funds were established through the support of the government's budget and the World Bank. Besides, there are other organizations, including the international agencies, that have involved and cooperated with the government in poverty reduction directly and indirectly within the government investment plan. The government also created the NGPES in order to encourage international investment and to achieve the MDGs. The year 2001 was the first year of the implementation of the Five Year Plan. Since then the incidence of poverty dropped from 33.5% to 30.7% in 2005 and is expected to fall further to 15% in 2010.

Nevertheless, the rates of repetition and dropout remain high and are likely to increase. The quality of graduated students is low. The issue of insufficient and unqualified teachers has been a problem for many years. However, there have not yet been any effective measures to address this issue. The multiple-classes still operate. Approximately 70-80 students have to share the same classroom. Moreover, the learning-teaching materials are also inadequate. In the health area, health services remain unable to meet the need of the peoples, especially the rural poor, while the work toward poverty reduction
has been done by each organization separately without a strong cooperation/coordination. So far there is no major agency who takes lead in evaluating, monitoring and assessing those activities.

IV. Demographical Situation

Demography has increasingly received a public attention. The government has actively promoted the training on population, reproductive health, gender and development. The Population Studies Centre was established at the National University of Laos. Moreover, the National Assembly also set up National Assembly Associate for Population and Development. The Ministry of Foreign Affairs established a National Committee for Mother and Child, while the Committee for Planning and Investment (CPI) created the National Coordinating Committee for Population and Development. Furthermore, different various sectors have done a number of researches related to population which has contributed to the policy planning within the country.

Since 1994 polices and laws related to population have been put in place and established. These include the Birth Spacing Policy, which now was changed to Reproductive Health Policy; the National Population and Development Policy; the Policy on Aging Population; and other policies on diseases.

According to the 2005 Census, carried out by the National Statistics Centre (NSC), CPI, the total population in the Lao PDR was 5.6 millions in mid-2005 (with the average annual increase of 2%). The country has seen the decline in the fertility rate, especially amongst women within the reproductive year – 4.5 lifetime births in 2005. The mortality rate slightly fell from 530 in 2000 to 405 in 2005. Moreover, the mortality rate of child age under 1 also declined from 82 to 70, per 1000 live births in 2005. This positively contributed to longer life expectancy.

Although various population polici es and laws have been issued, the implementation has not yet in place and launched, particularly in the remote areas. Despite the decline trend of fertility and mortality rate, the reduction is relatively low compared to neighboring countries in the South-east Asia. The gap between rural and urban areas, between provinces in terms of the mortality and fertility decline remains huge. In addition, human resources in the population area are limited in terms of quantity and quality.

V. Data Collection

Since the last decades, the data collection system has been significantly improved. In 1994, the NSC conducted a survey on reproductive health and birth spacing which has contributed to the policy development and the development plan of each sector and the local level. For instance, the data from the survey
was used in the National Birth Spacing and Mother’s Safety Policy in 1995 and 1998.

In the Lao PDR, the first census was conducted in 1985. The second and third censuses were carried out in 1995 and 2005, respectively. Furthermore, in 2000 the Reproductive Health Survey and the Consumption and Expense Survey were completed. These surveys became the main basic data and information for policy and development planning of various sectors and of the local level. The knowledge of official staff from different levels has also been upgraded in terms of data collection, data analysis and the integration of population factors into the development plan within and outside the country, and for long and short term.

VI. Challenges of Institutionalizing a Local Monitoring System

In planning of the development plan, especially the Five-year Plan, three sources of information are drawn from: the Census, Health Reproductive Survey, and Consumption and Expense Survey. However, in general, the information and data is insufficient in the Lao PDR and thus does not meet the demand for the new development. Due to the inadequate information, the evaluation of many development plans faces difficulty. Most of data is inaccurate and does not reflect the real situation. Data does not collect annually. The country is relied solely on the 5-years or 10-years data collection. The registration system is weak; statisticians at the village level lack capacity, skills and sense of responsibility; and many factors, such as budget and other important materials/equipment, facilitating the data collection are also shortage. Thus, the quality of the socio-economic condition and demographical trend analysis is often problematic. In addition, the people themselves do not see the importance of registration system when there is a birth, death and movement. There is no responsible agency to collect the accurate data at the village level. Therefore, it is necessary to improve the data collection at the village level, so that the data is accurate and updated.