



Australian Government



LAOS COVID-19 DEVELOPMENT RESPONSE PLAN

- Australia and Laos have a long-standing partnership, underpinned by close diplomatic, development and people-to-people ties. We cooperate through regional organisations, which further deepens our relationship.
- Laos has avoided the worst health impacts of COVID-19, but is in a difficult economic situation. Its recovery will depend on domestic economic reform, debt management, adequate investment in human capital and the wider regional recovery.
- Australia is working in partnership with Laos to support its resilience. We are responding directly to COVID-19 and supporting quality primary education, economic growth, gender equality and social inclusion.

Australia has been a valued partner of Laos since 1952. Our strong diplomatic relations are underpinned by longstanding and well-regarded development assistance, people-to-people and business links, and shared membership of regional institutions. We are committed to partnering with Laos to respond to COVID-19, to help it become a more prosperous and resilient neighbour. Australia is already playing an active and highly visible role in the response effort to the pandemic.

COVID-19 SITUATION ANALYSIS

Laos has avoided the worst health impacts of COVID-19, with no evidence of significant community transmission and no recorded deaths at September 2020. However, Laos remains vulnerable to future outbreaks, as well as the socioeconomic impacts of the pandemic. The economic downturn has aggravated existing frailties and stymied some development gains. For the first time since 2009, Laos has returned to the World Bank's list of countries with high levels of institutional and social fragility.

COVID-19 is severely impacting Laos' economy. The World Bank predicts growth will dramatically slow in the short term. The services (20.6 per cent of employment) and manufacturing sectors (6.1 per cent) have experienced significant shocks. Remittances have fallen by USD125 million (0.7 per cent of GDP) following the return of more than 130,000, mostly female, migrant workers to Laos. The speed of Laos' economic recovery will largely depend on the economic trajectory of its major trading partners – Thailand, China, and Vietnam. The quality of its economic recovery will depend on domestic reforms. Barriers to trade, investment, and economic integration continue to limit inclusive growth and diversification. Gaps in workforce skills remain a significant constraint.

COVID-19 has accelerated a number of pre-existing financial risks. Laos was already at high risk of debt distress before COVID-19, in large part due to public investments in resources, energy, and infrastructure. Inflation and deteriorating foreign currency reserves were placing pressure on public finances. The economic downturn has compounded these challenges. Improved public financial management and economic governance will be essential to relieve pressure on the state budget and improve Laos' fiscal position.

The economic and financial impacts of COVID-19 are increasing poverty. Unemployment has surged from two to 25 per cent and there are significant gaps in social protection. Only three per cent of the Lao workforce is comprehensively covered. The World Bank predicts as many as 246,000 more Lao people could be pushed into poverty in 2020. Low-income households, women, ethnic minorities, and people with disabilities are at greatest risk. The low quality of basic education and limited access to social services will perpetuate social inequalities and vulnerability to shocks for those most at risk.

Household financial stress will exacerbate a range of development challenges, especially for women and girls. Water, food and electricity insecurity could increase due to income loss and rising prices, and ongoing vulnerability to disasters such as drought, flood, and pests. Gender-based violence could rise. Reduced family incomes may reverse gains in children's education, particularly for girls. Increased poverty could drive an increase in human trafficking and other transboundary crime.

Health security is an ongoing concern. Laos faces challenges in testing, tracing, and treating COVID-19. Limited access to clean water and sanitation, especially in rural areas, exacerbates the risk of infections



spreading. An outbreak in new COVID-19 cases would overwhelm Laos' under-resourced health system. A second wave would disproportionately affect women who make up the majority of health workers (70 per cent) and bear most caring responsibilities in Lao society. The pandemic has already disrupted routine immunisations and maternal health services. This has increased the likelihood of spikes in other communicable diseases, and maternal mortality and malnutrition rates, already some of the highest in the region.

AUSTRALIA'S RESPONSE

Australia increased its bilateral development assistance to Laos by nearly 25 per cent (\$4.8 million) in 2019-20 with a new COVID-19 response initiative. The Lao Government welcomed Australia's focus on training for Emergency Operations Centres, essential sanitation equipment and strengthened protection and support systems for women and children.

In parallel, we have pivoted existing investments and whole-of-government relationships to respond to immediate challenges. For example, an Australia Assists deployee was reassigned to support COVID-19 response coordination in Laos. Australia took swift action to use investments in health and water and sanitation to support infection prevention and control. Our education program supported children to continue learning during lockdown. The Department of Defence shared a translated version of the Australian Defence Force's COVID-19 training package with the Lao People's Army.

This COVID-19 Development Response Plan will guide the next phase of Australia's support for Laos' health security, stability and economic recovery. The plan will capitalise on existing development programs that are highly relevant to Laos' pandemic response. In addition, new investments will target the COVID-19 response and maintain flexibility to respond to emerging priorities. Consistent with previous years, Australia expects almost half of our development assistance to Laos to flow through global and regional programs. Australia will work closely with Laos as a key member of ASEAN, and the Mekong sub-region, to address regional social, health and economic issues created by COVID-19. Australia will maintain a whole-of-government approach to supporting Laos' development.

Health Security

Health security in Laos is improving, although many resource and coordination challenges persist. Australia's support will improve the Lao Government's capacity to

respond to health sector needs that have been exacerbated by COVID-19.

Australia will focus on strengthening capacity for key health security institutions. Training and other support will help Laos understand, identify and manage COVID-19 and other communicable disease outbreaks. In partnership with the Lao Ministry of Health and other stakeholders, we will strengthen the capacity of Emergency Operations Centres, the Laos National Centre for Laboratory and Epidemiology, and key diagnostic laboratories for outbreak surveillance and response. Through the Australian Centre for International Agricultural Research (ACIAR), we will work with the Lao Ministry of Agriculture and Forestry and the National University of Laos to better understand the linkages between human and animal health.

We will balance institutional strengthening with support for Lao frontline health workers, mostly women, who are at the highest risk from further outbreaks of COVID-19 and other diseases, through a new partnership with the Lao Ministry of Health and the World Health Organization. We will provide training and essential equipment to hospitals and health offices for infection prevention and control and intensive care facilities. We will support the mental health of healthcare workers and build their capacity to support patients in isolation.

We will help protect the health of the most vulnerable. COVID-19 has the potential to increase malnutrition and gender-based violence due to higher rates of poverty and household stress. We will commence work with NGOs and multilateral partners to provide nutrition support for marginalised women and girls in remote ethnic communities. We will also invest in improving services to ensure women and girls have better access to care.

Australia will support equitable access to safe and effective COVID-19 vaccines in Laos through multilateral and regional initiatives to finance, assess, deliver, and monitor COVID-19 vaccines. We will help build strong foundations for a healthy Lao population in the long-term. COVID-19 risks drawing attention and resources away from other long-standing challenges to health security. Australia will maintain its commitment to improving access to health care, clean water, sanitation, and common disease prevention in Laos through global and regional programs. Improved hygiene practices and access to health care for women will continue to be a strong focus. The Department of Defence will begin a malaria and vector-borne diseases research capacity-building project with the Lao People's Army



Stability

COVID-19 is exacerbating social inequalities and increasing poverty. Australia will continue to focus on sectors that help reduce poverty and alleviate other social pressures. We will also support Laos to mitigate the pandemic's negative impacts on disadvantaged groups.

We will continue to strengthen basic education: an important foundation for Laos' stability and prosperity. COVID-19 has increased disparities in basic education quality and access in Laos. A stronger basic education system will help Laos develop a more skilled and productive workforce better equipped to resist shocks, escape poverty and contribute to a stable society. Quality education is also critical to women and girls' empowerment and improved social equality.

Through our flagship Basic Education Quality and Access for Laos (BEQUAL) Program, we will continue to work closely with the Lao Ministry of Education and Sports. With Australia's support, the delivery of critical learning materials continued during the pandemic and schools reopened safely. Going forward, BEQUAL's curriculum reform work will ensure more students, especially girls and disadvantaged groups, are literate and numerate and have the life skills to contribute more productively to the workforce.

Our bilateral investment complements our ongoing support for the Global Partnership for Education. The Global Partnership has pivoted to respond to COVID-19 in Laos with a focus on the most vulnerable, including girls and children with disabilities. Over the next two years, it will support distance learning technologies, safe school reopening, remedial education, and education system resilience.

Australia will continue its strong human rights engagement in Laos. A human rights-based approach is important to achieving an inclusive recovery from COVID-19. We will continue our biennial Human Rights Dialogue with the Lao Government and share lessons learned from managing the pandemic in our respective countries. Our partnership with the Australian Human Rights Commission will pivot to strengthen the Lao Government's understanding of the human rights impacts of COVID-19. It will also continue to strengthen Laos' engagement with international human rights treaty bodies and compliance with international human rights norms.

We will support stability and security in food and water supply. COVID-19 has heightened water, food and electricity insecurity and the potential for conflict over

shared resources. The new Mekong Australia Program for Water and Renewable Energy will help Laos improve its water resource management through innovative partnerships across government and civil society offering technical assistance. It will also facilitate inter-governmental cooperation and support the inclusion of civil society in decision-making. Women's leadership will be a key focus. ACIAR will continue to invest in research that responds to the pandemic's impact on food systems. This will contribute to stability by improving food security and smallholder incomes.

We will address increased risks of transboundary criminal activity. Poverty and the diversion of government resources could make Laos more vulnerable to transboundary crime and social instability as a result of COVID-19. The Australian Federal Police and the Department of Home Affairs will support local counterparts to respond to heightened threats, including human and drug trafficking. The new Mekong-Australia Program on Transnational Crime will play a complementary role, helping Laos tackle illicit drug trafficking, child sexual exploitation and financial crimes.

Australia will support the most vulnerable. Women, people with disabilities, and ethnic minorities are at increased risk of poverty due to the pandemic. COVID-19 may also exacerbate the impacts of other disasters and emergencies. We will continue to work with Australian NGOs and Australian volunteers to deliver community development for vulnerable groups and strengthen local civil society. We will support social safety nets. With UN partners, we have begun a small investment in a Mother and Early Childhood Grant with scope to expand. We will continue to work in partnership with Germany to assist vulnerable rural households and small enterprises to access finance. We are well-positioned to respond quickly to humanitarian crises as the need arises, with a strong focus on protecting disadvantaged groups.

Economic Recovery

The Lao Government recognises the need for diverse and sustainable growth to drive economic recovery. Yet its ability to deliver is constrained by significant economic and financial challenges. Australia will support Laos to return to economic growth and strengthen financial and economic management.

We will help strengthen the trade and business environment. Prospects for a strong economic recovery will improve if Laos removes barriers to trade, investment and enterprise development. Our existing Lao Competitiveness and Trade Project will work with key Lao Government Ministries, the private sector



and the World Bank to tackle these challenges. We will improve the business environment and private sector competitiveness, and facilitate connections to markets. We will also support entrepreneurs, especially women. Australia's regional and global development programs will contribute by supporting private sector growth and labour mobility, enhancing economic integration, and supporting implementation of ASEAN and WTO commitments. Australia and Laos are both members of the ASEAN-Australia-New Zealand Free Trade Agreement and Regional Comprehensive Economic Partnership.

We will support these investments with diplomatic advocacy on improving the business environment, including in partnership with the Australian Chamber of Commerce in Laos. Austrade will support Australian business to contribute to Laos' economic recovery. We will continue to work closely with Lao education agents to facilitate access to the Australian education market for Lao students.

We will build capacity in public financial management and economic governance. COVID-19 has increased the need for Laos to maximise revenue collection and improve the efficiency of public expenditure. Working with the Lao Government and other development partners, we will explore a new initiative to support public financial management reforms. The new regional Southeast Asia Economic Governance and Infrastructure Facility will also support Laos to improve policy and regulation related to infrastructure, and gain maximum benefit from infrastructure currently under construction.

We will strengthen human resource development in support of inclusive growth. Gaps in human resource capacity undermine public sector governance and private sector growth. Through the Laos Australia Institute, we will continue to invest in scholarships, training and other capacity building support for human resource development, inclusive growth and governance reform. We will provide disadvantaged groups with skills development opportunities to support their full

participation in Laos' economy. We will continue to invest in women leaders in the public, private and community sectors.

Australia is recognised in Laos for placing a high priority on gender equality and social inclusion. We consistently advocate for women to play a role in their country's growth, development, stability and security. We also have a long history of support for people with disabilities, ethnic minorities and the LGBTI community, which will continue to be a strong focus of our programs. Under this plan, we will continue to mainstream gender equality, disability and social inclusion in all our investments.

HOW WE WILL WORK

Australia will continue to work in close alignment with Lao Government priorities, using the biennial High Level Consultations between Australia and Laos to review the activities under this plan and adapt to emerging priorities. Performance and quality will remain a high priority and we will use the Laos Australia Development Learning Facility to ensure our programs are relevant and effective.

Australia will augment its investments with strong policy advocacy. We will encourage the Lao Government to strengthen its investment in education and other social sectors, and continue its economic reforms. We will also encourage Laos to maintain its positive trend in engagement with international human rights treaty bodies. Australia will coordinate across its agencies to ensure all tools can be used to drive strong development outcomes in Laos. We will continue to ensure our bilateral, regional and global investments complement each other.

Australia is an active and engaged partner in Laos, working with other partners, the development banks, the private sector and civil society. We will actively seek opportunities for mini-lateral coordination and cooperation with others to increase efficiencies and impact.



TABLE 1: COVID-19 RESPONSE PLAN PERFORMANCE FRAMEWORK

Response Plan	Health Security	Stability	Economic Recovery
Expected Outcomes	Strengthened national system and improved sub-national capacity to prepare and respond to health emergencies (SDG 3)	<ul style="list-style-type: none"> Strengthened governance system to develop primary education curriculum and teacher capacities (SDG 4) Increased access for poor Lao communities to finance for productive purposes (SDG 1, 10) 	<ul style="list-style-type: none"> Increased implementation of Laos' international trade facilitation commitments and improved business environment (SDG 8) Stronger human resources to contribute to economic growth, quality governance and inclusive development (SDG 8)
Key Results	<ul style="list-style-type: none"> Examples of new or improved therapeutics, diagnostics, vaccines and additional equipment provided for health centres and provincial hospitals* (targets: 6000L of environmental disinfectant, 11,320L of disinfectant/alcohol, 14,660 disposable gowns, 1130 reusable aprons, 1130 rubber gloves, 100 body bags) Number of vulnerable women, men, girls and boys provided with emergency assistance in crisis situations (M/F, PWD) (target: 1,000,000 people have access to messages on COVID-19 prevention, and on how to report violence and sexual exploitation and abuse cases) 	<ul style="list-style-type: none"> Evidence of significant policy change in the education sector (curriculum and teachers' professional development) Number of women from poor communities holding single accounts in village banks (target: 27,863) Examples of Australian supported capacity building activities on human rights and COVID-19 for GoL officials (M/F, PWD participants) 	<ul style="list-style-type: none"> Examples of entrepreneurial activities (M/F/PWD-led) supported with financial and/or business development services Number of postgraduate scholarships provided (M/F, PWD recipients) in priority areas for economic growth, quality governance and inclusive development (target: 30 per year)
Supporting Investments	<ul style="list-style-type: none"> Humanitarian and Health COVID-19 Response investment The Indo-Pacific Centre for Health Security Australian Centre for International Agricultural Research Water for Women 	<ul style="list-style-type: none"> Basic Education Quality and Access for Laos Program Access to Finance for the Poor Program Laos Australia Development Learning Facility Laos-Australia Human Rights Technical Cooperation program Mekong Australia Program for Water and Renewable Energy Australian Federal Police Department of Defence Department of Home Affairs 	<ul style="list-style-type: none"> Lao Competitiveness and Trade Project Laos Australia Institute Southeast Asia Economic Governance and Infrastructure Facility Austrade