

# IMPROVING THE PROVISION OF BASIC EDUCATION SERVICES FOR THE POOR

LAO PDR CASE STUDY

APRIL 2009



**Australian Government**

**AusAID**

Office of Development Effectiveness

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## EVALUATION TEAM

Steve Packer

Sue Emmott

Keith Hinchliffe



**Australian Government**

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**AusAID**

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For further information, contact:

Office of Development Effectiveness

AusAID

GPO Box 887

Canberra ACT 2601

Phone (02) 6206 4000

Facsimile (02) 6206 4880

Internet [www.ausaid.gov.au](http://www.ausaid.gov.au)

[www.ode.ausaid.gov.au](http://www.ode.ausaid.gov.au)



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## ABBREVIATIONS

ABEL	Access to Basic Education in Lao PDR
ADB	Asian Development Bank
AusAID	Australian Agency for International Development
BEGP	Basic Education for Girls Program
BESDP	Basic Education Sector Development Program (ADB)
DAC	Development Assistance Committee (OECD)
EDP2	Education Development Program Phase 2 (World Bank)
EFA	Education for All
FTI	Fast Track Initiative
GDP	Gross domestic product
HIV/AIDS	Human immunodeficiency virus/acquired immune deficiency syndrome
IDA	International Development Association (World Bank)
INEE	International Network for Education in Emergencies
JICA	Japanese International Cooperation Agency
Lao PDR	Lao People's Democratic Republic
LABEP	Lao PDR Australia Basic Education Program
MDG	Millennium Development Goal/s
NGO	Non-government organisation
OECD	Organisation for Economic Co-operation and Development
PMSFP	Public Financial Management Strengthening Program
PRSO	Poverty Reduction Support Operation
SWAp	Sector-wide approach
TA	Technical assistance
TUP	Teacher Upgrading Program
UN	United Nations
UNDP	United Nations Development Program
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UNICEF	United Nations Children's Fund
WHO	World Health Organization
WFP	World Food Programme

## SUMMARY

The Office of Development Effectiveness is conducting a wide-ranging evaluation of the performance of Australian aid in three key sectors: education, health, and water and sanitation. This evaluation addresses the question: in the Lao People's Democratic Republic (Lao PDR), has the approach taken by the aid program from 2000 to 2008 to improve the delivery of essential education services for the poor been effective?

### **A Challenging Environment**

Lao PDR presents a challenging geographical, political and socio-cultural environment within which to bring about systemic, pro-poor reforms in the provision of good-quality basic education services.

### **Modest Progress on Universal Primary Education**

Progress towards universal primary education is gradual. With a net enrolment rate of 86 per cent for boys and 81 per cent for girls, Lao PDR ranks 17 out of 21 countries in East Asia and the South Pacific. In addition to lower overall enrolment rates for girls than for boys, children in rural areas, from poor households and from non-Lao-Tai households have significantly lower rates of enrolment and retention. Quality indicators are weak.

Education's share of total public government expenditure in 2005 was 14 per cent, falling back to 12.2 per cent in 2007–08. As a share of gross domestic product (GDP), education spending was 3.4 per cent (2005), placing Lao PDR in the bottom quarter of the 103 developing countries for which data are available. Almost 60 per cent of this spending is financed by donors. The share of domestically generated government revenues devoted to education in Lao PDR is among the lowest in the world.<sup>1</sup>

### **Prospects for Growth and Better Financial Management**

Lao PDR has enjoyed annual rates of economic growth above 6 per cent since 2003. The Government of Lao PDR is working to increase the cost-effectiveness of public expenditure. Reforms are under way to improve public financial management and the governance of distributing revenues between central and provincial governments.

### **An Opaque Institutional Environment**

Institutional and governance processes are relatively opaque in a highly controlled political environment. Accordingly, there are difficult institutional challenges for aid agencies in establishing their rules of engagement with government and its state organisations, including how to gauge and promote the political priority accorded by the Government of Lao PDR to basic education.

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<sup>1</sup> Where two years are provided in relation to financial information - e.g. 2007-2008 - this refers to a financial year. Where sources of education data are cited for two years, this refers to administrative data collected by national education systems for the academic year. Some sources, however, only cite a single year. It is also the case that the period covered for the collection of data can change over time.



## **Aid for Education**

Education's share of total aid disbursements was 12 per cent in 2006 but new commitments were down to 8 per cent. In 2006, Lao PDR was eighth in AusAID's list of countries supported in the education sector. It received just over 1 per cent of all Australia's aid for basic education.

## **Changing Aid Agendas**

New internationally agreed aid effectiveness agendas present a significant challenge to both government and donors in Lao PDR. Channelling aid funds directly into the government's budget through the Poverty Reduction Support Operation (PRSO) should provide learning opportunities for shifting from projects to sector budget support for education. In addition, broader efforts to improve aid effectiveness should reduce the negative aspects of aid dependency, which could have an important impact on the education sector.

## **New Opportunities, New Developments**

A broad set of decisions being taken by the Government of Lao PDR, and by education sector donors now and in the near future, present a window of opportunity for improving the nature and effectiveness of service delivery. Better sector planning, a seemingly higher profile for education within the Government of Lao PDR, and increased recurrent budgets linked more directly to needs across provinces, could combine with higher aid volumes and new aid modalities to significantly improve service delivery. There are high risks in this scenario, particularly in terms of governance and capacity. Nevertheless, it offers a challenging and potentially fulfilling situation for AusAID as it raises its level of commitment to the education sector and looks for more effective ways of working with the Government of Lao PDR and partner donors.

## **AusAID Education Strategies 2000 to 2008**

### **Evolving Coherence in AusAID's Basic Education Strategy**

AusAID's education strategies are a good deal more robust in 2008 than 2000. From a disparate set of activities at the start of the millennium, through a period characterised by supporting the projects of other agencies working in basic education, AusAID has moved towards a more proactive role in sector development and reform.

A mid-decade position, that the Australian contribution would be administratively simple and not exacerbate donor coordination and capacity problems, offered a rather limited view on how to achieve better service delivery, albeit a largely realistic and appropriate approach for a small program at that time. Now, AusAID identifies much more strongly with improved sector management and financing, and the harmonisation of donor interventions. It is now active in promoting a sector-wide approach with a pro-poor focus, linkages to Government of Lao PDR budgetary systems, and new ways of working with other donors.

These new directions create new challenges. These include: reconciling geographically specific, poverty-focused projects with national-level impact; moving from parallel systems to working through government systems; assuming a leadership role in promoting donor alignment and harmonisation; recognising the need for new skills and levels of support within AusAID; and drawing together a focus on Lao PDR priorities with crosscutting imperatives such as gender and HIV/AIDS. The agency is beginning to address these issues. In addition, it has, by Australian standards, a significant

tranche of pipeline funding of over A\$33 million over the next two financial years (2009–10 and 2010–11) to help cement these new ways of working.

### **The Project Portfolio 2000–08—Modest Gains through Partnerships**

Australia committed approximately A\$38m to education in Lao PDR between 1998 and 2008. Since 2005, annual expenditure has averaged A\$7.2m, of which A\$4.1m (57 per cent) has been on scholarships and 43 per cent on primary education. This is a small aid program relative to the scale of the challenges facing basic education in Lao PDR and to AusAID's global portfolio of aid to education.

The agency has helped to fund the World Bank–supported Education Development Program (EDP2); the Lao PDR Australia Basic Education Program (LABEP); Access to Basic Education in Lao PDR (ABEL) through UNICEF and the World Food Programme (WFP); and the Teacher Upgrading Project (TUP) through UNICEF. Each has focused on aspects of primary education in the poorest districts of Lao PDR.

In extending the coverage and reach of projects led by other agencies, more primary teachers have been trained, more schools have been built, more schoolchildren have been fed and more communities have been engaged in the development of their schools. There is some evidence that these projects have had wider influence in recent government statements and policies on inclusion, gender, approaches to improving the quality of teaching and learning, the professional development of teachers and community involvement in education.

However, there is no solid evidence that AusAID project-related assistance has had any direct bearing on increasing the priority accorded to primary education by the Government of Lao PDR. There is little indication of more equitable distribution of government resources to basic education, or that the government is tackling the severe shortage of schools that offer a full cycle of basic education. Furthermore, systemic capacity to better organise and manage education services is lacking at all levels of government.

### **Advancing Sector Policy and a Sector-wide Approach**

Since 2000, the Government of Lao PDR Ministry of Education has moved from the elaboration of a strategic vision for education, through a series of sector and sub-sector planning activities, to the first draft of the *Education Sector Development Framework 2009–2015*. The degree to which the Government of Lao PDR would have moved strongly on all of these fronts without donor prompting and technical assistance is difficult to assess. It is clearly keen to adhere to international conventions and is conscious of the performance of its South-East Asian neighbours. At the same time, it operates a highly controlled system that is not inherently reform-minded. The growing collection of education policy papers and plans have yet to find real expression in tangible government support for new ways of financing, organising and managing the education system, although the recently approved Education Sector Development Framework is a strong move in the right direction.

AusAID has become an increasingly active sector partner at the complex policy interface between the Government of Lao PDR and aid agencies. It co-chairs the Education Sector Working Group with UNICEF under the overall leadership of the Ministry of Education. AusAID has been effective in part by being a more pragmatic and accommodating partner than some of the other aid agencies in Lao PDR that have more entrenched positions.

The Government of Lao PDR and donor partners note that AusAID has become a reliable and proactive donor, supportive of the Ministry of Education, and an advocate for national ownership of sector policy. It has been flexible in recruiting short-term technical assistance to support the Education Sector Development Framework and has supported

aid effectiveness more generally through the Poverty Reduction Support Operation. These are strengths. However, AusAID could have been more effective in these early stages of sector policy development and programming if it had been able to bring a regular and consistent technical voice to the policy dialogue table with experience of working through sector reform in other countries.

It would also have helped AusAID if it had had a comprehensive institutional analysis of the education sector in Lao PDR. While there is a wealth of technical, education-specific material, this is not balanced by an analysis of major structural and cultural barriers to bringing quality education services to all children in the country. The politics of bringing about reform in the education sector is key to effecting sustainable changes in service provision.

### **Engaging with Wider Public Sector Reform**

AusAID is contributing to the World Bank's Poverty Reduction Support Operation and to the Public Financial Management Strengthening Program (PFMSP) through a Multi-Donor Trust Fund. These operations aim to further AusAID's attempts to be seen as an important and willing partner in cooperative donor activities and to improve the Government of Lao PDR's capacity and ability to provide basic services for the poor, including primary education. As a by-product, these also encourage steps towards implementing some of the basic prerequisites for a sector-wide approach in education.

It is too early to judge the development effectiveness of these two programs. There are risks in terms of the opacity of decision-making within Government of Lao PDR and limited institutional capacity. With respect to the financial management reforms, it is not clear that the proposed recentralisation of fiscal powers will be politically acceptable to powerful provincial entities in particular. However, as a technical response by AusAID to the notions of greater donor alignment and harmonisation, to the need to encourage the emergence of an education sector framework with a strategic and sustainable vision, and to the need for a financial management system with which donors are comfortable, the involvement of AusAID in these programs is highly relevant.

### **Conclusions and Lessons**

This evaluation addresses the question: *has the approach by the aid program to improving the delivery of essential education services for the poor been effective?*

At the project level, some communities in the poorest parts of the country have benefited from additional resources for primary education and there is some evidence of a spill over from project practice into policy debate and development. This may be seen as a productive output for a small donor. In itself, this work has not resulted in systemic changes in the delivery of basic education services across the country.

Currently, AusAID is engaged proactively with Government of Lao PDR and other development partners to develop and start to implement a coherent, fully costed, sector-wide program. This work has gained momentum and some important progress has been made, leading to government and Fast Track Initiative endorsement of a sector plan in 2009. These are important initial achievements.

Five lessons are highlighted:

1. **Country, regional and corporate relations:** Getting the relationship right between AusAID's corporate imperatives, specialist advisory services in Canberra and Bangkok, and the development of ways of working in-

country to support the development of sector policy and strategy, becomes more difficult in a non-project led environment.

2. **Moving from projects to sector-wide approaches:** There is a strong project mentality in the way in which AusAID works—procedurally and in the ‘branding’ of its activities. Switching to a different process of dialogue, sector planning and programming, driven by government leadership and collective agency action, requires a different suite of skills and experience from those of managing projects. Policymaking is rarely just a technical matter. It embraces broad issues of political economy and questions related to the locus of power and political decision-making. Although the technical features required for the adoption of a sector-wide approach may be in place, in practice they can be worked around. To have faith in the willingness of governments to adopt the many rules of resource allocation and decision-making powers that such an approach needs, a high degree of accountability and transparency is required.
3. **The importance of risk analysis:** Giving strong support to a sector-wide approach in Lao PDR is a relatively high-risk commitment. To date, through its project portfolio, AusAID’s risk analysis has been limited. It will need to take on much greater significance in future programming, and include the extent to which other aid partners can and will sign up to new ways of working.
4. **Approaches to developing capacity:** Building capacity to deliver donor-designed projects is different in both philosophy and approach from supporting the development of capacities within government as a necessary, ongoing ingredient in the delivery of good quality public services. To date this fact has not been recognised in any very fundamental way by the Government of Lao PDR, or by the major agencies working in the education sector. There is now an opportunity, with the emergence of the Education Sector Development Framework, for AusAID to argue that capacity enhancement should be a central thread running through education sector planning and programming. The point should be made to the Government of Lao PDR and other agencies that much more attention should be paid to what is working well, and to building on good practice, rather than to continually identify weaknesses and barriers to change.
5. **The role of technical assistance (TA):** Providing long-term and short-term technical assistance has been an important way of working for AusAID. While there is evidence of some good practice, concerns expressed by Lao officials need to be heeded in terms of the degree to which TA has been enabling of long-term sustainable change. There is an opportunity in these early days of more ‘joined up’ ways of working under the Education Sector Development Framework for there to be a fundamental and open debate about the best use of TA. The proposal in AusAID’s current education strategy for Lao PDR to help establish a technical assistance group is being examined by Government of Lao PDR and its partners. These consultations should help to define the TA implications of a sector-wide approach and how the Government of Lao PDR can take the lead on TA identification and management.

### **Australian Aid for Better Education—Moving Forward**

AusAID is taking the opportunity to engage strongly in an education sector-wide reform process in Lao PDR. The draft *Education Sector Development Framework 2009–2015* provides a workable platform from which to advance. The agency is busy promoting and sustaining mechanisms such as the Education Sector Working Group that should help to advance ‘joined up’ ways of working under government leadership. Moreover, under the current pipeline for the education program, AusAID is planning to increase its aid investment significantly.

For AusAID to move forward effectively it is important to clarify a set of key issues both strategically within AusAID at corporate level and practically, in-country, in Lao PDR.

### **Gaining Clarity within AusAID at the Corporate Level**

- *Level of ambition.* AusAID needs to publicly define its strategy and approach to its likely financial commitment for the full period of the *Education Sector Development Framework 2009–15*.
- There are particular pressures in taking on a leadership role in an environment where there are *no like-minded bilateral agencies* and where the World Bank, Asian Development Bank and the European Union largely have their decision-makers located outside of Lao PDR. AusAID will need to determine the extent of the leadership role it wishes to play and the implications this has for evidence-based analysis, communication, reporting systems and higher-level regional and international dialogue with the headquarters of other agencies.
- In recognising the value of linking *education sector and wider policy reform*, AusAID will need to determine how to maximise the potential synergies of these different activities. This will have implications for the definition of roles and responsibilities within the Australian Embassy in Vientiane.
- *A range of options.* There is a range of potential modalities to enable AusAID to scale up its support in the high-risk environment in Lao PDR. These range through the spectrum from supporting discrete projects that aim to ameliorate particular problems, identified either by the government or by the government and donors together, to full alignment and harmonisation, requiring donors to agree on the policy directions and components of the government's sector plan and to agree to contribute financial support directly to the sector budget.

### **Supporting the Government of Lao PDR In-Country**

*There are opportunities for AusAID to work with the Government of Lao PDR:*

- in supporting an institutional appraisal of the education sector (at all levels), as a contribution to carrying forward the improved financial, planning, management and performance monitoring proposals in the Education Sector Development Framework
- in defining the skills profile, the role, the location (within or outside of government), and the accountability of the sector-reform specialist {who, at the time of the evaluation, it was planned that AusAID should recruit} The AusAID PNG model could usefully be assessed in this regard—both its strengths and weaknesses.
- in working through the proposal to help establish a Technical Assistance Group within the rubric of the Vientiane Framework and the draft Education Sector Development Framework.

*Within AusAID in Vientiane (supported by Canberra) it will be important to:*

- ensure that there is capacity to continue to appraise the strengths and weaknesses of the Education Sector Development Framework and determine how it should be carried forward by the Government of Lao PDR politically, through its budgetary procedures and at all levels and tiers of the education system. In addition, AusAID needs strong, evidence-based positions as these relate to its own corporate, pro-poor, sustainable basic education service provision objectives
- be proactive in helping the Government of Lao PDR and partner agencies in defining significant 2009 milestones in advancing the Education Sector Development Framework—for example, in supporting the Fast Track Initiative endorsement process, in promoting a joint annual sector review earlier rather than later (and, if

possible, including project reviews within this process), and in identifying financing priorities that can feed into the 2010 budget process

- link sector review and reporting schedules with the higher order Poverty Reduction Support Operation monitoring processes.

# CHAPTER 1: FOCUS AND METHODOLOGY

The Office of Development Effectiveness is conducting a wide-ranging evaluation of the performance of the Australian aid program in three key service sectors: education, health, and water supply and sanitation. Particular attention is being paid to *environments characterised by low capacity* and to the ways of engaging through aid with state systems that have proved to have limited effectiveness in the provision of basic services.

## 1.1 Focus

This report is one of two country studies on the education sector (the other being on Papua New Guinea). These studies are the building blocks from which a summary evaluation report will draw lessons and conclusions to help inform future AusAID programs to support partner governments' delivery of basic services. It is a study of AusAID investment in basic education in Lao PDR since 2000. It responds to detailed terms of reference (which are set out in **Appendix A**) but, in essence, it is designed to answer the core question: *has the approach by the aid program to improving the delivery of essential education services for the poor been effective?*

## 1.2 Structure

In seeking answers to this question, the report looks first at some important contextual issues in Lao PDR (Chapter 2). Without some consideration of the economic, political and wider aid environments within which the provision of basic education services is situated, or the identification of recent educational trends in Lao PDR, judgments on the influence and the impact of activities supported by Australian aid are likely to be of limited value.

After considering the strategic program statements and frameworks that have been and are guiding AusAID support for education—basic education in particular—attention is then given to AusAID's project portfolio for the period 2000–2008, its influence and impact, and the lessons learned (Chapter 3). AusAID engagement with policy development in the Lao PDR education sector in recent years is also surveyed briefly, including the role that the agency has been playing in advancing strategies for sector reform consistent with broader national and international aid effectiveness agreements and plans.

Conclusions and Lessons (Chapter 4) are drawn from Chapters 2 and 3, and Chapter 5 looks at some immediate possibilities for more effective programming and practice.

## 1.3 Ways of Working

The report has been prepared by an independent team of consultants contracted by and working with the Office of Development Effectiveness. Appendix B sets out the parameters for the study and the team's evaluation methodology.<sup>2</sup>

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<sup>2</sup> Annex B sets out the methodological framework for the Lao PDR study. It specifies five lines of enquiry—relevance, effectiveness, efficiency, sustainability and impact—as these relate to AusAID's education sector strategies, its project portfolio and its engagement with Government of Lao PDR's sector-wide planning and programming over the period 2000 to 2008. This represents a slight expansion of the three primary areas for investigation in the terms of reference, namely relevance, appropriateness and effectiveness.

An extensive literature was consulted (Appendix C); however, the absence of independent evaluation reports on Australian projects and aid processes in the education sector—as distinct from implementation reports focusing largely on schedules, inputs and outputs—was a limitation.

The findings from the literature review were tested and extended through discussions and visits within Lao PDR from 7 to 24 October 2008 including a very brief field visit to the northern province of Luang Namtha. Details of key meetings are included in Appendix D.

During the mission, there was useful liaison with the World Bank Supervision Mission for the Second Education Development Project (EDP2) in which AusAID is an important partner. The Ministry of Education in Lao PDR welcomed the demonstration of a ‘joined up’ mission. Nevertheless, the benefits for the evaluation were in large measure outweighed by the difficulty that the evaluation team had in spending separate, in-depth time with Government of Lao PDR officials and educators. The mix of a World Bank project supervision mission and a bilateral agency evaluation was not ideal as each team had very different objectives.<sup>3</sup>

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<sup>3</sup> Clearly the case for joint missions is a strong one and certainly a desirable direction in which to move as the education sector development framework becomes operational. However, it was not a productive arrangement in this instance.



# CHAPTER 2: THE BROAD CONTEXT OF AUSTRALIAN AID TO EDUCATION

## 2.1 A Challenging Environment

In conceptualising this study, the classification of Lao PDR as a fragile state was considered by the Office of Development Effectiveness.<sup>4</sup> Although there is no internationally endorsed definition, the inability of the state to provide basic services as a result of the weakness of state institutions, lack of capacity and/or disruption related to ongoing or recent conflict or insecurity is central to most understandings of state fragility.<sup>5</sup> However, in Lao PDR, this categorisation is rejected by government and does not appear to be a framework of analysis used by other aid agencies.

Furthermore, the literature on education in fragile states is dominated by post-conflict experience in states newly emerging from, and often still immersed in, conflict. Although Lao PDR has a history of severe conflict—the consequences of which still impact on public service reform—this is now a generation ago, and Lao PDR has experienced considerable stability subsequently. Consequently, investigating issues of education service delivery through the lens of fragile states analysis is not overly helpful in Lao PDR.

On the other hand, “low public funding, inefficient allocation of resources and weak management of expenditures are key constraints to primary education and health service delivery”.<sup>6</sup> Some academic commentators have identified political patronage as being deeply embedded in Lao society, alongside a highly centralised, party-controlled, policy decision-taking apparatus (Stuart-Fox 2004). There are complex relationships too between the politics of the Lao People’s Revolutionary Party and the diverse and splintered politics of ethnic and cultural identity.<sup>7</sup>

These and other considerations present difficult institutional challenges for aid agencies in their rules of engagement with government and its state organisations.<sup>8</sup> They appear to inform the strategies of agencies based in Vientiane, including AusAID, to the extent that questions of governance are accorded some priority, although not obviously so in sector-specific projects, including education.

Lao PDR is clearly a challenging environment within which to bring about systemic, pro-poor educational reform. Broad political and institutional issues are of greater weight than designing technical responses to specific educational issues.

## 2.2 A Critical Moment

This evaluation of Australian aid to education in Lao PDR comes at a potentially critical moment. Important education sector initiatives are being planned and set in train by the Government of Lao PDR. These could significantly alter the coverage, delivery and quality of basic, pro-poor education services across the country. Furthermore, these developments are occurring at a time when several major donors, including AusAID, are reviewing the level of their support for the

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<sup>4</sup> For example, in the World Bank International Development Association list of fragile states (2007) and DFID (2005).

<sup>5</sup> For example, in the work of the OECD DAC Fragile States Group.

<sup>6</sup> World Bank (2008): *Making Services Reach Poor People. Lao PDR Public Expenditure Tracking Survey in Primary Education and Primary Health*. Poverty Reduction and Economic Management Sector Unit, East Asia and Pacific Region, March 2008.

<sup>7</sup> See, Pholsena, V (2007) *Post-War Laos: The Politics of Culture, History and Identity* Singapore Institute of Southeast Asian Studies, Singapore.

<sup>8</sup> See, Swedish International Development Cooperation Agency (2007) *We can't all be ducks*. SIDA Studies in Evaluation, SIDA, Stockholm.

education sector, the form that this new and/or additional support might take, and the ways in which it should be channelled and managed.

Important ongoing and impending developments in the national environment include:

- work to finalise the *Education Sector Development Framework 2009–2015*, a policy document and program plan that appears to have a significant degree of government ownership
- close attention being given by the Prime Minister’s Office and the Ministry of Finance to the finalisation of the Education Sector Development Framework and its submission for endorsement to the international Education for All Fast Track Initiative early in 2009
- an accelerating and comprehensive reform program in the general area of public financial management designed to strengthen government fiduciary procedures and enhance the role of central government in its relations with provincial administrations
- the implementation of the *Lao PDR Strategic Plan on Governance (2006–10)* which has as one of its main objectives to build an effective and ethical public service
- anticipated increases in government revenues from natural resource projects from 2011, with expectations that the education sector will benefit
- a build-up of lessons learned from programs and donor-supported projects implemented over the past decade that could, and should, contribute to the effective use of additional financial resources
- the development of national strategies for key education sector investments—for example, the *National Holistic Early Childhood Policy* (draft), the *Teacher Education Strategy 2006–15*, and the *Strategic Plan 2008–10 for the Lao Education Management Information System*.

For the relatively large group of education-sector donor agencies working in Lao PDR,<sup>9</sup> several initiatives and factors could have a positive, pro-poor impact on the education sector:

The recently implemented and ongoing, multi-donor Poverty Reduction Support Operation (PRSO)—which is supported by the World Bank, the European Commission, Japan and AusAID—incorporates some education sector target points for the release of funds and thereby helps to raise the visibility of the education sector. It emphasises strongly the continuing pro-poor donor focus in Lao PDR.

The Paris and Vientiane declarations<sup>10</sup> on aid effectiveness and the high-profile monitoring activities of the OECD-DAC are concentrating attention on ways of enhancing alignment, harmonisation and managing for results, particularly in the education and health sectors.

Several donors have agreed, or appear to be on the brink of agreeing, to new grants for education—including the Asian Development Bank, World Bank, AusAID, and possibly the European Commission. In addition, support is anticipated from the Education for All Fast Track Initiative Catalytic Fund.<sup>11</sup>

These very positive factors need to be set alongside the well-documented problems and relatively modest improvements across the education system in Lao PDR over the past decade. There are very real questions as to the level of priority

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<sup>9</sup> The main bilateral and multilateral donors are Japan, Australia, France, Germany, the World Bank, ADB, UNICEF, UNESCO and the World Food Programme. In addition, China and South Korea are active as are numerous non-government organisations.

<sup>10</sup> The Vientiane Declaration on Aid Effectiveness (November 2006) sets out a Country Action Plan for the period 2007–10. This includes performance milestones for the development of an education sector plan by the end of 2008, a costed and prioritised Public Investment Program (PIP) with planned annual PIPs aligned with a medium-term expenditure framework, targets for joint sector monitoring and provision for a capacity-development framework for the education sector.

<sup>11</sup> In the event, the Government of Lao PDR gained accession to the Fast Track Initiative in March 2009.

accorded by the Government of Lao PDR to education and to basic education in particular. There are concerns too regarding the capacity of the education system to finance, organise and manage expansionary and quality-enhancing programs.

To assist in understanding AusAID's place and role in this complex and challenging environment, this report sets out below a series of brief overviews of recent improvements in primary education: Government of Lao PDR policy statements on national development and education sector priorities; the economic and institutional environment; levels and patterns of aid for education; and changing international frameworks for advancing aid effectiveness.

### 2.3 Slow Progress in Primary Education

Lao PDR was ranked 130 out of 177 countries on the Human Development Index for 2005.<sup>12</sup> This was a small improvement over the ranking in 2002 (135). King and van der Walle report that in 2004, 23 per cent of the population lived on less than US\$1 a day, and 71 per cent on less than US\$2 a day. Those living in the highlands<sup>13</sup> have the poorest living standards and the worst human development indicators. The country is ethno-linguistically diverse, with 50 distinct groups. The Lao-Tai is the largest such group, representing 65 per cent of the population.<sup>14</sup>

Adult literacy ranges from a high of 97 per cent for urban males to 60 per cent for all rural females and to only 46 per cent for the poorest fifth of that group. The net primary enrolment rate<sup>15</sup> based on 2006 administrative data was 86 per cent for boys and 81 per cent for girls.<sup>16</sup> If these figures are compared with those for 21 countries in East Asia and the Pacific region for which data on the overall net enrolment rate are available, Lao PDR is ranked 17, ahead only of Timor-Leste and 3 small Pacific countries.<sup>17</sup>

Progress towards the Education for All and education Millennium Development Goal has been relatively slow in recent years (**Table 1**). Of the 28 countries in Asia and Sub-Saharan Africa in which the net enrolment rate was 80 per cent and below in 1999, the average increase by 2006 was 14 percentage points. In Lao PDR, where the net enrolment rate was 76 per cent in 1999, the increase was just 8 percentage points. Though the available data are not sufficient to reach a strong conclusion, it appears that low completion rates—rather than low intake rates—are the main problem. Thus, in 2000–01, the primary school 'survival' rate to Grade 5 was 59.9 per cent and had changed hardly at all by 2005–06, when the figure was 60.2 per cent.<sup>18</sup> Too few children who enrol in Grade 1 make it to the end of the primary school cycle, a situation that has shown little or no improvement in recent years.<sup>19</sup>

Not all children have the same opportunities. In addition to lower overall enrolment rates for girls than for boys, children in rural areas, in poor households and in non-Lao-Tai households have significantly lower rates of enrolment.<sup>20</sup>

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<sup>12</sup> UNDP (2007) *Assessment of Development Results: Evaluation of UNDP's Contribution – Lao PDR*. UNDP Evaluation Office. New York.

<sup>13</sup> Three-quarters of Lao PDR is covered by mountains and plateau. Approximately 3 per cent of the population—the hill tribes of Lao—live above 800 metres. A further 30 per cent live in the 'upland' or 'midland' areas (between 200 and 800 metres), while 67 per cent of the population live in lowland Lao.

<sup>14</sup> The Mon-Khmer group accounts for 21 per cent of the population, Hmong-lu Mien for 8 per cent, Chine-Tibetan for 3 per cent and other smaller groups 1 per cent. King E and van der Walle (2005) *Schooling and Poverty in Lao PDR*. Development Research Group, World Bank, Washington D.C.

<sup>15</sup> A figure close to 100 per cent net enrolment that is maintained over time indicates that all primary school-age children are in school and are retained in school. This is one important measure for achieving universal primary education.

<sup>16</sup> The most recent household survey data are for 2002–03 and give a much lower net enrolment rate of just 65 per cent.

<sup>17</sup> UNESCO (2008) *Education for All Global Monitoring Report. Overcoming Inequality: why governance matters*. UNESCO, Paris.

<sup>18</sup> Government of Lao PDR Ministry of Education (2008) *Education for All Mid-Decade Assessment*

<sup>19</sup> It can be argued that recent levels of performance still need to be situated historically against a very low baseline in the 1970s after 30 years of conflict and that the Asian financial crisis in the 1990s impacted on levels of financing for basic service delivery. The fact remains that progress over the past decade has been modest if measured by a number of key basic indicators.

<sup>20</sup> World Bank (2008) *Making Services Reach Poor People*

For instance, the primary gross enrolment rate for rural Lao-Tai girls was 84 per cent and, for non-Lao-Tai girls, 63 per cent. Rates for the poorest fifth of non-Lao-Tai children were 57 per cent compared with 73 per cent for the richest quintile. Taking into account all districts, the gross intake rate into the first grade of school varied between 104 and 161. But there have been some improvements. For the poorest 47 districts, the primary school intake increased at a higher rate than in the other 96 districts between 2000–01 and 2004–05.<sup>21</sup>

While around three-quarters (77 per cent) of those completing primary schooling enter the lower secondary grades, the rate in all 18 provinces (including Vientiane) in 2005–06 ranged between 65 per cent and 90 per cent. The gross enrolment rate at this level of schooling ranged from a low of 11 per cent to a high of 74 per cent across the 18 provinces and the rate for the highest income group (quintiles) was more than three times greater than that for the lowest income groups.

Overall, the structure of the education system has been changing as each level of education has expanded at a different pace. While enrolments in primary school increased by 8 per cent between 1999 and 2006, those at the secondary level increased by 64 per cent and at the tertiary level by over threefold. These figures suggest that tough decisions on expansion rates will need to be taken within the Education Sector Development Framework and for its time-bound expenditure programs.

Data on the quality of learning outcomes at the primary level are limited. The results of a pilot national assessment survey of learning achievement of Grade 5 pupils were published in 2007. The tests covered Lao language, mathematics and ‘the world around us’. Fewer than 5 per cent of pupils were assessed as not having reached a minimum level for functional purposes in the Lao language and 16 per cent in ‘the world around us’. In mathematics, however, 65 per cent achieved the minimum level. There is some concern about the validity of these results and whether the level of the test was appropriate. Further studies are planned.<sup>22</sup>

**Table 1: Primary Education Indicators, 1991, 2000–01 and 2005–06**

Indicators	1991	Total 2000–01	Boys 2000–01	Girls 2000–01	Total 2005–06	Boys 2005–06	Girls 2005–06
Gross Enrolment Rate	103%	119.1%	128.9%	109.1%	121.9%	129.8%	113.7%
Net Enrolment Rate	62%	80%	83%	75%	84%	86%	81%
‘Survival’ rate to Grade 5	n.a.	59.9%	59.8%	59.8%	60.2%	60.7%	59.6%
Number of primary schools	n.a.	8 155 (3 197 complete)	n.a.	n.a.	8 654 (3 829 complete)	n.a.	n.a.
Pupil–teacher ratio	29:1	30:1	n.a.	n.a.	32:1	n.a.	n.a.
Pupil–textbook ratio	n.a.	0.48	n.a.	n.a.	0.22	n.a.	n.a.
Repetition rates by grade	n.a.						
Grade 1			35.0	33.5		34.0	32.3
Grade 2			21.5	17.9		19.5	16.6
Grade 3			13.6	19.8		13.7	10.5
Grade 4			9.2	5.5		9.1	6.3
Grade 5			6.7	3.7		5.5	3.3

Source: Data for 1991: UNESCO, 2008. All other data: Ministry of Education, Lao PDR (2008) Education for all Mid-Decade Assessment.

<sup>21</sup> Government of Lao PDR (2008) Ministry of Education For All mid-Decade assessment.

<sup>22</sup> Sisouk and Postlethwaite (2007) Grade 5 National Assessment Survey Report for the Lao PDR Ministry of Education.

The average pupil teacher ratio - a proxy measure for the quality of learning in Lao primary schools - shows that the average pupil–teacher ratio has stayed relatively constant at around 32:1 over the past decade. However, only 44 per cent of all schools have the infrastructure and the teachers to offer all five grades of the primary cycle.<sup>23</sup> This is a major contributory factor in explaining the low completion rates. It is a serious structural limitation to Lao PDR achieving its stated educational goals. Learning materials too are scarce. Indeed, the supply of primary school textbooks fell from around one per two children in 2000 to one per five children in 2005. In 2006, the Government of Lao PDR and a consortium of donors agreed to finance a new round of textbook publication and distribution.<sup>24</sup>

## 2.4 National Development, Education Sector Priorities and Institutional Environment

In emphasising the promotion of economic growth, the *National Socio-Economic Development Plan (2006–2010)* recognises the importance of human development as both an end in itself and as a means to increasing competitiveness and building positive linkages between economic growth and social development.<sup>25</sup> In education, the focus is on strengthening the management of the system and on achieving universal primary education, paying particular attention to disadvantaged groups.

In the education sector, there has been an acceleration of policy development activities since 2000, particularly so in the last two years. These include the *Government of Laos PDR National Education System Reform Strategy 2006–15*, the new Education Law (July 2007), *The Ministry of Educations' EFA Mid-Decade Assessment* (March 2008) and the forthcoming *Education Sector Development Framework 2009–2015*.

The first phase of the Education Sector Development Framework, covering school education, was published in April 2008. Subsequently it has been updated and expanded to cover the entire education system. It is now drafted in a form that is amenable to more detailed programmatic interpretation. The framework is focused on goals and objectives to be achieved by 2015 and is expected to prioritise interventions and offer an assessment of the levels of investment that will be required. The framework will be used initially as a central part of the application to the Education For All Fast Track Initiative for donor endorsement of Lao PDR's education sector program. This may in turn trigger some funding from the Fast Track Initiative Catalytic Fund but more importantly, should provide the basis for the government's future negotiations with bilateral and multilateral agencies over additional funding for the sector.<sup>26</sup>

National development and sector plans set out priorities. It is not clear to what extent these represent the views of those at the highest political level in national, as well as provincial, governments and administrations. As noted earlier, several commentators refer to decision-making in Lao PDR as an opaque process and one centralised within the Lao People's Revolutionary Party. The economic reforms have not yet engendered greater administrative transparency, which continues to be hampered by political restrictions. According to Stuart-Fox (2004), policy is decided by the party. Government is the executive arm of the party, and the bureaucracy the administrative arm. In the provinces, district officials are, like provincial governors, party members representing party interests. It remains to be seen whether the Strategic Plan on Governance and, in the education sector, the new Education Law (2007), with its emphasis on

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23 Government of Lao PDR Ministry of Education. Education For All Mid-Decade Assessment.

24 Government of Lao PDR Ministry of Education. Education For All Mid-Decade Assessment.

25 Government of LaoPDR (2006) National Socio-Economic Development Plan (2006-2010).

26 After this evaluation was completed, Lao PDR received Fast Track Initiative endorsement for its education sector plan. Thereafter, the government announced its intention to allocate 18 per cent of public expenditure to recurrent educational expenditure by 2015. In addition, the first draft of a costed plan has been completed. In commenting on this achievement, AusAID Vientiane notes that Australia will continue to advocate for implementation of program based approaches and alignment with Education Sector Development Framework through its leadership of the local donor group.

accountable relationships between central, provincial and district authorities, will make a significant difference to the governance and management of basic services.

This political environment may provide part of the explanation for the ‘lack of capacity’ within government often referred to (by outsiders), as well as the inability of the government to perform always according to the agreements made with external donors on policy-based grant and loan agreements.<sup>27</sup> Recognition of the political culture and structure of political power is important for understanding the context and constraints within which past aid programs, including in the education sector, have been implemented, as well as for determining workable parameters for future programs.

## 2.5 The Economic Environment

Since 2003, Lao PDR has enjoyed annual rates of economic growth above 6 per cent. The rate is not anticipated to fall over the medium term although the deep crash in commodity prices will have a negative impact over the next couple of years. Indeed, surrounded mainly by high-growth economies, and with a relatively open economy and potential for exploiting natural resources, the medium-term growth rate may increase further. Relatively high economic growth, based largely on natural resource exploitation, will in turn lead to higher government revenues. One direct source of these revenues will be from the Nam Theun 2 hydro-electric power project, which could add 10 per cent to total government revenues by 2011 and a higher share in the future. Several more projects are also in the pipeline. Government revenues as a share of GDP increased from 11.4 per cent of GDP in 2004–05 to 14.1 per cent in 2006–07.<sup>28</sup>

Simultaneously, the Government of Lao PDR is working to increase the efficiency and effectiveness of public expenditures through reforms in the public financial management system, as well as through changes to the modalities governing the distribution of revenues between the central and provincial governments (and among provincial governments). In addition to improving transparency and accountability, an objective of these reforms is to enable levels of financial resources in the provinces to be more reflective of needs, and to increase the central government’s ability to influence provincial expenditures in line with national social and economic objectives. Without success in these areas, the attainment of national objectives, such as the Millennium Development Goals and Education For All, through implementation of sector plans will be slow. However, it is by no means certain that these technocratic ‘solutions’—which will reduce the autonomy of several bodies, particularly provincial administrations—will be implemented and function smoothly.

A constant comment in critiques of the education sector in Lao-PDR is that the level of public expenditures is low relative to those in other countries in the region and to low-income countries in general—and that the shares of recurrent and capital expenditures are unbalanced. The education sector’s<sup>29</sup> share of total public expenditure has varied quite considerably over time. In the middle of the 1990s, it rose to almost 14 per cent before falling to 7 per cent at the end of the decade. Since then the share again rose to 14 per cent in 2005–06 but recent data for 2007–08 suggest that it has fallen back to just 12.2 per cent—of which approximately 50 per cent was allocated to basic education.<sup>30</sup> As a share of GDP, education spending was 3.4 per cent in 2006, which places Lao-PDR in the bottom quarter of the 131 developing countries for which data are available.<sup>31</sup>

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27 SIDA (2005) Harmonising External Support to the Education Sector in Lao PDR. Report on the Feasibility of a Sector-Wide Approach to Education Development in Lao PDR. Draft Vientiane May 2005 and World Bank (2008).

28 World Bank (2008) Lao PDR Economic Monitor April 2008, World Bank Office Vientiane p.9

29 Meaning all elements of the public education system that are funded by the government.

30 Government of Lao PDR Ministry of Education, *Education For All Mid-Decade Assessment*.

31 UNESCO (2008) Education for All Global Monitoring Report.

Some caution is necessary in interpreting these data.<sup>32</sup> A large share of total expenditure in education is represented by salaries (84.3 per cent at the provincial level in 2008–09). In Lao PDR, teacher salaries relative to per capita income are very low compared with those in other countries. As a result, a given amount of financial resources will ‘buy’ more inputs for the education sector in Lao PDR than in other countries. On the other hand, a significant proportion of the total expenditure is funded through development aid. In 2005–06 and 2006–07, the share was around 60 per cent. The share of domestically generated government revenue devoted to education in Lao-PDR is among the lowest in the world, around 5.5 per cent in 2006–07 (but rising to 6.7 per cent in 2008–09).<sup>33</sup>

Of overall education expenditure, 63 per cent is classified as capital expenditure and 37 per cent as recurrent expenditure. This breakdown is misleading. All aid is classified as capital expenditure yet, according to the Government of Lao PDR’s Education For All Mid-Decade Assessment, only around 20 per cent of this is used for school buildings and other activities commonly defined as capital expenditure. Much is used for various forms of capacity strengthening as well as for the development and dissemination of education materials. Even so, the recurrent budget that reflects the total salary bill in the sector plus government-funded support and materials programs to schools is very low as a share of all government recurrent expenditure (9.4 per cent in 2006–07).<sup>34</sup>

## 2.6 Levels and Patterns of Aid for Education

The total annual per capita amount of aid to Lao PDR overall (US\$43 in 2006) is similar to that for Cambodia and close to the average across Sub-Saharan Africa (US\$51) but much higher than for Vietnam and the poor countries of South Asia (UNESCO 2008). According to OECD-DAC data, combining data for 2005 and 2006, the education sector’s share of total aid disbursed across all sectors in Lao PDR was 12 per cent, but new commitments to the sector were lower, at 8 per cent. In 2006, the main donors for education in order of disbursements were Japan, World Bank International Development Association (IDA), Sweden, France, Australia and Germany (no data are presented for the Asian Development Bank but it is a significant donor in education).<sup>35</sup> In terms of new commitments, the rankings were Japan, Germany, France, IDA and Australia. Half of all disbursements in 2005 and 2006 were for basic education, but less than a third of new commitments were for this level of education. Of the major donors, Sweden and IDA directed most of their aid to basic education and Australia one half while France, Japan and Germany directed around one-third and less to this subsector. Australian commitments in 2005 and 2006 were almost 9 per cent of total aid committed to education in Lao PDR.

Over the next two years or so, several ongoing projects in basic education will end and a number of major donors are taking decisions about future support. These include the World Bank and the Asian Development Bank as well as AusAID. In 2006, Lao PDR was eighth in the list of countries that AusAID supported in the education sector and received only slightly more than 1 per cent of all Australia’s aid for basic education. Almost 77 per cent was allocated to Indonesia, Papua New Guinea and the Philippines. Although basic education in Lao-PDR has received relatively limited levels of aid from AusAID, this situation is expected to change as substantially increased commitments have been scheduled for 2009-10 to 2010-11.

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<sup>32</sup> In a separate communication in 2009, AusAID’s education sector adviser noted that the education budget forecast for 2009–10 is for 14 per cent to be contributed by the central government of Laos PDR, 41 per cent by provincial governments and 41 per cent by development partners.

<sup>33</sup> UNESCO (2008) Education for All Global Monitoring Report.

<sup>34</sup> As calculated by the evaluation team.

<sup>35</sup> Data on significant levels of aid from China and Vietnam are not captured in the OECD-DAC database.

## 2.7 A Changing International Framework for Aid

Aid relationships and modalities are changing. There is international pressure on donors and recipient countries to alter their behaviours in ways that: (a) increase the ownership by governments of their development programs and result in them taking a stronger lead in negotiating with donors; (b) increase the alignment of donor support with government priorities and fiduciary systems; and (c) increase the extent to which donors harmonise their collective activities. Put simply, these changes require a movement along the spectrum of aid modalities from discrete projects associated with a single donor and implemented largely outside of government administrations and financial processes, to general or sector budget support for a comprehensive program of sector development designed and owned by government.

As part of this shift towards greater alignment, donors tend to place greater emphasis on 'higher order' agreements, many of which have implications for governance. While there are some successful country examples of these changes in aid modalities in the education sector, moving in this direction would be a significant challenge to both the government and donors in Lao PDR. The most important initiative so far to channel aid funds directly into the government's budget has been the poverty-reduction support operations. The first three of these annual operations were funded by the World Bank (and the European Commission for one year). The new set of operations, which will cover the next four years, is being supported by Japan and AusAID as well as the World Bank. Experiences here will have lessons for shifting from projects to sector budget support for education.

## 2.8 Summary

A broad set of decisions being taken by the Government of Lao PDR and donors, both now and in the near future, could result in a window of opportunity for improving the nature and effectiveness of service delivery, including basic education. More effective sector planning, a generally higher profile for education within the government, and increased recurrent budgets linked more directly to needs across provinces could coincide with higher aid volumes and new aid modalities in the sector. While there are risks in this scenario, particularly in the areas of governance and capacity, it does provide a challenging but potentially fulfilling situation for AusAID as the agency increases its contribution to the sector and looks for the most effective ways of working with the Government of Lao PDR and with other donors.



## CHAPTER 3: ASSESSMENT OF AUSTRALIAN AID TO EDUCATION, 2000 TO 2008

For the period under review, AusAID has implemented a modest program of assistance to the education sector in Lao PDR (modest as measured in terms of the country's share of Australia's overall support for education in the Asia–Pacific region and by the total volume of aid to education that Lao PDR has received). But over the course of the past decade some greater clarity and coherence has emerged on how to use limited AusAID human and financial resources in a more strategic way to help strengthen the provision of basic education in Lao PDR.

This Chapter assesses the relevance, effectiveness, efficiency, sustainability and impact of AusAID's project portfolio, its work in support of advancing a sector-wide policy and program, and its engagement with wider public-sector reform initiatives as these relate to education. To set these areas of analysis into context, the evolution of AusAID's strategic thinking is examined through the lens of its own policy and programming statements.

### 3.1 Education Sector Strategies, 2000 to 2008

#### The Wider Policy Environment

Since the Simon Committee's *Review of Australia's Overseas Aid Program* in 1997, reducing poverty and achieving sustainable development in the Asia–Pacific region have been the guiding objectives for AusAID strategies.<sup>36</sup> Furthermore, education has been identified consistently as a core development concern—first, under the umbrella of *Better Aid for a Better Future*<sup>37</sup> and, more recently, in the White Paper *Australian Aid: Promoting Growth and Stability*. The White Paper announced that there would be a significant scaling up of Australia's investment in education and a major new education strategy as part of Australia's commitment to a rapid increase in total development assistance.<sup>38</sup>

These announcements found expression in *Better Education: A Policy for Australian Development Assistance in Education*.<sup>39</sup> This policy gives strong impetus to improving the governance of education systems and to strengthening service delivery mechanisms as primary pathways to increasing the numbers of children attending schools and benefiting from a quality education. Improving the effectiveness of aid is also given prominent attention. A monitoring framework for assessing progress against the *Better Education* policy was developed, and the first *Education Annual Thematic Performance Report* was issued in February 2008.<sup>40</sup>

#### Education Strategies in Lao PDR

At the start of the new millennium, AusAID defined its three priority areas in Lao PDR as education, rural health and development, and policy reform, but there was no evidence of a clearly defined strategy for working in the education sector. A mix of small NGO-supported projects, some general engagement with government and other agency partners

36 Committee to Review the Australian Overseas Aid Program (1997) One clear objective: poverty reduction through sustainable development Australian Agency for International Development, Canberra.

37 Australian Government (1997). *Better Aid for a Better Future: Australia's Aid Program*. Speech by the Parliamentary Secretary to the Minister for Foreign Affairs, the Hon. Kathy Sullivan MP.

38 AusAID (2006) *Australian aid: Promoting Growth and Stability*. A White Paper on the Australian Government's overseas aid program. Canberra AusAID. Since the inception of the new Australian government in late 2007, work is in train to revisit Australia's overall aid policy and to rework its education strategy.

39 AusAID (2007) *Better Education: A Policy for Australian Development Assistance in Education* Australian Government, Canberra.

40 AusAID (2008) *Education Annual Thematic Report 2006-07*.

on unspecified reforms, assistance to help develop new curriculum materials, and projects to provide wells and latrines in selected schools together comprised the program of work in the sector.

By the time that the *Lao PDR Australia Development Cooperation Program 2004–2010* had been defined, a more strategic education objective had been framed for the aid program, focused on building human capital by improving access to education, and through supporting the application of new skills and knowledge. Increased completion rates of basic education for children of the poor and improved access to tertiary education were the higher order development outcomes against which the performance of the program was to be assessed, although there is no clear evidence that primary completion was a key measure for regular monitoring of AusAID’s education program performance.<sup>41</sup>

At the time of its issue, education programs were limited to co-financing an Asian Development Bank basic education project for girls, the Australian Development Scholarships program and continued support for NGOs. The means by which the new development outcomes would be realised appeared to depend on a multi-strand and largely discrete project approach including:

- examining options for partnerships with multilateral donors—the resources that these organisations can mobilise allow them to tackle the needs of Lao PDR that are well beyond the scope of AusAID’s program<sup>42</sup>
- linking with the World Food Programme’s (WFP) extensive networks in the northern provinces in order to directly address equity in access to basic education and focus on geographically disadvantaged areas
- working in collaboration with WFP, UNICEF and the World Health Organization as a way to complement AusAID’s efforts to date in supporting girls’ basic education
- continuing support for in-country scholarships and for 40 scholarships per year to address skills shortages under the Australian Development Scholarships Program.
- very generally, contributing to creating the pre-conditions for change and reform.

So, this was a strategy that was both modest and ambitious. It placed a premium on working with and through others (see Chapter 3) on the evaluation of the education project portfolio. However, this was not supported by a clearly defined approach to the preconditions for change and long-term reform in the sector, except through discrete project-related activities and, by implication, their demonstration effects.

The fact that the document states that ‘an Australian contribution will be administratively simple and not exacerbate donor coordination and capacity problems’ suggests a rather limited view as to how longer term sector change can be advanced, although this was not an unreasonable position for a relatively small donor player to take at the time. Working through UN agencies was perceived to be a sensible strategy for effecting improvements in basic education in Lao PDR. Alongside a limited risk analysis, there were a number of articles of faith in the scope of the objectives and in the ability of AusAID interventions to bring about real change. Indeed, there is little or no reference to the Government of Lao PDR and its own national education policy proposals.

In an unpublished, independent discussion draft report on the effectiveness of the country strategy over the period 2004–07,<sup>43</sup> the authors concluded that at the outcome level (for the aid program as a whole) a less significant and sustainable contribution to achieving the 2004 objectives was made than might have been expected. They observed that

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41 Flint, M and Forster, N (2007). *Lao-Australia Country Strategy Effectiveness Review 2004–2007*. Discussion Draft draws attention to completion rates but is unable to draw on any but the most limited of data and highlights the absence of data related to the poor.

42 *Lao PDR Australia Development Cooperation Program 2004–2010* 2005 AusAID, Canberra.

43 Flint, M and Forster, N, 2007. *Lao-Australia Country Strategy Effectiveness Review 2004-2007*. Discussion Draft.

significant and sustainable progress within primary education is unlikely to be achieved without a holistic and harmonised approach that engages all levels of government, involves all the major development partners and provides real performance incentives. It was suggested that for the period under scrutiny there was an insufficient appreciation as to whether the scope and the scale of the activities matched the ambition of the goals and outcomes set out in the 2004–10 program.

Appearing to take its cue from the corporate *Better Education* policy paper, *Delivering Better Education in Lao PDR: Engagement Strategy 2007/08 – 2010/11* was issued in October 2007 by AusAID (see Appendix E for its higher order objectives). Part appraisal, part strategy framework, the *Engagement Strategy* proposes a much more proactive role for AusAID at the national level in Lao PDR, couching its objectives in terms of sector management, financing and the efficiency and harmonisation of donor interventions, rather than of specific educational outcomes. The strategy proposes that following two years of helping to strengthen systems and creating the preconditions for more effective financing and management of the education system, years three and four (2009/10–2010/11) are designed to provide the opportunity for significantly increased funding. Sensibly, the mechanisms for channelling additional funds are left relatively open apart from the continued commitment to work through and with partnerships.

Given the apparent measure of freedom accorded to years three and four in the main text of the *Engagement Strategy*, the extremely detailed performance framework for these two years might be seen as overly prescriptive. Indeed, the strategy seems to be given almost a project status in its own right, as distinct from a process of engaging and working with the Government of Lao PDR. Nevertheless, the strategy does appear to signal something of a sea change for AusAID, with a much clearer focus on a sector-wide approach, linking to the Government of Lao PDR budget systems, retaining a pro-poor focus and promoting new ways of working with education sector donors. It also incorporates proposals to bring a medium-term, sector reform specialist into Lao PDR and to create a Technical Assistance Group of international consultants able to provide short-term assistance and capacity building to the Ministry of Education on specific issues.

The current draft of the new *Australia Lao PDR Country Program Strategy 2008–2015*<sup>44</sup> underscores the importance of maintaining momentum in the processes of national-level policy and institutional reform. It commits Australia to increasingly move its aid through government systems and proposes a deepening of the engagement with basic education in Lao PDR. However, the draft strategy is unclear about its relationship with *Delivering Better Education in Lao PDR: Engagement Strategy 2007–08 - 2010–11* and could be interpreted as returning, in part, to a focus on targeting specific disadvantaged communities and working through partners in project mode. For example, the first of the two major objectives of the strategy is the ‘mitigation of key constraints to equitable access to quality basic education in targeted geographic areas’. However, enhanced strategic planning, coordination and alignment with the emerging Government of Lao PDR’s ten-year education sector framework is identified clearly as the second major strategic objective for AusAID through to 2015. It is true, of course, that these two objectives are not necessarily at odds with each other if the achievement of the second objective influences the practice of the former.

This brief overview of the evolution of AusAID’s approach to education in its aid program in Lao PDR highlights a number of tensions that beset many bilateral aid agencies, especially in countries where there appears to be growing scope for supporting and helping to energise a sector-wide reform agenda. In particular:

- reconciling a very strong focus on reaching disadvantaged communities through projects and partner agencies while at the same time wanting to have significant national impact in line with government subsector priorities

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<sup>44</sup> AusAID Vientiane May 2008.

- judging the appropriate pace to move from separate project management systems to working with and within government systems
- determining whether to take stronger leadership roles in promoting donor alignment and harmonisation and the implications that this has for the profile of AusAID skills in-country
- moving beyond information sharing and project partnerships with other agencies to negotiation around common agreements in support of government policy and practice—which invariably requires high-level support from the upper end of aid agency management
- requiring reporting and monitoring systems that are government-driven and not part of internal aid agency requirements
- reconciling reliance on government priorities with corporate priorities (e.g. gender, a pro-poor focus, HIV/AIDS).

AusAID now has the opportunity to address some of these tensions as it commits its support for education in Lao PDR until at least 2015 and has, by Australian standards, a significant tranche of pipeline funding of A\$17.3 million in 2009–10 and A\$15.8 million in 2010–11.

### 3.2 AusAID’s Project Portfolio, 1998 to 2008

#### Overview of projects

This section looks at Australia’s project portfolio in the education sector in Lao PDR between 1998 and 2008, a period when AusAID operated as a partner agency in the delivery of basic education projects led and managed by the Government of Lao PDR and by other aid agencies. This way of working presents a methodological challenge for the evaluation in separating out the overall intent and effectiveness of individual projects in their entirety, as distinct from the value added to their delivery and impact by additional Australian resources and lines of action. The primary objective here is to focus on the value added of AusAID support but, almost inevitably, there is a crossover to wider commentary on education projects more generally.

Between 1998 and 2008 Australia has contributed approximately A\$38 million to education in Lao PDR. Since 2005, annual expenditure has averaged A\$7.2 million, of which A\$4.1 million (57 per cent) has been on scholarships. **Table 2** shows projects supported since 2000. In addition to the scholarships program, the two ongoing projects are the Education Development Program (EDP2) and the Access to Basic Education in Lao PDR project (ABEL).<sup>45</sup>

In the three most significant basic education projects—EDP2, ABEL and the Lao PDR Australia Basic Education Program (LABEP)—AusAID has funded one component of the larger project but the institutional and management arrangements have been different in each case:

EDP2 is a World Bank–funded project implemented entirely by the Lao PDR Ministry of Education. AusAID transfers funds to the World Bank for disbursement.

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<sup>45</sup> The AusAID program has also assisted ADB to recruit technical assistance for the sector including to assist the Ministry of Education in the development of the Education Sector Development Framework. Data for this investment were not made available to the evaluation team.

LABEP was one component of the Asia Development Bank’s (ADB) Basic Education for Girls Project (BEGP). Unlike BEGP, which was implemented by the Ministry of Education, LABEP was managed by an Australian contractor that recruited its own staff and had its own monitoring systems, separate from ADB’s Project Implementation Unit.

ABEL is implemented by UNICEF and the World Food Program. Both organisations work closely but separately with the Ministry of Education. With UNICEF, ABEL is a component of the larger UNICEF program of Child Friendly Schools that has been funded mainly by the Swedish International Development Cooperation Agency (SIDA).

These projects have similar objectives, shown in Table 3. Each focuses on primary education and operates almost exclusively in the poorest districts of Lao PDR.

In evaluating this project portfolio against the criteria of relevance, effectiveness, efficiency, impact and sustainability (see Appendix B), this report does not intend to assess each project in detail; AusAID has its own procedures and processes for doing this. What follows is an overview of the projects in the context of the objectives that AusAID has set itself since the beginning of the decade, as described in the previous section of this report.

**Table 2: AusAID supported projects in the education sector, Lao PDR 2000-08**

Project	Lead Agency	AusAID Commitment	Status
EDP2 (Education Development Program Phase 2)	World Bank	A\$2.5 m (US\$1.56m) Contributing to a total loan and grant of US\$14.4m (represents 10% of the total)	2007–11 Ongoing
ABEL (Access to Basic Education in Lao PDR)	UNICEF & WFP	A\$11m	2004–10 Ongoing
LABEP (Lao PDR Australia Basic Education Program)	ADB	A\$8.2 m (US\$5.1 m) supporting a US\$21m loan (20% of the total)	1998–2007 Completed
Scholarships	Australian & Lao PDR universities	A\$3. m – 4.1m per year 40 per year in Australia 64 per year (since 2004) in Lao PDR	Ongoing
TUP (Teacher Upgrading Program)	UNICEF	A\$1.1m	1998–2001 Completed

Source: AusAID

### *Relevance*

The primary objectives of the four basic education projects as set out in Table 3 are consistent with stated Government of Lao PDR education-sector policy objectives and, implicitly, with international Education for All and Millennium Development Goals targets. They focus on increasing access, promoting greater equity and enhancing the quality of primary education. For the communities that they serve, very largely in the poorest provinces and districts in Lao PDR, they are seen as part of a wider contribution to the reduction of poverty.<sup>46</sup> For AusAID, each project has reflected the agency’s general policy statements on support to education at the time of appraisal and commitment.

<sup>46</sup> Some discussants in this evaluation note that LABEP can be credited with shifting the focus of BEGP to working in the poorest districts in the 11 predominantly ethnic minority provinces.

In the case of EDP2 and LABEP, which are broadly similar, AusAID has supported one component of larger programs that have also included school construction and capacity building within the Ministry of Education. EDP2 combines loan and grant facilities from the World Bank; LABEP is funded through a loan from the ADB. Both were and are subject to rigorous processes of design and of approval by the Government of Lao PDR. ABEL is Australia's contribution to the wider UNICEF Child Friendly Schools project (in turn, part of the Government of Lao PDR Quality Schools Initiative) and to the World Food Programme's school feeding programs, with the intention that both interventions combine to affect primary school improvement and effectiveness in the poorest parts of the country.

Clearly, at the higher order level of their objectives, all of these projects are in line with Government of Lao PDR policy and with AusAID's corporate development goals and its priorities in Lao PDR. However, at the level of project-specific outputs and outcomes, the AusAID project portfolio appears to be more strongly focused on meeting technical objectives as measured by key inputs to the education system, such as teacher training, providing more and better learning materials, constructing schools and supporting communities. There is less clarity about the strategies that are needed to improve basic service delivery systemically and to ensure sustainable improvements in acceptable learning standards and outcomes in Lao PDR.<sup>47</sup>

All of the projects include components of capacity building within the Ministry of Education, related primarily to specific technical objectives. The extent to which major financial and institutional issues are addressed is less clear in project design and reporting. Consequently, while the projects offer technical prescriptions to technical problems in particular parts of the country, this may be insufficiently relevant in terms of supporting the reforms that would have national impact on education outcomes.

During the period covered by this evaluation, AusAID has made increasing efforts to support government ownership and to harmonise with other donors in order to improve aid effectiveness. This is evidenced by a stated intention to move away from support for individual projects and towards a sector approach. Although the Ministry of Education expressed interest in a second phase of LABEP, AusAID has not (so far) agreed to this. It has preferred to emphasise a broader sector approach, using ABEL as a mechanism to help to finance a dedicated UNICEF Education Adviser for the Ministry of Education and a secretariat for the emergent Education Sector Development Framework.

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<sup>47</sup> LABEP did conduct a major survey of the demand for primary education in the communities in which it was situated, although the Government of Laos PDR's village consolidation program appears to have compromised the benefits of working in this way.

**Table 3: AusAID Supported Projects – Primary Objectives**

Project	Lead Agency	Objective
EDP2 (Education Development Program Phase 2)	World Bank	<p><i>To increase access and completion of primary education</i></p> <p>AusAID supports component 1 of EDP 2, which provides additional funds for: community-based contracting for classroom construction; community grants for schooling; and in-service teacher training for textbooks grades 3–5.</p> <p>The other two EDP2 components relate to: production of textbooks and teacher guides; assessment of student learning outcomes; policy and strategy development; information systems; and capacity building for management.</p> <p>EDP2 operates in the 19 poorest districts of the 6 poorest provinces.</p> <p>Overall outputs to date: 2200 teachers trained, 500 monitored; 1.6 million textbooks and 130 000 teacher guides distributed.</p>
ABEL (Access to Basic Education in Lao PDR)	UNICEF & WFP	<p><i>To meet the shared objective of the Government of Lao PDR and Australia to improve access to basic education, particularly for girls, and thereby contribute towards universal primary education</i></p> <p>Component 1 provides an Education Specialist on policy development and coordination to the Ministry of Education and secretariat services for the Education Sector Development Framework</p> <p>Component 2 supports complementary ongoing activities of the Ministry of Education's Quality Schools Initiative, UNICEF's Child Friendly Schools initiative, and the WFP's schools feeding program.</p> <p>Overall outputs to date: an increase in the number of schools supported by UNICEF from 123 in 2006 to 312 in 2008. Operates in three provinces that are among the poorest. WFP records its ability in 2007 to work together under ABEL in 100 schools in northern Lao PDR. WFP operates in over 1100 schools overall.</p>
LABEP (Lao PDR Australia Basic Education Program)	ADB	<p><i>To improve the relevance, quality and efficiency of primary education especially for girls in selected remote ethnic minority areas through assistance to curriculum, materials development and teacher education</i></p> <p>Formed component 2 of the ADB Basic Education for Girls Project (BEGP).</p> <p>Overall outputs: 23 textbooks and teacher guides produced. 630 549 distributed to 2900 schools across 11 (out of 16) provinces and 52 districts; 296 trainers and 77 pedagogical advisers trained to train 4112 teachers; 375 pre-service ethnic minority teachers trained (267 women); 2000 learning kits provided.</p> <p>ADB constructed 455 schools in 11 provinces.</p>
TUP (Teacher Upgrading Program)	UNICEF	<p><i>To upgrade the skills and knowledge of the large cohort of untrained and unqualified teachers</i></p> <p>Output: 4000 teachers trained in 67 districts.</p>

Source: AusAID

Scholarships are relevant within the broader framework of Government of Lao PDR human resource development, and they are popular politically in both Australia and Lao PDR. However, they are not directly designed to be pro-poor and have not, to date, been aligned with the objectives of the basic education project portfolio supported by AusAID nor necessarily with the stated priorities of the government. This is changing gradually with the intent to align scholars' courses of study more directly with the sectors supported by AusAID, particularly in education and trade.

### *Effectiveness*

A complete assessment of effectiveness (the achievement of intended objectives) is beyond the scope of this evaluation. Therefore the approach has been to utilise secondary data in the form of reviews and evaluations. Based on this evidence, and that gained during interviews and field visits, the most important emergent issues—ownership, capacity, partnerships and crosscutting issues—are assessed here in a little more detail.

## Evidence from Evaluations and Reviews

Available evidence suggests that completed projects largely achieved their stated objectives and that ongoing projects are on track:

- **Laos Australia Basic Education Program (LABEP)** was rated as highly successful in the independent completion report. It exceeded the quantitative targets set and has been recognised by Government of Lao PDR as important in improving approaches for community mobilisation among very poor people to education in the remote areas of the country. It showed that local school graduates—including poor ethnic women—could be trained as pre-service teachers and would stay in their home area, and that the various elements of the education system could come together to improve services in a coherent way. The Completion Report for the parent project, the ADB BEGP, also noted success and relevance, recognising the strong gender and ethnic minority focus.
- **Teacher Upgrading Program (TUP)** was evaluated externally in 2001. The report described ‘overwhelming consensus’ that the cluster approach for the ongoing professional development of teachers had improved the quality of learning, increased enrolment, reduced repetition and reduced drop out rates. Since this is now a relatively old project, it is not clear whether it had any impact on wider reforms.
- **Access to Basic Education in Laos (ABEL)** had joint review missions in 2007 and 2008. In 2007, progress was described as uneven, with wide variation in effectiveness from one district to another. The best results, in terms of enrolment, attendance and pass rates, were being achieved where there was active community participation, parental support, pre-school provision for Lao language learning and dynamic teachers. The second joint review mission, in July 2008, noted both tangible evidence of classroom improvements and less tangible evidence of positive interaction between teachers and students and active participation of children in group tasks. In addition, at the national level, the Review found increasing effectiveness of the Education Sector Working Group and progress towards the Education Sector Development Framework as a result of the advisory and secretariat support provided.
- **Education Development Program Phase 2 (EDP2)** is a source of pride to the Ministry of Education because it is the first project implemented by the Ministry within the scheduled time frame. Although it creates additional work, the success of EDP2 is attributed to the presence of an in-house implementation unit for each component. The extent to which this is valid cannot be gauged, especially in the absence of a broader analysis of how routine government work has been affected and strengthened.

### *Ownership*

All project reviews cite the high level and importance of support from the Ministry of Education. The Ministry itself also expresses great pride in its achievements. These are important manifestations of project ownership but they are only partial indicators of the complete acceptance of, and responsibility for, project objectives and outcomes. Assessing this interpretation of ownership has to recognise that relatively few education sector officials have long experience of working with donors, and many do not yet have sufficient capacity to challenge either donors themselves or the advice they are given by technical advisers. However, the evaluation team found that some officials recognised problems associated with projects, citing the number of projects working in specific geographic areas rather than across the country as a whole and the variety of different models being used to approach a particular technical challenge or constraint. For example, there are currently 10 different models in use for teacher training in Lao PDR. Field visit to



Luang Namtha revealed that there are eight agencies working almost exclusively on location-specific basic education projects.

Projects can also undermine ownership where funds do not pass through government and where officials do not have access to full financial information. Officials can neither manage resources nor report on them. Two officials, in separate interviews, commented that the projects using the loan modality gave them full knowledge and control of budgets and the possibility of reporting progress against them within the government system. In contrast, projects using grants, managed by managing contractors, did not offer the same opportunities for building management capacity within the Ministry of Education. Citing LABEP—which was managed by a managing contractor—the officials felt that they had greater ownership over the broader ADB BEGP project because they gained capacity in operational and financial management as well as in technical areas. They noted too that BEGP was implemented by government staff while LABEP recruited staff on contract over which government officials had no quality and performance oversight.<sup>48</sup>

There is evidence of increased ownership and understanding of how to be inclusive of strong political resistance— attracting the attention of ministers and other high-ranking personnel—to the idea of targeting both ethnic areas and mainly girls. The design of the project was insufficiently clear about the rationale for choices and this, combined with the lack of voice of ethnic minority staff in central government, meant that Ministry of Education staff had difficulty in making a convincing case. However, the improvements in schools and performance witnessed over time by high-level visitors created a new commitment that manifested in 2008 in a strong section on inclusion in the emerging Education Sector Development Framework.

Ownership is also an issue in the school feeding component of ABEL implemented by the World Food Programme. Although the World Food Programme works with the Ministry of Education in its school feeding projects and AusAID (Vientiane) states that school feeding is government policy, this is not evident in the documentation developed in 2008 for the Education Sector Development Framework or World Food Programme annual reports.

### *Capacity*

All of the projects supported by AusAID have identified weak capacity as a constraint and included capacity development as an explicit or implicit objective. Evaluations state that considerable capacity has been built in projects but note that there is a limit to what can be absorbed within a particular time frame. This appears to be a result of overambitious objectives and the subsequent pressure placed on agencies/contractors to achieve outputs. It also reflects a focus on building capacity, predominantly in individuals, in order to achieve the specific outputs of the projects rather than to build capacity more broadly in the Ministry of Education for reform across the system.

The result of this approach is that outputs are achieved but are not sustainable within a system with fewer resources and less capacity than is available under an agency/contractor-managed project. Within government, even where capacity exists, it becomes overstretched because the number of projects to be managed is overwhelming (said to be between 70 and 80), requiring an entire Ministry of Education division to be devoted to reporting to government and agencies.

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<sup>48</sup> Clearly there are other considerations in contrasting the benefits or otherwise of different ways of working. The Government of Lao PDR prefers grants to loans for obvious financial reasons. There are also dangers with loans in ensuring that funds are used responsibly and for the purposes for which they were intended—although this issue does not disappear with grants.

Capacity within districts is also stretched. In BEGP, the number of provinces covered by the program was reduced from 18 to 11.<sup>49</sup>

In part, therefore, the issue of capacity is about the pressures donors create to achieve results in time frames that may be unreasonable in the Lao context. In addition, capacity constraints are sometimes used by donors as an explanation for lack of progress (when a more significant issue might be the political process and commitment to broader reform). This is an area that is often opaque to donors but a crucial element in achieving impact.

A concern of one senior government official was that much of the capacity-building process is managed by expatriates within projects rather than by government itself within the system. In 2005, a Capacity Development Framework was developed with World Bank. The Ministry of Education found this helpful but difficult to implement immediately at the national levels. It is being piloted at provincial and district level. Even at those levels, some Ministry of Education staff are aware that it will take a long time and suggest that it cannot be achieved in less than 10 years. It appears to be recognised increasingly within the Ministry that capacity building needs to take place not only within the sector but also throughout government.

The proliferation of capacity-building processes introduced by donors, including different approaches within projects funded by AusAID, can serve potentially to complicate and to confuse. This problem extends from approaches to building capacity at Ministry level down to training of teachers at school level. During the field visit for this evaluation, the team visited a school in which all four teachers had received either or both of the short training courses offered by the EDP2 and ABEL projects. The head teacher, on the other hand, had not benefited from either training activity, limiting his capacity to support the teachers in implementing what they had learned.

While there are various methods for developing capacity, one of the Ministry of Education staff interviewed observed that learning by doing is highly effective. In managing the loans they benefit from training and skill development but they also learn about the interconnectedness of the various units and departments and can identify for themselves where change needs to happen to improve processes overall. Experience globally would support this and there is strong evidence that it is a crucial element in ownership.<sup>50</sup>

Finally, many of the approaches to capacity building appear to focus on weaknesses, deficits and gaps and this is evident in various AusAID documents. When assessed in this way the challenges can appear daunting and lead to piecemeal rather than holistic approaches. In a political system that is difficult both for donors and for academics to interpret, there are benefits to taking a strengths-based approach in which the analysis starts with trying to understand what is working and why, and subsequently builds on those strengths. Within ABEL there is a genuine attempt to build on strengths, most notably in the incorporation of reflection approaches to monitoring that focus on collaborative learning by partners. For AusAID this requires a fundamentally different relationship with partners that would emphasise the principles of partnership as specified under the Paris and Vientiane declarations over and above the sort of contractual relationships AusAID has been used to when working with private-sector management contractors.

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<sup>49</sup> AusAID in Vientiane states too that 'we have tried to encourage the government to slow down so we can collectively reach milestones in an achievable timeframe'.

<sup>50</sup> Under EDP2 the Bank has encouraged the Division of Inspection in Ministry of Education to undertake the reporting of progress under the project.

## Working with and through Partners

All of the projects funded by AusAID have been designed by other partner agencies—the World Bank, ADB and UNICEF/WFP. This was appropriate for reasons of efficiency, especially prior to the greater devolution of authority from AusAID Canberra to its representatives in Vientiane. In terms of effectiveness, however, it does not appear to have been specified at the outset of support for particular projects how exactly AusAID aimed to add value over and above providing funds and extending project coverage. In EDP2, there was no direct involvement in the design process although an independent appraisal was commissioned, which broadly supported AusAID investment. It is not clear the extent to which the specific recommendations of the appraisal were acted upon in the negotiations leading up to approval of AusAID support for EDP2.

In particular, the appraisal recommended additional activities that might draw in other donors to facilitate the move towards a sector-wide approach (SWAp), noting the findings of the Shaw report and a UNICEF policy audit of the Ministry of Education,<sup>51</sup> which concluded that donors should focus on strengthening the prerequisites for a SWAp rather than planning to implement a full or ‘mini’ SWAp. There were also a number of specific recommendations on issues such as resettlement, teacher training and teacher deployment.

AusAID participates alongside the World Bank in missions to supervise the implementation of EDP2. Although the terms of reference for this evaluation were quite different, the evaluation team was asked to participate in the October 2008 supervision mission in order to reduce the demands on Ministry of Education staff time. This offered various insights into the way the World Bank and AusAID work together. For example, although EDP2 is one government program and all funds are disbursed by the World Bank to government, AusAID tended to use project titles and labels rather than convey government ownership. This proved confusing for some Ministry of Education officials and for staff in schools since they do not differentiate between World Bank and Ministry of Education funds, referring to them as ‘our funds’. Project ‘branding’, while still common donor practice, runs counter to the Paris and Accra Declarations on Aid Effectiveness. This is a small example but one that illuminates the greater issue of moving from attribution of projects to contribution through sector approaches.

Developing partnerships is easy to agree to and rather more difficult to put into practice. This can be seen clearly in ABEL, where the partnership between UNICEF, WFP and AusAID was one of the main issues to be addressed in the July 2008 Joint Review Mission. ABEL aims to put into practice relatively new ideas about development cooperation in Lao PDR and is an innovative mechanism in that it seeks to contribute to Ministry of Education efforts through existing systems and mechanisms rather than creating parallel mechanisms. In practice, the evaluation team found that the development of a schedule of planning, reporting and budgeting that suits all partners, including the Ministry of Education, is proving difficult.

In part, this is an issue about the compatibility of systems. But it is also, critically, about ways of working together and building relationships of trust. Representatives of UNICEF and WFP each commented that AusAID sought to exercise a higher degree of management control, to the point of micro-management, than their other donors. They noted that AusAID officers required reporting over and above the contractual requirement that allowed for each agency’s standard multi-donor reporting to be used. UNICEF and WFP felt that AusAID did not trust them in the same way other donors

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<sup>51</sup> UNICEF (undated). Policy Audit of the Ministry of Education – Lao PDR. Vientiane. UNICEF.

did and the joint review mission confirmed that there were very different perspectives on what constituted a ‘partnership approach’.<sup>52</sup>

Much of the challenge reflects the lack of experience among all stakeholders with non-project forms of aid. For AusAID, past practice has been dominated by time-bound projects such as LABEP in which a management contractor is appointed through rigorous tender processes and managed according to contractual obligations with fairly rigid targets and milestones. In a strategic partnership, such as with UNICEF and WFP, this is inappropriate. Furthermore, the very design of the ABEL project is one in which, while there are agreed expected outcomes, there are no predetermined outputs. While this is appropriate and progressive in terms of support to the Ministry of Education, it continues to be highly challenging within AusAID as systems for performance and quality assessment become more rigorous.

### **Addressing AusAID’s Crosscutting Issues and Concerns**

All projects in the education sector seek to address issues of inclusion and gender. EDP2, LABEP and ABEL all focused on either the poorest districts in all provinces or on the poorest provinces in the northern area, which have a high proportion of ethnic minorities. ABEL and LABEP also have a focus on girls’ education. The parent project to LABEP—the ADB BEGP—has been widely credited with drawing attention to the underachievement of ethnic minorities and crucially, through LABEP, with demonstrating that there are effective ways of improving education provision that are sensitive to inclusion.

As AusAID moves towards supporting a potential SWAp, it is important to be aware of some international experience that existing SWAps in the education sector tend to focus on narrowly defined investments in girls’ education rather than addressing underlying barriers to access, attendance and completion.<sup>53</sup> There is also some evidence of processes of harmonisation between donors leading to a ‘lowest common denominator’ approach on social issues while potentially marginalising donors with a particular interest in gender and inclusion who pursue them through project-based activities.<sup>54</sup>

#### *Efficiency*

In the project portfolio, AusAID funds do not pass directly to government. In EDP2, they are channelled through the World Bank, in ABEL through UNICEF and WFP, and under LABEP through an Australian managing contractor.

Technical assistance (TA) is a significant cost in projects although figures are not readily available. While the Ministry of Education was supportive of the long-term TA provided in LABEP, it was less convinced about the value of short-term TA. Reasons mentioned by one senior official were that the objectives were unrealistic within the time frame, that there were too many discrete inputs rather than more in-depth work on priorities, and that consultants tended to add or substitute capacity rather than build it. To the extent that it was disruptive to routine work, and that short-term TA needs considerable support and guidance, it may also serve to deplete capacity. With so much TA across so many different projects in Lao PDR, there are issues of coordination and duplication of effort. These are global concerns and not unique to Lao PDR.

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<sup>52</sup> In the peer review process for this report, UNICEF emphasised that early ‘teething’ problems had been resolved amicably and productively.

<sup>53</sup> OECD (2005) Gender Equality in Sector Wide Approaches: A Reference Guide, June 2002

<sup>54</sup> Oxford Policy Unit et al (2008) Making Aid More Effective through Gender Rights and Inclusion: Evidence from Implementing the Paris Declaration Oxford, OPM, Social Development Direct and Working Together Limited.

Projects also tend to rely on contracted staff who are paid higher salaries than government staff. There was some concern about this in the early days of LABEP because many of the local consultants were recruited on the basis of language rather than professional skills and offered little value added over and above government staff. At the end of the project, when they left, it was also evident that the capacity went with them to other projects rather than remaining within government.

Learning from projects shows that the provision of services in remote areas is both complex and expensive. Where resources are made available, LABEP and other projects have shown that results can be achieved. Although the costs are high, there is evidence that considerable improvements in efficiency are possible. EDP2 claims, for example, that it can build schools for one-third of the cost of those under a Japanese project.

There are also issues of efficiency in the way AusAID manages the project portfolio. Although one of the reasons for partnering with UNICEF and WFP in ABEL is to reduce the management burden, AusAID has tended to establish working relationships with these agencies similar to those it has had with managing contractors for example under a project such as LABEP. This creates tensions with partners who feel they are being micro-managed and not trusted in the way that other donors trust them. As noted earlier, additional reporting requirements are imposed over and above what is in the contract. This means that AusAID creates an unnecessary management burden for itself, which in turn has an opportunity cost in terms of more strategic sector support and advice.

Feedback from one ADB official was that AusAID would benefit from developing a greater degree of understanding about the systems and processes of other donors before seeking to push a harmonisation agenda too hard, given, for example, that some donors are institutionally unable to provide direct budget support. The Education Sector Working Group is to commission a study on donors' ways of working, which may assist in resolving some of these uncertainties.

Until recently, scholarships have consumed most of the time of two full-time national staff in the Embassy education team, with a heavy burden during applications and placement.<sup>55</sup> This has now been recognised as an inefficient use of staff resources and there is a process in place to contract out the management of scholarships. This may be a more expensive option in financial terms but will free staff to engage in sector-wide work. The benefits of national staff engagement in this way of working are likely to greatly facilitate the political and cultural understanding of the reform process.

An additional issue is whether AusAID gets value for money in largely trusting and working through other agencies. Given the small size of AusAID's program, this approach has validity. However, there are real and potential contradictions in working with different partners on different projects with some similar objectives. The two different approaches of EDP2 and ABEL on teacher training and textbooks as these relate to pedagogy and training modalities were particularly notable in one school visited by the evaluation team. It is not clear the extent to which AusAID has identified these contradictions and sought to modify them or whether it has simply accepted the basic design put forward by partners. If AusAID aims to be efficient, it will need to demonstrate how it adds value at all stages of the project process.

### *Impact*

Assessing impact is difficult and evidence in the project portfolio is weak. Evaluations have identified many important outputs from the projects (**Table 4**) but there has been little attempt to assess impact more broadly.

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<sup>55</sup> This program is now managed by one staff member.

Attempts to compare the outputs of projects funded by AusAID are made more difficult by the fact that different projects have not aimed to do the same things under the same rubric. For example, most have trained teachers but the training length and target group are different. Some work in the same areas as other projects but also in different ones. And official data on the number of teachers, for example, is inconsistent and not always directly applicable to the group being trained. Within these constraints, Table 4 presents a sample of outputs from the projects in order to set out the quantum of AusAID-funded outputs within the context of the total numbers in Lao PDR.

While the data presented in Table 4 provide only a rough indication of quantity, they show that AusAID funding has resulted in 5–10 per cent of the total number of primary teachers being trained and has assisted 4 per cent of all primary schools through ABEL.<sup>56</sup> Under EDP2, 13 per cent of districts are reached. Under the ambitious LABEP project, 61 per cent of provinces were reached.<sup>57</sup> However, when the fact that most of the teacher training is only one to two weeks in duration is taken into account, it can be seen that the impact, in terms of quality, is potentially small.

The LABEP evaluation noted that the information collected has been predominantly quantitative and recommended that future projects also have external qualitative evaluation. The main impact was stated to be the opening up of a new pathway for improving the provision of primary schooling to boys and girls in remote ethnic communities by showing that school graduates can be trained within the formal teacher education system to teach in their own villages. The other impact noted was a demonstration that the whole education system is capable of working together effectively.

**Table 4: Assessing the National Impact of AusAID Supported Projects (A sample of outputs)**

Projects	Teachers		Schools		Provinces/Districts
	Teachers Trained	As % of estimated 50,000 teachers nationally	Schools targeted	As % of total estimated primary schools in Lao PDR (8500)	
EDP2	2200	4.4%			19/141 Districts (13%)
ABEL			AusAID 312 UNICEF 765	AusAID 4% UNICEF 9%	38/141 Districts (target)
LABEP	4112	8%			11/18 Provinces
TUP	4004	8%			67/141 Districts

Source: AusAID

These are important points. They are verified by staff in the Ministry of Education who have been impressed by, and are proud of changes that they have achieved under LABEP. However, these outputs/outcomes have been achieved within the confines of a well-funded and resourced project and evidence from projects globally and in Lao PDR is that these benefits are not easily sustained. The BEGP evaluation stated that the project met its intended impact and was sustainable even though investments are not likely to be maintained at project levels. Only an ex-post evaluation some years later could confirm that.

Ministry of Education staff believe that the projects, especially LABEP, have been influential in informing policy. Although the motives of the project were misunderstood initially and there were political concerns about targeting specific ethnic areas, the sincere attempts of Ministry of Education staff to get out to some of the most inaccessible

<sup>56</sup> Calculation by Evaluation Team using National and Project level data.

<sup>57</sup> BEGP/LABEP did conduct annual reviews that had a 'specific focus on outcomes' and were compared with normative data (Lally, peer review comment, March 2009).

villages and the commitment of the communities to improving education have resulted in a new policy on gender and inclusion. The emerging Education Sector Development Framework has sections on inclusion, and a new Centre for Promoting Education for Women, Ethnic Groups and Disabled has been created. This has the status of a department and reports to the Vice Minister.

Even where projects appear successful, attribution is difficult. The economy in Lao PDR has opened up considerably over the last few years and there is now infrastructure in the remote areas that has greatly facilitated access. LABEP has clearly played a role in demonstrating the potential for education in remote areas but the effect of other projects and of the opening up of the remote areas may also have been relevant. Importantly, Ministry of Education staff are aware that there has been insufficient monitoring and evaluation data to be able to present a convincing case to policymakers and they hope to improve on this with donor support. This is particularly important as there is evidence that the government is willing to make changes based on evidence of successful initiatives.

In terms of impact on capacity building, a paper produced during the Education Sector Development Framework process on capacity development notes that significant investments have been made by both government and development partners over many years.<sup>58</sup> Overall they have failed to create the desired impact for the following reasons: focus has been on training individuals rather than addressing broader organisational and institutional issues; activities have been too fragmented and project based rather than being systematic (undermining each other through competing standards and approaches); they are too short term; and they lack clearly defined outcomes or a monitoring and evaluation system to judge impact over time.

### *Sustainability*

Of the completed projects that AusAID has part-funded, it is unclear how sustainable the impact of their outputs has been. Each project has been seen to have produced results but each evaluation report has pointed to the need for common output and outcome frameworks.

The sustainability of project achievements is dependent on an increased budget. Each evaluation has observed that the provision of services in remote areas is expensive and complex. Therefore, achievements, either in terms of schools maintained or teachers supported and upgraded, are unlikely to be sustained without system improvement. LABEP claims that ethnic minority teachers remain in the area (377 serving in remote village schools) but it is too early to know whether, over time, this will continue to be the case or whether they will leave for other opportunities that may arise as a result of their skill development.

Most documents lack an institutional analysis, which makes it difficult to assess the extent to which local structures have been used and to understand whether or how the projects have been facilitated or hindered by changes in relation to decentralisation of the management of education services. Sustainability will critically depend on which project activities are integrated into Government of Laos PDR systems and on the relative powers at the different levels in government.

A concern of the Ministry of Education, at the end of LABEP, was that AusAID had said it would continue to support education but it had not made clear how it would do so. Given the enthusiasm generated by LABEP and the evident pride in success, it may be that the more important aspect of sustainability is less about sustaining outputs and more about sustaining the momentum of change. Where 'eyes have been opened' about how much the Ministry of Education

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<sup>58</sup> Briefing Note 12: ESDF Formulation Process 2008: Capacity Development and Effectiveness.

can do for itself, it may be necessary to ensure that there is a continued focus on supporting implementation as well as planning.

During the recent review mission for EDP 2, undertaken at the same time as this evaluation, there was discussion of a sustainability plan for when the program finishes in 2009. Much of this debate took place in separate conversations with different units and departments in Ministry of Education. This process seemed to emphasise how the Ministry of Education would sustain specific project interventions as opposed to encouraging lesson learning from the EDP2 program as a whole. Sustainability is a difficult concept in any case and is relatively new for the Government of Lao PDR. It is therefore important that it is considered in the broader systemic context rather than in the project framework. The evaluation of LABEP alluded to this in commenting that sustainability issues should be identified and planned for well before completion of projects.

That part of the ABEL project that has been designed to facilitate and promote the sector policy development has contributed to providing a bridge between the experience and the outcomes of projects and the processes leading to the development of the Education Sector Development Framework. This contribution can be construed as one important measure of promoting project sustainability.

### 3.3 Advancing Sector Policy and a Sector-wide Approach 2000 to 2008

Chapter 2 included a brief summary of how the Government of Lao PDR has sought to bring greater coherence to its education sector policies and strategies in recent years. Since 2000, it has moved from the elaboration of a strategic vision for education through a series of sector and subsector planning activities, culminating in the first draft of the *Education Sector Development Framework 2009–2015* (October 2008).

Over this same period, the articulation of national growth and poverty reduction strategies—set out most recently in the *National Socio-Economic Development Plan 2006–2010*—has ostensibly helped to stimulate pro-poor education policies and programs designed to contribute to realising wider national development goals.<sup>59</sup> In addition, in giving expression to the Paris Declaration on Aid Effectiveness through the Vientiane Declaration and its associated Country Action Plan, stimulus has been given to the Government of Laos PDR and donor agencies to work towards greater harmonisation and alignment in the education sector.

Bilateral aid agencies, development banks and UN organisations have played and are continuing to play a considerable role in promoting and sustaining these processes in Lao PDR. UNESCO has been at the fore in promoting Education for All. UNICEF has been influential in articulating ways of improving the quality of schools and schooling. The World Bank—in addition to its project activities—has been active in capacity-strengthening approaches. And a set of donors is engaged in public-sector reform activities that have potential benefits for improving public service provision.

The degree to which the Government of Lao PDR would have moved strongly on all of these fronts without donor prompting and technical assistance is difficult to assess. The government is clearly anxious to be part of, and adhere to, international conventions and agreements and to demonstrate its ability to be a good partner in this regard, conscious of the performance of its South-East Asian neighbours. At the same time, it operates a controlled and regulated system that is not inherently reform minded, and it is still at a point where a growing collection of education policy papers and plans

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<sup>59</sup> Government of Laos PDR (2006) *National Socio-Economic Development Plan (2006-2010)* Laos PDR Vientiane. Committee for Planning and Investment.



has yet to find real expression in tangible support from the Government of Lao PDR for new ways of financing, organising and managing education services.

### 3.4 AusAID's Role

AusAID has become an increasingly active partner at the complex policy interface between the Government of Lao PDR and aid agencies operating in the education sector. It co-chairs the Education Sector Working Group with UNICEF under the overall leadership of the Ministry of Education, and it is proactive within the informal donor group on education.<sup>60</sup> It engages regularly with Ministry of Education units and departments responsible for sector policy and supports specific sector studies, either through the direct provision of technical assistance or through support for other agencies.

This is demanding, time-consuming work. The appointment in 2008 of a Second Secretary (Human Capacity) recognises this fact. So too does some re-ordering of AusAID's team to manage both policy and project management work. The recruitment of a new education sector specialist with the skills to advance policy dialogue and practice in relation to the Education Sector Development Framework is in the pipeline.

The more strategic positioning of AusAID in the development of the education sector reflects an evolution of thinking in Canberra on how to work and gain leverage in the social sector and critical evaluations of a hitherto project-based approach to AusAID support for education. There is also more attention to strategic programming approaches and to the imperatives of greater aid effectiveness in the Lao PDR program and a rationale and a medium-term strategy for the AusAID education program has been articulated in detail in *Delivering Better Education in Lao PDR*.

It is clearly **relevant** for an aid agency that is openly committed to improving basic education services and to fostering pro-poor policies to engage in the processes of sector policy development and medium-term planning and programming. At best, projects will benefit some communities and some lessons will be learned for wider consideration and application but a considerable body of comparative international evidence demonstrates that, in countries where poverty is widespread, a much more systemic approach to reform and to the provision of basic services is required.

It is relevant too, that AusAID in Lao PDR recognises that a sector-wide approach to education requires a much greater degree of donor harmonisation and alignment than has hitherto characterised aid for education in Lao PDR. Accordingly, ensuring linkages with work on PRSO and the Vientiane Plan of Action is important. This is potentially a major strength of AusAID's approach to better service delivery in Lao; supporting the Ministry of Education-led sector development process and demonstrably linking this to performance indicators and triggers within broader national reform programs.

Gauging the **effectiveness** of AusAID's support for the evolution of sector policy dialogue and programming is difficult with any degree of precision given the presence of a variety of active if disparate donor partners in the education sector. However, based on discussions in Vientiane with Government of Lao PDR and other sector partners, it can be concluded that AusAID has been:

- a reliable and proactive convening agency with a commitment to the medium term
- a supportive and responsive partner for key officials in the Ministry of Education

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<sup>60</sup> The Education Sector Working Group works to terms of reference agreed formally in October 2007. Its membership includes Ministry of Education Steering Committee members, other ministries including Finance and Planning and Investment, the Lao Women's Union and the National Committee for the Advancement of Women, provincial authorities and members of the Education Donors Group (of which 24 members are listed).

- an advocate for the national ‘ownership’ of sector policy
- active in sustaining momentum in sector policy dialogue
- active in arguing for the importance of learning lessons from projects and programs
- a supportive voice in moving from a subsector Education For All plan to a holistic sector reform strategy
- able to act flexibly in recruiting short-term technical assistance while beginning to articulate a more strategic approach to the use, engagement and management of technical assistance
- able, by virtue of its work in support of PRSO and of aid effectiveness more generally, to position its education work within wider development frameworks.

These are strengths and virtues. Perhaps the effectiveness of AusAID in the early stages of sector policy development and programming might have been stronger if it had been able to bring its own regular and consistent technical voice to the sector dialogue table. However, the presence of the UNICEF Education Adviser supported under the ABEL project was useful.

In a similar vein, it would have helped AusAID considerably if it had had a comprehensive institutional analysis of the education sector in Lao PDR. It is striking from the documentation available to the evaluation team that the wealth of technical, education-specific material is not balanced by an analysis of what will be needed to address major structural and cultural barriers to bringing quality education services to all children in Lao. It appears that the first draft of the Education Sector Development Framework will recognise the need to redefine roles and relationships throughout the education system, from schools through to districts, provinces and central government. However, this is highly political territory and it is the politics of bringing about reform in the education sector that is key to effecting sustainable changes in service provision. Most of the technical answers for delivering education for all are known; it is the will to effect change that has been missing in Lao PDR and it seems probable that this has been a contributory factor in the slow rates of growth in basic education.

More attention could also have been paid to styles of working in Lao PDR in relation to dialogue and language, recognising where power lies, and the pace at which change can be managed. The Swedish International Development Cooperation Agency’s work on identifying ways of working with government institutions in Lao is still relevant in this regard.<sup>61</sup>

AusAID has been effective, in part, by being a more pragmatic and accommodating partner than some of the other aid agencies in Lao PDR. For example, AusAID does not have some of the procedural requirements and limitations that the ADB may have in being required to work through, rather than through sector-wide programs. On the other hand, a clearer route map of some of the strategic positions that lie at the core of Australia's support for the Education Sector Development Framework would have been helpful. This will be critical in the months ahead following the anticipated approval of Education Sector Development Framework. The route map should contain, for example, a clear stance on how pro-poor strategies can and should inform sector policy and practice. It should identify ways in which the Education Sector Development Framework can be translated into prioritised and costed programs; into operational plans that are linked to annual and medium-term budgets, and into ways of introducing joint monitoring mechanisms sooner rather than later. Evidence-based analysis of the position of other agencies working in the sector could also have been part of the route map.

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<sup>61</sup> SIDA (2007) We can't all be ducks. SIDA Studies in Evaluation. Stockholm SIDA.

Given the modest financial commitments to education in Lao thus far, it can be argued that AusAID has been **cost-efficient** in achieving a position of some influence in current sector dialogue. This view has some merit in terms of a number of the processes that it has publicly supported in the development of the Education Sector Development Framework. To a degree, it has also been efficient in linking the experience and the expertise used on the projects in which it has been a partner, to wider policy processes in areas such as teacher development and girls' education. It can call on technical expertise with experience in education in Lao PDR in a largely efficient and timely manner. But it will—as is predicted in *Delivering Better Education in Lao PDR*—need to reconsider with some urgency how it deploys its own in-house resources (in Vientiane and Canberra) as the Education Sector Development Framework moves from policy framework to operational plan.

At this stage, it is still a little early to assess whether AusAID's work has had real **impact** in advancing sector policy and has helped to 'kick-start' a process that will have **sustainable** countrywide outcomes. It has facilitated and is continuing to facilitate the development of possible technical solutions to the barriers that stand in the way of a good education for all, but it is less clear whether its work thus far has had the political influence that is critical for sector reform.

### 3.5 Engaging with Wider Public Sector Reform

As part of its overall aid policy towards Lao PDR, AusAID is cooperating with other donors to support the government's poverty reduction program and to encourage financial management reform across the public sector. In particular, it is contributing to the World Bank's Poverty Reduction Support Operation (PRSO), together with the European Commission and Japan, and to the Public Financial Management Strengthening Program (PFMSP) through a Multi-Donor Trust Fund with the European Commission, Sweden, Switzerland and the World Bank. Involvement in both of these operations aims to further AusAID's attempts to be seen as an important and willing partner in cooperative donor activities and to improve the Government of Lao PDR's capacity and ability to provide basic services for the poor, including primary education. As a by-product, these operations encourage steps towards implementing some of the basic prerequisites for implementing a sector-wide approach in the education sector, on the basis of the Education Sector Development Framework.

The PRSO envisages a set of four annual operations (grants) building on a prior set of three. AusAID will contribute US\$10 million in total. The operation provides (general) budget support triggered by the achievement of particular 'policy actions'. These focus on two areas: investment climate and business development; and public financial management and improving service delivery in basic education and health.

In the education sector, the PRSO policy actions cover three areas:

- identifying strategic direction and resource requirements—through completion and adoption of the Education For All Mid-Decade Assessment, the Fast Track Initiative proposal and the broader Education Sector Development Framework
- ensuring that education sector priorities are reflected in the annual budget process and eventual budget allocations and that key components of recurrent spending are increasingly financed from domestic resources
- improving the comprehensiveness and reliability of education information and integrating it into the planning and budgeting process.

In addition to policy actions, the PRSO includes a monitoring and evaluation framework that will be reviewed annually by the Government of Lao PDR and donors during negotiations for the next tranche. For the education sector, the

PRSO will track the level of the recurrent budget, provision of textbooks and recurrent financing in priority districts, and the completeness of Education Management Information System data and reporting. It will also monitor progress in the primary net enrolment rate and disparities in this between priority and non-priority districts.<sup>62</sup>

The policy actions as well as the framework's set of indicators are similar to those that are the subject of negotiations between donors and the government in relation to donor support of education SWAs. Other areas in such negotiations include issues of financial management with which the Public Financial Management Strengthening Program is also active. The PRSO is an extremely ambitious and comprehensive program of intended reforms and is being supported through various types of capacity development, including via \$US2 million from AusAID. Briefly, and in the context of the development of the education sector, the reforms aim to re-centralise government revenues, develop new needs-based rules for reallocating revenues in the provinces, and establish budget norms for education and health at the sector and sub-sector levels. Overall objectives include greater equity in education expenditures across provinces and a higher guaranteed level of non-wage recurrent expenditure.

It is too early to judge the effectiveness of these two programs that AusAID is supporting, and their intended impact is far beyond the education sector. There are clearly risks. In relation to PRSO, many commentators point to the opacity of decision-making within the Government of Lao PDR and to limited institutional capacity, while the documentation for the operation cannot point to significant previous successes in performance-based aid. With respect to the proposed financial management reforms, it is not clear that the proposed recentralisation of fiscal powers will prove to be politically acceptable to powerful provincial entities in particular. However, as a technical response by AusAID that strives to promote greater donor alignment and harmonisation and encourages the emergence of an education sector framework with a strategic and sustainable vision and a financial management system that donors are comfortable with, the involvement of AusAID in these programs would seem appropriate.

### 3.6 Summary

AusAID is moving gradually from being a small donor with a collection of largely unrelated activities at the beginning of the decade to becoming a more proactive and increasingly strategic partner in the education sector in Lao PDR. It has elaborated its medium-term strategy in line with broader corporate policies for the social sectors. It has shown a general willingness to align its aid with the Lao government's sector policies and reforms, is contributing to emerging processes of donor coordination (if not yet harmonisation) and appears prepared to play a stronger technical role in the elaboration and implementation of education sector programs. It is recognising the potential synergies between higher order poverty reduction, financial management reforms and sector-wide programming. It has been pragmatic and flexible in a challenging environment. These are all emerging strengths.

In moving in these positive directions, there are aspects of AusAID's more traditional ways of working as a secondary project partner that it will need to reassess. The underlying assumption that working in the poorest districts in innovative but resource-intensive ways will have wider systemic impact needs to be reconsidered. Clearly, there have been quite strong demonstration effects in some projects that appear to have influenced government thinking, if not yet its practice. But insufficient attention has been paid to building ownership and capacity that extends beyond the immediate targets and outputs of individual projects.

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<sup>62</sup> Ideally, PRSO assessments should derive from the prior judgments of annual sector reviews and therefore the timing of the different reviews should be sequenced carefully.

As a new era of AusAID support for education in Lao PDR is about to get under way, learning the lessons of the past decade will be important. Chapter 4 examines some of the more important conclusions that can be drawn from this evaluation.

## CHAPTER 4: CONCLUSIONS AND LESSONS

### 4.1 Conclusions

This evaluation addresses the question: *has the approach by the aid program to improving the delivery of essential education services for the poor been effective?* Given that, over the period from 2000 to 2008 AusAID has moved from a scatter of discrete activities, through a period of major project partnerships, to a proactive role in advancing a sector program in the context of greater aid effectiveness, it is not easy to give a single and clear-cut answer to this question.

At the project level, some communities in the poorest parts of the country have benefited from additional resources for primary education and there is some evidence of a spill over from project practice into policy debate and development. This may be seen as a productive output for a small donor. In itself, this work has not resulted in systemic changes in the delivery of basic education services across the country.

In the last three years, however, AusAID has engaged proactively with the Government of Lao PDR and other development partners to develop and to start to implement a coherent, fully costed, sector-wide program. This work has gained momentum and some important progress has been made, leading to government and Fast Track Initiative endorsement in 2009. These are important initial achievements.

Some brief elaboration of these conclusions is set out below.

#### **AusAID has Become More Strategic**

As the decade has progressed, so Australia's corporate thinking about how to achieve the Education For All and Millennium Development Goals education targets has become more strategic and systemic. It has recognised that helping to improve the effective and sustainable delivery of public services in weak and challenging institutional environments requires more than the demonstration effects of largely geographically targeted projects.

But the process of translating this thinking into practice is not easy, as the experience of many bilateral and multilateral agencies demonstrates. In Lao PDR, progress is being made in reflecting AusAID's corporate thinking through increasingly coherent program statements about higher order education and service delivery outcomes and approaches to aid effectiveness in the education sector. This is enabling AusAID in Vientiane to have a stronger and more influential seat at the sector policy table.

The real test, however, will be in AusAID's ability to continue to help promote and support the Government of Lao PDR's sector policy and program development, and to work through the technical, institutional and aid-effectiveness challenges that new ways of working will bring.

#### **Projects Have Contributed but Not at a Strategic Level**

The project portfolio has been the main plank of AusAID assistance to basic education since 2000. This has been poor in supporting activities focused on the poorest provinces and districts. In extending the coverage of projects led by other agencies, some more teachers have been trained, some more schools have been built, some more textbooks have been provided and some more communities have become engaged in the development of their schools. For the localities and generally poor communities concerned, this has been beneficial. There is also some indirect evidence, including in

the draft Education Sector Development Framework, that good practice has been recognised nationally and has contributed to Government of Lao PDR thinking about its future policies and programs, notably in relation to approaches to improving the quality of teaching and learning in primary schools, supporting the ongoing professional development of teachers and defining inclusive and gender-responsive education programming.

On the other hand, there is little or no evidence yet to suggest that Australia's support for a set of education projects has had any bearing on increasing the priority accorded to primary education in Government of Lao PDR budgets, on achieving greater equity in the distribution of resources among provinces and districts, on tackling the very severe shortage of Grade 5 primary schools or on building enduring capacities at different tiers of the government's education system. It is encouraging that the draft Education Sector Development Framework begins to address some of these issues.

### **Little Priority Has Been Given to Institutional Analysis**

If the argument that it is essential to understand the political economy of education in Lao PDR is accepted, then it is surprising that there has been little detailed system wide appraisal and institutional analysis within or for the AusAID program, although there have been some good individual technical appraisals for AusAID's project investments. It might be argued, with some justification, that agencies such as the World Bank and the Asian Development Bank are much better placed to undertake this work. Nevertheless, the absence of a strong institutional appraisal and understanding of the political economy of education in Lao PDR is notable in its absence. The work of the Centre for International Economics (2008) and Warner (2008) and others is important in this regard and could, and should, inform AusAID thinking much more profoundly in its future work.

### **Wider Reform is Crucial to Reform in the Education Sector**

There is both merit and real potential for AusAID to articulate a clear and strong relationship between the development of an education sector program, and the impetus and political strength that can be given to public service delivery through the PRSO and public financial management reforms and through the wider process of aid effectiveness imperatives as set out in the Vientiane declaration. The wider reform agendas have important education-sector triggers and conditions. These can act as valuable levers for sector reform. AusAID is already playing a positive role in this regard.

### **Cross-Cutting Objectives on Inclusion Need Protecting**

AusAID has set itself important corporate objectives to ensure that significant crosscutting objectives are addressed and incorporated in its sector program work. It has developed, and is developing, agency approaches to issues of inclusion, gender equality, conflict, and HIV/AIDS. These imperatives receive variable attention within the Lao PDR project portfolio. However, where they have been influential, it has largely been through the design and work of a partner agency. It will be necessary for AusAID to have a clearer sense of how it will promote its own thinking on these issues in political and sector dialogue within Lao PDR, especially in the move towards a sector-wide approach. International experience shows that these are issues that can be lost or diminished in sector-wide ways of working.

## 4.2 Lessons

In addition to this set of conclusions, some specific, practical lessons emerge from this evaluation.

### **Country, Regional and Corporate Relations**

Getting the relationship right between the political imperatives and specialist advisory services in Canberra and AusAID's regional office in Bangkok on the one hand, and the development of a coherent medium-term education sector strategy in Lao PDR on the other, becomes more difficult as a sector-wide approach to support for education takes centre stage. This way of working is largely new territory for most in-house expertise in AusAID and for the majority of the experienced Lao PDR consultants on which AusAID in Vientiane tends to draw. It is clear that the advice and experience of an education adviser in Canberra was important in helping to define AusAID's current education strategy in Lao PDR (2007-11), but ongoing advice and comparative experience are equally important. The recruitment of a new sector adviser based in-country will be important in this regard.

### **Moving from Projects to Sector-wide Approaches**

The strong project mentality in the way in which AusAID has been working in Lao PDR, both procedurally and in the 'branding' of its activities, is beginning to change. Switching to a process of dialogue, sector planning and programming, driven by government leadership and collective agency action, requires a different suite of skills and experience from those involved in micro-managing projects following long-standing agency procedures. The Embassy is beginning to make the switch in the way in which it engages with government and other agencies, and is noted for its proactive work in the sector and with donor working groups. However, soon it will need to demonstrate its willingness to act differently in terms of its allocation of funds to government programming priorities, its reporting requirements, and its willingness to forgo a distinctive AusAID identity in favour of government-led programs. It should be noted in this regard that corporate guidance on the development of partnerships has been issued to all AusAID offices from Canberra, identifying principles and good practice for new ways of working.

In making these points, it is important to stress that policy-making is rarely only a technical matter. It also embraces broad issues of political economy and questions related to the locus of power and political decision-making in society. Put bluntly, all of the technical features required for the adoption of a sector-wide approach may be put in place, but in practice can be worked around. To have faith in the willingness of governments to adopt the many rules of resource allocation and decision-making that such an approach needs is a relatively high risk strategy. It assumes a level of accountability and transparency in the Government of Lao PDR that may not be forthcoming. It is for some of these reasons that the Swedish International Development Cooperation Agency has expressed some doubts about the feasibility of working sector-wide in Lao PDR.



## **The Importance of Risk Analysis**

Moving in the direction of giving strong support to a sector-wide approach in Lao PDR is relatively high risk. To date, through its project portfolio, AusAID's risk analysis has been limited. It is rarely invoked in project monitoring and review. The risk analysis in *Delivering Better Education in Lao PDR: Engagement Strategy 2007–08 – 2010–11* is inadequate in its treatment of the higher order and largely political risks that surround major support of a sector program and working closely with and through government. Risk analysis will need to take on much greater significance in future programming, including analysing the extent to which other aid partners can, and will, sign up to new ways of working.

## **Approaches to Developing Capacity**

Building capacity to deliver donor-designed projects is different in both philosophy and approach from supporting the development of capacities within government as a necessary, ongoing ingredient in the delivery of good-quality public services. To date this notion has not been recognised in any very fundamental way by the Government of Lao PDR or by the major agencies working in the education sector. However, with the emergence of the Education Sector Development Framework, there is an opportunity for AusAID to do two things. First, to argue that capacity enhancement should be a central thread running through education-sector planning and programming; and secondly, to make clear to the Government of Lao PDR and to other agencies that much more attention should be paid to what is working well, and to build on good practice, rather than to continually identify weaknesses and barriers to change.

## **The Role of Technical Assistance**

Providing long- and short-term technical assistance has been an important way of working for AusAID in Lao PDR, although it is difficult to quantify the cost relative to the total outlay of funding for the education sector. While there is evidence of some good practice, concerns expressed by Lao officials need to be heeded in terms of their experience of technical assistance and the degree to which it has been enabling of long-term sustainable change. There is an opportunity, in these early days of more 'joined up' ways of working under the Education Sector Development Framework, for a fundamental and open debate about the best use of technical assistance. The proposal in AusAID's current education strategy in Lao PDR (2007-11) for a technical assistance group provides a framework for this so that the Government of Lao PDR and its partners can together define what the technical assistance implications for a sector-wide approach are, and how it might lead on to technical assistance identification and management over time.

## CHAPTER 5: AUSTRALIAN AID FOR BETTER EDUCATION— MOVING FORWARD

As previous sections of this report have made clear, there are important opportunities for AusAID to engage strongly in an education sector-wide reform process in Lao PDR. The draft *Education Sector Development Framework 2009–2015* is under active discussion. AusAID is actively promoting and sustaining mechanisms such as the Education Sector Working Group that should help to advance ‘joined up’ ways of working under Lao PDR government leadership. Under the current pipeline for the education program in Lao PDR, AusAID is planning to increase its aid investment significantly. Although A\$33.1 million over two years (2009–10 and 2010–11) is still both modest and short-term relative to the Government of Lao PDR’s own budget and its medium-term needs, it is potentially important given that in 2006–07 over 90 per cent of the capital budget was financed by donors.

For AusAID to move forward effectively, it is important to continue to clarify some key issues both strategically within AusAID at a corporate level, and in-country in Lao PDR at a practical level.

### 5.1 Gaining Clarity within AusAID at the Corporate Level

In the short term, and learning the lessons from the past few years (see Chapter 4), it will be important for AusAID to be clear on a number of issues.

1. *Level of ambition* AusAID needs to define clearly its position on supporting work in the education sector in Lao PDR and its medium-term financial commitment for the full period of the Education Sector Development Framework (2009–2015). Is AusAID intent on working in new ways, driven strongly by a sector-wide approach and by engaging—technically and politically—in advancing aid effectiveness agendas in the education sector and more broadly? This is the agenda set out in AusAID’s current education strategy in Lao PDR (2007-11). Or is this too ambitious in both financing and capacity terms for AusAID?
2. *Absence of other donors* There are particular demands placed on a lead donor, with a significant local presence, in an environment where there are no like-minded bilateral agencies and where the World Bank, ADB and the EU largely have their decision-makers outside Lao PDR. Does AusAID truly want to take on a leadership role in a very difficult and complex government and agency environment, with all of the implications that this has for analysis, communication, reporting systems and higher level regional and international dialogue with the headquarters of other agencies? Defining AusAID’s technical and political comparative advantage will be important in this regard.
3. *Sector and wider policy reform* AusAID will need to define ways to assist the Government of Laos PDR to develop strong organising, managing and reporting connections between the sector-wide approach to improving education services, and wider poverty reduction and good governance reforms.
4. *Range of options* Accepting AusAID’s intention in its draft education strategy to ‘continue to advocate for implementation of program-based approaches and alignment with Education Sector Development Framework through our leadership of the local donor group’, there is nevertheless some merit, in a high-risk environment, in keeping a number of options open in scaling up support to education in Lao PDR. These include:

- continuing to support discrete projects that aim to ameliorate particular problems that have been identified either by the government or by the government and donors together. In such cases, aid flows can be incorporated within the budget or placed in an account off-budget.
- establishing project management units or teams as autonomous entities or for absorption into existing administrations with project work being integrated into normal practice
- associating a project with a set of donors
- forming a ‘silent donor’ arrangement in which one donor places funds at the disposal of another that has a comparative advantage in the particular area of operation
- agreeing—further along the spectrum towards greater harmonisation—to funding by donors, usually as a group or subgroup, of all or specific parts of the government’s sector plan through a financing arrangement that pools funds into a discrete account that can only be used for the prescribed purposes
- agreeing to full alignment and harmonisation based on the policy direction and components of the government’s sector plan and contributing financial support directly to the sector budget
- donors that wish to support the sector program but are not prepared (or able legally) to provide such direct budget support being accommodated through separate financial arrangements.

## 5.2 Supporting the National Government of Lao PDR

There are opportunities for AusAID to work with the Government of Lao PDR:

- in proposing and supporting an institutional appraisal of the education sector (at all levels) as a contribution to carrying forward the improved financial, planning, management and performance monitoring proposals in the Education Sector Development Framework<sup>63</sup>
- in defining the skills profile, the role, the location (within or outside of government), and the accountability of the sector-reform specialist that AusAID plans to recruit. It is intended that these issues be resolved through a collective rather than a bilateral discussion. In addition, the relationship of this specialist to the roles and profile of the Embassy education team needs to be elucidated very carefully to avoid confusion of roles. The strengths and weaknesses of the PNG model could usefully be considered in this regard.
- in establishing a Technical Assistance Group in support of advancing and implementing the Education Sector Development Framework, consistent with the wider aid effectiveness objectives of the Vientiane Declaration.

Within AusAID in Vientiane (supported by Canberra), it will be important to:

- ensure that there is capacity to continue to appraise the strengths and weaknesses of the Education Sector Development Framework and determine how it should be carried forward by the Government of Lao PDR politically, through its budgetary procedures and at all levels of the education system. In addition, AusAID needs strong, evidence-based positions on its own pro-poor, basic education service provision objectives.
- be proactive in helping the Government of Lao PDR and partner agencies in defining significant annual milestones in advancing the Education Sector Development Framework—for example, in supporting the Fast Track Initiative endorsement process, in promoting a joint annual sector review earlier rather than later (and, if

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<sup>63</sup> An institutional analysis would examine the governance, financing, organisation and management of the education sector at all levels of the system to determine, in particular, those challenges and issues that are amenable to better practice within existing structures and organisations, and those that are likely to require significant structural changes. It would pay attention to wider political change processes nationally and locally and to issues of privatisation and the role of civil society.

possible, including project reviews within this process) and in identifying financing priorities that can feed into the 2010 budget process

- linking Education Sector Development Framework reporting processes and timetabling with PRSO sector reporting timelines.

These suggestions for moving ahead are guided by three primary considerations. First, close alignment with emerging government policies for the sector. Second, the importance of collective policy dialogue on how to achieve sustainable sector reforms. Third, the value of promoting synergy between sector development and wider poverty eradication and aid effectiveness reforms.

AusAID has the potential to be an important catalyst in education sector development in Lao PDR. At the same time, experience in other countries suggests that individual aid agencies can move only as fast as the government and other donors allow. This, in turn, suggests the need for AusAID to consider a range of scenarios within which to operate over the period up to 2015, all guided by the need to improve basic service delivery but with a detailed awareness of whether there are genuine opportunities for systemic sector reform.

## APPENDIX A: TERMS OF REFERENCE

### Improving the provision of basic services for the poor

#### Education Sector Evaluation

8 August 2008

##### .1 Background

The Office of Development Effectiveness (ODE) periodically undertakes evaluations of key aspects of the Australian aid program. Improving basic services for the poor was identified as a significant challenge for the aid program in the ODE's 2007 Annual Review of Development Effectiveness. During 2008–09, ODE will evaluate the performance of the Australian aid program in three key service sectors: health, education and water supply and sanitation. These terms of reference relate to the education sector evaluation.

As a proportion of its total aid program, Australia is more engaged in environments characterised by low capacity than any other donor. Internationally donors are questioning the effectiveness of traditional models of engagement in these settings (project-based, non-state, short-term, humanitarian-focused). But there is a tension between the longer term objective of building local capacity for sustainable improvement and the more immediate needs of the poor. For example, a recent AusAID performance report for the health sector found that gains in strengthening policy and planning capabilities within local health systems had not yet influenced the delivery of services themselves. Similarly, there is tension in applying conventional models of delivery based on government as the primary agent, given that government capacity and/or willingness to provide services typically starts from a low base in these environments.

Improving the effectiveness of basic services is important for at least two reasons:

- Globally, achievement of the MDGs requires that development progress is made. Specific attention is required in health, education, and water and sanitation provision, given these measures are lagging in progress against the poverty indicator. Among many countries of most significance to the Australian aid program, performance has been mixed, with key indicators of human development apparently stagnating or deteriorating in some cases.
- Poor services may be both a symptom and a cause of country capacity constraints. For many of the poor, better governance equates directly with better services. Improvements in the quantity, quality and equity of basic services may, therefore, make a significant contribution to strengthening and reinforcing state capacity to meet people's needs.

In line with a number of other countries, the Australian government has committed to increase significantly the volume of official development assistance it provides. Australian overseas development assistance is set to more than double by 2015. But notwithstanding the need for increased support and improved performance, exactly how to scale up aid effectively in environments characterised by low government capacity also presents particular challenges.

Australia's investment in education comprises 10 per cent of its overall aid budget of \$2.989 billion, including 13 per cent on basic education, 36 per cent on scholarships, 15 per cent on secondary and higher education and 8 per cent on technical and vocational training. Education funding support has been primarily in Indonesia (56% in 2006–07), PNG

(16%), Philippines (9%) and the Pacific (8%).<sup>64</sup> There is evidence that Australian support in education in line with the 2007 Better Education policy is shifting from the traditional model (project-based and short-term) towards the application of sector program approaches (alignment and harmonisation). Substantial support continues to be in the form of technical assistance (65% in Fiji and 25% in Indonesia and Philippines).<sup>65</sup> Currently, however, strengths and weaknesses of sector-wide approaches and high levels of technical assistance are not well understood, particularly concerning the extent to which such approaches have led to significant improvements in the delivery of services to the poor and vulnerable.

The findings and recommendations of this evaluation will inform the 2008 Annual Review of Development Effectiveness and any revisions to Australia's development education policy and/or implementation approach in education. In the spirit of greater partnership with aid recipient countries, it is also hoped that the findings will help to inform the approaches to education delivery for partner governments, particularly for the two case study countries of Lao PDR and Papua New Guinea. Interim products will be available during the second half of 2008 to help to inform ongoing management decisions in education, with the final report completed in November 2008.

## .2 Objectives

The purpose of the education sector evaluation is to inform understanding about how Australian aid can support sustainable improvement in the delivery of basic education services, particularly for the poor and vulnerable. It will do this by assessing the effectiveness of previous Australian support to education service delivery in selected countries.

The evaluation will generate insights into what aspects of Australia's current approach should be continued, and what Australia should be doing differently. In identifying these lessons, consideration should also be given to the scope for Australia to increase its support to education in these environments.

## .3 Scope

The field work for the education case study will focus on Papua New Guinea and Lao PDR. This selection was based mainly on the criteria that there have been significant investments in basic education in the last five to eight years in both countries. This selection of countries will complement the scope of the health case study, which is focusing on Solomon Islands, Vanuatu and PNG.

The evaluation will review all major Australian activities supporting the delivery of basic education that have been completed within the last five years and assess their performance in these countries.

For the purposes of study in the case study countries, the education system is defined broadly to encompass all stakeholders involved in the financing and delivery of basic education services. It includes private sector, community and not-for-profit groups, where appropriate, as well as the public education system.

The primary interest of the evaluation is to determine what has worked and what hasn't. While this will entail a focus on the areas of Australian support, the aim is not to attribute results to Australian funds in a narrow sense. It is recognised

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<sup>64</sup> These figures include scholarship funding, which will not be assessed in this review.

<sup>65</sup> Education Thematic Performance report 2007

that in most cases Australia will have contributed jointly to reforms with other stakeholders and the evaluation will examine the effectiveness of this joint effort.

#### .4 Evaluation Questions

The evaluation will address the following core question:

**Is the approach by the aid program to improving the delivery of essential education services for the poor effective?**

In order to identify what has been achieved and why, the evaluation will consider a series of subsidiary questions, organised under three, related headings:

- (a) the relevance of Australian support
- (b) the appropriateness of the approach taken by Australia to provide support
- (c) the effectiveness of Australian support.

These questions are not intended to be prescriptive but are expected to be refined by the evaluation team and informed by the Overseas Development Institute (ODI) international literature review.

- (a) Relevance of Australian support
  - To what extent is the partner country's education sector strategy effective? How well are Australia's programs aligned to the education sector strategy?
  - Are there sufficient resources to implement the sector strategy? What is the contribution of Australia and other donors? What level of funding has reached provinces, districts and schools?
  - How relevant is Australian support in decentralised environments?
  - Were the objectives of Australian support: directed at priority constraints, realistic given capacity, amenable to aid-based solutions and capable of delivering improved services to the poor within a reasonable timeframe? (i.e. a clear line of sight between Australian support and priority improvements in basic education services for the poor)
  - Has Australian support been based on an adequate assessment of the constraints to service delivery for the poor, including political economy factors, the impact of conflict (where applicable) and the willingness and capacity of stakeholders to deliver the necessary improvements?
  - Has Australian support achieved the right balance between short-term improvements in service delivery and long-term capacity building of the state to deliver services?
  - Does the previous and current program of support provide a sound basis to scale up assistance for basic education?
- (b) Appropriateness of the approach taken by Australian to provide support

- Are the ways that Australian programs are delivered appropriate? Particularly, has Australian support engaged with the right delivery agents (public, private and not-for-profit service providers)? And has the form of assistance been appropriate?
- Has technical assistance been used appropriately? Have alternatives been adequately considered?
- How has AusAID approached financing issues in the education sector? Has this approach been successful given broader financing and sectoral issues?
- Has Australian support sufficiently harmonised with other international and national actors to manage risks of fragmentation?
- To what extent has Australian support aligned with partner government systems?

(c) Effectiveness of Australian support

- What have been the key outcomes of Australian support on education service delivery? <sup>66</sup> What is the evidence base for these outcomes? And to what extent have these benefited the poor and promoted gender equality?
- What factors explain variation in the outcomes achieved with Australian support?
- How sustainable are the gains that have been achieved, in terms of the effectiveness of Australian support in building:
  - political support and pro-poor policymaking capability?
  - system capacity, including financial viability and harnessing skills of state and non-state providers?
  - voice and participation of the poor or advocacy groups in the system?

As far as possible, the evaluation should differentiate service users by poverty, ethnicity, gender, disability and other relevant dimensions of vulnerability.

## .5 Approach

The education case study would involve the following steps:

1. ODI literature review of international experience in improving service delivery to the poor, focusing on health, education and water and sanitation (see Annex 1).
2. Evaluation team finalises TOR and develops methodology.
3. ODE undertakes document review of Australian support in the target countries and shares key documents with the evaluation team.
4. ODE commissions analysis of financing of education in Lao PDR and PNG.

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<sup>66</sup> In considering outcomes, the evaluation will look at student enrolment, attendance and completion rates at the primary school, post-primary transition rates and, to the extent that evidence is available, assessments of learning outcomes. It will specifically consider whether benefits have flowed to the most disadvantaged and equally to boys and girls.



5. Field visits of 10–14 days each to target countries. Analysis of variance between different sites and interventions. Short country reports on findings. Details of the fieldwork approach and outputs will be confirmed with the fieldwork team.
6. Draft report peer reviewed by the Reference Group.
7. Final report and dissemination of findings and recommendations.

## .6 Education Evaluation Team and Reference Group

The education evaluation will come under the overall evaluation management team, which will be comprised of ODE's Principal Adviser on performance assessment and an evaluation specialist.

The education evaluation team will comprise five members:

1. Team leader with expertise in education systems, strategies and evaluation
2. Social development adviser with experience in gender.
3. A public financial management specialist with experience in the education sector and sector-wide approaches.
4. ODE representative.
5. When the teams are in-country then they will be joined by national expert(s) on education. They may also be joined by partner country representatives.

A Reference Group will also be established for the education evaluation. This will comprise an internationally recognised expert on education systems, the Team Leader of the health service delivery evaluation, partner government representatives (if desired), advisory support from within AusAID and other external experts. The reference group will have no direct management role but will provide advice to the team leader. A final decision regarding the composition of the reference group will depend on identifying appropriate, available external members.

## .7 Duration

It is currently anticipated that the timing of this evaluation will be as follows:

- Finalise TORs by June 2008
- Joint ODI international literature review by mid-July
- Finalise methodology and document review: May–August.
- Lao PDR field trip: 15 – 26 September 2008.
- PNG field trip: 13 – 24 October 2008
- De-briefing and presentations in Canberra: 27 – 31 October 2008
- Peer review of draft report November 2008
- Final Report on education case study: 30 November 2008.

## .8 Reporting

The education evaluation will aim to deliver some interim products in addition to the final evaluation report. These will include the ODI international literature review, two reports on findings in PNG and Lao PDR.

## .9 Communication and dissemination

The progress reports and final reports will be published on the ODE's internet site. They will also form the basis of a specific chapter in the 2008 and 2009 Annual Reviews of Development Effectiveness. The reports will be disseminated through networks internal to AusAID and internationally such as the DAC and INEE. The evaluation team will debrief senior AusAID managers in country and in Canberra, as well as interested partner government members as appropriate. Seminars will be arranged, probably on all three sectors of the evaluation.

## APPENDIX B: EVALUATION PLAN

### The Evaluand

The object of evaluation is AusAID's overall program in the education sector in Lao PDR from 2000 to 2008. This includes both the project portfolio and more recent work on education-sector policy development.

### Orientation or Purpose

The overall purpose of the evaluation is to inform understanding about how Australian aid can support sustainable improvement in the delivery of basic education services, particularly for the poor and vulnerable in Lao PDR. The original focus was oriented around service delivery in fragile or challenging environments but was changed following feedback on the terms of reference from partner governments who were uncomfortable with the terminology of fragility. The evaluation is oriented to learning about what has worked and what has not, both within and across ongoing country programs.

### Clients/Primary Audiences

The client and primary audience is the Office of Development Effectiveness, which undertakes independent evaluations of key aspects of the Australian aid program. The secondary audience is the Country Program Office in Lao PDR and the Government of Lao PDR. Other donors and partners in Lao PDR, academics and the broader Australian public are also secondary audiences.

### Evaluation Resources

The evaluation team consists of three international consultants with experience in education policy and practice, education economics, and social development. The time available for the evaluation is around 50 days for both PNG and Lao PDR.

### Evaluation Foci

Foci of the evaluation are:

- the broad context of development into which the Australian program in education fits
- assessment of program statements and frameworks guiding AusAID, both in education and cross-cutting issues
- the influence, impact and lessons learned of the project portfolio
- engagement with education sector policy development including AusAID's role as lead donor in advancing sector reform strategies
- the immediate possibilities for more effective programming and practice.

## Key Evaluation Issues/Questions

The core question of the evaluation is this: *is the approach by the aid program to delivery of education services for the poor effective?*

There are many subsidiary questions organised broadly around:

- the relevance of Australian support
- the appropriateness of the approach taken by Australia to provide support
- the effectiveness of Australian support.

These questions are organised and elaborated in the framework set out on the next page.

## FRAMEWORK FOR EVALUATING AUSAID EDUCATION SECTOR STRATEGIES, ITS PROJECT PORTFOLIO AND ITS SUPPORT FOR SECTORWIDE PLANNING AND PROGRAMMING IN LAOS PDR

Table 5.1:

Lines of Enquiry	AusAID <i>Education Sector Strategies</i> in Laos PDR	AusAID-supported <i>Education Projects</i> /Supporting Lao PDR Sectorwide Planning and Programming
Relevance	<p>Are AusAID country and country education-sector strategy papers <b>relevant</b> to:</p> <p>wider national development strategies in Lao PDR including decentralisation?</p> <p>alignment with Lao PDR education sector frameworks and strategies?</p> <p>meeting the educational needs of the poorest?</p> <p>harmonisation of the collective effort of aid donors to education?</p> <p>wider AusAID crosscutting imperatives?</p>	<p>Is the AusAID <b>project portfolio</b> clearly defined to achieve pro-poor, government-defined, national basic education objectives? [Assess by project and for the portfolio overall]</p> <p>Has AusAID's education-sector <b>project portfolio</b> clearly addressed financial and institutional constraints?</p> <p>Does AusAID's <b>project portfolio</b> provide a sound basis for scaling up assistance to basic education? Is it commensurate with the scale and the challenge of access, quality and equity in basic education in Lao PDR?</p> <p>Is AusAID's <b>project portfolio relevant</b> to achieving wider Paris/Accra/Vientiane aid effectiveness objectives?</p> <p>Is AusAID's work in support of <b>policy dialogue</b>, sector-wide programming and aid harmonisation clearly <b>relevant</b> to developing government systems and the capacity to deliver basic education services of good quality?</p> <p>Is AusAID's work in support of <b>policy dialogue</b>, sector-wide programming and aid harmonisation realistic in its assessment of the modalities that can be employed, the levels of financing needed and the role that AusAID can play in implementing a sector program in Lao PDR?</p>
Effectiveness	<p>Are AusAID country and country education-sector strategy papers <b>effective</b> in:</p> <p>incorporating lessons learned from AusAID activities and more widely in the education sector?</p> <p>being developed through dialogue with the Government of Lao PDR and aid agency partners?</p> <p>being realistic about government commitment and levels of financing?</p> <p>being realistic about institutional and capacity constraints and challenges?</p>	<p>In the period under review, what have been the main evidence-based <b>outputs and outcomes</b> of AusAID-supported education activities? Can the benefits to the <b>poor</b> and disadvantaged be identified clearly and disaggregated by <b>gender</b>?</p> <p>What key <b>lessons</b> have been learned for ensuring that the outcomes have wider benefits in terms of influence, good practice and scaling up across the education system?</p> <p>How has AusAID demonstrated that <b>partnerships, dialogue and coordination</b> can have benefits beyond specific activity outputs and outcomes?</p> <p>How successful has AusAID been thus far in providing both leadership and appropriate resources for an effective process of <b>sector dialogue and planning</b>?</p> <p>What demonstrable effect has AusAID education activity had on <b>political commitment</b> to basic education? To enhanced levels of <b>financing</b> for basic education? For sustainable improvements in <b>capacity</b>? And in enhancing levels of <b>voice</b> and participation in education?</p>

<b>Efficiency</b>	Were AusAID country and country education-sector strategy papers developed <b>efficiently</b> in maximising a full spectrum of AusAID, national and international expertise?	AusAID employs a variety of <b>different ways of working</b> . Is this spread of modalities efficient? Does it make the best use of scarce financial and human resources? Is using different modes of operation and engaging with different bilateral partners in projects a sensible way to operate? Is it too fragmented?
		Are <b>government systems</b> used? Or are parallel management systems required in AusAID-supported programs?
		How has <b>technical assistance</b> been identified, managed and used? What are the implications for the efficient use of TA in a sector-wide approach?
		How efficient is the process of monitoring and <b>performance reporting</b> ?
		How has the <b>Embassy</b> responded to new ways of working especially in policy dialogue and aid harmonisation processes?
<b>Sustainability</b>	Do AusAID country and country education-sector strategy papers clearly address issues of <b>sustainability</b> ?	What have been the main sustainable <b>educational gains</b> in the short period under review? How has this been achieved?
		What have been sustainable gains in <b>capacity, financial viability</b> and in building state and non-state <b>partnerships</b> ?
<b>Impact</b>	Do AusAID country and country education-sector strategy papers define ways of ensuring that monitoring, evaluation and the long-term assessment of <b>impact</b> through government systems is incorporated in support of the education sector?	What has been the impact of AusAID's approach to promoting <b>sector dialogue</b> and joint engagement in sector planning with a diversity of partners?
		What lessons have been learned so far on strategies that have impact and those that do not?

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## Assembly of Evidence and Data Management

*Documentary evidence* A large number of documents were provided to the team, comprising general background information on the country, Government of Lao PDR policy papers, AusAID policy and strategy papers, and project-related documents. The team analysed the documentary evidence in relation to AusAID sector policy and activity; the broader political, economic and institutional context; and the project portfolio.

*Interviews* The team interviewed a range of stakeholders: AusAID staff in Canberra and Vientiane, academics in Canberra, government officials in Lao PDR, donors, and implementing partners. Key meetings are listed in **Annex D**.

*Debriefing* The team debriefed with officials of AusAID in Canberra and through the peer review process.

## Limitations to the Evaluation

There were a number of limitations to the evaluation that impacted on the quality of the report:

- *Participation in a World Bank mission*  
in the spirit of harmonisation and in order not to stress the Government of Lao PDR at a particularly busy time, the evaluation team was required to join the World Bank monitoring mission for EDP2. This affected the way in which the team was perceived and greatly reduced the time available for the team to pursue independent lines of questioning that would have better met its own TOR. In the field visits, the style and level of engaging with provincial officials further reduced the space for in-depth discussion especially on the priorities of the government.
- *Quality of data*  
Although there is a large quantity of reports, the quality of these is highly variable. In general, there is a paucity of genuinely evaluative documents undertaken independently.
- *Limited access to stakeholders*  
In part because of participation in the World Bank mission, the range of stakeholders consulted was inadequate to draw potentially different conclusions based on in-depth dialogue. A key informant in UNICEF and a long-term independent consultant were available only for limited discussion by email.
- *Engagement of the AusAID Country Program*  
Because the evaluation was commissioned by the Office of Development Effectiveness, there was some ambivalence at Post about its purpose and value. This led to uncertainties in planning and difficulties in scheduling appointments and field visits.
- *Make-up of the evaluation team*  
The team did not include either a Government of Lao PDR official or a local consultant, either of which might have added considerable value in terms of contextual understanding.

## Dissemination

Dissemination is the responsibility of the Office of Development Effectiveness, which has undertaken to publish the reports on its internet site and to utilise them in the 2009 Annual Review of Development Effectiveness. They will also be disseminated through internal and international networks such as the Development Assistance Committee and the International Network for Education in Emergencies.



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## APPENDIX D: SCHEDULE OF MEETINGS

Table 5.2:

Date	Location	Discussants/Actions
6 October	Arrive Vientiane	
7 October	Crowne Plaza	[Evaluation Planning]
8 October	Crowne Plaza	[Evaluation Planning]
9 October	Crowne Plaza and Australian Embassy Ministry of Education Department of Planning and Cooperation Ministry of Planning Department of International Coordination European Commission World Food Programme	Debriefing: AusAID staff Ministry representatives Representative Representatives
10 October	Australian Embassy ADB	Debriefing: AusAID staff Representative
11 October		[Report Development]
12 October		[Report Development]
13 October	World Bank Ministry of Education	EC Consultants Planning Meeting of World Bank EDP 2 Supervision Mission Opening Meeting of EDP2 Supervision Mission
14 October	World Bank World Bank Ministry of Finance, Budget Department Ministry of Education Centre for the Promotion of Education for Women, Ethnic and Disabled People UNICEF	EDP2 Mission Round Table with Education Sector Donors Representative Representative Representative Representative
15 October		
16 October	Ministry of Education Division of Inspection Ministry of Education (Assessment of Student Learning Outcomes) Ministry of Education	World Bank Supervision Meeting on Inspection and on Reporting EDP2 World Bank Representatives World Bank Supervision Meeting on Teacher Upgrading Program
17 October	Ministry of Education Ministry of Education	World Bank Mission discuss EDP2 Reporting with Khampaseuth Kittignavong and Project Management Unit team World Bank Supervision Meeting on Community Grants

	Ministry of Education	Jeffrey Waite, World Bank
18 October		[Report Development]
19 October		[Report Development]
20 October	Field Visit, Luang Namtha Province	Provincial Education Headquarters Officials
21 October	Field Visit, Luang Namtha Province	School Visits in xxx District
22 October	Field Visit, Luang Namtha Province	Provincial Education Headquarters Officials
23 October		
24 October	Crowne Plaza Ministry of Education Crowne Plaza Depart Vientiane	Jane Davies, AusAID Wrap-Up Meeting for EDP2 World Bank Supervision Mission Ministry of Education and Education Sector Working Group Workshop

## APPENDIX E: EXTRACT FROM *DELIVERING BETTER EDUCATION IN LAOS PDR* ENGAGEMENT STRATEGY (2007–08 – 2010–11)

High-Level Objectives Diagram (modified)

<b>Government of Lao PDR National Socio-Economic Development Plan 2006–10 (Education Objectives)</b>	Improve management of education, reforming the education system and improving policy and planning capacity	Improve access to, quality and relevance of, education (primary and secondary)	Increasing investment in education and strengthening institutional infrastructure	School construction, teacher training and equipment (focus on rural areas)
<b>AusAID Education Policy Objectives</b>	Strengthen service delivery		Improve the governance of education systems	
<b>AusAID Lao PDR Program Education Goal</b>	To enable more girls and boys in Lao PDR to gain access to a quality education (and address equity issues)			
<b>Engagement Strategy Objectives (2007–08 – 2010–11)</b>	Strengthened Government of Lao PDR management of the sector	Increased quality and availability of education resources	Established preconditions for increased Government of Lao PDR financing of the sector	Greater efficiency and harmonisation of donor interventions in the sector
<b>Component interventions (2007–08 – 2008–09)</b>	ADB Sector-Wide Approach in Education Sector Development (ADB-TA)  Education and Gender Sector Working Group (EGSWG)  Education Specialist (Residing in Laos Ministry of Education)  ADB Basic Education Sector Development Program (BESDP)  Education Development Program Phase 2 -World Bank (EDP2)	BESDP  EDP2	ADB TA  EGSWG  Informal Donors Working Group  BESDP	ADB TA  EGSWG  Informal Donors Working Group  Education Specialist