



Australian Government  
AusAID

# Annual program performance report for the Lao People's Democratic Republic 2007–08

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## Abbreviations

ABEL	Access to Basic Education in Laos
ADS	Australian Development Scholarships
AusAID	Australian Agency for International Development
LABEP	Laos–Australia Basic Education Project
LANGOCA	Laos Australia NGO Cooperation Agreements
Laos	Lao People’s Democratic Republic (Lao PDR)
MDG	Millennium Development Goal
NGO	non-government organisations
UXO	unexploded ordnance

## Summary






Laos—the Lao People’s Democratic Republic—is making progress against key development challenges and is on track to meet (or partially meet) 13 of the 21 national targets set under the Millennium Development Goals. Despite strong economic performance and a commitment to policy reform, major challenges remain.




- > Poverty is increasingly defined by geography and ethnicity.
- > Significant improvements in government services are needed.
- > Human capital is extremely low.
- > Without strengthening governance the benefits of regional economic growth may not be maximised.

Australia’s official development assistance to Laos has five specific objectives (Table 1). These objectives were based on analysis of Australia’s comparative advantage and available resources and form the core of the *Laos Australia Development Cooperation Program 2004–2010*. This program has been independently reviewed and a new strategy, Australia Laos Country Program Strategy 2008–2015, is being developed and will respond to key recommendations of the review. Analysis undertaken in developing the new strategy indicates that Australia’s focus on education and trade remains appropriate.

This report on the performance of Australia’s assistance to Laos from 2004 draws on an independent review of the likelihood of meeting existing strategic objectives by 2010 and on program quality reporting, which includes sector-wide analysis and activity-level monitoring and evaluation. Performance was assessed against five specific objectives articulated in the 2004–10 strategy. Over time there has been a divergence between objectives of the current country strategy and those of individual interventions as priorities have changed. As a result some current objectives have not been fully addressed by activities implemented.

**TABLE 1 RATINGS OF THE LAOS AUSTRALIA DEVELOPMENT COOPERATION PROGRAM 2004–2010**

Objective	Rating
Improve access to the Lao education system	 (green)
Support application of new skills and knowledge by developing public policy, management and entrepreneurial skills	 (amber)
Strengthen the enabling environment	 (amber)
Reduce the impact of natural disasters	 (red)
Reduce the impact of UXO	 (amber)

**Note:**  denotes the objective is on track to be fully achieved within the timeframe.  denotes the objective will be partly achieved within the timeframe.  denotes the objective is unlikely to be achieved within the timeframe.

## MAJOR RESULTS

In the education sector, the program Access to Basic Education in Laos has been pioneering a new form of aid, which aims to work in partnership with the Government of Laos, the United Nations Children's Fund and the World Food Programme. The program has improved the quality of education in 257 schools. The Laos–Australia Basic Education Project, which concluded in June 2007, developed innovative models and materials to remove structural barriers that prevent access to education by children from ethnic communities. Australia supported the emergence of the donor–government Education and Gender Sector Working Group. The group has helped to strengthen policy dialogue and sector-based programming.

In the market economy focus, land tenure security has increased. Women's rights to land have been strengthened and increasingly land transactions are registered in the formal land registration system, resulting in a significant increase in revenue from land taxes and fees. The National Land Management Authority was established in 2006.

In the rural development sector, Australia has helped to reduce the impact of unexploded ordnance, which is a major impediment to development and a cause of poverty. The national clearance operator qualified senior technicians in nine provinces affected by such ordnance, provided local institutional capacity and reduced the need for expatriate technical assistance. National standards for regulating the sector have been drafted and technical working groups have been established.

## MAJOR CHALLENGES

There is scope to improve monitoring and evaluation across the Laos aid program. Difficulty in assessing program performance has been exacerbated by the divergence between the strategy and intervention objectives and by poor local data.

In the education sector, the improvements in enrolment and retention rates have slowed and will require a renewed focus as support moves into the more remote areas. The education sector is inadequately resourced and generally capacity is weak. Although there is growing government commitment to improve educational outcomes, this will require strong ongoing support. The Australian Scholarships Program is well regarded and performs well at the outputs level but the longer term higher level impacts of scholarships are difficult to assess.

In the market economy sector, land administration functions have been established, but broader issues of land management are emerging. Rapid growth in foreign investment in large-scale commercial concessions in rural areas is placing pressure on land management and regulatory systems. Assessing options for future engagement in the sector will be a key priority in 2008–09.

In the rural development sector, lengthy design and approval processes have led to delays in implementing activities of the Laos Australia NGO Cooperation Agreements.

While new processes have been put in place, only three of the five long-term activities had been approved at the time this report was prepared in the first half of 2008.

The clearance of unexploded ordnance in Laos would benefit from greater attention to risk, benefit and cost analysis. This issue will be addressed through a socioeconomic impact assessment, which will examine the relative importance of clearing mines to improving rural livelihoods.

## Country performance

### BACKGROUND AND DEVELOPMENT INDICATORS

In recent years Laos has enjoyed sustained economic growth and increased political and economic engagement in South East Asia. Managing the resources boom sustainably and balancing competing demands for land are key development challenges for Laos.

Estimated income per person in 2006 was US\$500, making Laos one of the poorest countries in the region. Laos also has some of the lowest development indicators in the region. It is classified as a least developed country by the United Nations and is ranked 130 out of 177 countries on the Human Development Index.<sup>1</sup> An estimated 27 per cent of the population live on less than US\$1 a day and 74 per cent on less than US\$2 a day.

Basic education in Laos is of crucial importance. With close to 30 per cent of the school-aged population of 1.6 million (aged 6–16 years) not attending school and only 63 per cent of those who enrol in grade 1 reaching grade 5, much work remains to be done in this sector. The net enrolment ratio for basic education in 2005–06 was 84 per cent, but student progression from primary to secondary school is low, with only 75 per cent of the boys and 66 per cent of the girls completing primary education progressing to secondary school. The national budget allocation to the sector—14 per cent of total government expenditure—is among the lowest in the world.

Unexploded ordnance (UXO) is a significant issue for Laos. From 1964 to 1973 an estimated 500 000 bombing missions dropped more than two million tonnes of ordnance on Laos, rendering it the world's most heavily bombed nation on a per person basis.

Corruption is a growing issue, particularly in the context of the resources boom and increasing foreign investment. Transparency International's Corruption Perceptions Index for 2007 ranked Laos at 168 of the 180 countries assessed.<sup>2</sup>

Laos faces challenges in ensuring gender equality. But some gains have been made. For example, women elected to the National Assembly now account for 25 per cent of the total and the first woman was appointed to the Politburo in 2006. Girls' access to education in rural areas remains significantly below that of boys, and the bureaucracy remains male dominated.

<sup>1</sup> United Nations Development Programme, *Human development report 2007/2008—fighting climate change: human solidarity in a divided world*, <<http://hdr.undp.org/en/reports/global/hdr2007-2008/>>.

<sup>2</sup> [http://www.transparency.org/policy\\_research/surveys\\_indices/cpi/2007](http://www.transparency.org/policy_research/surveys_indices/cpi/2007).



The Government of Laos has pursued a comprehensive program of policy reform over the past decade, with a strong focus on promoting economic growth and integration. Reforms related to Australian overseas development assistance cover:

> **education**

The Ministry of Education is in the process of developing a sector-wide 10-year strategic framework to guide investments in the sector—in preparation for programmatic support.

> **trade**

Laos is on schedule to implement the commitments of the ASEAN Free Trade Area, is making progress towards accession to the World Trade Organization, has simplified export and import procedures and has endorsed a Diagnostic Trade and Integration Study and Action Matrix as part of an international trade reform initiative called the Integrated Framework for Trade-Related Technical Assistance.

> **private sector development**

The Government of Laos has created the legal basis for land use and transfer, passed foreign investment legislation, promulgated enterprise and accounting laws, approved a development strategy for small and medium businesses, established a government–business forum and streamlined business establishment procedures.

> **public financial management**

The Government of Laos has embarked on a program to reform public financial management, which includes centralising tax, customs and treasury administration, reforming intergovernmental fiscal relations, strengthening state audit processes, preparing a new chart of accounts, restructuring state-owned enterprises and improving the management of state-owned commercial banks.

## PROGRESS TOWARDS THE MILLENNIUM DEVELOPMENT GOALS

On the whole, Laos's progress towards the Millennium Development Goals has been mixed, and recent analysis suggests that Laos will struggle to meet targets relating to hunger, basic education, child and maternal health, and the environment. While data are often contradictory and unreliable, the 2006 Lao poverty assessment report<sup>3</sup> provides a relatively accurate judgement of the country's progress towards 2010 and 2015 targets. (For more detail, see the appendix.)

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<sup>3</sup> National Statistical Centre of the Committee for Planning and Investment, Asian Development Bank, Swedish International Development Agency and World Bank, *Lao PDR poverty assessment report: from valleys to hilltops—15 years of poverty reduction*, Report No. 38083-LA, September 2006.

## AUSTRALIAN SUPPORT

Australia's total official development assistance to Laos in 2007–08 was \$27.2 million. Of this AusAID's bilateral assistance was \$16.2 million, with the balance made up by AusAID regional programs and other programs of Australian government departments (including the Australian Centre for International Agricultural Research and the Department of Foreign Affairs and Trade).

AusAID's country program strategy for Laos<sup>4</sup> focuses on three strategic objectives and five specific objectives:

### **1 Build Lao human capital**

1.1 Improve access to the Lao education system

1.2 Support application of new skills and knowledge by developing public policy, management and entrepreneurial skills

### **2 Promote the growth of the market economy**

2.1 Strengthen the enabling environment

### **3 Reduce the vulnerability of the poor**

3.1 Reduce the impact of natural disasters

3.2 Reduce the impact of unexploded ordnance.

Australia is considered an important donor in Laos and plays a lead role in the education and trade sectors. The Government of Laos's *Foreign Aid Report 2005/06*<sup>5</sup> (the most recent available) ranks Australia seventh in terms of official development assistance.

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<sup>4</sup> AusAID, *Laos Australia Development Cooperation Program 2004–2010*, Australian Agency for International Development, Canberra, 2005.

<sup>5</sup> Government of the Lao PDR, *Foreign aid report 2005/06*, Vientiane, <[www.rtm.org.la/documents/Publication/FAR%202005-2006.pdf](http://www.rtm.org.la/documents/Publication/FAR%202005-2006.pdf)>.

## What are the results of the Laos aid program?

The results of the Laos program have been assessed against five specific objectives of the 2004–10 country strategy.<sup>6</sup>

### OBJECTIVE:

IMPROVE ACCESS TO THE LAO EDUCATION SYSTEM

### RATING

■ The objective is on track to be fully achieved within the timeframe.

### ASSESSMENT OF RESULTS AND PERFORMANCE

The initiatives contributing towards achieving this objective are:

- > Access to Basic Education in Laos Program (ABEL)—\$11 million, 2006–10
- > the Laos–Australia Basic Education Project (LABEP)—\$8.2 million, 1999–2007
- > support to the Education and Gender Sector Working Group 2007–12<sup>7</sup>
- > National University of Laos Scholarships Program—\$0.85 million, 1997–2012
- > Delivering Better Education in Laos Program—\$21.75 million, 2008–12.

On the whole, the initiatives have been very successful and the outputs well received by stakeholders. The information on LABEP outcomes was largely anecdotal—not based on systematically collected data analysed against reliable baseline information. This has been addressed with an improved monitoring and evaluation framework for ABEL.

Despite the difficulties of quantifying impacts, it is clear that enrolment and retention rates in primary education have improved over the past decade. It is also clear that Australia has made a contribution to expanding access to quality primary education in Laos, particularly for girls from ethnic groups living in rural areas (the most disadvantaged group).

While progress has been made, so far it has not been to the extent necessary for Laos to be on track to meet its national Millennium Development Goal (MDG) for education. Recent analysis indicates that Laos is unlikely to meet its 2010 interim MDG targets of a

<sup>6</sup> The Laos–Australia Country Strategy Effectiveness Review 2004–2007 is being finalised. This report refers to a discussion draft, which does not necessarily represent the final views of the authors. The effectiveness review assessed the Laos aid program against nine program objectives listed in AusAID, *Laos Australia Development Cooperation Program 2004–2010*. Where possible, overlaps and differences are discussed.

<sup>7</sup> Australia's support to the Education and Gender Sector Working Group led by the Government of Laos has been for a secretariat function provided by the United Nations Children's Fund through ABEL. In future years such support will also occur through the Delivering Better Education in Laos Program.

net primary school enrolment rate of 90.6 per cent and a primary education completion rate of 77.4 per cent, and is in danger of missing the more challenging targets for 2015 (see the appendix).

Closing the gender gap will also require a sustained effort. While at the national level gender disparity is relatively limited, the urban–rural divide remains stark. Universal primary education is likely to be achieved in urban areas but will remain a remote possibility in rural areas, especially for minority children and particularly girls.

Although the objective of Australia’s assistance to the education sector is broad, the contributing initiatives, particularly LABEP and ABEL, have interpreted it to mean enhancing access to basic education for groups lacking educational services—mainly children of ethnic groups, particularly girls—and promoting demand by improving the quality of educational services provided.

The draft Laos–Australia Country Strategy Effectiveness Review 2004–2007 rated progress towards this objective as moderately satisfactory—based on an analysis of LABEP’s contribution to increasing completion rates in basic education. The rating reflects the project’s outcomes, which while significant were confined to the areas in which they occurred, and the lack of evidence of an impact on primary completion rates. When the contributions of ABEL and the Education and Gender Sector Working Group were assessed in terms of the specific objective, a more positive picture emerged.

The findings of the recent ABEL Joint Review Mission indicate that it is the holistic nature of the program and the mutually reinforcing interrelationships between the stakeholders generated by the program’s activities that make the critical difference, rather than any particular activity. The mission found indications that food incentives (provided through the World Food Programme) were the catalyst to get girls in particular enrolled in schools, but that it was the quality of the teaching and learning environment that kept them there.

The mission also found that ABEL, while only part way through implementation, has resulted in better coordinated policy in the education sector as a whole (through the Education and Gender Sector Working Group), greater coordination between the Government of Laos and donor agencies, lower transaction costs as a result of improved coordination between the Ministry of Education, Australia, the United Children’s Fund and the World Food Programme, better learning and teaching, and classroom and school environments in schools where ABEL works, higher enrolment rates and greater gender parity in ABEL schools.

At the outputs level, the contributions of LABEP and ABEL in particular are impressive, given the difficult context in which this work takes place.

### **LABEP key results**

- > Enrolment growth rates were higher in project areas than the national average.
- > The average annual increases in student retention rates to grade 3 and to grade 5 in project areas were approximately double those of the national average annual increases.
- > Innovative, practical educational models were adopted, including multigrade teaching, teacher training targeting young women from ethnic communities and remote villages, and teaching materials and approaches targeting children for whom Lao is a second language.
- > A total of 376 ethnic minority trainees (107 males and 269 females) completed training to become teachers in the LABEP/Basic Education for Girls Project schools in their own villages.
- > Over 4000 teachers completed in-service training in multigrade teaching and the use of teaching and learning materials produced by the project.
- > As many as 2000 teaching and learning kits were produced and distributed to all project schools.
- > A total of 630 549 books were printed and distributed across 11 provinces, 52 districts and 2901 schools, of which 427 were project schools.

### **ABEL key results**

- > The Education and Gender Sector Working Group is fully functional with agreed terms of reference, an annual work plan and is contributing to significantly improved coordination between the donors and the Government of Laos in the education sector.
- > Since 2004 the World Food Programme has provided 88 020 children in targeted areas with meals and take-home food packs.
- > Since 2004 the United Nations Children's Fund has installed clean water and sanitation systems in 312 schools in targeted areas. These have benefited 44 900 children.

### **ESTIMATED EXPENDITURE**

Almost 17 per cent (\$2.75 million) of the Laos bilateral program budget in 2007–08 was spent on basic education. The proportion is expected to increase in future years with implementation of the Delivering Better Education initiative and an increased focus on basic education in the program.

## OBJECTIVE:

### SUPPORT APPLICATION OF NEW SKILLS AND KNOWLEDGE BY DEVELOPING PUBLIC POLICY, MANAGEMENT AND ENTREPRENEURIAL SKILLS

## RATING

- The objective will be partly achieved within the timeframe.

## ASSESSMENT OF RESULTS AND PERFORMANCE

The initiatives contributing towards achieving this objective are:

- > Laos Australian Scholarships Program—\$85.9 million, 1989–2012
- > Pre-ADS Program—\$0.5 million, 2004–12
- > National University of Laos Scholarships Program—\$0.85 million, 1997–2012.

These initiatives are well regarded and are considered to be performing well. However, further monitoring and evaluation information to make an effective assessment of outcomes.

The Government of Laos wants to develop human resources as a priority. ‘Enhancing human resource development’ is listed as one of three pillars of the 2004 National Growth and Poverty Eradication Strategy.<sup>8</sup> Despite this 2010 goal, the Government of Laos does not have an overarching strategy to develop human resources<sup>9</sup>, and AusAID’s 2007 review of Australian Development Scholarships (ADS) identified a lack of effective human resource strategies in major ministries. This gap hampers efforts to more closely align scholarships and other forms of training with identified ministry needs.

The draft Laos–Australia Country Strategy Effectiveness Review found that a lack of a clear and measurable objectives and limited analysis of the developmental challenge being addressed mean the ADS program makes a positive but insufficiently long-term contribution to developing human resources.

At the outputs level, the scholarships program is very successful. The program has a 99 per cent success rate, in that almost all the recipients successfully complete their study, return to Laos and are highly sought after by employers (public and private). Most report that they are able to use their Australian-acquired skills and knowledge in their workplace and that they are providing (formal or informal) training to others.

The National University of Laos Scholarships Program has also been successful at the outputs level.

- > A total of 420 provincial students have received scholarships to support their study at the National University of Laos.

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<sup>8</sup> [www.undplao.org/newsroom/publication/Ngpes/Lao%20PDR%20-%20NGPES%20-%20Main%20Document.pdf](http://www.undplao.org/newsroom/publication/Ngpes/Lao%20PDR%20-%20NGPES%20-%20Main%20Document.pdf).

<sup>9</sup> This is being addressed by the Governance and Public Administration Reform Program, which is supported by the United Nations Development Programme.

- > Of these, six were later awarded Australian Development Scholarships, and 57 were awarded scholarships to study in other countries, including Japan, Singapore, Thailand and Vietnam.
- > The National University of Laos Scholarships Program has enabled high-achieving students (particularly girls) from outside of the capital city to study at the university, thereby increasing their range of life choices and ability to contribute to Laos' development. No formal tracer study of recipients has been undertaken, making an assessment of the longer term impact difficult. Approximately 15 per cent of recipients of National University of Laos scholarships have gone on to further study at international universities, which is anecdotal evidence that the scholarships are enabling high-quality students to access enhanced opportunities.

The Pre-ADS Program has also been successful at the outputs level. Of 69 Laos government officials who received English language training, 14 were awarded Australian Development Scholarship and 25 others received scholarships to study in New Zealand, Thailand, Korea, Singapore, Japan and Europe.

The outcomes of these activities, however, are much more difficult to assess. While it is evident that ADS scholars are highly regarded in Laos and occupy key decision-making positions in several ministries, there are no broad-based analytical studies on which to make judgements about ADS development impacts. Likewise no formal analysis has been undertaken to assess the impact of the National University of Laos Scholarships Program.

#### ESTIMATED EXPENDITURE

Approximately 32 per cent (\$5.2 million) of the Laos bilateral program budget in 2007–08 was spent on scholarships.

#### OBJECTIVE: STRENGTHEN THE ENABLING ENVIRONMENT

##### RATING

- The objective will be partly achieved within the timeframe.

Significant components of assistance under this objective did not commence until midway through the strategy period (or later). This limits impact assessments.

#### ASSESSMENT OF RESULTS AND PERFORMANCE

The initiatives that have contributed towards achieving this objective are:

- > Laos Enhanced Integrated Framework and Trade Development Facility—\$4.15 million, 2008–12
- > Integrated Framework Facilitation for the Lao PDR—\$1.5 million, 2006–08

- > Property Rights and Land Titling Project—\$11.9 million, 2002–08
- > Mekong Private Sector Development Facility—\$2.7 million, 2005–07.

The Government of Laos's socioeconomic development plan for 2006–10 includes as an objective:

increasing competitiveness and utilizing comparative advantages to implement effectively international economic commitments in the framework of the ASEAN and other bilateral and multilateral commitments, including the WTO.<sup>10</sup>

To facilitate trade integration, the Government of Laos, led by the Ministry of Industry and Commerce, agreed to engage in the Integrated Framework for Trade-Related Technical Assistance process.<sup>11</sup> As part of the Integrated Framework process a Diagnostic Trade Integration Study and Action Matrix was endorsed by the government in 2006 and negotiations began to develop a multi-donor trust fund to finance activities to address the priorities of the Action Matrix. Australia accepted the role of Integrated Framework Facilitator in 2004. Laos is among the few countries that have successfully accessed all US\$1 million Integrated Framework Window II funding within the one-year timeframe.

Land administration is a key issue under this objective and is being addressed through the Property Rights and Land Titling Project, with parallel funding from the World Bank and GTZ. However, broader issues of land management are emerging as a crucial development challenge. Rapid growth in foreign investment in large-scale concessions for commercial plantations in rural areas, especially for paper, rubber and biofuels, is placing pressure on Laos's land management and regulatory systems. The newly established National Land Management Authority faces challenges, including local funding and access to and retention of trained staff, particularly at the provincial level.

The draft Laos–Australia Country Strategy Effectiveness Review rated progress towards this objective as moderately satisfactory, predominantly due to the lack of programming over the entire strategy period. Despite the short timeframe of some interventions, several important outcomes have been achieved, including:

- > establishing the National Land Management Authority in 2006 (Property Rights and Land Titling Project)
- > significantly increasing revenue from land taxes and fees (Property Rights and Land Titling Project)
- > adjudicating on more than 530 000 land parcels, with over 30 per cent of titles issued in the female name only and 28 per cent issued in conjugal names (Property Rights and Land Titling Project)

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<sup>10</sup> [www.unescobkk.org/fileadmin/user\\_upload/culture/cultureMain/Instruments/The\\_Sixth\\_Five\\_Year\\_NSEDP.pdf](http://www.unescobkk.org/fileadmin/user_upload/culture/cultureMain/Instruments/The_Sixth_Five_Year_NSEDP.pdf).

<sup>11</sup> The Integrated Framework for Trade-Related Technical Assistance to least-developed countries is a multi-agency (International Monetary Fund, International Trade Centre, United Nations Conference on Trade and Development, United Nations Development Programme, World Bank and World Trade Organization), multi-donor program that assists the least developed countries to expand their participation in the global economy, thereby enhancing their economic growth and poverty reduction strategies. The framework provides seed funding of US\$1 million, called Window II Funding, to enable priority activities to commence while donor funding is secured.



- > increasing the registration of subsequent transactions in the formal land registration system (Property Rights and Land Titling Project)
- > expanding titling nationwide
- > establishing the Lao Business Forum (Mekong Private Sector Development Facility)
- > supporting the development and implementation of the 2005 Enterprise Law (Mekong Private Sector Development Facility)
- > facilitating the full use of available Window II funds under the Integrated Framework (Integrated Framework Facilitation for the Lao PDR)
- > establishing the Integrated Framework National Implementation Unit, which has increased government ownership of the trade reform process and increased donor harmonisation and alignment with the priorities of the Government of Laos.

#### ESTIMATED EXPENDITURE

Approximately 24 per cent (\$3.89 million) of the Laos bilateral program budget in 2007–08 was spent on market economy activities.

#### OBJECTIVE:

##### REDUCE THE IMPACT OF NATURAL DISASTERS

#### RATING



The objective is unlikely to be achieved within the timeframe.

#### ASSESSMENT OF RESULTS AND PERFORMANCE

Activities being undertaken to meet this objective include those supported under the Laos Australia NGO Cooperation Agreements (LANGOCA) (\$5.8 million, 2007–12, with Oxfam, Save the Children and World Vision). Several smaller activities were completed in 2007, including support to drought-affected communities (\$0.4 million, 2005–07, with the World Food Programme), a protracted relief and recovery operation (\$1.3 million, 2004–07, with the World Food Programme) and the Disaster Risk Reduction Project (\$0.5 million, 2004–07, with Oxfam).

The most significant component of assistance under this objective, LANGOCA, did not commence activities to reduce the impact of disasters until 2007, making it too soon to assess impact. The duration of LANGOCA extends beyond the current country strategy, and program staff assess that LANGOCA is likely to meet its disaster management goals.

The draft Laos–Australia Country Strategy Effectiveness Review questioned the relevance of this objective, considering it was addressing a lower priority development challenge. The LANGOCA Analytical Mission assessed that remote rural communities in Laos face significant threats from ‘slow-onset, ongoing and compounded impediments

to livelihood and community coping mechanisms', and that the 'high level of poverty-related vulnerability of remote, rural communities in Laos means that even small-scale hazards can exceed the local ability to cope, resulting in disaster'. The new country strategy will result in a shift of focus towards an integrated livelihoods approach to rural development.

#### ESTIMATED EXPENDITURE

Approximately 7.3 per cent (\$1.18 million) of the Laos bilateral program budget in 2007–08 was spent on disaster mitigation activities. This was supplemented by \$0.53 million in Mekong Enhanced Humanitarian Funds.

#### OBJECTIVE:

##### REDUCE THE IMPACT OF UNEXPLODED ORDNANCE

#### RATING

- The objective will be partly achieved within the timeframe.

#### ASSESSMENT OF RESULTS AND PERFORMANCE

The activities that have contributed towards achieving this objective are:

- > the Laos Australia NGO Cooperation Agreements—\$6.4 million, 2007–12, through CARE and World Vision
- > Community Based UXO Clearance—\$1.2 million, 2005–09, through Swiss Foundation for Mine Action (FSD)
- > National Regulatory Authority UXO Support—\$0.3 million, 2006–07
- > Technical Assistance Support to National Regulatory Authority—\$0.17 million, 2006–07, through FSD)
- > Continuance of FSD UXO/Mine Action Program—\$0.7 million, 2007
- > Support to the National clearance operator UXO Lao in Khammouane—\$0.3 million, 2007–08
- > Integrated UXO Threat Reduction—\$0.5 million, 2008–09, through Handicap International
- > Reducing Burden in Vulnerable Communities—\$0.5 million, 2008–09, through Mine Action Group and UXO Lao.

While the activities Community Based UXO Clearance and the Technical Assistance Support to National Regulatory Authority have contributed towards meeting this objective, UXO activities under LANGOCA will not begin to be implemented until the second half of 2008.

The Government of Laos has set a target to clear UXO from all high-priority agricultural areas by 2013. This target appears likely to be achieved, but the Government of Laos will require significant ongoing donor assistance to ensure it is met.

The draft Laos–Australia Country Strategy Effectiveness Review rated Australia’s assistance to clear UXO in Laos as moderately satisfactory. It praised Australia’s harmonised approach to assistance, but noted that the priority given to clearing ordnance in Laos is not always based on an analysis of risk, anticipated benefits and cost.

Key achievements (outputs) to date include the following.

- > A total of 1041 households in 74 sites have benefited from FSD’s clearance operations, enabling the implementation of World Food Programme’s food-for-work projects.
- > UXO LAO now has two or three qualified Senior Explosive Ordnance Disposal Technicians (trained by FSD) in nine of the UXO-affected provinces where it operates, providing local institutional capacity and reducing the need for expatriate technical assistance.
- > National standards regulating UXO in Laos have been drafted and are being used for accreditation purposes for mine action organisations seeking to work in Laos.
- > A Technical Working Group for UXO clearance has been established and assessed by stakeholders as a well-run and productive forum.

Outcomes include economic development in the majority of cleared areas, demonstrating communities’ confidence in the clearance processes, and static accident rates despite the increased risk stemming the scrap metal trade and increased agricultural land use.

#### ESTIMATED EXPENDITURE

Approximately 1.1 per cent (\$178 000) of the Laos bilateral program budget in 2007–08 was spent on UXO activities. This was supplemented by \$2.7 million in Humanitarian and Emergencies Devolved Funding.

## What is the quality of AusAID activities in Laos?

The Laos aid program assessed and rated 12 activities in 2007–08—two for quality at entry, nine for quality at implementation and one for quality at completion. Each activity was rated in terms of the quality of its objectives, implementation, monitoring and evaluation, sustainability, and analysis and lessons (quality at entry and quality at completion only).

Ninety-two per cent of bilateral program funds were tracked under the quality reporting system in 2007–08. All activities monitored require improvement in some areas and 50 per cent were rated as satisfactory or above against all criteria. Thirty-three per cent were rated as needing significant work to improve against one or more criteria and 25 per cent were rated as requiring major work to improve against one criterion. Monitoring and evaluation were a common concern, with 83 per cent of activities requiring at least some work to improve these tasks. A subset of this group, 33 per cent of activities, required at least significant work to improve monitoring and evaluation. The sustainability of outcomes was another common concern, with 66 per cent of activities requiring at least some work in this area.

### BUILD LAO HUMAN CAPITAL

ABEL is performing well overall and work is being undertaken to strengthen its monitoring and evaluation arrangements.

The initiative Delivering Better Education in Laos is a new form of aid for the Laos program. It has a broad sectoral strategy guiding an evolving suite of activities delivered in partnership with key donors in the education sector. An effective monitoring and evaluation strategy will be crucial for ensuring accountability and measuring success.

Australian Development Scholarships—including pre-departure training—are well implemented and well regarded by the Government of Laos. In the future scholarships will be more closely tied to objectives of the new country strategy for Laos. A budget (rather than numerical target) will be implemented from 2009.

LABEP was assessed as being well implemented, but it lacked a robust monitoring and evaluation framework and questions remain about the sustainability of outcomes from certain components of the project.

## PROMOTE THE GROWTH OF THE MARKET ECONOMY

The Laos Enhanced Integrated Framework and Trade Development Facility was assessed as being very clear on what it will do but less clear on how it will be implemented and how success will be measured. Work is under way to address implementation issues and AusAID will ensure that a strong monitoring and evaluation framework is developed and will participate actively in the governance of the facility.

Australia is approaching a decision point on assistance in the land management sector. The conclusion of the current phase of the Property Rights and Land Titling Project presents AusAID with the choice of either engaging differently in the sector or withdrawing. The decision will be based on analysis of key stakeholder performance, opportunities to support reform in the sector and discussion with partners.

## REDUCE THE VULNERABILITY OF THE POOR

Delays in the commencement of LANGOCA activities caused some concern but progress is now being made. NGO partners are making progress in negotiating memorandums of understanding with the Government of Laos and activity implementation in all areas should have commenced by the end of 2008. The designs of specific activities have undergone a robust and thorough analysis and represent best practice in community-based poverty reduction and livelihood approaches.

Community Based UXO Clearance through FSD will begin a further phase from 2008. Identified gaps in monitoring and evaluation will be addressed in the new phase.

## Appendix A: 2007 update on Laos's progress towards the Millennium Development Goals

Goal	Year	National target	Progress
Poverty	2015	Reduce poverty headcount to less than 24 per cent and poverty gap to 6 per cent.	On track
	2010	Reduce poverty headcount to less than 25 per cent.	On track
Hunger	2015	Reduce prevalence of underweight children under 5 years of age to 20 per cent.	Off track
	2010	Reduce prevalence of underweight children under 5 years of age to less than 30 per cent.	Off track
Universal primary education	2015	Increase net primary enrolment rate to 98 per cent; increase primary completion rates to 95 per cent and literacy rates of 15–24 year olds to 99 per cent.	Off track
Gender equality	2015	Increase the ratio of girls to boys in primary and secondary school to 100 per cent; increase the ratio of literate women to men aged 15–24 to 100 per cent.	On track
Child health	2015	Reduce under-five mortality rate to 70 deaths per 1000 live births and infant mortality rate to 45 deaths per 1000 live births; increase proportion of one-year-old children immunised against measles to 90 per cent.	On track: mortality rates Off track: immunization
	2010	Reduce under-five mortality rate to 60 deaths per 1000 live births and infant mortality rate to 40 deaths per 1000 live births; increase proportion of one-year-old children immunised against measles to 85 per cent.	On track: mortality rates Off track: immunization
Maternal health	2015	Reduce the maternal mortality rate to 260 deaths per 100 000 live births; increase the proportion of births attended by skilled health personnel to 50 per cent; increase the contraceptive prevalence rate among women aged 15–49 to 55 per cent.	Off track: maternal mortality On track: contraceptives Off track: birth attendants
Malaria, tuberculosis	2015	Reduce the death rate associated with malaria to 0.2 deaths per 100 000; increase the proportion of the population in malaria risk areas protected by impregnated bed nets to 100 per cent; increase proportion of tuberculosis cases detected under DOTS to 70 per cent, and cured under DOTS to 85 per cent.	On track
Sustainable development	2015	Increase the proportion of land forest cover to 53 per cent by 2010; increase the area protected to maintain biological diversity as proportion of total surface areas; eliminate the consumption of ozone-depleting chlorofluorocarbons.	Off track: forest cover No target: protected areas On track: ozone-depletion
Safe water and sanitation	2015	Increase the proportion of the population with sustainable access to improved water source to 50 per cent and with access to improved sanitation to 60 per cent.	On track

**Note:** This table incorporates revisions to the assessment of progress for maternal mortality and the targets relating to water supply and sanitation, maternal mortality, infant mortality, and births attended by skilled health professionals following recent MDG analysis undertaken by the Government of Laos and United Nations Development Programme, which is soon to be published.

**Source:** National Statistical Centre of the Committee for Planning and Investment, Asian Development Bank, Swedish International Development Agency and World Bank, *Lao PDR poverty assessment report: from valleys to hilltops — 15 years of poverty reduction*, Report No. 38083-LA, September 2006.