Lao People's Democratic Republic
Peace Independence Democracy Unity Prosperity

Ministry of Health

Strategy
Health Sector Reform by 2020

9 August 2013

Strategy for Health Sector Reform

I. Introduction

The resolution of the ninth Lao People Revolutionary Congress Party has stated that: ***"Apart from capacity building of mankind to increase their intellectuals, their knowledge, their career professional, good attitudes and ethical behaviour , we have to put more efforts in improving Lao people for their physical fitness, having good health. So we have to continue with our health care policy upholding prevention and promotion as a priority task and quality of treatment with high health care coverage as an important task"***. In the Resolution, it also identified that health development as a major priority towards the achievement of the Millennium Development Goals (MDGs) by 2015, and the National Poverty Eradication and leading Lao PDR from the least developed country by 2020.

Global changes in economic, financial and environment have direct impacts on health service delivery and these influence Lao PDR to reform health system in order to provide quality health care services for the people as there is an increase demand from the society. Lao PDR is facing great challenges with health service deliveries even though there are already investments on infrastructures, medical equipment and human resources, and yet health services are not yet met the demands of the population and are not up to the standard due to limited resources. There is a lack in management capacity, especially the planning, the implementation and the monitoring and evaluation at each level and also there is a lack of unreliable information.

Reform means changing the existing thing for the better, including changing structures and policies according to 4 breakthroughs initiatives according to the reality. Health reform is an ideal in contributing to improve the people, the nation and the society like, the people can be healthy, the nation can be wealthy, and the society can have solidarity, with democracy, justice and prosperity.

II. Background for developing strategy for Health Sector Reform

The National Health Sector Reform Strategy has been developed based on the following important policy documents of the Party and the Government:

1. The Resolution of the Ninth Lao People's Revolutionary Party Congress;
2. The Seventh Government Social-economic Development Plan 2011-2015;
3. Master Plan for the Health Sector Vision by 2020;
4. Resolution of Ministry of Health seventh Party Congress;
5. Seventh Five-year Health Sector Development Plan (2011 - 2015);
6. The statement of Poli-Bureau on **"**Health Reform Principle" 31 July 2012 ;
7. Based on the adoptation from National Assembly on "Strategy for Health sector Reform by 2020"

III. Health Development in order to achieve MDGs

1. Achievement:

For the past 20 years, health sector has expanded health services in hospitals and improved health centers for broader coverage with better quality of care, steps by steps. This is the same time as to achieve Millennium Development Goals (MDGs) by 2015, which health sector has 3 direct goals to be responsible for such as: Goal 4 (MDG 4): Reduce Children Mortality; Goal 5 (MDG 5): Improve Maternal Health; Goal 6 (MDG 6): Combat HIV/AIDS, Malaria and other diseases and there are 2 more goals that MOH is responsible in some parts like: Goal 1 (MDG 1): Eradicate Extreme Poverty and Hunger; and Goal 7 (MDG 7): Ensure Environmental Sustainability. Through the implementation of the

past 5 years National Health Sector Development Plan, it has been completed with notable progress and achievements contributing to achieve MDGs as demonstrated in the following Goals:

❖ **MDG 1:** Eradicate Extreme Poverty and Hunger

Poverty Eradication and Hunger have many factors and this goal concerns many sectors, and under direct responsibly of health sector is nutrition, especially the children under 5 which have low weight under standard, this is a slow progress and will take time, more efforts have to be focused. From 2006, the figure showed 37% of under 5 malnutrition and survey result in 2012 was 32% but the goal by 2015 should be 22%.

Under 5 children stunting: It is a slow progress also, figure from 2006 was 40% and survey result in 2012 was 38% but the goal by 2015 should be 34%.

❖ **MDG 4:** Reduce Children Mortality

Infant Mortality Rate seems to reach MDG, as estimated by World Health Organization (WHO) is 48/1.000 of live births and the goal by 2015 should be 45/1000 of live births.

Under 5 Mortality Rate seems to reach MDG as well, as estimated by WHO is 61/1.000 of live births and the goal for 2015 should be 70/1000 of live births.

Routine measles vaccination rate is 70% but the goal by 2015 should be 85%.

❖ **MDG 5:** Improve Maternal Health

Maternal Mortality Rate has reduced from 650/100.000 of live births in 1995 to 339/100.000 in 2008, and it is a burden and challenging to reach MDG by 2015 as the goal is to reduce to 260/100.000 of live births.

Rate of assisted birth deliveries is 37% but the goal by 2015 should be 50% and this is challenging and the causes of maternal mortality are many determinants.

❖ **MDG 6:** Combat HIV/AIDS, Malaria and other diseases

HIV prevalence rate among general population is low as 0.2% in 2012 and it will reach MDG by 2015, as the rate set up among the general population should be less than 1% .

Malaria mortality rate is low, and in 2009 it was 0.3/100.000 of the population and it will reach MDG by 2015, as the rate set up should be less than 0.2/100.000 of the population

TB prevalence is 151/100.000 of the population in 2009 and it will reach MDG by 2015 as the rate set up should be less than 240/100.000 of the population .

❖ **MDG 7:** Ensure Environmental Sustainability

Water utilization rate among the population will reach MDG and in 2010 the utilization rate was 79.5 % and the goal set for 2015 is 80%. Latrine utilization rate among the population will reach the goal also and the utilization rate in 2010 was 55% and the goal set for 2015 is 60%, more funding support is important and increase awareness of the population for using latrine is crucial for theirs practical habits.

2. Challenges:

2.1 Inspite of good achievements to reach MDG, but there are certain goals that will be slow and are risky, mainly goal 5 on improving maternal health, especially Maternal Mortality and Infant Mortality Rates are still high if compared to regional and global indicators. Immunization is not reached its goal; nutrition (malnutrition, low weight, and stunting) are still challenging; disease prevention and epidemic out break of some diseases, especifically malaria, dengue fever and dirrhea are still problems.

2.2 Eventhough there has been the improvement of health serives in the areas of diagnosis and the treatment in hospitals at different levels for better quality, but the demands and the satisfaction of the society have not yet been met. Currently, the demand of the Lao people and the society is to have good quality and modern health care services.

2.3 There is a shortage in quantity and quality of health personnel in district hospitals and health centers in remote areas. Quota for recruitment is not consistent to the requirement.

2.4 Health expenditure in Lao PDR is still low compared to national GDP and if compared to neighbouring countries (details are in the annex). There is a limit investment on the part of private sector, and there is a lack of legislation.

2.5 Health information system is unreliable, incomplete, data reporting is not on time and is not consensus which can not be appropriate for planning and policies development.

3. Causes for successes and constraints:

3.1 Causes for successes due to:

1. Guidance and investment from the Party and the Government on health development including resources mobilization for basic infrastructure of health facilities according to the new marginalization (direction) for making change from grassroots levels up.

2. The methodology in leadership, procedure and principle, and work methods of the Party Committee, the Committee of the ministries, leading committees at each level and all members of the workforce; and due to the existing laws, legislations and public participation, the awareness and understanding into a better health has been raised.

3. The humanitarian potential of the health sector is a condition for securing domestic and foreign assistance and cooperation on the basis of compassion, autonomous and self-reliance, with the leadership of MOH and in collaboration with all stakeholders for health planning development process based on the needs of Lao people, in line with policies and laws of the country.

4. Most of the population have understood better and have seen the importance of their health care like basic health care by following the historical of 3 cleans principle: drinking boiled water, eating throughoutly cooked foods, build and use latrine and hand washing and improve their living conditions for their safety and clean.

3.2 Causes of constraints

Causes of constraints are factors both from subjective and practical point of views such as:

1. Some medical personnel don't have good manners and appropriate ethical attitudes, the provision of health care service is not satisfied, some times the services are not equitable between the rich and the poor, so that there are complaints from the society. In general, the health service is not good enough allowing the rich to seek health care abroad.

2. The organization in certain departments and some grassroots localities remain not strong and working procedures in certain areas remain out of line with the overall principles of democracy. Some staff are lack of competencies, working without responsibility, and have no intention to improve their work.

3. Wrong shaman beliefs in certain areas remain high due to low coverage of health education with lack of diversities, comprehensive and depth due to the fact information data and statistics remain unclear and unreliable.

4. Perception of value on health remains at low level, public participation and private investment remain low, and coordination for operations still fails to cohere to procedures and the demarcation of tasks and projects with everyone acting independenly. At the same time, staff are waiting to be told what to do, depending on supervisors and wait for technical assistance from consultants.

5. Eventhough health expenditure has been increased but it is not sufficient according to the real needs, expansion of health insurance fund is still slow, and there are also lack of policies and legislations.

6. Some personnel are lack of competencies, they don't upgrade their knowledge and improve their working procedures (style).

IV. Opportunities and challenges

1. International Situation:

In 21th Century, a science technology revolution has been progressed**,** changing industrialization into informative world and broadly expand of intellectual property in all fields and all sectors. Globalization and international linking are the potencial for cooperation and challenging in developing countries. Health areas have been revised regionally and globally, communicable and non-communicable diseases have been focused on, especially given attention to mother and child health in the developing countries.

2. Situation in the country:

Ninth Congress Party has stated that: **"increase solidarity among Lao population and** strengthen unity in the Party**, promoting the roles and leadership capacity of the Party, re-enforce the implementation of new direction , with strong leadership that will lead the country out of the least developed country by 2020 aiming for socialism"** with the goal to develop the country toward sustainable, and modernized industry**.**

To reach that goal**,** it is very necessary for the people to have good health and it is the health sector main task to ensure good health of the Lao ethnic people, including prevention, promotion and health care**.** Health activities have attributed highly to the country development in accordance with the socio-economic frame work and consistent with the approach that our country is implementing marketing oriented mechanism with the Government management and changing norms from quantity to quality in line with the needs of the population in seeking their health care and to satisfy their needs**.**

3. Opportunities and challenges:

Over all situations at national and international levels have given opportunities for health sector to implement health reform for the fast progress and improvement. At the same time, we also have great challenges to struggle in order to reach MDGs through the capacity building for ourselves through our achievemnets and the advanced technologies that we have .

Even though, health sector has achieved many things, but it still faces many challenges mainly the improvement of nutrition for children, reducing under 5 mortality rate and maternal death which relate

to many factors for social development. More attentions should be given to improve immunization rate, especially in remote areas and for the poor people to reach the target set. The capacity for providing basic health care delivery and the healthy villages according to primary health care contents such as**:** hygiene and utilization of water supply need more funding and should be disseminated broadly in provinces. Our country needs to improve health information system in order to monitor the progress, to have its accuracy and reliable data to be used for planning purpose with set indicators for monitoring.

With globalization, compared to regional and international, compared to neighboring countries or ASEAN, health interventions have a low coverage due to long term war, weather change that are risky to natural disasters and causing re-emerging diseases, there is a continuity growth of development, and the rapid increasing demand of the population, but on the other hand, we can't provide health services up to the path of the economic growth due to lacks of health work force, advanced technologies and financing. While the poverty can't be solved completely, maternal and child mortality , and malnutrition rates remain high, inspite of some reducing rates, therefore it is an important effort to implement health system reform in order for MDGs achievements.

From the over all situations, opportunities and the challenges, it is time for developing and implementing health system reform.

V. Guiding principleas for Health Sector Reform

According to the ninth resolution of Lao People's Revolution Congress Party, the guidance from poli-bureau committees and the approval from National assembly meeting, allowing the health reform with the following guidances:

(1) Doctors, and nurses should be improved for professional ethics, having good moral behaviour for providing better health care services to patients and the population of all ethnic groups through strenghtening the institutional capacity, taking the importance of strong Party leadership. Train staff to increase their knowledge, and skills, focusing on magerial and monitoring at each level. Health interventions should be related to political and rural development issues and 3 establishment process.

(2) Strive all efforts to achieve health related MDGs, especially reducing maternal maternity rate through the policy of free baby delivery and free health care for children under 5. Give attention to nutrition for children and ensuring accessibility of clean water and utilization of latrines of the population by developing projects, having interventions and with detailed budgets according to the reality for submitting to the Government for consideration.

(3) Improve quality of health system delivery from central to village levels by assessing health infrasture, equipment, and staffing, at each level for mapping the real situation according to the standard needed, and for better coverage at mountainous and remote areas and special zones by recruting new staff and new graduates for grass root positions, train adequate village health workers and community midwives**,** give quota according to the needs. Equip hospitals for modernization to satisfy the population and provide quality of health care according to the mix demands, starting with a pilot from central hospitals mainly improving hospital financing to be consistent with market oriented mechanism by allowing hospitals to use their revenues for improving their services and their motivations for their better living conditions.

(4) Improving health financing , expansion of health insurance for universal health coverage by amending financing legislative documents in accordance with the reality to increase more funding sources to hospitals and ensuring that all people especially the poor can have access to health services. The government will allocate national expenditure to the health sector up to 9% as agreed by the National Assembly and promote a contribution from the society mainly the investment and the cooperation of private sector to health with strict and detailed legislation for the management.

(5) Improving health information with data collection mainly on birth, death, weight, and height, from the grass root village level so that real needs can be assessed for the causes and areas for improvement according to the plan and goals.

(6) Improving quality of food and drugs with regular monitoring at border areas and air ports. Send teams to monitor at markets, factories, restaurants and at the same time improve the laboratory for food and drug analysis to identify problems on time and up to standdard with neighbouring countries.

VI. Structure of Organigramme

National Commission for Health Sector Reform consists of:

1.	Deputy Prime Minister, responsible for social and cultural sectors	Chair
2.	Minister of Health	Vice Chair
3.	Vice Minister of Ministry of Finance	Vice Chair
4.	Vice Minister of Ministry of Planning and Investment	Vice Chair
5.	Vice Minister of Ministry of Foreign Affairs	Member
6.	Deputy Director Central Party Committee	Member
7.	Vice President of the Socio-Cultural Commission of the National Assembly	Member
8.	Vice Minister of Ministry of Justice	Member
9.	Vice Minister of Ministry of Education and Sports	Member
10.	Vice Minister of Ministry of Information, Culture and Tourism	Member
11.	Vice Minister of Agriculture and Forestry	Member
12.	Vice Minister of Ministry Labour and Social Welfare	Member
13.	Vice President of Lao Women's Union	Member
14.	Vice President of Central Lao Youth	Member
15.	Vice Minister of Health	Member

and secretary of the Commission.

The National Commission for Health Sector Reform has an assistant team called: the secretariat consisting of Directors and Deputy Directors of the Ministry of Health:

1.	Director of Cabinet	Chief
2.	Deputy Director of Planning and International Cooperation Department	Deputy Chief
3.	Deputy Director of Finance Department	Member
4.	Deputy Director of Organization and Personal Department	Member
5.	Deputy Director of Hygiene and Health Promotion Department	Member
6.	Deputy Director of Communicable Disease Control Department	Member
7.	Deputy Director of Health Care Department	Member
8.	Deputy Director of Food and Drugs Department	Member
9.	Deputy Director of Education and Health Research Department	Member

10. Deputy Director of Supervisory Department Member
11. Deputy Dean of University of Health Science Member

The National Commission for Health Sector Reform has main functions to:

1. Consider and adopt health sector reform framework Lao PDR.
2. Submit to the Government and then to the National Assembly for the adaptation of the newly reformed health system and regulations, and laws necessary for the health reform.
3. Guide, and coordinate with ministries, organizations equal to ministries and local authorities at different levels and international cooperation to implement the health reform plan.
4. Mobilise resources from public and private sectors in the country and abroad for implementing the health reform strategy.

The National Health Sector Reform Commission has rights as the following:

1. To set up a secretariat team and other committees, necessary for the implementation of various interventions of health reform strategy
2. To issue the agreement, order, guidance, and notice on issues regarding health sector reform.
3. To comply with other ad-hoc obligations the government assigned to and the obligations stipulated in the constitution and law.

The National Commission for health sector reform is an ad hoc Commission, taking meetings as main forms of functions. The Commission has 2 general meetings per year; if in any necessary and urgent case, a general meeting can also be organized. For decision making in a meeting, it should be based by most votes of the members.

VII. Contents on HSR strategy

To solve these constraints and challenges, especially in achieving health related MDGs by 2015 and that Lao PDR will no longer have the status of an underdeveloped country by 2020, we have to decide to implement the strategy for health reform for the change of each area focusing in 5 priority areas in the future and for the long term as the following:

1. **Human Resource Development**: In accordance with the Health Personnel Development Strategy by 2020 to increase staffing in the quantity as well as the quality, and to provide enough quota according to the real need especially at district and health center levels to ensure that there are enough nurses, midwives or birth attendants, for remote villages, far from the catchment areas of health centers to provide village health workers. Set up incentive or motivation for personnel who work in rural remote areas, especially sending new graduates before receiving their degrees.

2. **Health Financing:** aiming for social health protection schemes by putting all health insurances covering target population to 50% by 2015 and 80% by 2020. Establish sustainable financing mechanism in hospitals by using their revenues to improve the quality and capacity building for hospitals for self reliance step by step, and this is a mean for providing incentives to their service providers. The most important is to harmonise and integrate all funding sources with appropriate planning process and monitoring at each level and to enable the Government to increase national expenditure according to the approval of the National Assembly. Also, more private sector investments should be promoted and encouraged with comprehensive legislation.

3. **Organization, management, and working style:** Improving the organization, management, planning, monitoring and working style, upgrading and getting near to the standard of regions. Elaborate 4 breakthrough contents for the reality of health sector, mainly working style by the way of team work on basis of democracy, work division and responsibility sharing together with the planning process, the implementation, supervision, monitoring and evaluation of interventions regularly, taking into account the coordination, cooperation and increase their responsibilities in order to mobilise and using resources as well as national budget increasingly.

4. **Health services:** Continue improving complete basic health service networks according to universal target coverage, ensuring that all Lao people have equitable access to quality health services, with the scope and standard of services at each level with referral system in case of emergency. Implement policy for free baby delivery and free health care for children under 5 children nationwide. Promote private investment or state enterprise for modernized treatment and keeping with regional and internationally standard, step by step.

5. **Information, monitoring and evaluation:**
   Improving in quality of data collection and reporting on health statistics to monitor in systematic MDGs indicators for its accuracy, at the same time it is for the planning to be consistent with the issues addressed and according to the reality. Improve data collection system on birth, death from village level in collaboration with local authorities including information reported by health facilities to be compiled and analysed, then compared for its accuracy through capacity building for each level and in collaboration with technical staff from National Statistic Department in data collection for different surveys at different period.

VIII. Objectives and goals for Health Sector Reform from 2013-2025

1. **General Objective**:

1. Good health is a basic need for a good quality of life, so that national health sector reform is to establish an effective system ensuring universal health coverage for all the population, and protect and promote the health of people in the Lao Democratic People's Republic. The main goals of the health sector reform being proposed are to ensure that the Lao Democratic People's Republic will: 1) reach the health related MDGs by 2015; and 2) Achieve Universal Health Coverage (UHC) by 2025. These two overarching goals are based on the Lao Government's values of equity, social justice and human rights in line with its commitment to the primary health care (PHC) principles spelled out in its PHC policy.
2. Health system development requires adequate and availability of skilled motivated and well supported health workers for effective service delivery; and with sufficient investment in order to reach the targets set up. The health sector reform should focus on basic health care based on 5 years health plan VII (2011 - 2015) that identified: 1) Contributing to eradicate poverty to **improve quality** of life of the population, aiming to achieve the health related MDGs; 2) Creating basic materials and technological health infrastructure in order to bring the country out of the least developed country status by 2020; 3) Expanding and strengthening the health system in order to meet the needs of the people, especially the poor and the disadvantaged in synergy with the rapid modernization and industrilization of the country.

2. Specific Objectives:

1. Ensure adequate availability of skilled, motivated and well supported health workers for effective service delivery with enough quota for recruitment of health personnel at district and health

center levels; and villages out of catchment areas from health centres should have village health workers**;**

2. Develop a strong and effective leadership and governance for better managing the health sector with the breakthrough initiatives and implementing Health Personnel Development Strategy effectively**;**

3. Increase in health education propogation, scale up the model of healthy villages and contributing to 3 builds or 3 pillars (the province as a strategic unit, the district as a comprehensive, developed and strengthened unit and the village as the development unit across the country), ensure the availability and accessibility of essential medicines and appropriate medical technologies and supplies;

4. Secure and increase adequate financial resources, particularly from the government to support the provision of basic healthcare services to all ethnic people and implementing effectively the policy on free baby delivery and free health care for children under 5**;**

5. Improve and scale up the health insurance scheme, and social health protection schemes to cover all target populations to ensure that all Lao people have equitable access to quality health services, especially the poor**;**

6. Focus on nutrition, water supply and latrines, turning them into specific projects and put them to areas in need in collaboration with concerned ministries and authorities**;**

7. Strenghten hospitals by improving their health financing for their increased autonomy and to enable them to use their revenues aligning with market oriented mechanism in order to improve services and motivations for service providers, with legislation in place according to the real situation and professional renumeration is based on performace assessment**;**

8. Continue to promote private sectors to invest on health facilities development and using modern equipment for the treatment of diseases, combining the use of modern and traditional medicines**.** Improve quality of health system delivery by increasing private sector involvement between the Government and privates. In
the near future, it is planned to implement in Vientiane Capital and Urban districts, for the people to have more options and have more satisfactions;

9. Establish and strengthen an effective health information system to monitor and evaluate the progress of achieving MDGs and UHC so that it can be a strong system from the grass root, mainly data on birth, death and malnutrition.

3. Goals

a. Goal by 2015

- The proportion of underweight in children under 5 year of age targeted at **22%;**
- The proportion of stunned children under 5 year of age targeted **34%;**
- Infant mortality rate targeted at **45/1 000** live births and Under 5 Mortality rate targeted at **70/1 000** live births;
- Maternal mortality ratio targeted at **260/100 000** live births;

- HIV prevalence rate among the general population targeted at less than **1%,** mortality rate due to malaria targeted at less than **0,2/100 000** of the population and mortality rate due to tuberculosis (TB) targted at **240/100 000** of the population;
- Proportion of the population with sustainable access to clean water targeted at **80%** and proportion of the population with access to latrines targeted at **60%;**
- Life expectancy of Lao people targeted at **68,3** years old.

b. Goals by 2020

- The proportion of underweight in children under 5 year of age targeted at **15%;**
- The proportion of stunned children under 5 year of age targeted at **28%;**
- Infant mortality rate targeted at **30/1 000** live births and Under 5 mortality rate targeted at **45/1 000** live births**;**
- Maternal mortality ratio targeted at **200/100 000** live births**;**
- Proportion of the population with sustainable access to clean water targeted at **90%** and the population with access to latrines targeted at **80%;**
- Life expectancy of Lao people targeted at **73** years old**.**
- National health insurance coverage targeted at **80%;**
- Each community hospital can perform surgical operations targeted at **50%;**
- Each small hospital targeted at **01** doctor and **01** midwife**;**
- Each village targeted at **01** village health worker**.**

IX. Government Priority programmes

To implement health reform, the health sector will focus on related,direct and indirect, programmes for achieving MDGs that are priorities of the Government**:**

1. **Direct programmes consist of**:

- Healthy village model programme (9 elements of primary health care);
- Nutrition program: supplement food, breast feeding, iron and acid folic distribution, vitamin A distribution, distribution of deworming tablets, distribution of iodinized salt, nutrition education **…;**
- Integrated MNCH programme: family planning, safe motherhood (antenatal care, attended birth delivery by medical personnel, post-partum care)**,** integrated disease treatment in children, growth monitoring and child survival **…;**
- EPI;
- Skilled birth attendants training programme: nurses, community midwives, and village health workers …**;**
- Sending new graduates to grass roots and increase quotas for districts and health centers programme;
- Improving quality of community hospitals and referral system in emergency cases programme;
- Communicable Diseases Control programme: malaria, tuberculosis, HIV/AIDS, surveillance and responsive epidemic outbreaks **…;**
- Improving health financing system programme: free baby delivery and free care for children under 5, including health insurances, health equity fund for the poor...**;**
- Improving health information system: birth and death registrations...**;**
- Water Supply and Sanitation programme: water supply, latrines **…**;

2. Indirect Programmes consist of:

- Strenghtening Health System and expansion of infrastructure from central to village level, mountanous and remote areas: improving the organization and working procedures or working style style...);
- Transforming hospitals into modernization and improve quality of services: provide medical equipment...;
- Improving sustaintable hospital financial systems;
- Promoting Public Private Partnership**;**
- Improving food quailty and management of consumers**;**
- Combining the use of modern and traditional medicines**;**
- Health Work Force Development: Train personnel for each technical priority area, a pool of experts needs to be established;
- Coordinating of projects on planning, monitoring, and evaluation: capacity building for district planning...;

X. Overall architecture and strategies for implementing health reform:

To reach targets, directions and goals set up especially reaching universal health coverage in Lao PDR by 2020/25**,** health reform will be implemented in 3 phases such as:

- **Phase I (2013-2015):** focuses on the achievement of health related MDG and lays out a solid foundation for universal access to essential health services;
- **Phase II (2016-2020):** aims to ensure that essential health services with reasonable good quality are available and accessible to, and used by a majority of the people;
- **Phase III (2021-2025):** expects to achieve universal health coverage with an adequate service benefit package and appropriate financial protection for a vast majority of the population...

XI. Procedures in the implementation of the strategy of health reform:

1. Phase I: Achieving health related MDGs (2013-2015)

(1) Human Resource Development:

- Educate and train enough qualified health personnel with comprehensive quality such as: strong political commitment, personnel attributes: good attitudes, ethical behaviour, honesty, dedication to human rights, and with tehnical and managerial skills, appropriate in quantity and quality and to deploy them where and when needed to actively serve the nation and all people;
- Ensure availability of sufficient and balanced number of health personnel with 3 categories and 3 generations and effective utilization;
- Promote gender and ethnic equity and equal opportunities among health personnel;
- Strengthen Health personnel management system with well-defined devolution between central and local levels;
- Ensure appropriate HP incentives based on the national policy and legal frameworks through attention to equity issues.

(2) Health Financing:

- Reform health financing mechanisms, especially improving the legislation, mainly on the health financing strategy, and the decree on national health equity fund;
- Improve the decree no 52/PM on user fees at public health facilities (1995);
- Improve legislation on private partnership.

(3) Organization, management and working procedures:

- Improve effective organizational and management of service delivery, especially define clearly what services should be delivered at each level according to the decree of polite-bureau on 3 builds or 3 pillars;
- Solve problems on working procedures, slow management with many layers, to fast moving by using modern technology going through one door, but assuring that the process is a correct and right way, according to rules and regulations;
- Review relevant existing policies for amendment, and develop new policies as appropriate, and in line with the real situation.

(4) Health Services:

- Evaluate the existing health networks from central to village level for mapping where new health centers and hospitals are needed according to the real needs;
- Consider setting up regional hospitals based on population size and to be aligned with the Government's priority;
- Mobilize resources from Government and private sector in the country and abroad for the construction/renovation of facilities and procure equipment, commodities for laboratory examinations and for the treatment for the transformation of public hospitals for modernization and industrialization step by step to avoid our people from going abroad seeking for health care;
- Establish functional medicine and traditional medicine units in hospitals in parallel with modern medicine.

(5) Information, monitoring and evaluation:

- Improve health information system , the monitoring and the evaluation;
- Delegate to existing village health workers and village health volunteers to collect data from the villages especially data on birth, death, weight, and height related to MDGs;
- Monitor and evaluate the effectiveness of national investment and other assistant programmes;
- In 2014, MDGs indicators need to be assessed to report to the Government.

2. Phase **II: Improve access to basic health care and financial protection** (**2016-2020)**

(1) Human Resource Development:

- Adjust the training plan for health professions according to the country needs, and at the same time, continue with quality improvement;

- Strenghten the training capacity/health personnel training of National Educational Institute (Education Development Centre) including expanding training sites for clinical skills and health professions educational capacities will be further developed and strengthened in order to serve according to the need of the country;
- Develop detailed plan on infrastructure building, teaching resources, time frame and budget for training of village health workers and the increase in the quantity to assure competencies or experiences (for theories and practical purposes);
- By 2020, all health centers should have health personnel for the quantity and the quality depending on the increase number of health facilities and the accessibility of the population for health services.

(2) Health Financing:

- Develop regulations and guidelines on co-investment between private and states for health sector;
- Continue to implement the decree of the Prime Minister on health insurance by expanding population caverage and consolidate social health protection schemes into one scheme at the end of phase II**,** population coverage should be 80%;
- Continue the efforts to allocation more funds to rural areas and to strengthen the integrated service delivery network from health centre to district up to provincial level (primary to secondary and tertiary care);
- Coordination among different provider payment mechanisms and alignment of the incentives need to be considered;
- The revenue from drug revolving fund needs to be revisited, and appropriate adjustments may be needed, as more funds from social health protection schemes are available to support the operations of health facilities, particularly at the health centre and district hospital levels.

(3) Organization, management and implementation:

- Post-graduate training programme on health management for mid-level managers will be introduced to train future health managers;
- Ssupervision system should be well institutionalized and functioning to follow up performance of health personnel by developing clear job descriptions, conditions and indicators to assess their performance, in order to provide incentives and awards for those personnel who perform well;

(4) Health Services:

- Improve basic infrastructure, supply equipment, provide tools appropriate with health service facilities set up by the Ministry of Health;
- Develop policies ensuring that all the remote villages should have at least one village health worker working there. All the health centres will also have a reasonable catchment area with an appropriate size of the population to serve;
- Set up monitoring system to be used according to the real situation;
- Improve principles and referal system between health facilities at different levels to enable for the implementation of health insurance system;
- Train quality management for health centers, district and provincial hospitals;
- Improve clinical treatment guidelines for hospitals including district hospitals, internal system fot quality assurance and auditing should be established;
- Develop appropriate policies and regulations to manage the increased autonomy of hospitals, especially from central level up;
- Information, monitoring and evaluation**:**
  Continue to improve health information systems, the monitoring and the evaluation, so that they are concise, suitable for actual circumstances and can be used for vital statistics such as birth, death and migration;
- All departments in the health system should learn to use information for policy, and planning development and for better management of interventions effectively;
- Design new and integrated information system for the policy makers for decision making according to their responsibilities and their rights in line with the divided managerial policy.

3. Phase III: achievement universal health coverage (2021-2025)

(1) Human Resource Development:

- Continue with further development of health workforce, ensuring the access of all population to skilled health workers, while phasing out unskilled or low level cadres through bridging programmes
- Incentives and performance based payment mechanisms will be introduced in accordance with overall changes in provider payment mechanisms;
- Health management capacity will be well fit into the needs of expanded network of health care and social health protection schemes;
- Health personnel should have competencies and good intentions, receive clear support from the institutions and are distributed appropriately.

(2) Health Financing:

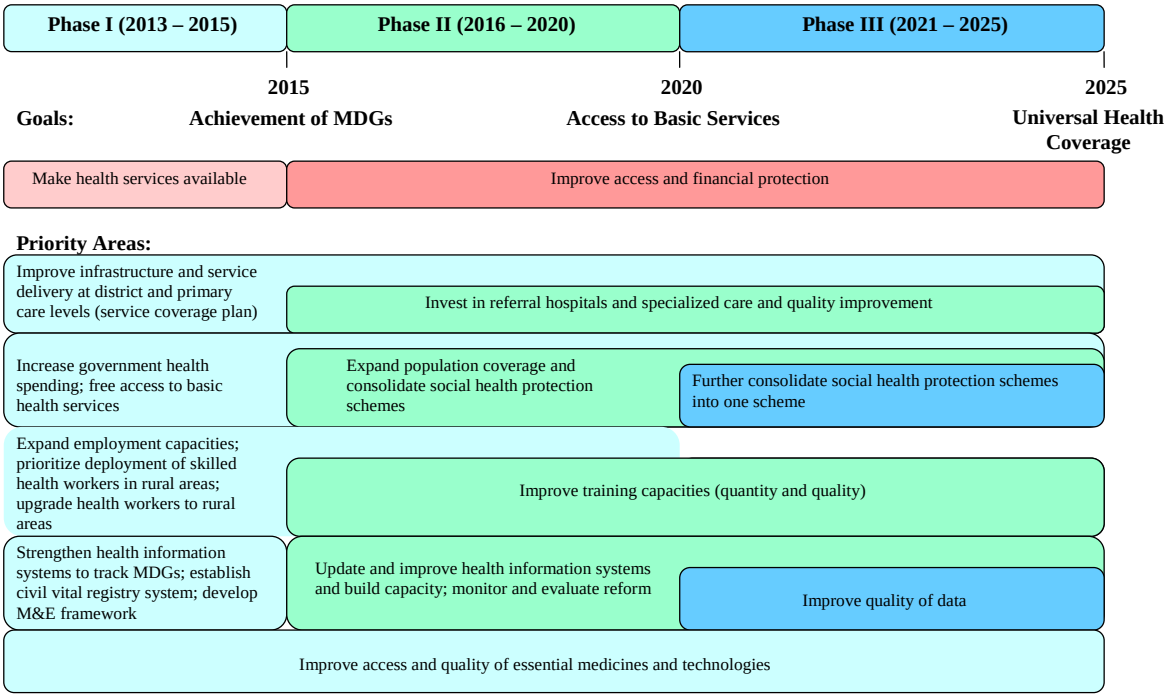
- continue the expansion of population coverage by the social health protection schemes, extend service benefit package, and consolidate the different schemes;
- Consolidate social health protection schemes into a single pooled fund scheme, with compulsory participation for all. It is expected that over 90% of the population will be covered by the social health protection scheme;
- The service benefit packages offered by different schemes should be aligned with increased government subsidies to the scheme for informal sectors. The service package should include health promotion, preventive and clinical services with essential medicines, as well as rehabilitative interventions;
- Develop clear regulations for service providers payment the pooled fund through a set of carefully designed mixed provider payment mechanisms.

(3) Organization and management of service delivery:

- Adjust the structure of the service provider system, resource requirement (such as the level of skills, technologies and medicines) and performance targets, as the needs of, and demands, for healthcare will increase significantly;
- The management of service delivery at each level should be more standardized, in terms of service provision and quality assurance.

Compliment document

Figure 1. Timeline of the three phases of health systems reform in the Lao People's Democratic Republic



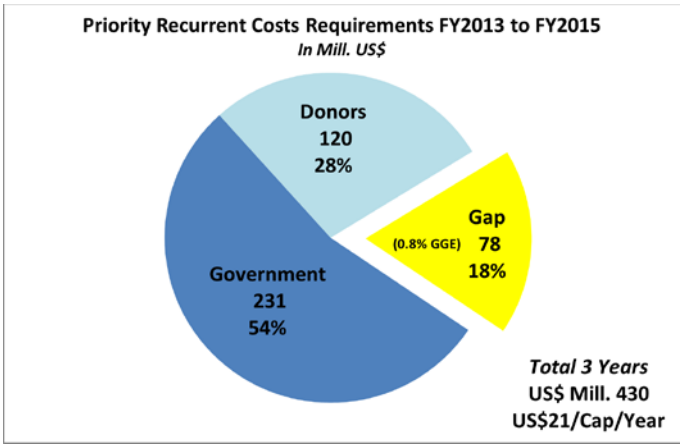
Estimated budget for health reform

Economic growth in Lao PDR has been average of **8%** during the past **10** years**,** which seems to be good growth if compared to other countries in the region. In **2011,** MoH has developed seventh 5 year strategic health plan **(2011-2015)** with estimated budget of **US$1,208** miilions (including **6** programmes and **120** projects)**,** with yearly requirement budget average to **US$240** miilions per year. Inspite of the increasing of health expenditures rate every year, but it is still at low level with only **4.2%** of national budget in **2012-2013** or equivalent to **1%** of **GDP.**

Estimated required budget for the reform to achieve **MDGs** by 2015, targeted at **9%** of health expenditures **(**2012-2013) doubling of current national budget (**$194** millions = **$29**/capita= 1,9% GDP)

National budget for health sector		Health budget				budget required to achieve **MDGs**			% total national expenditures in 2013
		2010	**2011**	**2012**	**2013**	**2013**	**2014**	**2015**	
priorities for the reform (millions US dollars)	national	29	36	47	77	92	131	149	194
	national + international	60	76	87	117	132	144	153	259
total (millions US dollars)	national + international	69	94	100	130	185	197	206	259
per capita (Us dollare)	national	5	6	7	12	14	19	22	29
	national + international	11	15	15	20	28	29	30	39
% GGE	national	2.7%	2.8%	3.1%	3.6%	4.3%	5.3%	5.3%	9.0%
	national + international	3.6%	4.0%	3.9%	4.1%	4.6%	4.4%	4.1%	9.0%
% GDP	national	0.4%	0.5%	0.6%	0.8%	0.9%	1.1%	1.1%	1.9%
	national + international	0.9%	1.0%	1.0%	1.2%	1.3%	1.2%	1.2%	2.6%

Figure illustrating estimated budget



Important indicators for countries in the region

Countries	Population (1,000)	GDP	GDP	Maternal Mortality Rate (per 100,000 of live births)	Under 5 Mortality Rate (per 1,000 of live births)	National Health Expenditures compared to % of GDP
China	1,337,825	4,433	10.4	37	18.4	2.7
Lao PDR	**6,201**	**1,158.1**	**8.5**	**357**	**73**	**1**
Sri Lanka	20,653	2,400	8.0	35	16.5	1.3
Thailand	69,122	4,613.7	7.8	48	13	2.9
VietNam	86,928	1,224.3	6.8	59	23.3	2.6

Sources: World development indicators, except for maternal mortality ratio (MMR) and under 5 mortality rate (U5 MR) for Lao PDR which comes from Lao Social indicator Survey (LSIS) and Government spending on health which is from the WHO National Health Accounts data base.
Note: All indicators are for 2010, except for MMR and U5 MR for Lao PDR which are for 2012.