



Lao People's Democratic Republic Annual Program Performance Report 2011

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Executive summary

Laos' strong economic performance continued throughout 2011 with Gross Domestic Product (GDP) growth reaching 8 per cent.¹ This growth is a slight decrease from 8.5 per cent in 2010 due to the economic impact of flood damage from severe tropical storms that hit the country in the last half of 2011, and the impact of the global economic downturn. Poverty incidence and severity is decreasing.

Despite strong economic growth and the progress made towards achieving some Millennium Development Goals (MDG), particularly in school enrolment and reducing poverty, Laos will still struggle to meet many MDGs due to ongoing challenges in achieving equitable economic growth. As Laos' economic position in the region grows, its neighbours and emerging donors are looking for opportunities to enhance their economic and development cooperation with the country. Emerging donors are making significant investments, about which little is known. Australia will need to enhance its engagement with these donors to better understand their work.

Australia is estimated to be the fourth largest donor to Laos, with total Official Development Assistance (ODA) estimated at A\$42.1 million in 2011–12. The key objectives of Australia's bilateral development cooperation program with Laos are arranged under three pillars of investment: education, inclusive growth through trade and investment reform, and rural development. Australia engages with several key partners in Laos for delivering the aid program including international financial institutions (the World Bank and Asian Development Bank), United Nations agencies, and international non-government organisations. The World Bank is our largest partner delivering an estimated 53 per cent of bilateral aid funds to implement aid activities.

Progress against the six Lao country program objectives has generally been steady, with the exception of objective 1 related to basic education, which was downgraded in 2011 largely due to the government's weak capacity to disburse funding quickly and effectively under the Education for All: Fast Track Initiative, which is co-financed by Australia (A\$21 million from 2011–2013). Despite these delays, in 2011 the program provided professional development training to around 100 pre-primary teachers and 1033 school officials, and trained and rallied 57 mobile teachers and 114 teaching assistants to 102 remote rural areas reaching 2400 children. Through the World Food Programme, meals were provided to 34 000 school children in food insecure districts across the country to help them remain in school.

Good progress was made against objective 2. There was a continued focusing of sector coordination through the Education Sector Working Group (of which Australia is a co-chair) particularly on the first annual joint education sector

¹ Lao Economic Update, World Bank, December 2011. Note GDP growth was measured at 8.5 per cent by the World Bank's Laos Economic Update in March 2011.



review, further linking of education sector planning to budgeting, and improvements in the transparency and quality of education data.

Good gains were made in trade and investment (objective 3) in areas relating to trade facilitation and overcoming technical barriers to trade and investment. Laos continued to progress towards accession to the World Trade Organization, assisted in part by Australia's investment in the World Bank-managed Trade Development Facility (A\$3 million, 2008–2013). Further development of non-resource sectors with high social impacts continued, with the establishment of a Garment Skills Development Centre aimed at improving the productivity of garment factory supervisors.

In rural development (objectives 4 and 5) livelihood generation and disaster preparedness activities continued to be delivered in a well-targeted and sustainable manner by non-government organisations. Thousands of livelihoods were improved in 2011, with around 1200 households gaining access to agricultural technologies to improve agricultural productivity and 239 hectares of agricultural land cleared of unexploded ordnance benefiting 17 446 people. Three district disaster management plans were finalised and 68 village disaster management committees were established in four provinces, all of which were used in the flood response.

For rural infrastructure (objective 6) Australia continued to help expand the rural road network in Laos and assisted rural communities to gain access to electricity. The rating against this objective was unchanged from 2010, and remained at 'partially achieved' due mainly to delays in the completion of the Northern Transport Network Improvement Project (Australia's investment A\$18.8 million, 2007–2014). Although construction was ahead of schedule for the Australian-funded section of the road, one section continued to experience delays. The Australian-funded section improved road access for 7206 people (1148 households and 3595 women) and also created rural employment opportunities. Achievements under the Rural Electrification Project (Australia's contribution A\$13 million, 2008–2013) exceeded expectations in some areas with 16 160 households gaining access to the national electricity grid in 2011, of which 562 were headed by women and 309 were households with people with disability. To date a total of 65 897 households have been electrified, exceeding the original target by 897 households.

Strategy-wide initiatives continued to deliver results, with 50 Australian Development Scholarships awarded in 2011. Preparations for the implementation of a national scholarships program began and the first 70 students were selected. Under the Public Financial Management Strengthening Program (A\$3 million, 2008–2013) reforms in public financial management were made, particularly in the centralisation of revenues. The program also supported preparation of the Laos government's 2011–12 budget. Humanitarian assistance activities were prepared in response to the severe flooding from tropical storms. Non-government organisations commenced preparations to provide recovery assistance to around 42 000 flood affected people.

On program quality, comprehensive program monitoring continued throughout 2011, with numerous implementation monitoring missions undertaken (including ongoing monitoring of safeguard issues), independent completion reporting and



audits. Program efficiency and effectiveness remained stable, and concerted efforts were made to address cross-cutting issues, particularly relating to disability and gender, in program design and implementation. Program strategic planning and design continued, with the preparation of a delivery strategy for rural development.

Our program delivery partners continued to deliver high quality activities. Improvement is needed to manage some activities, particularly those that are large scale and complex. More in-country technical resources are needed to strengthen management and monitoring capacities in some areas.

This report summarises the aid program's progress in 2011 under Australia's bilateral development cooperation program with Lao PDR, which is implemented in accordance with the Australia–Laos Development Cooperation Strategy 2009–2015.²

Context

Laos' strong economic performance continued throughout 2011 with GDP growth reaching 8 per cent.³ This growth is a slight decrease from 8.5 per cent in 2010 due to the economic impact of flood damage from severe tropical storms that hit the country in the last half of 2011, and the impact of the global economic downturn.

Poverty incidence and severity is decreasing and is currently estimated at 28 per cent, a drop of some 18 per cent over 15 years.⁴ Vulnerability to poverty (measured through food security status) remains high, however, with an estimated 13 per cent of the population food insecure and 66 per cent at risk of food insecurity.⁵ A further indicator of poverty is the nutrition status of women and children. Malnutrition remains persistently high with around half of young children stunted and 12 per cent of women of reproductive age underweight.

The Gini coefficient increased from 28.6 in 1992 to 36.7 in 2010–11, indicating that the benefits of development are not being realised equally and disparities are widening.⁶ Encouragingly, Laos continues to attract major foreign investment, with revenues from mining and hydropower projects accounting for an estimated 4.2 per cent of GDP.⁷

Despite strong economic growth and the progress made towards achieving some MDGs, particularly in school enrolment and reducing poverty, Laos will still struggle to meet many goals. Those that will be difficult to meet by 2015 include

² Note that the separate APPR for the Australian Mekong Water Resources Program reports on activities in the natural resource management sector for Laos.

³ Lao Economic Update, World Bank, December 2011. Note GDP growth was measured at 8.5 per cent by the World Bank's Lao Economic Update in March 2011.

⁴ The latest available data on poverty incidence is from the World Bank-funded Lao Expenditure and Consumption Survey 2007–08, Ministry of Planning and Investment, Department of Statistics, 2010. The incidence of poverty in the early 1990s was estimated as 46 per cent, an 18 per cent difference between the current rate of 28 per cent.

⁵ World Food Programme (2007) Lao PDR: Comprehensive Food Security and Vulnerability Analysis (Comprehensive Food Security and Vulnerability Analysis, World Food Programme.

⁶ United Nations Development Programme, Human Development Report 2011, p.137.

⁷ Lao Economic Update, World Bank, December 2011. Note that this represents an estimated US\$306 million in revenues based on an estimated total of US\$7.2 billion GDP, sourced from www.worldbank.org/la



goals related to poverty and hunger, universal primary education, gender equality and empowerment of women, maternal health and environmental sustainability (including access to water and sanitation). The Lao government's new five-year development plan⁸ outlines proposed measures to achieve the MDGs by 2015 and to exit from Least Developed Country status by 2020. These aims will not be achieved unless the benefits of strong growth and investment are applied equitably to improve social service provision and economic opportunities throughout the country.

As Laos' economic position in the region grows, its neighbours and emerging donors (such as China, Vietnam and Thailand) are looking for opportunities to enhance their economic and development cooperation with Laos. Emerging donors are making significant investments in development cooperation activities, rivalling those made by the Organisation for Economic Cooperation and Development (OECD) Development Assistance Committee (DAC) countries. Little is known about emerging donor investments, apart from them normally taking the form of grants or concessional loans. Australia will need to enhance its engagement with emerging donors to better understand their work, and to ensure Australia's aid investment remains well targeted and complementary to these and other DAC donor efforts.

Program objectives and strategy

The key objectives of the Australia's bilateral development cooperation program with Lao PDR are specified by the Australia–Laos Development Cooperation Strategy 2009–2015. Under this seven year initiative, key objectives are arranged under three pillars of investment: education, inclusive growth through trade and investment reform, and rural development.

Under the education pillar Australian aid is working to ensure that all boys and girls complete a full course of quality basic education by supporting activities that promote equitable access in the poorest geographical areas. The aid program is also assisting the government to improve management and make more effective use of education sector resources through better planning and budgeting. Under the trade and investment pillar Australia is working to increase trade and investment in non-resource sectors that can generate livelihood opportunities for the poor. Reducing policy and institutional impediments to areas with high potential to deliver inclusive economic growth is a focus of this work. Australia's work in rural development focuses on reducing poverty in rural areas through equitable and sustainable improvements to food security and livelihoods, improved rural infrastructure, and improved prioritisation, efficiency and coordination of unexploded ordnance activities.

Australia is estimated to be the fourth largest donor to Laos, with total ODA estimated at A\$42.1 million (around US\$43 million) in 2011–12. Japan remains the largest ODA donor to Laos contributing an estimated US\$109 million in 2010, while international financial institutions – the Asian Development Bank and World Bank – provided US\$65 million and US\$48 million in 2010 respectively.

⁸ Known as the 7th Five Year Socio-Economic Development Plan (2011–2015).



Some European donors including the European Union and European bilateral donors are increasing their interest in Laos due mainly to a desire to enhance engagement with ASEAN member countries. The European Union provided an estimated US\$21 million in ODA in 2010, while Germany provided US\$26 million.⁹

Australia engages with several key partners in Laos for delivering the aid program including international financial institutions, United Nations agencies, and international non-government organisations. The World Bank is our largest partner delivering an estimated 53 per cent of bilateral aid funds to implement aid activities. Australian universities are the next largest partner, delivering an estimated 14 per cent of funding to provide Australian Development Scholarships.¹⁰ International non-government organisations (the majority of which are Australian non-government organisations) are responsible for implementing around 11 per cent of the bilateral program, primarily through the Laos–Australia NGO Cooperation Agreements program, while United Nations agencies, namely the United Nations Development Programme, the United Nations Children’s Fund and the World Food Programme, implement around 10 per cent. The proportion of the program delivered through managing contractors is 8 per cent and by other contracted technical advisers is 4 per cent.

Given the development challenges in Laos, the pillars of investment and associated objectives identified by the country strategy will remain highly relevant for the medium term (see Table 1). A mid-term review of the country strategy is planned for late 2012, which will enable a review of current pillars, and analysis in other areas of possible future investment that will inform the preparation of a new country strategy to be implemented from 2016.

⁹ Germany announced (in May 2012) a doubling of bilateral development assistance to Laos over two years from EUR 31.3 million (A\$40.2 million) in 2010 and 2011 to EUR 58.8 million (A\$76.8 million) in 2012 and 2013. The ODA figures presented in this paragraph are drawn from www.oecd.org/dataoecd/62/60/1878247.gif which currently only provides ODA estimates from 2010.

¹⁰ Note that a total of 50 Australian Development Scholarships (including four Australian Leadership Awards) were awarded to Lao scholars in 2011.

Expenditure

Table 1: Estimated expenditure in 2011–12

Objective	A\$ million	% of bilateral program	Total Sector % of bilateral program
Education			38
Development outcome: all boys and girls complete a full course of primary education			
Objective 1 – mitigation of key constraints to equitable access to a basic quality education in targeted poor geographic areas	11.58	36	
Objective 2 – better management of Government of Laos and donor resources available to the education sector through the implementation of a jointly agreed 10-year education sector framework	0.51	2	
Trade and investment			2
Development outcome: increased trade and investment in sectors which support poverty reduction			
Objective 3 – policy and institutional impediments to trade and investment addressed in sectors that contribute to inclusive growth	0.67	2	
Rural development			34
Development outcome: less than quarter of the population living below the poverty line			
Objective 4 – delivery and modelling of effective programs that result in equitable and sustainable improvements to livelihoods in targeted geographic areas	3.27	11	
Objective 5 – improved prioritisation, deliver efficiency and coordination of mine action resources	1.22	4	
Objective 6 – improved rural infrastructure, particularly roads and electrification	6.03	19	
Strategy-wide initiatives			26
Includes scholarships and public financial management	8.30	26	
Total	31.28	100	100

Source: AusAID's AidWorks financial reporting system, report by strategy objectives, May 2012.

Progress against objectives

The overall progress of the Laos country program in achieving objectives is broadly positive. This progress is summarised in table 2 below. The ratings indicated in this table make a judgement about the overall progress towards the key objectives for each pillar and are not intended to summarise ratings for each activity assessed as part of AusAID Quality at Implementation (QAI) reporting. A summary of AusAID's program quality ratings (including Quality at Entry (QAE) and QAI results) for the Laos country program is provided in Annex 1.

Table 2: Ratings of the program's progress in 2011 towards the objectives of the Australia-Laos Development Cooperation Strategy 2009–2015

Objective	Current rating	Relative to previous rating
Development outcome: all boys and girls complete a full course of primary education		
Objective 1: mitigation of key constraints to equitable access to a basic quality education in targeted poor geographic areas	■	Downgraded
Objective 2: better management of Government of Laos and donor resources available to the education sector through the implementation of a jointly agreed 10-year education sector framework	■	Unchanged
Development outcome: increased trade and investment in sectors which support poverty reduction		
Objective 3: policy and institutional impediments to trade and investment addressed in sectors that contribute to inclusive growth	■	Unchanged
Development outcome: less than quarter of the population living below the poverty line		
Objective 4: delivery and modelling of effective programs that result in equitable and sustainable improvements to livelihoods in targeted geographic areas	■	Unchanged
Objective 5: improved prioritisation, deliver efficiency and coordination of mine action resources	■	Unchanged
Objective 6: improved rural infrastructure, particularly roads and electrification	■	Unchanged

Note:

- The objective will be fully achieved within the timeframe of the strategy.
- The objective will be partly achieved within the timeframe of the strategy.
- The objective is unlikely to be achieved within the timeframe of the strategy.

Education

While the Government of Laos has made progress in basic education in recent years, particularly in increasing primary school enrolment, it is unlikely that Laos will meet MDG 2 (universal basic education) or MDG3 (gender equality in education). Primary school net enrolment has risen to 94 per cent,¹¹ and while gender parity is on track at primary school level, post-basic education gender parity targets are off-track.

While lifting the net enrolment rate is important for MDG achievement it is not sufficient to sustain improvements in the quality of education. Significant challenges still remain to be addressed including recruiting and training teachers and rising drop-out rates for children enrolled in primary school.

Issues of resettlement and internal migration (forced or unforced), poor nutrition and regional/district inequity are also impacting on access to quality education and are issues where Australia can play a key advocacy and support role for the government.

¹¹ Annual School Census 2010–11, conducted by Lao Ministry of Education and Sports.



Objective 1: Mitigation of key constraints to equitable access to basic education in targeted poor geographic areas

■ The objective will be partly achieved within the timeframe of the strategy.

The downgrading of this objective's rating in 2011 is largely due to the government's poor capacity to disburse funding quickly and effectively. Notwithstanding this challenge, key achievements under this objective are largely linked with implementation of the Education For All: Fast Track Initiative, which supports improvements in access to quality basic education in 56 of the most educationally disadvantaged districts in Laos.¹² The initiative is co-financed by Australia (A\$21 million), the World Bank (US\$15.5 million) and the Global Partnership for Education (US\$30 million), and implemented by the Ministry of Education and Sports.

Despite delays in implementing this program in 2011, around 100 pre-primary teachers and 1033 school officials (including principals) received professional development training to assist with improving the quality of teaching, including inclusive education, and school management. Preparations for the procurement of 4542 pre-school and primary teaching and learning kits commenced in late 2011, with distribution planned for 2012. Work was conducted in the non-formal education sector, with the development of a new primary education equivalency curriculum. Fifty-seven mobile teachers and 114 teaching assistants were trained and subsequently mobilised to 102 remote rural villages (mostly inhabited by ethnic groups) in four districts, reaching 2400 children.

Preparation for community-based construction of additional classrooms commenced during this period for a total of 123 incomplete school sites located within 36 of the 56 most educationally disadvantaged districts (out of a total of 143 districts nationwide).¹³ Contracts with 332 villages were signed for this community-based contracting. A pilot activity through the World Food Programme for the provision of school meals (a nutritional school lunch using locally grown food) was conducted in nine schools in two northern districts benefiting 927 students. This pilot enabled the Ministry of Education and Sports to develop a national school meals program for roll-out in 2011 and beyond.¹⁴ Complementary to this, Australia provided additional funding (A\$1 million) to the World Food Programme to provide nutritional support to 34 000 school children in food insecure districts across the country.

One milestone of the three for the program relating to mobile teachers has been fully met. A second milestone linked with improving school quality has been partially achieved, with training for school officials commencing as planned but with delays in delivering training to teachers and Village Education Development Committees. A third milestone linked to school construction was not met. School construction commenced later than planned in December 2011. Due to increased costs of materials the number of schools to be constructed under the program had

¹² These 56 educationally disadvantaged districts were identified by having net enrolment rates for girls that are below the national average of 70.3 per cent in 2008.

¹³ Government of Laos, Monitoring Poverty & Development, Decree No. 285/PM, May 2011, p.1.

¹⁴ This work commenced with 66 schools in two northern districts. AusAID-funding to the World Food Programme supported the roll-out of this program.



to be revised down from 400 to 332. For more details see Annex 2 and the performance assessment framework.

This slow start may make it difficult for the objective to be met by 2013 which is the current end date for the Education For All: Fast Track Initiative. The ministry is currently considering the option to extend the program for a further 12 months until end of 2014 to allow more time to finalise construction and mobilise the school meals program. The ministry has full ownership of the initiative, and has taken time both to plan and to roll out necessary training those who will implement it at provincial and district levels. This will be critical to the initiative's success.

There are ongoing issues with the systems used to disburse initiative funding at national and sub-national levels, particularly relating to procurement and finance. A remedial action plan was developed by the ministry and contributing donors in November 2011 to address systems bottlenecks. The World Bank, as management entity, has provided additional technical assistance to bolster ministry capacity in these areas.

Objective 2: Better management of Government of Laos and donor resources available to education sector through the implementation of a jointly agreed 10-year education sector framework




The objective will be fully achieved within the timeframe of the strategy.

Key achievements under this objective in 2011 include moving towards realising the Laos Education Sector Development Framework 2009–2015 by preparing and disseminating a five-year implementation plan, the Education Sector Development Plan 2011–2016, including a policy and planning matrix. A decree establishing focal groups under the existing Education Sector Working Group to help implement and monitor the implementation plan was finalised in 2011.¹⁵ The four focal groups created by the decree covering basic education, post-basic education, management, administration and performance assessment and research started to meet irregularly in 2011. Progress was also made in linking sector planning to budgeting, with the preparation of provincial level annual costed sector plan for 2011–12. While these plans were of better quality than the previous year, further refinements will need to be made, including at the central level, so that future plans align better with the government's annual budget cycle.

The Education Sector Working Group, chaired by the ministry and co-chaired by Australia and the United Nations Children's Fund, met regularly throughout 2011. The group is useful in discussing sector issues and coordinating sector resources, including following-up important issues identified through the first annual Joint Sector Review Mission, held early 2011. For example, an increase in the primary school drop out rates¹⁶ was detected through this mission. The ministry responded by leading a rapid assessment survey with support from AusAID, the United Nations Children's Fund and Plan International to identify the factors influencing

¹⁵ Decree No. 209/ME.DPC/11 Vientiane Capital, dated: 24/01/2011.

¹⁶ An increase in drop-out rates for primary school children was experienced between 2009–10 and 2010–11 in all five grades, the highest increase being in grade 1.



drop out rates. Findings from this survey were discussed with the Education Sector Working Group.

The transparency and quality of education data continued to improve, however one ongoing concern is that there are still no credible disability statistics being gathered by the Education Management Information System. While the ministry has indicated a willingness to improve this, support is required to ensure that data can be adequately reported by teachers at school level.

The Australian-funded senior education adviser continued to play a critical role in supporting the work of the Education Sector Working Group and development of the education sector development plan. The adviser provided technical support for the Joint Sector Review Mission and for the Rapid Assessment Survey on primary school drop outs. The adviser has continued to work closely with the ministry to analyse progress towards the education MDGs at district and provincial levels, and supported development of the annual costed education sector plans. The adviser is highly regarded by stakeholders in the sector, including the ministry and Education Sector Working Group members.

All seven milestones were either met or partially met under this objective in 2011 (see Annex 2, performance assessment framework for more detail). Progress against the milestone related to re-current education expenditure is difficult to measure due to unavailability of current data. Latest expenditure data shows an increase from 12 per cent in 2007–08 to 13.5 per cent in 2008–09.

Australia's support of the Education Sector Working Group, both financial and through the role of co-chair, has built local ownership within the sector. Australia is involved in regular policy dialogue with the ministry and other stakeholders, and is able to advocate for issues such as disability and gender equity. Our support is building the capacity of ministry personnel to better plan and implement sector priorities. The ministry continues to show a high level of commitment and leadership in addressing difficult issues.

Trade and investment

Laos' government views trade and investment reform as integral to the diversification of economic growth to support its broader development goals. While the resources sector continues to be the key driver for economic growth, there are some signs that Laos' economic base is broadening. The natural resources sector continued to make a major contribution to GDP growth and exports in 2011. It was estimated to account for 44 per cent of GDP growth and 30 per cent of exports. Encouragingly, the non-resources sector's share of GDP growth increased from 44 per cent in 2010 to 56 per cent in 2011, and is expected to increase to an average of 73 per cent over the next three years.

Trade openness (trade as a percentage of GDP) has increased since 2009 and was estimated at 76 per cent in 2011. The importance of the non-resource sector to exports has increased steadily from 2008 and was estimated to account for 70 per cent of exports in 2011 – an indication of some broadening of Laos' export base – although a continued rise in mining and hydropower exports is forecast for the remainder of the decade. Services share of total trade has also increased steadily to 16 per cent in 2010 (latest figure available), a further indication of the



increasing sophistication of Laos' economy and its reduced reliance on merchandise trade.

Sanitary and phyto-sanitary 'sensitive' exports (animal and plant-related agricultural exports) continue to experience modest growth but a declining share of overall exports. Despite this strong performance, Laos continues to be assessed as one of the hardest places to do business and has fallen further on the World Bank's Ease of Doing Business ranking to 165 out of 183 economies.

Objective 3: Policy and institutional impediments to trade and investment addressed in sectors that contribute to inclusive growth

■ The objective will be fully achieved within the timeframe of the strategy.

Progress under this objective was steady in 2011 with good gains made in areas relating to trade facilitation and overcoming technical barriers to trade and investment.

Laos continued to make good progress towards accession to the World Trade Organization during 2011. Australia's investment in the World Bank-managed Trade Development Facility (A\$3 million 2008–2013) supported Laos in its participation in the accession process. The facility helped the government to prepare for World Trade Organization Working Party meetings, and to undertake gap analyses of key trade sub-sectors in the context of World Trade Organization accession.¹⁷ Delays were experienced in assisting the government to achieve compliance with a number of sanitary and phyto-sanitary standards necessary for accession. There was a delay of some six months in mobilising technical assistance to support this work. Despite this however, it is expected that the work will be completed within the program timeframe, and that accession will occur in late 2012.


In 2011 the National Trade Facilitation Secretariat commenced its work on operationalising the Laos Trade Facilitation Strategy and Action Plan 2011–2015, which was approved in July 2011. As part of this work efforts were made to publish trade-related information to assist local and international businesses to operate in the country. Work commenced on a web portal aimed at fulfilling ASEAN requirements for a trade information repository. The portal is due to be launched in mid 2012.

Work to improve the legal environment for investment progressed well, with the adoption of a new investment law and associated decree.¹⁸ The law's impact on investment is too early to assess, but provisions such as investment incentives for the rural sector are expected to generate greater investment in rural industries.

Under the Trade Development Facility, activities to support the development of non-resource sectors with high social impacts continued with the establishment of a Garment Skills Development Centre aimed at improving the productivity of garment factory supervisors. Initial results indicate a 20 per cent increase in

¹⁷ Two impact studies were carried out for the distribution and professional services sectors in 2011.

¹⁸ Investment Promotion Law, and Implementing Decree No. 119/PM dated 20 April 2011.



productivity in garment factories as a result of the training provided by the centre.¹⁹

Under the Trade Development Facility the World Bank's gender sensitive analysis of firm characteristics and performance in Laos was finalised and incorporated within the bank's Investment Climate Assessment for Laos in 2011.²⁰ The World Bank also commenced a gender garment sector assessment in 2011. The results are expected to be disseminated in 2012.

The Australian-funded trade adviser continued to play a valuable role in the Ministry of Industry and Commerce in supporting better donor coordination and harmonisation of trade-related assistance. The adviser worked closely with the ministry during the preparation of the Diagnostic Trade Integrated Study, which is due for completion in 2012. This updated study is expected to identify priority trade sector interventions to promote equitable and community-level pro-poor development.

All four milestones identified for 2011 were either fully met or partially met under this objective (see Annex 2, performance assessment framework for more detail).

Australia's assistance under this objective has been well targeted and highly aligned with Laos trade sector priorities. This assistance has been provided in such a way as to build the government's capacity to deliver on the ambitious trade targets it has set itself. Our support has been delivered in a harmonised way by pooling resources with a number of development partners.²¹ The government has demonstrated strong leadership within this sector, and has plans to form a new trade and private sector working group in 2012, chaired by the Ministry of Industry and Commerce and co-chaired by development partners, to monitor sector progress.

Rural development

While the poverty rate continues to decrease (from 46 per cent to 28 per cent between 1992 and 2008),²² Laos progress towards achieving MDG 1: eradicating poverty and hunger, remains seriously off-track.²³ Poverty levels vary by geography and ethnicity. The poverty rate in rural areas is 32 per cent compared to 17 per cent in urban areas.²⁴ More remote areas have higher poverty rates: it is highest in upland areas at around 43 per cent compared to 20 per cent in the lowlands. Meanwhile, the poverty rate is lower among the Lao Tai while non-Lao Tai ethnic groups experience poverty rates above 42 per cent.

Economic inequality is increasing and a large part of the rural population remains vulnerable to natural and man-made disasters. As in the previous year, severe floods were experienced throughout the country due to a series of tropical storms

¹⁹ Trade Development Facility Steering Committee Report, September 2011.


²⁰ World Bank 2011, Lao PDR Investment Climate Assessment, Chapter 10.

²¹ Other contributions to the Trade Development Facility include European Union EUR4.2 million and Germany EUR280 000.

²² Based on the 2007–08 Lao Expenditure and Consumption Survey.

²³ 2010 MDG Report by Government of Laos and United Nations in Laos PDR.

²⁴ Ministry of Planning and Investment (2010) Lao Expenditure and Consumption Survey 1992–03 to 2007–08: Poverty in Lao PDR 2008. Ministry of Planning and Investment, Department of Statistics: Lao PDR.



that hit in the latter half of the year. This flooding led to a decline in the year's GDP growth, and caused significant damage to major infrastructure. For many rural communities, it led to widespread destruction of cash crops and prevented the planting of dry season rice crops, resulting in overall lower crop yields.

The resettlement of communities – either as a result of government land concessions for major investments or as part of an ongoing process of village consolidation for the purpose of service provision – continued. This process contributes to the vulnerability of communities who are typically dispossessed of their traditional livelihoods. In-depth monitoring of aid program activities in relation to resettlement continued in 2011 as part of safeguard procedures, and further in-depth research and monitoring of resettlement processes will be undertaken in 2012.

Objective 4: Delivery and modelling of effective programs that result in equitable and sustainable improvements to livelihoods in targeted geographic areas

■ The objective will be fully achieved within the timeframe of the strategy.

The key achievements under this objective are linked to work conducted through the Laos Australia NGO Cooperation Agreement (LANGOCA) program²⁵ (A\$14 million, 2006–2014), which is AusAID's primary investment in rural livelihoods. The program is focused on reducing the vulnerability of poor communities by making them more resilient to natural disasters, diversifying their income sources, and clearing land of unexploded ordnance to enable a resumption of agriculture and other livelihood activities. These activities were complemented by the work of the Australian Centre for International Agricultural Research which delivered a research program estimated at A\$3.6 million that was focused on improving rural household livelihoods and food security. Key research activities included market alternatives to shifting cultivation in the upland regions, improved varieties of rice and diversification of crops (such as maize and soya beans) and fisheries in the lowland areas, farming and marketing systems analysis, teak agroforestry systems and climate change adaptation.²⁶

Good progress was made under the LANGOCA program and thousands of livelihoods were improved in 2011. Around 1200 households gained access to agricultural technologies that helped them improve their agricultural productivity and income (an increase of 400 households from 2010). A total of 239 hectares of agricultural land was cleared of unexploded ordnance benefiting 17 446 people who can now safely use this land to plant food crops (up from 110 hectares in 2010).²⁷ Importantly, the food security of communities was improved due to work conducted to improve irrigation systems.

Disaster preparedness and management activities were carried out in target communities with the involvement of village, district and provincial authorities. Three district disaster management plans were finalised and 68 village disaster

²⁵ The Laos-Australia NGO Cooperation Agreements program funds four Australian non-government organisations: Oxfam, CARE, World Vision and Save the Children.

²⁶ Australian Centre for International Agricultural Research Annual Operational Plan 2010–11, pp. 66–71.

²⁷ Note that this work is captured in the performance assessment framework (Annex 2), under pillar 3 rural development, strategy objective 4, milestone achievement 1.b.



management committees were established in four provinces.²⁸ These plans and coordination structures were drawn upon when responding to the severe flooding caused by a series of tropical storms that hit the country in the last half of 2011, and affected an estimated 1790 villages across the country.²⁹

Importantly the livelihood assistance that the LANGOCA program provided in 2011 directly benefited women, enabling them to access reliable food sources, cut their substantial workloads, and increase their access to basic sanitation and health services. Over 700 women and their families gained access to safe water, around 1500 women were able to access basic sanitation, and 882 pregnant women received health consultations that resulted in safe births.

A disaster management information management system was completed in June 2011 and handed over to the government's National Disaster Management Office. The system will help authorities create a profile of hazards in each province, prioritise investments in disaster risk reduction, and help prepare disaster risk reduction strategies across all of Laos' 17 provinces.

All four of the milestones under this objective were fully achieved in 2011 (see Annex 2 and the performance assessment framework for more detail).

Lessons learned were shared amongst the four non-government organisations involved in the LANGOCA program at several forums held throughout the year. There is evidence that some interventions made by the program are being adopted by government, particularly in relation to disaster preparedness planning, and that these interventions are creating some systemic change. The program continues to build the resilience of communities to cope with disasters that are a very real threat for many of the rural poor in Laos.

Objective 5: Improved prioritisation, delivery efficiency and coordination of mine action activities



The objective will be fully achieved within the timeframe of the strategy.

Laos continues to deal with the legacy of being the most heavily bombed country in the world. Given the enormity of unexploded ordnance contamination in the country, the government's National Regulatory Authority has identified 2000 square kilometres (200 000 hectares) of land to be cleared as a priority by 2016. This target has been adopted by the government under the Convention on Cluster Munitions.

Australia continues to be one of the leading donors to the unexploded ordnance sector in Laos. It supports national clearance efforts, risk awareness education and capacity building to strengthen the coordination, as well as the quality assurance and control processes associated with clearance. It also assists with the physical recovery of unexploded ordnance survivors.

Key achievements under this objective in 2011 were mainly supported through the United Nations Development Programme-managed Convention on Cluster

²⁸ The four provinces were Saravane, Sekong, Vientiane and Khammouane.

²⁹ There were 18 major storms during the 2011 Pacific Typhoon Season. Those that seriously affected Laos include Tropical Storm Haima (25 to 26 June), Tropical Storm Nock-Ten (29 July), Tropical Storm Haitang (27 September), Tropical Storm Nesat (1 to 2 October) and Tropical Storm Nalgae (8 to 9 October).



Munitions Multi-Donor Trust Fund to which Australia contributed A\$6.1 million from 2011–2013.³⁰ UXO Lao (the country's national clearance authority) was supported to clear unexploded ordnance from 2938 hectares of contaminated land, reaching more than 460 000 beneficiaries across the country, and to provide unexploded ordnance risk education to 143 000 people, including 77 000 children.³¹

The National Regulatory Authority, whose role it is to coordinate and prioritise unexploded ordnance clearance in Laos, published and distributed the first post clearance impact assessment in June 2011. This will be used to strengthen the role of district governments when working with communities to identify priority land for clearance. Quality assurance and control teams were also trained by the authority to provide roving quality checks on clearance activities within the sector. Problems were encountered with the retention of team members linked mainly to uncompetitive employment conditions.

The Cooperative Orthotic and Prosthetic Enterprise, partly funded by Australia (A\$600 000, 2011–2014) is the only provider of prosthetic and orthotic services in the country. The organisation works closely with the government's National Rehabilitation Centre, and in 2011 provided physical rehabilitation services to 1193 people with disability.³²

All the milestones were met under this objective with the exception of one connected to quality assurance and control, which was delayed (see Annex 2 for the performance assessment framework for more detail).

The results under this objective build confidence that we are taking the right approach to unexploded ordnance action in Laos. Working with national authorities does have challenges, particularly in relation to building organisational capacity, but in the long term it is a far more sustainable approach to invest in national authorities and systems, particularly given the scale of the unexploded ordnance clearance task. Australia's assistance to this sector is coordinated and harmonised with other development partners. Laos financial contribution to this sector has been minimal to date, but the government intends to start providing in-kind support for some sector operations.

Objective 6: Improved rural infrastructure, particularly roads and electrification


■ The objective will be partly achieved within the timeframe of the strategy.

The rural road network in Laos has expanded significantly in the last 20 years, from 14 000 kilometres in 1990 to 35 600 kilometres in 2008. Despite this expansion, 30 per cent of rural villages still have no dry or wet season access. A large proportion of roads are in poor condition and unusable during the wet season. To a large extent this is the result of insufficient investment in rehabilitation and maintenance. The importance of roads to poverty reduction is

³⁰ The United Nations Development Programme-managed Convention on Cluster Munitions Trust Fund has also received contributions from Canada, Ireland, Luxembourg and Switzerland. The United States, the UK and Japan are also major donors to the sector but deliver their assistance separately.

³¹ This work is captured in the performance assessment framework (Annex 2), under pillar 3 rural development, strategy objective 5, milestone achievement 1.a.

³² Of this total, services were provided to 730 men, 305 women and 78 girls.



indicated by the fact that rural villages with access to roads have a poverty rate of 30 per cent while it is 42 per cent for those without.³³

This objective is linked predominantly to two initiatives: the Northern Transport Network Improvement Project with a total budget of US\$118.6 million including Australia's contribution of A\$18.8 million from 2007–2014, and the Rural Electrification Program Phase 1, with a total budget of US\$85 million including Australia's contribution of A\$13 million from 2008–2013. Both of these initiatives were originally supported with the aim of increasing trade and availability of efficient and sustainable energy supply to the Greater Mekong Sub-Region rather than with a direct aim to reduce poverty.

Achievements and performance under this objective were mixed. The Northern Transport Network Improvement Project is upgrading national road route 4 from Luang Prabang Province to Thailand under the management of the Lao Department of Roads, with loans and grant assistance administered by the Asian Development Bank. AusAID and the bank are co-funding section 5 to the south, the bank and the OPEC Fund for International Development are co-funding sections 2 to 4. At the northern end, section 1, which includes a bridge over the Mekong River, is separately funded and managed by Korea. Construction was ahead of schedule in section 5, which was 84 per cent complete by the end of 2011 including 24 kilometres constructed that year. Work on this section has improved road access for 7206 people (1148 households and 3595 women) and also created rural employment opportunities.

As in 2010, progress continued to be slow in the Korean section of the road due to complications with financing and contracting. Delays to the deployment of Australian-funded and Laos-implemented social safeguard activities were related to HIV/AIDS awareness, human trafficking and road safety. As in 2010, construction of rural feeder roads, part of Australia's planned contribution to the project, was postponed until the government can demonstrate progress on these safeguard issues. During all implementation monitoring missions in 2011, AusAID fielded an independent safeguards adviser to provide ongoing checks. The official project end remains June 2014.

Under the Rural Electrification Program Phase 1, there was progress that exceeded targets in some areas and delays in others. The program aims to provide electricity to rural households by extending the existing electricity grid to nearby villages, and off-grid technology (such as solar panels) to more remote villages. Microfinance is also provided for connections to poor households. Australia's support to this project led to an additional 16 160 households gaining access to the national electricity grid in 2011, of which 562 were households headed by women, and 309 were households with people living with disability. Through this program to date, a total of 65 897 households have been electrified, exceeding the original target by 897 households. There were delays in procuring solar panels because the government did not have sufficient staff and procurement capacity to manage this large scale international procurement process. An international procurement adviser is working to resolve the delay.

³³ Ministry of Planning and Investment (2010) Lao Expenditure and Consumption Survey 1992–03 to 2007–08: Poverty in Lao PDR 2008. Ministry of Planning and Investment, Department of Statistics: Lao PDR.



The majority of milestones were met under this objective, but there were some important milestones that were not (see Annex 2 for the performance assessment framework for more detail).

Strategy wide initiatives

Australian development scholarships

Australian Development Scholarships underpin each of the strategic objectives above. Candidates from our partner ministries are targeted for at least 75 per cent of the 20 awards given for the public sector each year. So far, the target has not been met as there are usually not enough competitive candidates from these ministries alone. In 2011, 50 scholarships were awarded including four prestigious Australian Leadership Awards. Around 50 per cent of the scholarships were awarded to public awardees.

Regular tracer and impact studies were conducted in 2011 to measure the short to medium term impacts of scholarships. These studies and surveys revealed that the programs and courses taken by graduates were relevant and in accordance with the human resource development strategies of their organisations, that the majority (97 per cent—4 per cent more than in 2010) of public sector awardees returned to their original work place after completing their study in Australia, that 75 per cent of graduates six months after graduation (and 82 per cent of graduates two years after graduation) reported that they use their new found skills and knowledge regularly in their job, and that six months after graduation 71 per cent of graduates reported that their supervisors were highly supportive of their newly developed knowledge and skills, which enabled them to effectively contribute to the development of their organisations.

A scholarships selection audit was conducted in 2011 as a follow-up to an audit in 2009. This found that the selection process for Australian Development Scholarships was transparent and rigorous. A further audit will be undertaken in 2013.

In 2011, preparations began to implement the Lao-Australia National Scholarships, which targets students from disadvantaged backgrounds (mostly from ethnic groups) to undertake undergraduate degrees in Laos. The first 70 students was selected in late 2011 with gender parity.

A gender strategy is in place for the scholarships program, and final selection of awardees achieves precise gender balance, but inequity still exists with much larger numbers of male applicants (62 per cent overall). Two gender workshops were conducted in 2011 as part of alumni activities to promote gender awareness, as well as to identify ways to provide more support to women alumni to develop their careers.

Poverty Reduction Support Operation and Public Financial Management Strengthening Program

The World Bank-managed Poverty Reduction Support Operation (A\$10 million, 2008–2011) is a budget support mechanism with payment triggered by government progress on agreed policy reforms. AusAID's participation in the second series of operations was seen as an opportunity to engage with the broader



reform agenda in Lao PDR, and to complement existing strong interventions in basic education and economic governance (trade and investment reforms). Australian aid helped to shape some policy reforms in 2011, particularly relating to the creation of school administration grants. Advocacy on this issue through the Poverty Reduction Support Operation influenced a decision by the government to launch a school administration grants scheme in 2012. The Poverty Reduction Support Operation also enabled ongoing advocacy for the government's recurrent budget allocation for education to be increased.³⁴ Australian funding for the second series of the Poverty Reduction Support Operation ended in June 2011. An independent completion report was conducted in September 2011 to help inform decisions about whether to engage in a third series. It was decided not to support this due primarily to the conclusion of a multi-year funding source.

The World Bank-managed Public Financial Management Strengthening Program (A\$3 million from 2008–2013) supports public management reform, enhanced effectiveness of public expenditure and better management of fiduciary risk. In 2011, Laos made steady progress in its public financial management reform, particularly in the centralisation of revenues (for example treasury, customs and tax revenues). The program supported preparatory work on the 2011–12 budget, including guidance on budget preparation and allocation norms. In addition to this work, negotiations commenced with the World Bank and the Ministry of Education and Sports on programming (A\$1 million)³⁵ for technical assistance and capacity building support for the roll-out of the ministry's school administration fund grants to primary schools. Programming for these additional resources is expected to be complete by early 2012.

Challenges remain in the core public financial management work program, including expenditure prioritisation linked to the national development plan, intra-government coordination, and clarity in the fiscal relationship between central and sub-national government. Program management has been problematic, including a lack of clarity within the program governance structure, delays in solving implementation issues and weak capacity in procurement and financial management within the program management unit.

Humanitarian assistance

In 2011 Laos experienced severe flooding due to a series of tropical storms that hit the country in the last half of the year. An initial assessment of the impact of the largest of these storms, Tropical Storm Haima and Tropical Storm Nok Ten, estimated that US\$138 million was required to ensure recovery from the disaster.³⁶ In response to the short to medium recovery needs from these storms, which also affected other parts of South-East Asia, Australia provided A\$1 million. Three non-government organisations were funded to deliver this

³⁴ Laos is working towards realising a recurrent education allocation of 17 per cent of the total budget from 2012–13. In 2011–12 the government allocated a total of US\$11 million for administration costs for primary and secondary schools. Of this, US\$2.25 million has been allocated for block grants to primary schools across the country.

³⁵ From a Performance Linked Aid Budget measure.

³⁶ Typhoon Haima Joint Damages and Loss and Needs Assessment Report, August 2011, jointly prepared by the Government of Laos National Disaster Management Office, the United Nations and international non-government organisations, estimated total damages at US\$66 million. A subsequent assessment report was prepared by the government on the impact of Tropical Storm Nok Ten, which estimated total damage at US\$71.9 million.



emergency and recovery assistance including Save the Children, World Vision and Oxfam Australia.³⁷ These activities were planned to reach around 42 000 people in the most devastated areas of the country, and were focused on provision of basic relief items, distribution of agricultural seeds and livestock, urgent repairs to irrigation systems, clearing flooded rice fields, constructing and repairing weirs, and re-stocking fish ponds.

There were delays in the mobilisation of this assistance due to a lengthy wait for the finalisation of memorandums of understanding for each non-government organisation – a Laos government requirement for recovery and longer-term development assistance. As the assistance was delivered from early 2012, progress against these activities will be reported in 2012.

Program quality

Detailed quality ratings for the Lao program in 2011 are provided at Annex 1. This Annex also includes data showing the change in ratings for individual initiatives through the initiative implementation period, and a comparison of program-wide ratings by quality indicator from 2008–2011.

On average, the program data quality scores remained relatively constant against the previous year, with slightly improved ratings for relevance and monitoring and evaluation across initiatives, and slightly lower ratings for effectiveness and efficiency. The most significant drop in rating was for the gender criteria. This decline can be directly linked to the Laos-Australia NGO Cooperation Agreements program, as the mid term review of this initiative found that there could be benefits from more sophisticated gender equality and inclusive strategies. While AusAID's in-country gender focal points continue to strengthen their in-country and regional networks, and support other program staff to better understand and integrate gender issues, more work will need to be done to further imbed the findings of the gender stocktake conducted in 2010 and broader review findings.

The relevance of initiatives rated highly (averaging 5.5 across the program) as the result of close alignment with Laos government priorities, articulated in the country's national development plan, and direct support of government sector strategies in education, trade and unexploded ordnance.

Effectiveness and efficiency ratings decreased slightly from 2010, mainly linked to issues of program mobilisation and funds disbursement with the Education For All: Fast Track Initiative. The effectiveness rating for unexploded ordnance activities decreased slightly due to financial disbursement delays from the Convention on Cluster Munitions Trust Fund and due to difficulties retaining quality assurance and control officers. As in 2010, the effectiveness and efficiency ratings for the Northern Transport Network Improvement Project remained the same, reflecting the continued delays on social safeguards. The LANGOCA program rating for effectiveness decreased as the mid term review raised concerns about program logic and the lack of an overarching narrative to meaningfully draw together achievements under individual activities.

³⁷ Of the A\$1 million, Save the Children received A\$632 900, World Vision A\$300 000 and Oxfam Australia A\$67 100.



The effort put into monitoring and evaluation by program staff is continuing to pay off with the average rating improving to 4.2 across the program. The Rural Electrification Program Phase 1 program now has a comprehensive results framework in place that sets out baseline data and identifies annual targets. An impact evaluation is planned for 2012, and will include a comprehensive assessment of the welfare benefits of alternative electrification options for beneficiaries. However, little progress has been made on the yet to be finalised results framework for the Public Financial Management Strengthening Program. The World Bank has recently developed a simplified results framework attached to the work conducted through the multi-donor trust fund that will feed into the wider program framework.

Sustainability scores remain relatively stable from 2010, with a slight decline in this rating for the Public Financial Management Strengthening Program, largely due to capacity constraints in maintaining and progressing reforms.

Again in 2011, the majority of lower quality rating scores fell under rural development (rural livelihoods and infrastructure), reflecting the difficult operating environment and challenges of working in this sector.

Risk levels have marginally increased over the last two years. The share of initiatives rated amber for risk increased from 40 per cent in 2010 to 50 per cent in 2011. The main change in the program's risk profile for 2011 related to the Public Financial Management Strengthening Program, due to concerns about the effectiveness of World Bank's program management, particularly relating to communication and coordination with donors. Ongoing risks relate predominantly to program implementation delays caused in many cases by limited implementation partner capacity, particularly in relation to education and rural development activities.

The program has capacity to generate performance information due largely to the sector-specific performance assessment frameworks that are prepared for each sector and articulated under the country strategy. These frameworks are updated annually after the preparation of Quality at Implementation reports in preparation for the Annual Program Performance Report.

There is need for ongoing staff capacity building in monitoring and evaluation. Access to training has been patchy to date. It is hoped that the expansion of AusAID's Mekong office in Hanoi, including the mobilisation of a monitoring and evaluation development specialist to that office in July 2012, will enable a more concerted training program and Post outreach to occur.

The program management plan is being used to guide performance planning, but Vientiane Post could improve its use. There are limitations to the use of this highly detailed and all encompassing document. Often detailed sector planning occurs in parallel to the plan.

In 2011, several independent completion reports were prepared.³⁸ Many recommendations from these have been taken into consideration when shaping and planning future investments. Mid term reviews of several programs, including

³⁸ Including an independent completion report for the PRSO4-7 completed in November 2011, and an independent completion report for Access to Basic Education in Laos, June 2011.



the Laos Australia NGO Cooperation Agreements and Northern Transport Network Improvement Project, have also been a useful way to reflect on the progress of initiatives and focus on areas for improvements. QAIs are a useful tool to identify key areas for improvement, and management responses prepared as part of these are typically followed-up. Low QAI ratings have been addressed by focusing on key management responses, and in pursuing discussions with implementing partners and the Laos government to address critical issues. Often concerted and sustained efforts are required to resolve management issues given the complexity of the stakeholder environment.

Given the impending introduction of a four-year budget framework in 2012–13, there is greater surety of the Laos program's resourcing, which has enabled work to proceed on scaling up in particular sectors, such as rural development. As new programs are designed, the opportunity to create bigger multi-component initiatives is being pursued to create a more consolidated program.

The analysis in this report of delivery partner performance and more broadly, delivery partner options, should be used to inform the design of new programs, as new delivery approaches (such as an enhanced use of managing contractors), need to be fully analysed before program delivery decisions are made.

AusAID is the lead donor advocate on disability, and to some extent gender, particularly in relation to basic education in Laos. The Laos country program has made a concerted effort to integrate AusAID policy priorities such as disability, gender equality and, to a lesser extent, environment. There are gender and disability dimensions to most of the aid initiatives that we are implementing in Laos. Efforts have been made to integrate these within program designs and in program monitoring. Work on standalone gender initiatives has continued throughout 2012:

- several gender-focused workshops with scholarships alumni were held throughout the year
- a comic book competition for high school students was undertaken promoting gender equity in the family
- support of young female entrepreneurs and students continued through the Adolescent Girls Initiative.³⁹

In late 2011 preparations began for a partnership with Catholic Relief Services to implement a pilot training program to help teachers, school officials and village committees support children with disability in the classroom. This pilot is intended to complement work under the Education For All: Fast Track Initiative, and is expected to commence in late 2012.

As indicated in the 2010 APPR, re-settlement is an ongoing issue. The program is making every effort to understand the dimensions of re-settlement in Laos, to identify most at risk programs and to regularly monitor this issue in relation to these programs. The planned appointment of a safeguards/social protection

³⁹ The Adolescent Girl's Initiative is a World Bank program to which Australia has contributed A\$200 205 to date. The program commenced in January 2011 and is expected to conclude in December 2013.



adviser to AusAID's Mekong Office in Hanoi in 2012, will enable further rigorous monitoring of this issue.

Adequate attention has been paid to aid coordination and harmonisation, however the program has tried to strike a balance with the time and effort that is committed to this. On a sector basis, substantial efforts are made to work in a harmonised and collaborative manner with other donors, and Australia's resource commitment and co-chairing of the Education Sector Working Group is an example of that effort. Where possible, and where it makes sense, we adopt program-based approaches that often means contributing to multi-donor trust funds in support of Laos sector development priorities.⁴⁰ There is an ongoing high-level round table process supported by the United Nations Development Programme, which facilitates harmonisation and aid effectiveness work across sectors in Laos in support of the government's stated development priorities, which Australia supports.

Multilateral performance assessment

Multilaterals implement the bulk of Australia's aid program in Laos, mainly due to their considerable operational presence within the country, their ability to deliver large-scale initiatives, and their ability to pool and coordinate resources from other donors to support single initiatives. The performance of multilaterals in Laos broadly mirrors the results of AusAID's Australian Multi-lateral Assessment.

The World Bank is responsible for implementing activities that account for over half of the program⁴¹ including a range of Australian aid investments in basic education, trade and investment, public financial management, rural infrastructure and gender. The majority of these initiatives are large scale and highly complex. They typically involve relying on Laos for implementation in accordance with World Bank fiduciary and procurement standards.

The United Nations Development Programme, United Nations Children's Fund and World Food Programme are key United Nations implementing partners for AusAID in Laos. Each of these agencies has extensive experience in the areas where our partnership is focused, including unexploded ordnance action, water and sanitation, food assistance and nutrition support. These agencies tend to have productive relationships with the government, particularly at the central level, and generally have expertise in-house to undertake these core activities.

The ability of multilateral agencies to track and deliver outcomes on gender equality, disability and environment outcomes is variable. While there is effort on the part of these agencies to collect gender disaggregated data, there tends to be less effort placed on understanding the extent of disability in Laos, and the development dimensions of other vulnerable groups such as ethnic groups and female headed households. AusAID is working to redress gaps in these areas, particularly with the provision of additional technical expertise in disability for the

⁴⁰ Note that Australia is currently contributing to a number of multi-donor trust funds in trade and investment, public financial management and in the unexploded ordnance sector.

⁴¹ The World Bank is implementing the following activities under Australia's bilateral aid program to Laos: Education for All: Fast Track Initiative (A\$21million, 2011–2013), Trade Development Facility (A\$3 million 2008–2013), Public Financial Management Strengthening Program (A\$3 million, 2008–2013), Rural Electrification Program (A\$13 million, 2008–2013), and Adolescent Girl's Initiative (A\$200 205, 2011–12).



education sector, and in the addition of special studies to look at these issues as part of jointly agreed initiative monitoring and evaluation frameworks.

Management consequences

The review of the country strategy is scheduled to commence in late 2012, which will be a timely opportunity to assess the focus of the program and take into consideration *An Effective Aid Program for Australia* reforms and their implications for the Laos program. Both the rural development and education delivery strategies⁴² will be almost finalised by the end of 2012, and will inform the review of the country strategy.

There continues to be high workloads associated with the implementation of the Laos country program. Bids for additional technical and program management resources were made through the rural development delivery strategy and through the 2012–13 East Asia Division business unit planning process. The upgrading of the AusAID head of Post position to a counsellor was approved in late 2011, with the new counsellor expected to start in mid 2012.

A positive assessment of the program's finances and pipeline planning was made through the AusAID health check process in early 2012. Further analysis of the implications of current program design work and the predictability of future funding will be required in 2012 to ensure that the value of current contracts and future planned procurement is well defined and consistent with the country strategy.

Key milestones for the next 12 months for education include preparing the education delivery strategy, which will inform future investments in basic education including investments beyond the current Education for All: Fast Track Initiative program. Further analysis of re-settlement and implications for the education sector will be undertaken, and our lead role in policy dialogue will be sustained by co-chairing the Education Sector Working Group. For trade and investment, analytical work will be undertaken to inform future investment in the sector, the Trade Development Facility Phase 2 design will be completed and investment in this program determined. For Rural Development, the Rural Development Delivery Strategy will be finalised, and the Laos-Australia Rural Livelihoods Program design will be appraised with implementation to commence in late 2012.

Strategy-wide milestones will include completion and mobilisation of a new human resource development program by 2013, and input into a partner-led design for phase two of the Public Financial Management Sector Plan Multi-Donor Trust Fund in 2012. Ongoing analysis of emerging donor investments across all sectors will be prepared, and opportunities to engage emerging donors in sector dialogue will be pursued.

The strategic priorities for the Laos country program over the next year, in line with AusAID's strategic direction, will focus on program consolidation, seek further opportunities to demonstrate program impact, and sustain the commitment

⁴² Note that Rural Development Delivery Strategy preparation began in September 2011 and is expected to be completed by mid 2012. The education delivery strategy is expected to commence in mid 2012 and be completed by either late 2012 or early 2013.



to transparency of information relating to Laos program activities. The program will closely engage in the planned agency-wide annual Australian Multilateral Assessment to provide constructive feedback on field-level experiences. Further scoping work may be undertaken to test the robustness of Laos systems, with the view to informing medium to long-term delivery modalities and investment choices.

Managing challenges impeding achievement of program objectives has to be dealt with in a focused and definitive manner. Tough choices will need to be made regarding the continuation of underperforming initiatives. Ongoing dialogue with the government and implementing partners will be essential to navigating these challenges, and AusAID expectations for program performance must be clearly articulated. AusAID must act in a decisive way when program performance falls short. The Laos program's risk management plan is an important tool for managing emerging risks. To be fully effective however, there is a need for this plan to be regularly updated to assist in managing initiative under-performance.

For an update against management by sector identified in the 2010 APPR, see Annex 3.

Annex 1: Summary of Laos program quality ratings

Table 1 – Quality at Implementation results for 2011

Initiative name	Approved budget and duration	Relevance	Effectiveness	Efficiency	Monitoring and evaluation	Sustainability	Gender equality	Risk
Pillar 1 – Education								
Delivering Better Education in Laos	\$4.85 million (2007–2012)	5	5	4	4	4	4	amber
Education For All: Fast Track Initiative	\$22.40 million (2010–2013)	6	4	3	4	4	5	amber
Pillar 2 – Trade and investment								
Laos Enhanced Integrated Framework and Trade Development Facility	\$3.05 million (2007–2013)	5	5	5	4	5	5	green
Pillar 3 – Rural development and rural infrastructure								
Laos-NGO Cooperation Agreements	\$14 million (2005–2014)	5	4	4	4	4	3	green
Laos: unexploded ordnance consolidated	\$350 000 (2008–2013)	6	4	4	4	4	4	amber
Lao PDR Rural Electrification	\$15 million (2008–2013)	6	4	4	5	4	5	green
Northern Transport Network Improvement Program	\$18.8 million (2008–2014)	6	3	4	4	4	3	amber
Poverty Reduction Fund (QAE)	\$21 million (2011–2014)	5	5	4	4	4	3	QAE
Strategy-wide								
Lao-Australian Scholarships Program	Approx. \$6 million/year	6	5	5	5	5	5	green
Poverty Reduction Support Operation and Public Financial Management Strengthening Program support	\$11.1 million (2007–2014)	4	4	3	3	4	2	amber

Table 2: Quality ratings – historical 2007–2011

Initiative name	Approved budget and duration	QaE/ Qal year	Relevance	Objectives/ effectiveness	Implementation and risk	Monitoring and Evaluation	Sustainability	Analysis and lessons	Gender equality	Risk
Pillar 1 – Education										
Delivering Better Education in Laos	\$4.85 million (2007–2011)	QaE		4	3	2	5	5		
		2008	6	5	5	3	5		4	
		2009	6	5	4	4	4		5	amber
		2010	6	5	5	4	4		5	amber
		2011	5	5	4	4	4		4	amber
Education For All: Fast Track Initiative	\$22.40 million (2010–2013)	QaE		5	4	4	4	5		
		2010	6	5	5	4	4		5	amber
		2011	6	4	3	4	4		5	amber
Pillar 2 – Trade and investment										
Laos Enhanced Integrated Framework and Trade Development Facility	\$3.05 million (2007–2011)	QaE		5	4	2	4	4		
		2008	5	4	4	3	4		2	
		2009	5	4	4	4	4		4	green
		2010	5	5	5	5	5		5	green
		2011	5	5	5	4	5		5	green
Pillar 3 – Rural development and rural infrastructure										
Laos-NGO Cooperation Agreements	\$14 million (2005–2010)	2007		4	3	4	4			
		2008	4	2	2	3	3		5	
		2009	5	4	4	4	4		5	green
		2010	6	5	4	4	4		4	green
		2011	5	4	4	4	4		3	green
Laos: unexploded ordnance consolidated	\$350,000 (2008–2011)	2007		5	5	5	4			
		2008	5	4	5	4	5		4	
		2009	6	5	4	5	4		5	green
		2010	6	5	4	4	3		4	amber
		2011	6	4	4	4	4		4	amber
Lao PDR Rural Electrification	\$15 million (2008–2011)	QaE		5	5	5	5	5		
		2008	5	2	2	4	4		4	
		2009	5	4	3	3	4		5	amber
		2010	5	4	3	3	4		5	
		2010	5	4	3	3	4		5	green
		2011	6	4	4	5	4		5	green

Initiative name	Approved budget and duration	QaE/ Qal Year	Relevance	Objectives/ effectiveness	Implementation and risk	Monitoring and evaluation	Sustainability	Analysis and lessons	Gender equality	Risk
Pillar 3 – Rural development and rural infrastructure continued										
Northern Transport Network Improvement Program	\$18.8 million (2008–2011)	QaE		5	4	4	4	4		
		2008	5	4	4	3	2		4	
		2009	5	4	4	3	3		3	green
		2010	5	3	4	3	4		3	amber
		2011	6	3	4	4	4		3	amber
Poverty Reduction Fund	\$21 million (2011–2014)	QaE	5	5	4	4	4	4	3	
Strategy-wide										
Lao-Australian Scholarships Program	Approx. \$7 million a year	2006		6	6	4	5			
		QaE		5	5	4	5	6		
		2007		4	6	4	5			
		2008	5	4	5	3	3		5	
		2009	5	4	5	3	4		5	green
		2010	5	5	5	5	5		5	green
		2011	6	5	5	5	5		5	green
Poverty Reduction Support Operation and Public Financial Management Strengthening Program support	\$11.1 million (2007–2010)	QaE		4	4	4	4	5		
		2008	5	4	4	3	4		2	
		2009	5	4	4	4	4		2	green
		2010	5	3.5	3.5	4	5		2	green
		2011	4	4	3	3	4		2	amber

Annex 2: Performance assessment framework

Laos development outcomes 2015	Australia country strategy objectives 2015	Strategy objective indicators (2015)	2011 milestone targets	2011 milestone achievements	2012–13 milestones
Pillar 1 – Education					
All boys and girls complete a full course of quality primary education	Strategy objective 1: Mitigation of key constraints to equitable access to a quality basic education in targeted poor geographic areas	In the 56 most educationally disadvantaged districts: 1. Appropriate school infrastructure for primary and pre-primary schools was provided and maintained according to Ministry of Education quality minimum standards, including water and sanitation facilities		1. Milestone not met	
Net enrolment and completion rates for primary education increase nationally and in targeted geographic areas		1.1 Number of schools with new classrooms constructed	1.1.1 A total of 195 additional schools completed	1.1.1 Separate contracts with 332 communities for community based contracting are in place but construction of schools commenced later than expected in December 2011 (0% of target met)	1.1.1 A total of 303 schools with new classrooms constructed ⁱ
Survival rates for primary education increase nationally and in targeted geographic areas					
Ratio of boys to girls enrolled increases nationally and in targeted geographic areas			1.1.2 Safety audit completed and all serious remedial work completed	1.1.2 Safety audit plan is done and first phase of audit commenced	1.1.2 Safety audit completed
Learning quality increases nationally and in targeted geographic areas		1.2 Number of classrooms built (HRI 8)	1.2 No target set for 2011	1.2 N/A	1.2 A total of 1607 of classrooms built ⁱⁱ
		1.3 Number of schools provided with WASH facilities	1.3 No target set for 2011	1.3 N/A	1.3 A total of 107 schools provided with WASH facilities ⁱⁱⁱ

Laos development outcomes 2015	Australia country strategy objectives 2015	Strategy objective indicators (2015)	2011 milestone targets	2011 milestone achievements	2012–13 milestones
		2. Schools of Quality approach is implemented		2. Milestone partially met	
		2.1 Number of schools implementing Schools of Quality approach	2.1 A total of 750 additional schools meet schools of quality criteria	2.1 Training on Schools of Quality approach provided to school principals but teacher and Village Education Development Committee training delayed	2.1 A total of 654 schools implementing Schools of Quality criteria approach ^{iv}
		2.2 Number of classrooms renovated to meet physical quality standards (HRI 8)	2.2 A total of 252 additional schools upgraded to meet physical quality standards	2.2 Due to increased costs of construction materials the target number of schools to be constructed has decreased from 400 to 332 and school renovations will not be able to take place	
		2.3 Number of school officials (principals) trained (HRI 11)	2.3 No target set for 2011	2.3 A total of 1033 school officials (principals) trained in leadership and Schools of Quality approach	2.3 A total of 1621 school officials (principals) trained on school management ^v
		2.4 Number of teachers trained at pre-primary and primary level (HRI 10)	2.4 A total of 2250 additional teachers qualified at pre-primary and primary level	2.4 A total of 100 pre-primary teachers were trained in 2011	2.4 A total of 5444 teachers trained (3000 in-service, 1500 primary upgrading, 650 pre-primary in-service, and 400 pre-primary 30 week training) ^{vi}
		2.5 Village Education Development Committees operational	2.5 A total of 750 additional village education development committees operational	2.5 Village Education Development Committee training took place in 14 villages with 98 villagers	2.5 A total of 2640 additional Village Education Development Committees operational ^{vii}

Laos development outcomes 2015	Australia country strategy objectives 2015	Strategy objective indicators (2015)	2011 milestone targets	2011 milestone achievements	2012–13 milestones
		2.6 Number of children provided with nutritional support (HRI 9)	2.6 No target set for 2011	2.6 A total of 34 000 children provided with nutritional support	2.6 A total of 14 327 children (4051 from 66 National School Meal Program schools) receive nutritional support ^{viii}
		2.7 Number of children able to access schools that have been made more accessible to children with disability (HRI 14)	2.7 No target set for 2011	2.7 N/A	2.7 A total of 18 417 children able to access schools that have been made more accessible to children with disability ^{ix}
		2.8 Number of incomplete schools becoming complete (offer all 5 grades of primary)	2.8 No target set for 2011	2.8 N/A	2.8 A total of 570 incomplete schools became complete (all 5 grades offered) ^x
		3. Non-formal approaches for pre-primary and primary education working effectively in remote villages where formal education is not available		3. Milestone fully met	
		3.1 Primary education equivalency program being implemented in remote villages	3. 1 Non formal primary education equivalency framework, curriculum and learning material development finalised and being used to train mobile teachers	3.1 Curriculum, teaching and learning materials developed and being used, 57 mobile teachers and 114 teaching assistants trained, mobile commenced in 100 villages	3.1 Non-formal primary equivalency is functioning in 168 additional villages ^{xi}
		3.2 Community Based School Readiness programs being implemented in villages with no formal pre-primary system	3.2 No target set for 2011	3.2 Preparations for the community-based school readiness program took place during 2011 and the program is ready to begin implementation in 2012.	3.2 Community-based school readiness program commenced in 240 villages ^{xii}

Laos development outcomes 2015	Australia country strategy objectives 2015	Strategy objective indicators (2015)	2011 milestone targets	2011 milestone achievements	2012–13 milestones
	Strategy objective 2: Better management of Government of Laos and donor resources available to the education sector through implementation of a jointly agreed 10 year education sector framework	1. Use of the 2009–2015 education sector development framework by Government of Laos and donors	1.1 Focal groups used to coordinate education activities by sub sector	1.1 Milestone partially met Some focal group meetings have taken place but focal groups not yet regularly functioning.	1.1 Government and Development partners map all projects in the sector against the policy planning matrix to identify and monitor alignment of projects with the Education Sector Development Plan
			1.2 Simplified Education Sector Development Framework booklet that includes strategies, activities and responsibilities disseminated to provincial and district education offices	1.2 Milestone met Education Sector Development Framework policy and planning matrix with strategies and policies in the Education Sector Development Framework has become an annex to the Education Sector Development Plan. This has been disseminated to provincial offices through a series of regional workshops	
		2. Development and use of a credible annual costed sector plan by Government of Laos and donors	2. Through Education Sector Working Group, consultative process undertaken to form consensus on annual costed sector plan. Development partners, central and provincial government endorse yearly plan	2. Milestone partially met Provincial annual costed sector plan for 2011–12 completed and expected to be finalised by May 2012 with plans for government and development partners to endorse in June 2012	2.1 Format for Annual Costed Sector Plans simplified to enable more effective planning and budgeting by provincial and central levels 2.2 Revised Annual Costed Sector Plan is the single planning and budgeting tool for the sector submission to Ministry of Finance for 2013–14 budget

Laos development outcomes 2015	Australia country strategy objectives 2015	Strategy objective indicators (2015)	2011 milestone targets	2011 milestone achievements	2012–13 milestones
		3. Achievement of Vientiane Declaration goals through the Education Sector Working Group, provincial Education Sector Working Groups and focal groups	<p>3.1. First annual joint sector review undertaken, consistent with Education Sector Development Framework performance assessment framework</p> <p>3.2. Provincial working groups model progressively rolled out across the country</p>	<p>3.1 Milestone fully met First annual Joint Sector Review Mission was conducted in March and April 2011</p> <p>3.2 Milestone partially met Focal group decree signed and initial meetings taking place. Provincial meetings not yet rolled out, legal mechanisms for holding regular meetings at provincial level need to be established</p>	<p>3.1 Roles of focal groups within the Education Sector Working Group are clearly established during Education Sector Working Group review</p> <p>3.2 Education Sector Working Group review conducted. Outcome is more results focused work plan that is jointly developed by Education Sector Working Group members</p> <p>3.3 Provincial coordination taking place through regional and provincial coordination mechanisms</p>
		4. Ministry of Education financial, procurement, implementation and monitoring and evaluation capacity strengthened as evidenced by implementation of Education Sector Development Framework/Education Sector Development Plan	4.1 Phase 1 – implementation plan preparation completed for Education Sector Development Framework	4.1 Milestone met Education Sector Development Plan and Education Sector Development Framework implementation plan developed.	4.1 Joint Sector Review Missions strengthened each year. Missions in 2012 and 2013 with stronger development partner involvement in planning reviews, findings feeding into annual sector performance reports and agreements monitored for compliance

Laos development outcomes 2015	Australia country strategy objectives 2015	Strategy objective indicators (2015)	2011 milestone targets	2011 milestone achievements	2012–13 milestones
			4.2 Phase 2 – Education Sector Development Framework capacity building for implementation drafted and finalised	4.2 Milestone partially met Provincial workshops took place outlining implications of Education Sector Development Framework at subnational levels, but district level implementation workshops only undertaken in some districts	4.2 Technical assistance mobilised to support Human Resource Development Plan for Education Sector Development Plan 4.3 Mid-term review of the Education Sector Development Framework/Education Sector Development Plan planned and undertaken in early 2013
		5. Education expenditure as % of total expenditure (domestic) increases to 18%	5. Recurrent education expenditure as % of total recurrent expenditure (domestic) is at least 14.6%	5. Milestone partly met Recurrent education expenditure is 14.3% of total recurrent expenditure (domestic)	5. Recurrent education expenditure at least 15.4% of total recurrent expenditure (domestic)

Laos development outcomes 2015	Australia country strategy objectives 2015	Strategy objective indicators (2015)	2011 milestone targets	2011 milestone achievements	2012–13 milestones
Pillar 2 – Trade and Investment					
Increased trade and investment in sectors which support poverty reduction Growth in and trade share of non-resource exports Growth in and trade share of trade in services Growth in and trade share of SPS-sensitive agricultural exports Reduction in time and relative cost of shipping containers from key points in Laos to major trading partners Number of days to start-up enterprise reduced Increased female participation in export firms Composition of GDP growth (contribution of non-resources sector) Trade openness	Strategy Objective 3: Policy and institutional impediments to trade and investment addressed in sectors that have high potential to contribute to inclusive growth	1. Trade Facilitation Action Plan developed and being utilised	1.1 Trade Facilitation Action Plan action list endorsed.	1. Milestone met 1.1 Trade Facilitation Action Plan approved in July 2011.	1.1 Launch of trade portal to harmonise and simplify redundant import-export requirements and publish trade-related information to assist local and international businesses operate in the country.
		2. Substantial closure in the gap between the current legal and regulatory framework on SPS and basic ASEAN Free Trade Area and WTO requirements.	1.2 Trade Facilitation Action Plan secretariat functioning effectively. 2.1 Proposed revision. -SPS legal and regulatory reforms assessment commenced.	1.2 Secretariat established 2010 and discussions on TFAP implementation commenced. 2. Milestone partly met 2.1 Sanitary and phyto-sanitary legal and regulatory reforms assessment commenced in January 2012.	1.2 Mapping and streamlining export-import procedures completed. 2.1 World Trade Organization accession achieved.
		3. Improved Legal Environment for investment facilitation.	2.2 Endorsed Technical Barriers to Trade plan of action. 3. Further legislative reform in support of SME investment growth	2.2 Technical Barriers to Trade Legal and Institutional Reforms Assessment completed in June 2011. 3. Milestone met Investment promotion law implementation decree approved.	2.2 Sanitary and phyto-sanitary assessment report finalised which will set out regulatory reforms and adjustments required for the strengthening of sanitary and phyto-sanitary services to support increased agricultural produce trade. 3. World Trade Organization assesses Lao investment regulatory regime complies with World Trade Organization requirements.

Laos development outcomes 2015	Australia country strategy objectives 2015	Strategy objective indicators (2015)	2011 milestone targets	2011 milestone achievements	2012–13 milestones
		4. Improved knowledge and understanding of the gender dimension of increased trade integration, informed by analytical work on the linkages between gender and trade.	4. The results of the World Bank “Gender and Trade mapping and gender in garment sector” analytical tasks shared with trade sector stakeholders.	4. Milestone partly met Findings and draft reports have been shared with stakeholders. Garment sector study is yet to be finalised.	4. Consensus reached on policy actions required to address constraints to gender employment growth and business ownership in the trade sector – documented in the updated Diagnostic Trade and Integration Study.

Laos development outcomes 2015	Australia country strategy objectives 2015	Strategy objective indicators (2015)	2011 milestone targets	2011 milestone achievements	2012–13 milestones
mPillar 3 Rural Development					
Less than one quarter of the population living below the national poverty line In targeted geographic areas: reduction in poverty rates reduced gender disparities in these statistics	Strategy objective 4: Delivery and modelling of effective programs that result in equitable and sustainable improvements to livelihoods in targeted poor geographic areas	In nine of Lao PDR's poorest districts: 1. Improved livelihoods evidenced by reduced rice shortages and use of land cleared of unexploded ordnance 2. Evidence that disaster management planning interventions are improving government and community capacity to assess a crisis situation and implement appropriate an emergency response	1.a Community-based livelihood activities involving x ^{xiii} poor rural households	1.a Community-based livelihood activities involving 1200 poor rural households	1.a Community-based livelihood activities involving x poor rural households
			1.b Clearance and release of x hectares of land benefiting x individuals who are using cleared land	1.b Clearance and release of 239 hectares of agricultural land benefiting more than 17 000 individuals	1.b Clearance and release of x hectares of land benefiting x individuals who are using cleared land
			1.c Evidence of rice shortages reduction	1.c Milestone met A total of 102 families in nine villages no longer experience rice shortages due to improve irrigation system	1.c Evidence of rice shortages reduction
			2.a Disaster management plans approved and operational	2.a 3 Milestone met District level disaster management plans approved	
			2.b Evidence that disaster management plans are being maintained, implemented, and used effectively by government and communities	2.b Milestone met Emergency response to 2011 floods implemented through district management committees in three provinces	2.b Evidence that disaster management plans are being maintained, implemented, and used effectively by government and communities

Laos development outcomes 2015	Australia country strategy objectives 2015	Strategy objective indicators (2015)	2011 milestone targets	2011 milestone achievements	2012–13 milestones
		3. Vulnerable women benefiting from gender sensitive livelihood, capacity building and participation strategies as evidenced by reduced workload and improved general health outcomes	<p>3.a Access to essential health care services, improved rural roads, convenient water and sanitation systems, and unexploded ordnance-cleared lands benefiting at least x women</p> <p>3.b x % of women report improved health outcomes</p> <p>3.c x % of women report reduced workloads</p>	<p>3.a At least 2000 had access to essential health care services, improved rural roads, convenient water and sanitation system, and unexploded ordnance-cleared lands</p> <p>3.b A total of 882 pregnant women access pre natal consultation. A total of 224 safer birth deliveries by health care staff and 96 safer birth deliveries by village mid-wife volunteers</p> <p>3.c More than 1700 women with access to activities to reduce work burden (with 60% reporting positive benefits)</p>	<p>3.a Non-government organisations develop practical strategies for gender equality and disability and ethnic inclusion benefiting at least x women</p> <p>3.b Access to essential health care services, improved rural roads and water and sanitation systems benefiting at least # women</p>
		<p>4. Best practice approaches on integrated unexploded ordnance and disaster risk reduction, livelihood and food security, and community resilience are:</p> <p>4.1 shared with and adapted by development partners and partner government at the local and central levels</p>	<p>4.1.a Annual evaluation workshop undertaken with effective participation by relevant government agencies and other relevant rural development stakeholders</p> <p>4.1.b Evidence of effective use of relevant sector fora by the LANGOCA program to showcase and discuss lessons learnt and good practice</p>	<p>4.1.a Not applicable AusAID decided not to hold the annual evaluation workshop because of the rigorous mid-term review process on 2011</p> <p>4.1.b Milestone met The program's Disaster Information System has been identified by the National Disaster Management Office as a disaster risk reduction approach that can and will be scaled up across the country resources permitting</p>	<p>4.1.a Program evaluation workshop and annual evaluation workshop undertaken with effective participation by relevant GoL agencies and other relevant rural development</p> <p>4.1.b Evidence that LANGOCA good practice is influencing GoL and donor policy and programs stakeholders</p>

Laos development outcomes 2015	Australia country strategy objectives 2015	Strategy objective indicators (2015)	2011 milestone targets	2011 milestone achievements	2012–13 milestones
	Strategy objective 5: Improved prioritisation, delivery efficiency, and coordination of mine action activities	4.2 being sustained by communities in partnership with the government after the cessation of project inputs At the central level: Better quality control and assurance processes and systems within the National Regulatory Authority for the UXO/Mine Action Sector in the Lao PDR and UXO Lao lead to zero-accident and environment-friendly outcomes	4.1.c Evidence that program good practice is influencing the government as well as donor policy and programs	4.1.c Milestone met The approved Xieng-hone District disaster risk reduction implementation plan now recognised as an effective model and good practice being rolled out in other districts	
			1.a Post clearance impact assessment report approved and disseminated	1.a Milestone met Post Clearance Impact Assessment report published and publicly distributed. Note that 2938 hectares of unexploded ordnance contaminated land was cleared with Australia's support to UXO Lao	1.a At least 2500 hectares of land released from UXO contamination
			1.b Evidence that post clearance impact assessment results have shaped the sector workplan for 2012	1.b Milestone met Post clearance impact assessment outcomes being used to strengthen capacity and role of district government in working with communities and other development actors and developing priorities	1.b x Quality assurance and quality control teams regularly conduct quality assessment and control of clearance operations
			1.c National Regulatory Authority quality assurance and quality control provincial assessment processes commenced	1.c Milestone met Quality assurance and quality control teams in UXO Lao operational	1.c Zero UXO-related accident for deminers
			1.d Zero unexploded ordnance-related accidents for de-miners	1.d Milestone met No accidents reported	

Laos development outcomes 2015	Australia country strategy objectives 2015	Strategy objective indicators (2015)	2011 milestone targets	2011 milestone achievements	2012–13 milestones
		2. Evidence of gender considerations integrated into unexploded ordnance clearance prioritisation process and access to cleared lands and victim assistance services	2.a gender findings of the post clearance impact assessment incorporated into the sector work plan	2.a and 2.b Milestones not met GOL has not yet approved the national strategy and its accompanying work plan.	2.a x women access to rehabilitation services of lands
			2.b inclusion of gender dimension reporting into sector work plan monitoring and evaluation framework		2.b. x women benefitted from the UXO clearance
			2.c evidence of women's access to rehabilitation services – including absolute and proportional information	2.c Milestone met Gender disaggregated data from the community outreach programme patient records shows improved access to services. COPE provided support to a total of 1193 people with disabilities: 730 men, 305 women, 80 boys and 78 girls.	
		Strategy objective 6: Improved rural infrastructure, particularly roads and electrification			
		1. Increased number of households with access to improved rural infrastructure			
		1.a. Number of additional households with access to improved roads	1a.1 Northern Transport Network Improvement Project: (Australian outputs) 83 kilometres of section V of the (main road) paved providing improved road access to 17 524 people and 3775 households	1a.1 Milestone partly met 24 kilometres of section V of the (main road) paved providing improved road access to 7206 people and 1478 households	1a.1 Northern Transport Network Improvement Project: (Australian outputs) 30 kilometres of section V of the (main road) paved providing improved road access to 6138 people and 1234 households

Laos development outcomes 2015	Australia country strategy objectives 2015	Strategy objective indicators (2015)	2011 milestone targets	2011 milestone achievements	2012–13 milestones
			1a.2 Northern Transport Network Improvement Project: rural feeder roads (Australian outputs) – about 84 kilometres of upgraded roads completed providing improved road access to 33 041 people	1a.2 Milestone not met Under bidding process. Will not proceed until social and environmental safeguard activities fully underway	1a.2 Northern Transport Network Improvement Project: rural feeder roads (Australian outputs) contract signed, equipment mobilised on sites and civil works commenced
			1a.3 Northern Transport Network Improvement Project: (whole project) x per cent of total project completed	1a.3 Milestone partly met Physical progress 77% of total project completed.	1a.3 Northern Transport Network Improvement Project: (whole project) 90% of total project completed
		1.b. Number of additional households with access to main grid or off-grid electricity.	1b.1 Rural Electrification Program Phase 1: (Australian outputs) national grid access to an additional 11 500 households	1b.1 Milestone not met (Australian outputs) national grid access to an additional 5850 households	1b.1 Rural Electrification Program Phase 1: (Australian outputs) national grid access to an additional 5650 households
			1b.2 Rural Electrification Program Phase 1: (Australian outputs) off grid electrification to 5220 households	1b.2 Milestone not met Delayed in procurement	1b.2 Rural Electrification Program Phase 1: (Australian outputs) off grid electrification to 5220 households
			1b.3 Rural Electrification Program Phase 1: (Australian outputs) main grid access to 8000 poor households through Power to the Poor	1b.3 Milestone fully achieved and exceeded target (Australian outputs) main grid access to 10 310 poor households through Power to the Poor	
			1b.4 Rural Electrification Program Phase 1: (whole project) x per cent of total project completed	1b.4 Milestone achieved and exceeded target 65 897 households electrified on grid and off grid, exceeding 65 000 households target. Some project components not yet complete	1b.4 Rural Electrification Program Phase 1: All project components completed.

Laos development outcomes 2015	Australia country strategy objectives 2015	Strategy objective indicators (2015)	2011 milestone targets	2011 milestone achievements	2012-13 milestones
		1.c. Kilometres of roads constructed, rehabilitated or maintained			1.c. Poverty Reduction Fund – x kilometres of rural access roads constructed, rehabilitated or maintained
		1.d. Number of people provided with increased access to safe water			1.d Poverty Reduction Fund – x number of people provided with increased access to safe water
		1.e. Number of additional people with increased access to basic sanitation			1.e Poverty Reduction Fund – x number of additional people with increased access to basic sanitation
		2. Increased number of poor rural women with access to improved rural infrastructure	2.a.1 NTNIP: (Australian outputs only) 8774 women with access to upgraded section V of main road	2.a.1 Milestone in progress 3595 of women with access to upgraded section V of main road	2.a.1 NTNIP: (Australian outputs only) 3 042 of women with access to upgraded section V of main road
			2.a.2 NTNIP: (whole project) 56 648 women with access to upgraded roads	2.a.2 Milestone in progress Number of women with access to upgraded roads not yet known – will be assessed in Benefit Monitoring survey after the project completes	2.a.2 NTNIP: Number of women with access to upgraded roads not yet known – will be assessed in Benefit Monitoring survey after the project completes
			2b.1 REP1: (Australian outputs only) x number of female-headed households with access to the main grid through P2P	2b.1 Milestone in progress 562 female-headed households have been connected via P2P	
			2b.2 REP1: (whole project) x number of female-headed households with access to the main grid through P2P	2b.2 Milestone in progress 1101 female-headed households with access to the main grid through P2P	

Laos development outcomes 2015	Australia country strategy objectives 2015	Strategy objective indicators (2015)	2011 milestone targets	2011 milestone achievements	2012–13 milestones
		<p>3. Increasing integration and implementation of mitigation measures relating to social safeguards (HIV, trafficking, road safety) and environmental impact in rural infrastructure interventions as evidenced by</p> <p>3.a Measures integrated into rural road projects as evidenced by</p> <p>3.b Measures integrated into rural electrification projects as evidenced by</p>	<p>3.a. NTNIP: evidence that Asian Development Bank social safeguard and environmental policies are being adhered to</p> <p>3.b. REP1: evidence that World Bank social safeguard and environmental policies are being adhered to such as: Resettlement Policy Framework, Ethnic People's Development Plan, Environmental Safeguards.</p>	<p>3.a. Milestone met Three social safeguard frameworks in place: (i) Social Development Action Plan (including HIV and human trafficking and gender); (ii) Environmental Management Plans; (iii) Resettlement Plans. Recent joint supervision found that there was no complaint and issue associated with resettlement processes</p> <p>3.b. Milestone met Recent joint implementation support mission confirmed that there were no complaints and issues associated with resettlement processes and that the environmental safeguard processes were being adhered to</p>	<p>3.a. NTNIP: evidence that project implementation in full compliance with social safeguard framework</p> <p>3.b. REP1: evidence that World Bank social safeguard and environmental policies are being adhered to such as: Resettlement Policy Framework, Ethnic People's Development Plan, Environmental Safeguards</p>

Laos development outcomes 2015	Australia country strategy objectives 2015	Strategy objective indicators (2015)	2011 milestone targets	2011 milestone achievements	2012–13 milestones
Strategy wide objectives					
Human resource development through tertiary education scholarships		Number of people awarded tertiary scholarships (indicator 16)	1. 46 scholarship awardees (23 female)	1. Milestone met 50 scholarships awarded, including 27 women and two people with disability	51 (26F)
			2. Finalise design and management arrangements for revised national university scholarships program (Lao-Australia National Scholarships)	2. Milestone met Laos Australia National Scholarships design finalised and interim management arrangements put in place with Vientiane College. 70 provincial students selected for national university scholarships program scholarships in November 2011	70 Laos Australia National Scholarships (35F), explore possibility of extending scholarships to provincial universities
Provide humanitarian assistance in the case of disaster or humanitarian crisis		Number of vulnerable women, men, girls and boys provided with life-saving assistance in conflict and crisis situations (indicator 29)	Not applicable	Emergency activities were supported to reach around 42 000 people with basic relief items, distribution of agricultural seeds and livestock, carrying out urgent repairs to irrigation systems, clearing flooded rice fields, constructing and repairing weirs and re-stocking fish ponds	Not applicable
		AusAID disaster responses launched within 48 hours of a request for assistance with humanitarian crises (indicator 30)	Not applicable	AusAID approached government to offer humanitarian assistance after a series of storms that led to extensive flooding	Not applicable

Annex 3: Management consequences from the 2010 APPR

Education	Action
Support Ministry of Education to undertake the first joint sector review of the sector.	Fully achieved.
Respond to changes in operating context and of the education five-year plan (corresponding to the seventh Northern Transport Network Improvement Project).	
Undertake further analysis of: falling survival rates to Grade 5. Is a change in policy required? the impact of resettlement policies on education (including whether the issue is adequately addressed by safeguards under the Education for All: Fast Track Initiative) the breakdown of Laos recurrent budget for education – central/provincial, tertiary/secondary/basic – what is it telling us?	Further analysis of survival rates completed; ongoing analysis of Laos recurrent budgeting for education; analysis on re-settlement to be conducted in 2012.
Monitor the timely disbursement of Education for All: Fast Track Initiative funds and their integration in the 2011–12 annual work plan. Ministry of Education capacity to effectively absorb these funds will also inform work on the delivery strategy (i.e. future use of government systems).	Ongoing monitoring occurring.
Closely monitor Education for All: Fast Track Initiative implementation, including providing input as necessary to the operational manuals.	Ongoing monitoring occurring.
Monitor continuing issues around the school feeding program transition to Ministry of Education. Consider additional support for school feeding to ensure no disadvantage to schools or children currently provided school meals. This may require contingency planning.	Ongoing monitoring and active engagement occurring.
Trade and investment	
Undertake completion reporting for the Poverty Reduction Support Operation, which will finish in 2011, and engage with partners in the design of a new budget support operation.	Achieved, independent completion report finalised in late 2011.
Provide ongoing technical support for the Lao Trade Integration Study which will provide guiding parameters for future trade reform efforts within Laos. Analyse the results of the study, as well as other planning processes currently underway, to help shape future Australian trade sector engagement.	Achieved.
Ensure that delivery strategies identify synergies between our macro trade reform engagement and new proposed work in rural development on markets for the poor. This will help us drive an effective pro-poor trade reform agenda at the national level.	In the process of being pursued through finalisation of the Rural Development Delivery Strategy.
Rural development	
Undertake a mid term review of the Lao–Australia NGO Cooperation Agreements to inform any changes to the program, and future work with non-government organisations under the strategy.	Achieved, review undertaken in 2011.
Ensure that findings of the Australian-funded Post Clearance Impact Assessment (including gender issues) in the unexploded ordnance sector feed into mine clearance sector planning for 2012.	Ongoing.
Engage with United Nations Development Programme more closely on the unexploded ordnance sector, particularly to establish a fully effective unexploded ordnance trust fund steering committee.	Ongoing efforts being made.
Reconsider Australia's (and those of the development banks) approaches to social safeguards under infrastructure projects. Greater engagement with Laos ministries may be required.	Ongoing, Mekong Safeguards Study underway, Poverty Reduction Fund and Northern Transport Network Improvement Project being included in analysis.
Continue the use of consultants to support infrastructure supervision missions as a way to augment AusAID's in-house capacity.	Ongoing.
Focus future engagement on small-scale community based infrastructure.	Ongoing, new investment in Poverty Reduction Fund proceeding.

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- ⁱ Joint Review Mission 2012 Aide Memoire (p.5): 303= 332 of Fast Track Initiative and AusAID schools deducts by 29 schools to be constructed in second quarter of 2013.
- ⁱⁱ Joint Review Mission 2012 Aide Memoire (p.53 Annex 5): 1607 = 1766 classrooms (total classrooms to be constructed under Education For All: Fast Track Initiative with GPE and AusAID funds) deducts by 159 classrooms which construction will continue to quarter 1 of 2013.
- ⁱⁱⁱ Data from UNICEF's WASH proposal for bridging phase.
- ^{iv} Joint Review Mission 2012 Aide Memoire (p.14): Department of Primary and Pre-primary Education advised number of school principals and Vocational Education Development Centre villages trained (2654 schools/villages) and therefore our assumption is that number is the same number as schools to implement SoQ approach.
- ^v Joint Review Mission 2012 Aide Memoire (p.14): clause 50.
- ^{vi} Joint Review Mission 2012 Aide Memoire (p. 13-14): clause 48, 51, 53, 54, 55.
- ^{vii} Department of Primary and Pre-primary Education advised that number of villages for Vocational Education Development Centre training is the same as number of principals trained.
- ^{viii} Data from World Food Programme proposal for bridging funds.
- ^{ix} Data from UNICEF's WASH bridging proposal and Catholic Relief Services proposal.
- ^x Education For All: Fast Track Initiative program appraisal document results framework target for year three.
- ^{xi} Joint Review Mission 2012 Aide Memoire (p.17, clause 70): 282 is accumulated number of 114 from year one and 168 from year two.
- ^{xii} Joint Review Mission 2012 Aide Memoire (p.20, clause 84).
- ^{xiii} An "x" is used when a specific numeric target is not able to be specified in advance.