



Australian Government

Department of Foreign Affairs and Trade

DFAT-LED DESIGN – INVESTMENT DESIGN DOCUMENT

Investment Design Title: Laos Australia Institute (LAI) Phase 4
Start date: November 2026
End date: November 2030 (with optional four years extension to November 2034, exercisable by DFAT)
Total proposed DFAT funding: AUD 28M until November 2030 (AUD 7 million /year), plus 28M (if DFAT exercises its option to extend) from November 2031 to November 2034 – overall investment value AUD 56M

A. EXECUTIVE SUMMARY

Over the past twenty years, Lao PDR has invested in large-scale transport and energy projects to shift from landlocked to land-linked status and advance a greener, digital-focused economy. Entering the 21st century's second quarter, the country faces high debt, import dependence, and weak revenue collection - leading to inflation, currency depreciation, lower per capita GDP, reduced public service spending, and increased skilled worker emigration. Climate risks are also rising, with warmer temperatures, unpredictable rainfall, and more frequent extreme weather events. As the country navigates these compounding challenges, human resource development (HRD) stands at the centre of its ambition to graduate from Least Developed Country (LDC) status and advance its broader development agenda.

The Government of Lao PDR (GoL) acknowledges these challenges and seeks to leverage the opportunities they present. The 10th National Socio-Economic Development Plan (NSED 2026–2030) and the Second National HRD Strategy (NHRDS 2026–2035) identify a skilled, adaptable, and productive workforce as vital for the country's future, to drive economic development, regional integration, and poverty reduction. While these plans are promising, translating their ambitions into practical results requires robust institutional reforms, capacity-building at all levels, and sustained political commitment.

Australia, a trusted partner of Lao PDR for over 74 years, stands ready to support. The Laos Australia Institute (LAI) has been the Australian Government's HRD program in Lao PDR since 2014, providing scholarships, training, as well as technical advice and support to the public sector. A recent review of the current Phase 3 confirmed the program relevance and effectiveness, and the Australian Government has subsequently agreed to further support a Phase 4. This new phase will consist of an initial 4-year period from November 2026 to November 2030 (with a value of up to AUD 28 million, or AUD 7 million per year), and an option to extend from 2030 to 2034 (with a value of up to an additional AUD 28 million).

The Phase 4 Design, described herein, builds upon the achievements and lessons learned from previous LAI phases, and incorporates updates to reflect evolving priorities of both countries. It aligns closely with existing strategic frameworks such as the Australia-Lao PDR Comprehensive Partnership (2024), the Australia-Laos Development Partnership Plan (DPP) 2024–2029, and *Invested: Australia's Southeast Asia Economic Strategy to 2040 (Invested)*. Rather than a complete overhaul, this Design suggests an evolution: core elements from Phase 3 will continue – including the integration of higher education experiences in Australia (Australia Awards), broader HRD support in Lao PDR, and the mobilisation of technical assistance – while specific areas will be enhanced (e.g. alumni engagement, women's leadership agenda, GEDSI initiatives) or introduced (e.g. climate resilience, English language training).

Most notably, this Design adopts a new, more strategic approach to support the Lao HRD sector by moving beyond simply funding higher education access and responding reactively to HRD needs. It establishes a coherent architecture of services that promotes complementary changes at individual, organisational, and sectoral levels. This approach acknowledges that sustainable reform requires greater agency and aspirations for individuals, improved institutional capacities, increased cross-sector collaborations, and the dismantling of entrenched social norms that limit participation and leadership.

The LAI Phase 4 goal is to strengthen HRD that promotes inclusive and sustainable socio-economic development in Lao PDR. To pursue this goal, this design articulates three end-of-program outcomes (EOPOs) that reflect a socio-ecological model of change:

- At the individual level, diverse alumni equipped with new skills, knowledge, and networks will drive equitable, climate-resilient development and foster women's leadership in Lao PDR, serving as agents of change within their sectors and communities.
- At the organisational level, supported Lao public institutions will develop HRD practices that are genuinely inclusive, gender-equitable, and climate resilient, dismantling institutional barriers and cultivating conditions for long-term, diverse leadership and development.
- At the sectoral level, supported GoL partners will lead the coordination of national HRD reforms and bring together relevant professionals and stakeholders from the public, private, and civil society sectors to develop shared understanding and collaborative initiatives that will ensure structural HRD reforms are embedded within a self-reinforcing system.

The design responds to Lao PDR political economy context by working with – rather than around – existing incentives and institutions. By anchoring support in the forthcoming National HRD Strategy 2026–2035 and by partnering with the Ministry of Education and Sports (MoES) and key central agencies, LAI Phase 4 aims to reinforce reform coalitions that already enjoy political backing and implementation mandates. At the same time, it recognises that social and institutional change is complex and rarely linear, and that progress will depend on gradual, politically feasible shifts in how HRD is planned, resourced and practised within organisations, and on building constituencies for more inclusive and performance-oriented HRD over time. Resources will be strategically allocated to core activities, with a focus on localisation, flexibility, and continuous improvement informed by evidence. Commitments to inclusion, climate resilience, and women's leadership are woven throughout the program, serving both as objectives and drivers of lasting HRD reforms. Importantly, the program will adopt an adaptive management approach, and hold itself accountable through robust Monitoring, Evaluation, Research and Learning (MERL) arrangements. A Technical Advisory Group (TAG) and independent reviews will provide mechanisms to assess program's effectiveness and ensure its directions and priorities remain relevant amid an evolving context. Governance arrangements will mirror existing ones, featuring established forums for lessons sharing and policy dialogue between governments: a Program Steering Committee (PSC) responsible for strategic guidance, risk oversight, and policy matters and a Program Implementation Group (PIG) accountable for operational decisions. Both bodies will be co-chaired by representatives from MoES and DFAT, and will include representatives of relevant GoL and Lao People's Revolutionary Party (Party) organisations. Within the Embassy, Post's HRD team will oversee program implementation and ensure coordination with other Australian programs and development partners in Lao PDR. Consistent with prior phases, a Managing Contractor will be responsible for program implementation.

As Lao PDR continues its journey toward regional integration and sustainable development, the capacity, productivity and resilience of its workforce is critical to equip the nation for tomorrow's challenges and opportunities. By adopting a multi-level, interconnected strategy that empowers individuals, strengthens institutions, fosters intra-sectoral collaborations, and challenges entrenched norms that sustain exclusion, LAI Phase 4 will support the development of a modern, inclusive, and climate-ready workforce in Lao PDR. For Australia, this investment reaffirms its partnership with Lao PDR, promotes shared vision and values, and strengthens its regional influence across a dynamic Southeast Asia.

B. DEVELOPMENT CONTEXT AND SITUATIONAL ANALYSIS (WHAT PROBLEM ARE WE ADDRESSING?)

Development trajectory in Lao PDR

Hailed as one of the fastest-growing economies in the region from 2005 to 2019, Lao PDR has found itself in recent years at the crossroads of economic growth and mounting challenges. After the sharp slowdown triggered by the COVID-19 pandemic, growth has begun to recover, with official data indicating real GDP expansion of around 4.35 per cent in 2024 and projected growth of about 4.5–4.7 per cent in 2025 (in 2012 prices). However, this remains well below the pre-pandemic trajectory and is insufficient to offset compounding pressures. The country continues to grapple with high inflation, declining per capita GDP in real terms, rising school dropout rates, and increased emigration of young and skilled workers seeking opportunities abroad, particularly to neighbouring countries. Employers continue to struggle to find workers with the necessary technical skills, leading to high-value positions being filled by economic migrants from neighbouring countries. This situation has highlighted vulnerabilities in the nation's economic structure and has underscored a deeper issue: the deficiency in human capital and its far-reaching implications for poverty, inequality, and resilient economic development.

In addition, climate risks in Lao PDR are intensifying. Average temperatures are projected to rise by the 2090s by about 1.2 degrees Celsius (under a low-emissions pathway) to 4.1 degrees Celsius (under a high-emissions pathway), with the hot season warming fastest. The number of very hot days (≥ 35 degrees Celsius) is expected to increase from about 40 days to up to 110 days per year depending on future emissions. Rainfall will likely intensify during the wet season while dry spells lengthen, driving recurrent floods and droughts, rising heat stress, riverbank erosion, and landslides. Without additional measures, the population exposed to river flooding each year could roughly double by the 2030s to more than 80,000 people, with expected annual damages increasing by about USD 295 million. Exposure to climate risks is highest along the Mekong and its tributaries, where rural and low-income communities, subsistence farmers, and children are particularly vulnerable, deepening existing inequalities.

Facing these challenges, GoL has in recent years favoured investments in physical infrastructure. Substantial resources have been directed towards large-scale projects such as hydropower dams, roads, and the Lao–China railway. While these investments have improved physical linkages, created jobs, and boosted economic development, spending on human capital has lowered, undermining long-term growth and poverty reduction. Public debt levels remain elevated (about 94 per cent of GDP in 2024) and debt service continues to absorb a large share of the budget: interest payments are projected to reach around 19 per cent of total expenditure in 2025, while human capital spending (education and health) accounts for only about 10 per cent of total expenditure and 11.6 per cent of revenue. This imbalance has contributed to limited workforce competitiveness, skills shortages in key economic sectors, and uneven social development outcomes.

Human Resource Development in Lao PDR

The HRD landscape in Lao PDR is shaped by a complex interplay of demographic shifts, economic pressures, and regional integration dynamics. Against a backdrop of sustained population growth, rapid urbanisation, and persistent fiscal constraints, the country faces both significant opportunities and challenges in building a productive workforce.

Over the past two decades, Lao PDR has actively sought to pursue an economic transition toward greener, more digital, and higher-value activities – including renewable energy, digital services, logistics, agro-processing, tourism, and advanced manufacturing – to boost its regional integration. This shift is reshaping labour demand toward mid-level technical roles (e.g., renewable operations, industrial maintenance, quality assurance, environmental management) and professional/managerial capabilities (project management, procurement, regulatory compliance, data-driven decision-making, and environmental, social, and governance (ESG) reporting). Cross-cutting competencies – especially English proficiency and digital literacy – are now prerequisites for employability and advancement. At the same time, deepening engagement with ASEAN and global markets accelerates demand for adaptable skills and quality-assured qualifications.

Yet the training system, particularly technical and vocational education and training (TVET) and tertiary institutions, does not match employer needs: curricula updates, practical facilities, quality assurance, and industry placements are uneven, and progress on aligning and mutually recognising Lao qualifications with those of other ASEAN member states through mechanisms such as the ASEAN Qualifications Reference Framework (AQRF) remains limited. As such, Lao PDR faces the dual risk of skills shortages at home, and brain drain to higher-wage regional markets. The human capital baseline underscores this situation: with a Human Capital Index of 0.46 (2020), a child born in the country is expected to be 46 per cent as productive as they could be with full access to quality healthcare, education, and nutrition. Foundational learning gaps dampen readiness for advanced training and technology adoption, while disparities by geography, income, gender, disability, and ethnicity constrain participation and completion.

Gender and social dynamics compound these gaps and require deliberate, systemic responses. Women and equity groups remain underrepresented in leadership and decision-making, particularly in the public sector, reflecting structural and institutional barriers that limit progression. In 2023, women occupied 35.3 per cent of government officer positions overall (38.5 per cent central, 33.5 per cent provincial, 35.0 per cent district), but their share fell in senior ranks (e.g. 23.2 per cent of Vice Ministers, 19.4 per cent of Director Generals). This reflects barriers in digital skills, customary caregiving and domestic burdens, and limited leadership pipelines. Intersectional barriers disproportionately affect ethnic minorities, people with disabilities, and rural communities, compounding constraints in access, completion, and utilisation of training.

Gaps in Lao PDR HRD system can be understood at different levels. At the individual level, multiple barriers limit who can access and benefit from HRD opportunities and how effectively new skills are used back on the job. Equity groups - including women, ethnic groups, people with disabilities, and those from remote provinces - face entry constraints related to language proficiency, direct and indirect costs, and physical and digital accessibility. Insufficient English and digital skills reduce readiness for advanced training and constrain participation in regional knowledge networks; this situation is exacerbated by internalised lack of confidence and discriminatory attitudes from peers. Access to climate- and industry-relevant programs remains limited, particularly for early- and mid-career staff outside the capital. Even when training is completed, weak post-training utilisation, unclear job placement or role redesign, and limited career progression pathways dampen returns on investment and discourage continued learning. These factors also contribute to brain drain as highly trained Lao professionals seek better-defined career prospects in other countries such as Thailand—perpetuating a cycle of limited domestic human capacity and constrained skilled employment opportunities.

At the organisational level, HR systems in the public sector are fragmented and lack coherence. They often operate on an ad hoc basis without coherent competency frameworks to guide recruitment, development, and promotion. Mentoring and leadership development opportunities are limited, and performance

management systems rarely reward the application of new skills or innovation. Budgeting for HRD is frequently disconnected from strategic workforce planning, making it difficult to prioritise critical capabilities in line with sector goals and needs. Social norms and institutional barriers limit career pathways for women outside of non-traditional occupations and into leadership roles. Workplaces also lack consistent provisioning for inclusion - such as flexible arrangements, reasonable accommodations, and accessible materials and facilities - undermining participation and productivity of staff with diverse needs.

At an integrated sectoral level, skills mismatches persist and constrain diversification into green energy, digital services, and advanced manufacturing. Quality assurance and accreditation systems are uneven, and alignment with ASEAN qualifications and skills standards is incomplete, reducing the portability and employer recognition of credentials. Data systems for labour market intelligence and HRD planning are nascent, limiting the ability of ministries and training providers to plan, budget, and adapt programs based on evidence of demand and outcomes. Engagement with the private sector in curriculum co-design, apprenticeships, and structured placements is inconsistent, constraining work-based learning and the development of job-ready competencies at scale. These factors limit the effectiveness of policies that seek to promote greater equity in HRD, such as the national Gender Equality Plan of Action.

Addressing these gaps take on greater urgency given Lao PDR's demography characterised by an evolving age structure with declining fertility, rising life expectancy, and a growing working-age share. This situation creates a time-limited window to accelerate growth and investments that raise employability and productivity, known as the demographic dividend. Capturing the country's demographic dividend requires converting more youth and mid-career workers into job-ready talent through stronger foundational learning and market-relevant skills. Without such measures, the window could narrow into higher underemployment and informality. Realising this dividend, however, hinges on governance that can steer and scale HRD reforms effectively.

A preliminary political economy analysis undertaken for this Design, highlights three key features of the HRD reform landscape in Lao PDR. First, the high-level commitment to HRD and public sector restructuring is constrained by limited fiscal space, fragmented implementation capacity, and competing sectoral priorities. Second, mandates for HRD are distributed across multiple ministries and Party bodies, with uneven coordination between MoES, the National HRD Secretariat/HRDO, the Ministry of Labour and Social Welfare (MoLSW) and other agencies. This creates bottlenecks to coherent reform, and selective entry points where reform-minded champions sit. Third, deeply embedded social and gender norms shape who can access HRD opportunities and advance into leadership. Together, these dynamics frame both the risks and the realistic pathways for HRD reforms in Lao PDR.

National HRD priorities

Lao PDR's 2023 National Human Development Report highlights the urgent need for a more strategic HRD approach to meet LDC graduation thresholds and enhance Lao PDR's integration into the ASEAN Economic Community. The current institutional restructuring and ongoing ministerial mergers create tangible openings to consolidate HRD governance. In terms of policy priorities, the National Socio-Economic Development Strategy and Vision to 2055 sets ambitious economic, social, and environmental goals that underscore the critical importance of developing a skilled, adaptable, and resilient workforce capable of supporting sustainable growth and improved living standards. The NSEDP 2026–2030, particularly Outcome 2, prioritises upgrading education and workforce skills, aligning training with labour market needs, improving health and

nutrition, strengthening language skills (including English), and promoting fair labour practices and inclusion. It calls for intensified HRD efforts, emphasising skill development, institutional strengthening, and equitable access.

The national HRD agenda is articulated through a multi-year strategic framework. In 2013, Lao PDR established the first National Human Resource Development Strategy (NHRDS) to 2025, transferring HRD responsibility to MoES and creating the National Human Resource Development Commission (NHRDC). Chaired by MoES, the Commission integrates multi-sector stakeholders and operates with a Secretariat that coordinates policy implementation, regulation development, and monitoring. Although critical foundations were laid during the first HRD strategy period (2016-2025), an implementation review cited unclear strategic priorities, inadequate budget planning, and weak coordination among National HRD committees, line ministries, and sub-national actors. A new and second National HRD Strategy is forthcoming, with its drafting supported by Australia. It covers the period 2026 to 2035 and explicitly seeks to address past implementation challenges by sharpening strategic priorities, strengthening coordination across levels of government and with the private sector, and improving budgeting, monitoring, and accountability arrangements. It envisions a dynamic, skilled workforce capable of driving inclusive and sustainable socio-economic transformation. This vision emphasises integration with regional and global economies, equitable access to quality social services, and empowerment of all citizens, through the pursuit of ten priorities - political ideology, an efficient civil service, education, health, labour productivity, culture, climate change, women's empowerment, digital transformation, and regional HRD cooperation - that collectively define the country's HR capability agenda.

A range of development partners support the delivery of this agenda. Together, these initiatives highlight strong but fragmented support to HRD, underscoring the need for more coherent national coordination, clearer strategic focus, and stronger systems - areas where Australia's long-standing and appreciated engagement can add comparative value by helping translate training activities and scholarships into sustained and capable domestic human capacity.

The Laos Australia Institute

Australia has been a valued partner of Lao PDR for over 74 years. The strong and unbroken diplomatic relationship is underpinned by an established and well-regarded development program, robust people-to-people links, and shared regional interests, including cooperation on transnational crime. Central to this cooperation is Australia's support for an educated and skilled workforce that allows Lao PDR to benefit from regional economic integration. By linking education and workforce development, Australia continues to help Lao PDR navigate the challenges of graduating from LDC status and boost its competitiveness in the regional and global economy. These efforts have strengthened bilateral ties and contributed to Lao PDR's long-term economic goals. Australia is also recognised in Lao PDR for prioritising gender equality and social inclusion and for its long-standing support to people with disabilities.

Within this partnership, the Laos Australia Institute (LAI) is the Australian Government's program for HRD in Lao PDR, providing scholarships, alumni engagement, trainings, as well as technical advice and support to the public sector. Since its launch in 2014, LAI has helped develop a more skilled and productive workforce that contributes to Lao PDR's socio-economic development. The current phase of LAI, Phase 3, has contributed to the elevation of HRD as a core strategy of the program's support. The program's objectives include strengthening bilateral engagement, enhancing organisational HRD capacity, and supporting Australia-Lao PDR alumni contributions. These goals are pursued through a combination of scholarships, training, alumni

engagement, and technical assistance, which together have laid the groundwork for the next phase. A recent Independent Review of LAI Phase 3 confirmed relevance and effectiveness of the program and found strong alignment between LAI and the Lao PDR's NHRDS and 9th National Socio-Economic Development Plan. The Australian Government subsequently endorsed most of the review recommendations and accepted that there is value continuing the program into Phase 4.

C. STRATEGIC INTENT AND RATIONAL (WHY?)

The rationale for LAI Phase 4 rests on Australia's desire to support Lao PDR's transition from a narrow economic base toward a more inclusive and climate-resilient development path, amid severe national fiscal constraints and intensifying global climate risks. This design sets a program that aligns with both governments' strategic priorities, serves Australia's national interest, and strengthens Australia's relationship with Lao PDR as a trusted and reliable development partner, at a critical time for the region. It provides a flexible platform to contribute to a more empowered and resilient Lao PDR, supporting emerging leaders, building people-to-people connections, and deepening relationships that enable broader cooperation, while promoting Australia's world-class tertiary education and TVET systems and showcasing the strengths of Australia's open and inclusive society.

Alignment with governments' policies

Australia's engagement in HRD in Lao PDR advances the objective of a capable and prosperous Lao PDR within its region by helping build an inclusive and skilled workforce and resilient institutions. This aligns with Australia's International Development Policy, including its focus on investing in people, supporting effective and accountable states, promoting locally-led change, and integrating gender equality and climate objectives across investments. It complements the regional ambition of *Invested: Australia's Southeast Asia Economic Strategy to 2040* to deepen economic engagement, support quality investment and build capability. It also supports ASEAN connectivity and skills mobility agendas to position Lao PDR within regional value chains. It is also consistent with the Australia-Lao PDR Comprehensive Partnership (2024) and the Australia-Laos Development Partnership Plan (DPP) (2024-2029), which prioritise education, skills, inclusive economic growth, and climate change. It is guided by Australia's International Gender Equality Strategy and the International Disability Equity and Rights Strategy, which set expectations for new initiatives to include measures to advance gender equality, women's empowerment and disability equity and rights.

As highlighted in the Independent Review, LAI Phase 3 closely aligns with GoL's national HRD priorities such as high-quality education, skills development, and public sector leadership and governance capacity. LAI Phase 4 will ensure continuous alignment with the priorities of the NSEDP 2026–2030 and the forthcoming NHRDS 2026 – 2035. It will complement other Australian initiatives supporting education reforms, climate resilience and economic productivity, and will focus on Australia's comparative strengths, including English language, women's leadership, GEDSI, and climate resilience.

Enhancing people-to-people links

Education cooperation is an important feature of the diplomatic relationship between Australia and Lao PDR. Both countries share a long history of people-to-people links enhanced through education. Today, there are over 2,500 Australian alumni in Lao PDR, including individuals who have completed private study, short courses and AAS study, and many of whom have gone on to hold positions of influence and made significant

contributions to Lao PDR's development. Phase 4 will continue to build relationships and enhance Australia's people-to-people links with the Lao PDR, by:

- Promoting the quality of Australia's education, training and research opportunities.
- Building trust and partnerships with key government institutions in Lao PDR.
- Promoting the values of gender equality and diversity, equity and inclusion.
- Promoting Australia as a multicultural and diverse society, with high standards of living that follow from stable representative democracy and open, integrated economic models.
- Promoting Australia's natural beauty to broaden perceptions of Australia and to encourage tourism.

Lessons from previous phase

The Independent Review of LAI Phase 3 confirms the program's effectiveness in building individual and organisational capacity, advancing shared government priorities, and reinforcing Australia's role as a trusted and respected development partner in Lao PDR. Its core modalities - scholarships, targeted short courses, English preparation, and structured alumni engagement - have generated valued individual capabilities, professional networks, and observable workplace application. Alumni who are intentionally connected back into agencies through structured mechanisms - such as peer learning forums, supervisor-endorsed action plans, and innovation grants - have been more likely to catalyse practice change, contribute to policy development, and diffuse innovations across teams. Where organisational diagnostics are used to identify capability gaps and align training choices, the translation from individual learning to improved institutional routines has been stronger.

At the same time, the review highlights systemic constraints that limit the translation of individual learning into organisation- and sector-wide change. Fragmented HR functions and incomplete competency frameworks limit the use of new skills in role redesign, promotion, and performance management. Career pathways for mid-level staff - particularly women and provincial officers - remain uneven, reducing the return on training investments and the prospects for sustained policy influence. Data systems for labour market intelligence and HRD planning remain nascent, constraining evidence-based adjustments to curricula, placements, and credentialing. The sectoral monitoring, evaluation, and learning arrangements captures individual outcomes reasonably well, but are less equipped to track institutional change, inter-agency collaboration, and the durability of reforms over time. The preliminary political economy analysis prepared to support this document complements these findings by explaining why such systemic constraints persist and why technical improvements to HR systems alone have not been sufficient to shift HRD practices at scale. These dynamics help to explain why change has been strongest where reform-minded leaders, alumni networks and organisational diagnostics have aligned around a shared agenda. Going forward, LAI needs to protect and continue what works, while providing a platform to embed systemic reforms through enabling collaboration, partnership and relationship-building beyond public sector organisations.

Design updates

Phase 4 builds on these lessons to evolve - rather than radically change - the LAI program model. Core elements from Phase 3 will remain, including the combination of higher education opportunities in Australia, alumni engagement, support for the Lao PDR's broader HRD agenda, and targeted technical assistance for relevant Embassy activities. Phase 4 will further strengthen LAI's role as a platform that leverages,

complements, and aligns with other Australian investments in Lao PDR, to increase the coherence and collective impact of Australia's engagement in the country. As part of this expanded role, the number and the flexibility of short courses and English language training will increase. They will primarily target GoL organisations connected to DFAT initiatives, to enable their staff to better access international knowledge and forums, and support GoL's regional integration goals. Alumni engagement activities will be diversified and strengthened, seeking mutual benefits for alumni and the Australian Embassy in Vientiane, through structured value proposition - such as professional development, networking, and policy influence – and the facilitation and promotion of diverse alumni's involvement in DFAT programs.

A strengthened focus on Gender Equality, Disability, and Social Inclusion (GEDSI) - a hallmark of Australian cooperation in Lao PDR - will underpin all activities. Aligned with Australia's International Gender Equality Strategy, LAI Phase 4 will mainstream GEDSI principles across the program while also delivering targeted support for disadvantaged groups, with a particular emphasis on women's leadership. Enhanced technical assistance will be provided to the National HRD Secretariat to help implement the NHRDS 2026–2035, focusing on women's leadership, participation of people with disabilities, and broader representation of disadvantaged groups in Lao PDR's socio-economic development. Commitment to diversity and inclusion will remain a core value for LAI leadership and team members.

Climate change and disaster resilience will be integrated and feature prominently in the new phase, in line with the climate ambition of Australia's International Development Policy. A climate resilience strategy will be developed, to support Lao PDR's workforce resilience in the face of increasing climate challenges. Australia will support the National HRD Secretariat to coordinate and implement strategic measures under the NHRDS 2026–2035 that protect communities from severe risks associated with climate change, natural hazards, and human-made disasters. This support will strengthen risk identification, preparedness, response, and recovery capacities across government and communities in Lao PDR.

Most significantly, this design advances a new, systemic approach. Whereas Phase 3 focused on providing access to higher education and responding to emerging HRD needs, Phase 4 establishes an integrated framework of complementary, mutually reinforcing services to support HRD reform opportunities where interests, incentives and capabilities are most likely to align. This evolution recognises that Lao PDR's HRD system is shaped by the dynamic interplay of factors at different levels. It suggests an approach that moves beyond a linear model of change and acknowledges that lasting reform process requires activating and connecting change at the individual, organisational, and sectoral levels. To achieve inclusive and climate-resilient HRD outcomes, the program will address HRD challenges at each level.

- At the individual level, expanded scholarships, short courses, and English language activities will make HRD opportunities more accessible for women, people with disabilities, ethnic minorities, and rural communities. Targeted English language training for public servants and partner organisation staff will help break down language barriers and supports international engagement. Strengthened GEDSI initiatives will provide practical and customised support to help ensure equity groups not only access but thrive within HRD opportunities.
- At the organisational level, increased technical assistance to counterpart agencies will support the implementation of modern HR practices, including competency frameworks and inclusive HR systems. These measures will address persistent weaknesses in organisational capacity - enabling institutions, particularly in the public sector, to attract, develop, and retain diverse talent. Enhanced

alumni engagement will foster active professional networks, leadership development, and cross-organisational knowledge exchange that reinforce positive workplace change.

- At the sectoral level, supporting the National HRD Secretariat to enact the HRD Strategy 2026–2035 will contribute to sectoral reforms that match national priorities, foster employer engagement, and drive alignment with ASEAN standards. Supporting the emergence of an ecosystem of HRD professionals will enable greater understanding and collective pursuit of opportunities for effective and inclusive HRD practices.

D. PROPOSED OUTCOMES AND INVESTMENT OPTIONS (WHAT?)

Program Logic

The LAI Phase 4 adopts a theory of change that recognises the complex, multi-layered drivers behind HRD in Lao PDR. It is grounded in the understanding that progress in HRD - and consequently in inclusive and sustainable socio-economic development - requires change not just among individuals, but also within organisations and across the wider ecosystem of HRD professionals and institutions. The Program Logic diagram (see Figure 1) articulates the program objectives and structure. It has been tested and endorsed by key stakeholders during the design consultation process.

Goal and Objective

The overarching goal of LAI Phase 4 is: *‘Strengthened human resource development promotes inclusive and sustainable socio-economic development in Lao PDR’*. Australia recognises that HRD can only deliver lasting results when it is both inclusive and sustainable. Inclusive development ensures that women, persons with disabilities, and people from rural and ethnic communities have equitable access to education, training, and leadership opportunities—maximising the full potential of the Lao workforce. Sustainability ensures that skills, systems, and institutions are strengthened in ways that endure beyond program cycles, enabling Lao PDR to continue driving its own development. It also highlights the interconnection and balance of economic, social and environmental benefits, and as such points towards the necessity to align human (social and economic) systems on the natural systems upon which they depend. Together, these principles reflect Australia’s belief that economic development and social progress are most effective when no one is left behind and when long-term environmental implications are considered and addressed.

The program objective is: *‘Australia continues to be a valued, visible, and trusted HRD partner in Lao PDR.’* This objective reflects Australia’s current position built on a history of successful previous LAI phases. It positions LAI Phase 4 as a vehicle to support the national HRD agenda, and strengthen Australia’s relationship with Lao PDR through trust, value and visibility.

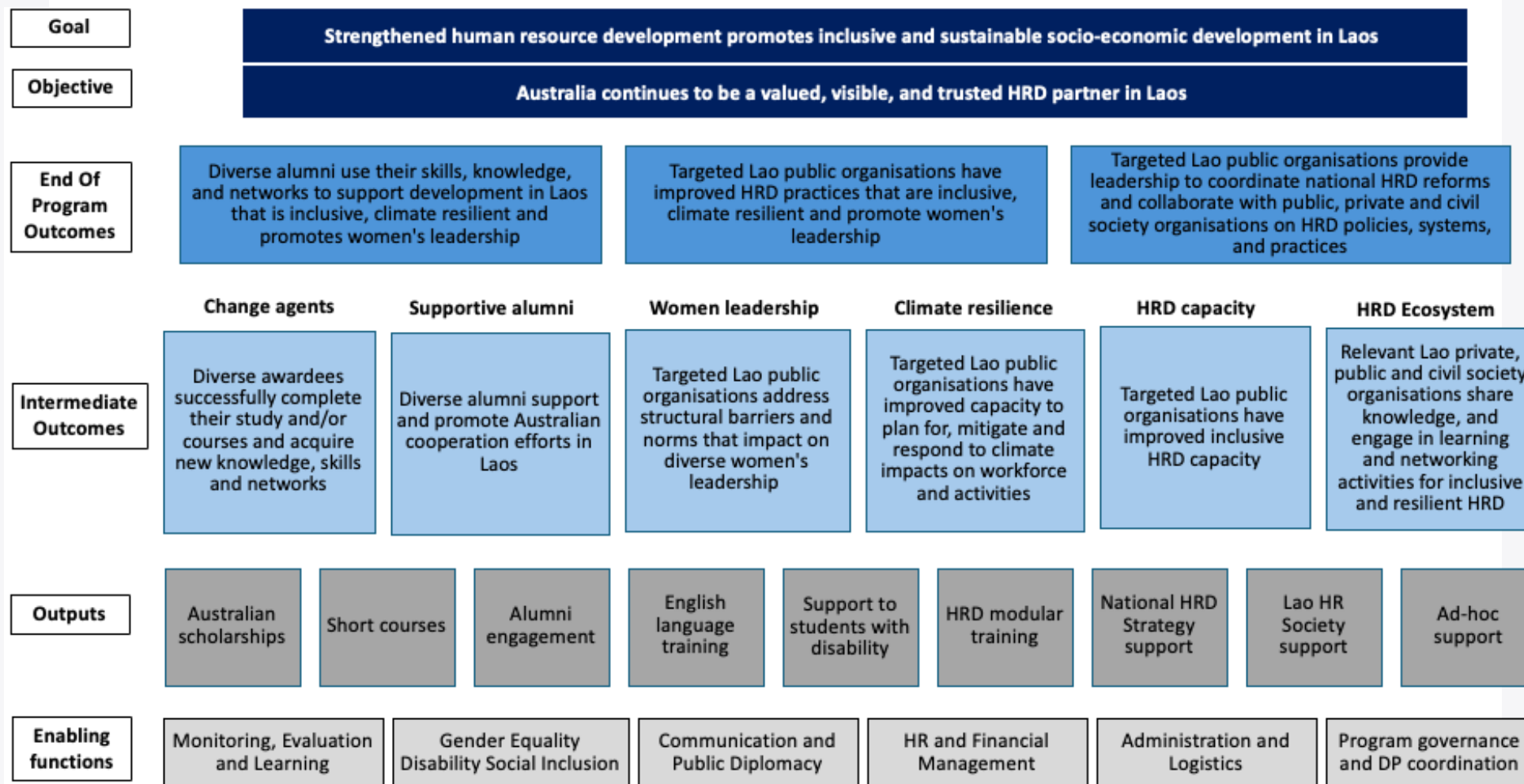
End of Program Outcomes

To help realise its goal and objective, LAI Phase 4 includes three EOPOs, all of which strive for a human resource development that is inclusive, climate resilient and promotes women's leadership. ‘Inclusive’ refers to ensuring equitable participation and access to opportunities for all people - women, men, persons with disabilities, ethnic minorities, LGBTQIA+ individuals, and those from rural or low-income backgrounds. It is

about removing systemic barriers. 'Women's leadership' is a distinct but complementary goal focused on increasing women's representation, influence, and decision-making power. It is both a measure and a driver of inclusive development - evidence consistently shows that when women lead, institutions adopt more equitable and inclusive policies. 'Climate resilience' reflects the necessity to mitigate the occurrence of climate change, and to prepare and adapt to the impacts of changing climatic conditions and the various consequences these entail.



Figure 1 - Program logic of LAI Phase 4 (2026-2034)





Australian Government

Department of Foreign Affairs and Trade

- *EOPO 1: Diverse alumni use their skills, knowledge, and networks to support development in Lao PDR that is inclusive, climate resilient and promotes women's leadership*

This outcome focuses on individual capabilities and reflects the role of alumni (including short courses participants) as powerful drivers of changes that ultimately benefit all people of Lao PDR, and strengthen Lao PDR's resilience to climate change. Central to this will be alumni's ability to draw on strong professional and social networks that connect government, civil society, academia, and the private sector, fostering collaboration and innovation on national development priorities. Lao institutions will increasingly recognise and utilise alumni expertise in policy processes, reform initiatives, and organisational leadership, while a growing cohort of diverse alumni leaders - particularly women - will be shaping public dialogue, influencing decision-making, and helping shift social norms around women's participation and leadership in national life.

- *EOPO 2: Targeted Lao public organisations have improved HRD practices that are inclusive, climate resilient and promote women's leadership*

This outcome focuses on organisational capabilities and highlights the role of key public sector organisations in demonstrating and modelling gender equitable, inclusive and climate-resilient HRD practices. This will occur primarily through targeted ministries and agencies adopting modern, evidence-based HRD systems and policies that embed gender equality, disability inclusion and climate resilience. Recruitment, promotion and training processes will become transparent and merit-based, with specific measures to support women's participation and leadership. Inclusive workplace cultures will be fostered through mentoring, flexible arrangements and active leadership commitment to equality. HRD units will gain the skills and tools to apply inclusive workforce planning and use disaggregated data for evidence-based decisions.

- *EOPO 3: Targeted Lao public organisations provide leadership to coordinate national HRD reforms and collaborate with public, private and civil society organisations on HRD policies, systems, and practices*

This outcome focuses on developing the enabling environment necessary for systemic and sustainable transformation. It recognises the need to support the maturation of the Lao HRD sector beyond individual and organisational upskilling, through the inclusive coordination of reform processes and developing collective capacity that advance equitable and adaptive HRD systems. It acknowledges the leadership role that Lao government partners ought to play in coordinating initiatives that build relationships between relevant HRD stakeholders, and in developing and strengthening a community of HRD professionals capable of championing reforms beyond the public sector, driven by shared priorities in workforce development, tertiary education, and labour market alignment. Avenues of support will be explored with GoL partners to support intra-sectoral dialogue, facilitate knowledge exchange, and encourage collaborative actions and partnerships across relevant ministries, universities, the private sector, and civil society organisations. Through these forums, diverse voices - including from women and persons with disabilities - will be actively engaged in promoting inclusive and climate-responsive HRD reforms.

Intermediate Outcomes

The intermediate outcomes (IO) offer mutually reinforcing pathways to achieve the EOPOs. Together, they represent an explicit acknowledgement that the program works in a variety of ways through different activities and beneficiaries, and all these ways make important contributions to the EOPOs.

- *IO1: Diverse awardees successfully complete their study and/or courses and acquire new knowledge, skills and networks*

This IO targets LAI individual awardees and reflects the program's role in increasing their knowledge and skills through various forms of high-quality academic education and professional development activities in Australia and Lao PDR. Awardees from diverse backgrounds - including women, persons with disabilities and those from varied ethnic and professional backgrounds - will successfully complete their studies, gaining advanced technical, professional and leadership skills aligned with Lao PDR's development priorities. They will build strong networks with peers, mentors and Australian institutions, broadening their perspectives and opportunities for collaboration. Lao organisations will benefit from returning staff who bring enhanced qualifications and inclusive practices that strengthen institutional performance and innovation. The scholarship and short-course programs will demonstrate that targeted, inclusive support measures can enable equitable participation and successful outcomes for all learners.

- *IO 2: Diverse alumni support and promote Australian cooperation efforts in Lao PDR*

This IO targets all Australian alumni (publicly and privately funded) and emphasises their role in initiating and strengthening the various forms of cooperation between Lao PDR and Australia, including between organisations from the private, government, and civil society sectors. Alumni will demonstrate a strong commitment to the values of Australia's development cooperation - particularly inclusion, gender equality, climate resilience and partnership - and actively apply their learning to Lao PDR's development priorities. They will maintain enduring professional and personal connections with Australian institutions and peers, collaborating on joint initiatives that highlight the value of Australia's engagement. Lao organisations will increasingly recognise and leverage alumni expertise, fostering institutional partnerships that support inclusive and climate-resilient development. As credible advocates and connectors between Lao PDR and Australia, alumni will enhance strengthen people-to-people links, and reinforce Australia's reputation as a trusted partner in advancing equitable and sustainable development.

- *IO 3: Targeted Lao public organisations address structural barriers and norms that impact on diverse women's leadership*

This IO targets public sector organisations relevant to Australian cooperation efforts in Lao PDR and reflects the program's gender-transformative intent, specifically with regards to women's leadership in the public sector. Targeted ministries and agencies will reform their HRD systems to embed gender equality and inclusion in policies, procedures and leadership pathways. Managers and staff will actively promote inclusive workplace cultures, supporting women's advancement through mentoring, flexible work arrangements and recognition of diverse leadership styles. HR and leadership units will apply data-driven tools to monitor gender balance and accountability, ensuring inclusion is integrated into institutional strategies and performance systems. As these organisations model equitable practices, they will influence wider civil service reforms and help shift societal norms toward valuing and normalising women's leadership across Lao PDR.

- *IO 4: Targeted Lao public organisations have improved capacity to plan for, mitigate and respond to climate impacts on workforce and activities*

This IO targets public sector organisations relevant to Australian cooperation efforts in Lao PDR and seeks to enhance the Lao public sector's ability to anticipate, manage and recover from climate shocks, safeguarding services and supporting vulnerable communities. Climate considerations will be mainstreamed into HRD and sectoral policies in alignment with the National Green Growth Strategy and National Adaptation Plan, with coordination between the Ministry of Agriculture and Environment (MoAE) and other agencies to ensure consistency. Targeted ministries and agencies will integrate climate risk assessment and adaptation into their HRD and organisational planning, ensuring workforce strategies address the impacts of climate change on staff wellbeing, mobility and service delivery. HR and planning units will strengthen their technical capacity to identify risks, develop mitigation measures and build workforce resilience through contingency planning and flexible arrangements. Senior leaders will promote adaptive and environmentally responsible practices, embedding climate resilience into organisational culture.

- *IO 5: Targeted Lao public organisations have improved inclusive HRD capacity*

This IO targets public sector organisations relevant to Australian cooperation efforts in Lao PDR and reflects the program's ambitions to advance the objectives of the NHRDS and support the development of HRD policies, system and processes that align workforce planning, education, and labour market needs. Targeted ministries and agencies will strengthen their capabilities to plan and implement HRD systems and processes that are equitable, accessible and inclusive. HR officers and managers will apply tools and data to identify and address barriers in recruitment, training and promotion, ensuring diverse participation. Policies and performance frameworks will be revised to embed gender equality and disability inclusion, making inclusion a standard feature of workforce development and leadership planning. Senior leaders will demonstrate commitment through supportive workplace environments and accountability for equitable participation.

- *IO 6: Relevant Lao private, public and civil society organisations share knowledge, and engage in learning and networking activities for inclusive and resilient HRD*

This IO targets organisations from the private, public, and civil society sectors - including academic institutions - involved in shaping and implementing human resource development (HRD) policies, systems, and practices in Lao PDR. Through joint learning initiatives, networking and structured dialogue, LAI Phase 4 will promote a shared understanding of what constitutes inclusive and climate-resilient HRD, and support the development of common language, frameworks, and indicators to translate understanding in systems and processes. It will strengthen connections and mutual accountability among relevant stakeholders support the development of a community of HRD professionals. These efforts will ensure that principles of gender equality, disability inclusion, and climate resilience are effectively integrated across sectors.

Outputs

Building on the previous phase's achievements, LAI Phase 4 will develop and implement activities that contribute in complementary ways to the outcomes described above. These activities will be designed, managed and funded under different 'outputs'. The list of outputs is non-exhaustive and reflects opportunities shared during the design process - it may evolve during implementation.

- *Australian scholarships*

As a flagship activity, LAI Phase 4 will continue to provide scholarships for high-quality Australian postgraduate (Masters and PhD) and vocational (TVET) education courses in Australia, in fields relevant to the interests of both governments. This will help grow and foster a diverse network of change agents with common experience and shared affinity for Australia. These scholarships will continue to target individuals who come from either government, private sector or civil society, and have 1) motivation to acquire and apply new knowledge and skills, 2) demonstrated academic, English language and communication skills, 3) aspirations to be leader in their field and contribute to the development of Lao PDR, and 4) eagerness and ability to create lasting connections between Australia and Lao PDR. The number of scholarships and their management are expected to remain identical to Phase 3, including the promotion, support, selection, award, and preparation processes for candidates. Affirmative measures to recruit women, persons with disabilities and persons from remote areas and ethnic groups will be strengthened under LAI Phase 4. This will also include measures to promote accessibility across the scholarship cycle for all awardees and to provide reasonable accommodations that facilitate equitable participation for awardees with disability.

- *Short courses*

Short courses, which were formally integrated under LAI Phase 3, will continue to feature prominently in Phase 4, as a key vehicle to develop the capacity of relevant Lao public sector organisations in Lao PDR. By offering flexible delivery modes and targeted content, short courses will directly address challenges, such as limited access for women, ethnic minorities, people with disabilities, and rural populations. Phase 4 will continue to experiment with delivery modalities, including delivery in Australia, online delivery, split site delivery (partially in Australia and Lao PDR), and regional and trilateral short courses (e.g. involving participants from other Mekong countries). It is expected 3-4 short courses will be funded each year, targeting PSC member organisations as a priority and other counterpart organisations of Australian funded programs. While half of the short course will focus on HRD-relevant topics, the other half may be open to other topics relevant to the shared interests of both governments. Courses delivered under Phase 3 on practical inclusion, gender equality in public administration, and women's leadership will be retained under Phase 4. The list of courses will be suggested in the program annual plan, approved by Post, and endorsed by the PSC. Importantly, the courses will be selected and designed in a way that complements the Mekong Australia Partnership (MAP) Phase 2 offering.

- *Alumni Engagement*

LAI engagement with Australian alumni in Lao PDR will provide Post with access to a network of capable and knowledgeable individuals who can work with Government of Australia's (GoA) agencies and DFAT programs (including LAI), to strengthen the bilateral relationship. These activities will be guided by a dedicated Alumni Engagement Strategy, that covers all categories of Australian alumni (publicly and privately funded) and aligns with Australia's Global Alumni Engagement Strategy and Development Partnership Plan in Lao PDR. The Strategy will articulate modalities and activities to grow and nurture relationships that are mutually beneficial. Building on the current phase's approach, it will delineate different groups or segments of alumni and target engagement in a strategic way. Besides networking and professional development activities, these will include opportunities for alumni to strengthen Australian diplomatic access and influence; grow Australian trade, investment and business linkages; promote Australian capabilities and credentials in education, science, research; and publicise Australia as a contemporary, innovative, open society. Current initiatives such as the alumni grants and support to communities of practices will be retained. Others, such as the systematic Reintegration Action Plan for scholars, mentoring arrangements for women entering male-

dominated fields, or focussed career advice for awardees from marginalised groups, will be considered and integrated if appropriate.

- *English language training*

LAI Phase 4 will substantially increase its offer of English language training and capacity development activities to PSC member organisations and other relevant public sector organisations. This responds to a need and request from GoL who sees English as a necessary means to access international knowledge and forums, and pursue its regional integration ambitions. The program will continue to provide technical assistance for the deployment of the English Language for Government Officials (ELGO) curriculum, developed under Phase 3. To respond to increasing requests from partners, it will seek to develop local capacity (e.g. the Foreign Languages Resource Centre - FLRC) to provide English language training activities. In addition, acknowledging LAI partners' desire to receive more advanced and specialised English language training (taught by native English trainers), a feasibility study will be carried out in 2026 (under Phase 3) to explore ways that accommodate these requests. This might include options to participate in regional and/or trilateral training courses.

- *Support to students with disability*

Australia is committed to increasing access to education, training and employment for persons with disabilities, and to overcome barriers to participation in the Australia Awards scholarship program. A Feasibility Study will be conducted in 2026 (under Phase 3) to explore suitable models for supporting students with disability in Laos. It will map current barriers and opportunities, identify existing and past offerings and institutional capacity gaps, assess potential support mechanisms (such as reasonable accommodation measures, assistive technologies, and inclusive teaching practices), and recommend models for long-term sustainability, including costs structure and partnership opportunities with universities, Organisations of Persons with Disabilities (OPDs), and regional disability inclusion networks.

- *HRD training*

The program will continue to support the development of HRD capacities of targeted public sector organisations (i.e. PSC member organisations and other organisations relevant to Australia's interest in Lao PDR), and demonstrate the causal connection between organisational capacity and improved practices as outlined in EOPO 2. This support will be delivered mainly through direct technical assistance and participation in training activities, learning communities, working groups, and monitoring visits. LAI will continue to offer access to the HRD Modular Training Course developed under LAI Phase 3 and train a cohort of Lao PDR-based trainers who can deliver the modules in a sustainable way. It will continue to support the use of the Organisational Rubric for Capacity Assessment tool to assess organisational HRD capacity and support the development of targeted action plans and improvement processes.

- *National HRD Strategy support*

A key feature of LAI Phase 4 will be its targeted technical assistance to the HRDO, to strengthen the coordination and monitoring the NHRDS 2026–2035 implementation. The support will focus on Sub-Strategy 7 (Building resilience and adaptation skills to climate change, natural and human-made disasters) and Sub-Strategy 8 (Advancing women's leadership and the participation of persons with disabilities and other disadvantaged groups in HRD). It will leverage Australia's recognised expertise in GEDSI and climate resilience to embed these priorities within relevant HRD systems. LAI assistance will be developed collaboratively with

the HRDO and include training, research, knowledge management, technical assistance delivered in a way that builds HRDO's institutional capacity. A further innovation will be the program's role in facilitating the active engagement of civil society and gender equality networks in the NHRDS implementation process, ensuring that reform efforts are inclusive, participatory and locally owned.

- *Lao HR Society support*

The program will support the emergence of the Lao HR Society (LHRS) as an ecosystem of diverse professionals interested and able to guide, support and strengthen the HRD field and practices in Lao PDR. This organisation - yet to be legally established - includes members from the private, public and civil society sectors. The program will support the process of holding collective events (e.g. an annual HRD dialogue event) and provide access to resources necessary for exchanges and activities (e.g. technical assistance, small grants, and/or digital or physical infrastructure). It will also build the capacity of LHRS members to support national data collection processes (e.g. workforce surveys), to capture different HRD needs and constraints across specific demographics, sectors or geographies. This might entail brokering the input of OPDs and gender based Civil Society Organisations (CSOs) and/or supporting specific analytical activities and learning resources (e.g. guidance notes around workforce readiness for climate change). The program will also facilitate the ecosystem to orchestrate support from relevant agencies that have a stake in national HRD systems and practices, including development partners and the private sector.

- *Ad-hoc support*

LAI Phase 4 will continue to provide targeted and flexible technical support to the Australian Embassy counterparts through an adaptive technical assistance (TA) mechanism. This mechanism will primarily advance LAI's objectives - promoting inclusive and climate-resilient HRD, strengthening institutional capacity, and leveraging alumni expertise - while also delivering benefits across the broader DFAT investment portfolio in Lao PDR. Support will respond to tasking notes from DFAT, and may include the provision of short- or long-term technical advice, analytical inputs, assistance with communications and public diplomacy, and contributions to DFAT designs and strategies. By enabling timely, evidence-based and context-responsive support, this mechanism will enhance the coherence and complementarity of DFAT-funded initiatives, strengthen cross-program learning, and reinforce Australia's overall policy influence in Lao PDR.

E. IMPLEMENTATION ARRANGEMENTS (HOW WILL DFAT ENGAGE?)

Governance Arrangements

The program governance arrangements will ensure strategic discussions are held and lessons are shared regularly between key stakeholders, with a view to adapting and improving program implementation. Consultations during the design process have confirmed current arrangements are effective and should be continued, while adapting to the recent ministerial changes. There is an opportunity to broaden participation of representatives of equity groups, in particular of persons with disabilities and of ethnic and rural communities. Options to support this objective will be explored during the inception phase.

As such, LAI Phase 4 will be governed by a Program Steering Committee (PSC) that will meet annually and provide oversight and guidance on the program's broad directions, risks and relevant policy issues, and a Program Implementation Group (PIG) that will meet six-monthly and act as an accountability and decision-making body for program implementation. These forums will be co-chaired by MoES and DFAT

representatives, and members will continue to include representatives of relevant GoL ministries and Party organisations, namely the Ministry of Finance (MoF, including former Ministry of Planning and Investment), the Committee of External Relations of the Lao People's Revolutionary Party (CER), the National Academy of Politics and Public Administration (NAPPA), the Lao Women's Union (LWU), and the Party Central Committee Organisation Board (PCCOB, including former Ministry of Home Affairs). The LAI office will continue to act as Secretariat to both forums. The exact composition and workings of these forums will be further detailed in the program's Operations Manual (see Section I).

DFAT Oversight and Management

Post's HRD team will continue to oversee the program and ensure its quality, visibility and compliance with DFAT standards. It will engage with PSC and PIG's members to set program directions, monitor and manage risks, and will support collaboration with other DFAT programs and development partners. Post will rely on the LAI implementation team for the planning, implementation, and monitoring of program activities. Recurrent (e.g. monthly) coordination meetings between Post HRD and LAI implementation leadership teams will enable effective flow of information and swift decision making around emergent issues and opportunities, including risks management.

To support program's oversight and management, Post will draw on the services of a TAG, with high-level expertise in HRD policy and programming, MEL, and GEDSI. The TAG will ensure management decisions and policy dialogue are informed by sufficient program performance information, and opportunities for cross-fertilisation of DFAT programs in Lao PDR are maximised. This external support will be directly engaged and managed by DFAT (see Section F).

Implementation Team

The program implementation team will be based in Vientiane to efficiently manage program's activities. Its initial structure and composition will be agreed prior to team mobilisation and be subject to change as the program evolves. It will be led by a full-time Team Leader/Director who will have overall responsibility for the delivery of program implementation. In addition, the team will be staffed by professionals with appropriate technical expertise in HRD, MERL, GEDSI, climate resilience, alumni engagement, partnership management, and communications and public diplomacy, as well as appropriate administration personnel. The team will primarily include national staff members who will draw on international expertise when needed. Intentional efforts will be made to model inclusive practices and include women, people with disability and people from ethnic groups, especially in key roles.

The implementation team will need to demonstrate an ability to form, nurture and consolidate effective relationships and to think and work politically, as it supports DFAT to develop and deploy solutions to implement HRD reforms in Lao PDR. It will have and/or rapidly develop an in-depth understanding of HRD policy, systems and processes in Lao PDR, including the role and composition of stakeholders at national and subnational level. It will demonstrate an ability to liaise with a range of stakeholders, including PSC and PIG members, AAS recipients and the Australian alumni community, other DFAT programs' teams, gender equality networks, OPDs, private sector representative organisations, and other development partners. It will also demonstrate an ability to work flexibly, adjusting to changes and adapting to evolving priorities.

The implementation team will work closely and in a collaborative manner with Post, display a responsive attitude, and support DFAT staff in their broader policy dialogue with GoL. It will include sufficient knowledge

of and experience with DFAT management systems and processes, and a capacity to ensure program implementation is in line with all DFAT guidelines and requirements, including fraud control, child protection, and PSEAH standards. During the first three months of implementation, the team will develop a program Operations Manual, which will set out operating procedures for implementing the program in compliance with DFAT standards and form the basis for program oversight by Post (see Section I).

Coordination with other investments

LAI Phase 4 is designed as a vehicle to support HRD functions across the public service. Given their engagement with public sector organisations, effective coordination with other DFAT-funded programs in Lao PDR is important. This will primarily focus on the selection of recipients for Australian Awards, short courses, English language training, and HRD training activities, and will require the HRD team to liaise closely with other relevant DFAT teams, through formal and informal mechanisms to ensure priorities are aligned and activities are coordinated upstream. The Deputy Head of Mission (DHOM) at Post has visibility over GoA-funded initiatives in Lao PDR and will be engaged in strategic planning discussions to facilitate cross-fertilisation.

Given the fact that MoES is the key counterpart in both programs, LAI collaboration with BEQUAL is particularly relevant: the scope and mechanism of this collaboration will be further explored by the HRD team and solidified during the inception period. This will be facilitated by the mobilisation of a joined TAG that will explore complementary ways to frame program's relevance and achievements, address common reform agenda (e.g. around influencing social norms on women's leadership and gender-based violence), and engage in policy dialogue. The TUSIP program is also a DFAT-supported investment that is promoting gender equality and prevention of violence in Lao PDR. The forthcoming 'Gender and Social Norms Study' and the 'Political Economy Analysis of Social Norms' undertaken through TUSIP will inform LAI's technical support to address social norms in the NHRDS Sub Strategy #8.

Beyond Australian investments and partners, Post will engage collaboratively with other development partners involved in the Lao PDR HRD sector, mainly but not uniquely through the Education Sector Working Group (ESWG). This group usually meets quarterly with a focus on improved collaboration and includes representatives from the World Bank, EU, JICA and UNICEF. An informal subsector working group on TVET and skills exists, and brings together partners such as Switzerland, Luxemburg, Helvetas, RedCross, and EU. During LAI Phase 4 inception period, Post HRD team will explore opportunities to engage with this sub-group, with a view to leverage comparative advantages of partners towards common goals.

Sustainability

LAI Phase 4 will consolidate its sustainability and localisation commitments through a Localisation and Sustainability Strategy developed and submitted within six months of program's commencement. The Strategy will set out practical steps, milestones and indicators for increasing local content, local jobs and locally provided technical assistance over time, and for progressively transitioning selected functions to Lao institutions, while maintaining program quality and managing delivery risks.

The program will seek to maximise its value for the Australian investment portfolio in Lao PDR, through targeting counterparts of Australian programs for short courses, English language training and HRD activities, and ensuring they are informed on scholarships' opportunities. It will identify candidates that reflect the diversity of the Lao PDR population but is not necessarily present in the public service or leadership roles. In

addition, the sustainability of program benefits will be fostered at different levels in a complementary and mutually reinforcing manner:

- At the individual level, the sustainability of LAI benefits depends on returning scholars applying, deepening, and sharing the skills, knowledge, and networks developed through their courses. LAI Phase 4 will support this through structured engagements with awardees pre-award, on-award and post-award, ensuring a continuous connection between scholars, their sending organisations, and Australia. During study, tailored professional development and reintegration planning will help scholars link their learning to identified priorities in their workplaces, while establishing connections with relevant Australian institutions. On return, alumni will be supported to reinvest their capabilities through mentoring, monitoring of reintegration plans, alumni-led knowledge exchange, and professional development opportunities. These ongoing connections will help sustain the value of newly-acquired expertise, ensuring that skills and relationships built through scholarships continue to contribute to Lao PDR's inclusive and climate-resilient development, while reinforcing long-term people-to-people and institutional ties between the two countries.
- At the organisational level, LAI Phase 4 will develop new capabilities for key GoL and Party organisations that will generate benefits outlasting the program reach and lifetime. This will entail supporting the development of inclusive and climate resilient HRD systems and processes, improving English language capacities, and developing technical capacities through short courses. In doing so, the program will seek to provide sustainable benefits for local service providers, i.e. exploring opportunities to partner with Lao organisations - whether public or private - to deliver short courses and HRD activities or prioritising training of trainers to support ongoing access to locally driven learning and development. These relationships will enable Lao partners to observe and learn about education service provision and/or management practices.
- At the sectoral level, LAI Phase 4 will leave a legacy that extends beyond direct beneficiaries and include the many who benefit from HRD policy and systems improvements. The program will support the improvement of HRD policies and practices to achieve the NHRDS ambitions, strengthen the Lao HRD Society, and foster a conducive enabling environment that generates spill-over effects on all organisations involved.

The sustainability of the program will also be determined by its ability to remain agile in the face of an evolving political, social, economic and environmental context. The program's resilience is built around mechanisms that provide flexibility and the ability to learn lessons, such as a flexible activity budget, a research agenda focused on contextual understanding, embedded learning protocols, a TAG, and an MTR in 2029 to review the program relevance and effectiveness.

F. MONITORING, EVALUATION AND LEARNING (MEL) (HOW WILL DFAT MEASURE PERFORMANCE?)

A robust MEL approach is important for adaptive management, i.e. to assess processes and achievements, demonstrate value for money, learn lessons from ongoing implementation, and strengthen approaches for improved results. The LAI Phase 4 MEL approach is articulated around the development and implementation

of a Program MERL Plan and the use of different mechanisms for DFAT oversight and monitoring of program performance.

Program MERL Plan

A MERL Plan will be developed by the implementation team and submitted within the first six months of program's implementation. The plan will be shared with PSC members and updated on a needs basis, as part of the annual planning process. It will outline how credible evidence of program performance will be generated to inform program governance, policy dialogue, and planning and resourcing decisions over time. The main audience of the plan will be the implementation team, DFAT, and PSC and PIG members, as key program decision-makers.

- ♦ Purpose

As an important management tool, the MERL Plan will serve three main objectives:

- Enable accountability: provide information on inputs, activities, and outputs to fulfil public resource accountability requirements, ensure value for money, and prepare annual plans and budgets.
 - Inform management and strategic decision-making: provide evidence on the appropriateness and sufficiency of outcomes achievement (IOs and EOPOs), and risks and opportunities, to inform program directions, priorities, and budget decisions.
 - Facilitate learning and continuous improvement: provide a basis for continuous understanding of program's context, successes and failures, through studies, reviews and reflection processes.
- ♦ Approach

The MERL Plan will follow DFAT's M&E standards and be strategic and practical, to infuse a culture of results and learning amongst LAI implementation team and key stakeholders. It will generate evidence of contextual and program performance that can be acted upon, and describe ways in which different stakeholders can use such information. Noting that operational detail will be finalised during the first six months, the Plan will detail MERL arrangements that align with partner HRD monitoring systems when feasible, avoiding parallel reporting and strengthening existing processes (e.g. the NRHDS M&E system) as much as possible. It will utilise existing datasets when relevant, including on organisational capacity, scholars and alumni data, and undertake primary data collection when necessary. It will include Key Performance Questions and describe the overall methodology to answer them. This methodology will necessarily include:

- A results framework with key performance indicators, baseline measures and targets, against which progress at each level of the program logic can be assessed. This will include relevant indicators from LAI 3 for continuous measurement of achievements, and clear coverage of relevant DFAT Tier 2 and Tier 3 indicators, in particular those relating to local organisations, local jobs and locally provided technical assistance. The M&E framework will be developed within six months of program commencement. Baseline measures for all indicators will be established within the first 12 months of Phase 4.
- Monitoring activities, including data collection tools and analytical processes, to measure program inputs, activities and outputs.

- Evaluation studies to inform the assessment of outcomes' achievement. A specific study will be undertaken to assess risks and performance of program's delivery modalities (e.g. scholarships, short courses and technical assistance) with a view to discuss trade-offs between these modalities.
- Research studies on relevant issues and contextual trends, some of which could be undertaken in collaboration with other development partners (e.g. SDC and World Bank).
- A schedule of learning and reflection events, including specific outputs and protocols to disseminate lessons internally and to stakeholders, including DFAT and GoL counterparts.
- A clear approach to report on cross-cutting priorities (gender equality, disability equity, climate change and locally led development), including the extent to which the program is meeting the needs and priorities of persons with disabilities, women and men, and persons from ethnic groups.
- A reporting framework that includes a list of deliverables and information sharing events, including periodic reports for the PSC.
- A timeline sequencing key activities and deliverables (e.g. progress reports, evaluation and research studies, learning and reflection events, etc.), including ways to strengthen counterparts' MEL system.
- Specific responsibilities, resources requirements and a budget.
- ♦ Resourcing

The LAI Phase 4 implementation team will include a core MERL team, composed of a small number of full-time staff to be supplemented by part-time staff, as needed. The MERL Lead will be part of the program leadership team and will be supported by at least one full time-equivalent MERL coordinator, to manage regular program MERL activities and activities targeting partners' MEL needs (e.g. MERL technical support to the HRDO). Additionally, the program may use external consultants to support specific activities, such as studies defined in the evaluation and research agenda.

The allocation of financial resources for program MERL activities will be undertaken annually as part of the Annual Planning and Budgeting process, based on an updated MERL Plan. This is indicatively expected to be 5 per cent of the program annual budget (excluding cost of staff), a proportion justified by the desire to develop robust evidence of achievement at EOPO level and a research agenda that will help to continuously understand and adapt program performance to its evolving context.

DFAT performance oversight and monitoring

To review program's performance and support the strategic management of the program, Post will access different resources and mechanisms.

- ♦ Monitoring visits

Post will conduct monitoring visits as necessary to review how stakeholders provide and/or benefit from program support, confirm contractual obligations are met, and ensure risks - including fiduciary and fraud risks - are managed and mitigated. These visits will include reviewing relevant documentation and/or visiting LAI office and training centres' premises, and may involve the participation of PSC members as required.

- ♦ Independent strategic advisory support

To support the framing and interrogation of LAI performance and guide the program's strategic directions, Post will engage the services of a TAG, jointly shared with the BEQUAL program. The TAG will include high-level HRD, GEDSI and MEL/performance management expertise. TAG members will have a convincing consultancy track record advising DFAT posts and programs in the region, preferably in Lao PDR, and sound understanding of HRD issues, policies and stakeholders in Lao PDR. The TAG will function as an ad-hoc 'help desk' for enquiries related to strategic planning, MEL, stakeholders' engagement, policy dialogue, and public diplomacy, and will provide in-country and remote inputs periodically throughout Phase 4 and on a needs basis.

- ♦ Independent reviews

DFAT will commission an independent Mid-Term Review (MTR) of the program in 2029, with a view to inform the decision whether to extend the program for the period 2030-2034. The MTR will consider changes in the context, confirm the relevance of the program logic and priorities (including the coherence of the EOPOs and IOs), and review achievements and progress against proposed outcomes. It will assess trade-offs between delivery modalities (e.g. scholarships, short courses and technical assistance) and suggest necessary adjustments based on performance, learning and risk evidence. Should the program be continued beyond 2030, DFAT will commission an independent End-of-Program Review (EPR) in 2033/34 to assess the program's continuous appropriateness and inform a decision about its future. Specific terms of references with key questions for each review will be developed in due course.

G. GENDER EQUALITY, DISABILITY INCLUSIVENESS, CLIMATE CHANGE, AND OTHER CROSS-CUTTING ISSUES

Gender Equality

Women's active involvement in education, employment, and leadership is vital for Lao PDR's economic progress. A GEDSI analysis highlighted the under-representation of girls from ethnic minorities, rural areas, and those with disabilities in secondary and higher education, restricting their access to advanced studies and leadership pathways. Women are less likely to hold civil sector leadership roles, partly due to limited access to promotion opportunities involving travel and fieldwork, and structural barriers like inadequate gender-sensitive HR systems and workplace policies.

The Government has established policies and legal frameworks, including constitutional rights and international commitments like the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), to advance gender equality. The National Commission for the Advancement of Women, Mothers and Children (NCAWMC) coordinates efforts, supported by the LWU. Strategies such as the National Gender Equality Strategy (2021–2025) and the NHRDS (2026–2035) aim to increase women's representation in senior roles, targeting 30 per cent in leadership positions. Complementary policies, such as the Civil Service Reform Strategy (2020–2030), seek to enhance women's representation in the public sector and integrate gender-responsive practices into workforce planning. Consultations with stakeholders have confirmed that women's leadership remains a top HRD priority, aligning with both DFAT's Gender Equality and Women's Empowerment Strategy and Lao PDR's national reform agenda.

LAI Phase 4 is aligned with both national and DFAT strategies and meets the Organisation for Economic Cooperation and Development (OECD) Development Assistance Committee (DAC) Gender Equality Marker Score 1 (Significant), as gender equality is an intentional and measurable objective across outcomes. The program will adopt a gender-transformative approach, seeking to change power dynamics and norms limiting women's leadership, rather than focusing solely on access and participation. It will leverage policy reforms, scholarships, training, technical assistance, and partnerships to foster women's leadership development.

A program GEDSI Strategy will be developed based on a more detailed and updated GEDSI analysis, and be submitted within the first six months of Phase 4. It will follow a twin-track approach with targeted actions at multiple levels: through scholarships, short courses, and alumni engagement at the individual level, capacity strengthening at the organisational level, and policy implementation support at the systemic level.

- At the individual level, the program implementation team will work with LWU, the Lao Youth Union, (LYU), and OPDs to identify and prepare female awards candidates, particularly from rural or ethnic backgrounds and those with a disability. Alumni initiatives will formalise mentoring between senior women alumni and emerging female scholars, reinforce leadership networks, and prioritise alumni small grants addressing women's leadership, social norms change and gender-based violence (GBV) prevention.
- At the organisational level, the program will work with counterpart organisations to integrate gender-responsive HRD systems and policies and contribute to capacity building in gender equality. Technical assistance will be provided to the HRDO, NCAWMC, and LWU to implement gender-responsive HRD policies, systems, processes, and promote a workplace culture that values women in leadership. LAI will also build the evidence base on workplace GBV to inform prevention and reporting systems.
- At the systemic level, the primary entry point will be supporting the HRDO to implement the NHRDS Sub-Strategy #8, to achieve its objective of increasing the number of women in leadership roles across the civil service. In addition, engagement with civil society organisations including women's organisations, OPDs, and ethnic group representatives, will ensure diverse perspectives shape HRD policy and practice from an intersectional lens.

In terms of resources, a full-time program GEDSI specialist will be part of the program leadership team and provide dedicated technical support to HRDO and partner agencies, complemented by enhanced MEL capacity to monitor institutional and attitudinal change. A specific GEDSI budget will be allocated in the annual budget, based on an updated GEDSI strategy – it is expected to be approximately 3 per cent of the program annual budget (excluding cost of staff and specific support to students with disability). Governance structures will ensure the active participation of women in all their diversity, including opportunities for diverse female alumni to inform decision-making. Gender responsive budgeting will provide sufficient funds for mainstreaming, targeted activities and technical expertise.

Disability Inclusiveness

According to the 2015 Population and Housing Census, 2.8 per cent of Lao citizens identify as having a disability - a figure likely under-reported if compared with the World Health Organisation's global estimate of 16 per cent. Disability prevalence is higher among non-Lao Tai ethnic groups and increases with age. Major causes include health conditions, road accidents, infectious diseases, and unexploded ordinance (UXO).

Women with disabilities, particularly those from ethnic groups, face intersecting barriers such as discrimination, stigma, and heightened vulnerability to gender-based violence, which constrain participation in education, employment, and leadership.

The Government of Lao PDR has strengthened its policy framework to align with its obligations under the UN Convention on the Rights of Persons with Disabilities (CRPD, 2009). The National Disability Inclusive Development Strategy (2022 – 2030) and National Inclusive Education Strategy (2022 – 2030) commit to expanding education, vocational training, and employment opportunities for persons with disabilities. MoLSW, supported by the National Committee for Disability and Elderly (NCDE), leads implementation, however, resourcing and capacity gaps continue to limit delivery. The forthcoming NHRDS (2026 – 2035) reinforces this commitment through Sub-Strategy 8, which focuses on HRD for persons with disabilities.

The GEDSI analysis identified constraints to human resource development for persons with diverse disability, including systemic barriers such as the lack of equitable access to basic education which reduced the likelihood of being eligible for higher education and scholarship opportunities, disability specific needs that generate preference for studying locally, and the absence of supportive civil service policies, systems and culture to attract persons with disabilities.

LAI Phase 4 will strengthen its commitment to disability equity and rights in HRD in Lao PDR. The program is expected to meet the OECD DAC Disability Marker Score 1 (Significant), with dedicated resources for accessibility, reasonable accommodation, and targeted support. The GEDSI Strategy will outline a twin-track approach, mainstreaming disability across all activities and including targeted activities that are within scope and have the greatest impact. Through its partnership with the HRDO, LAI will support the development and implementation of NHRDS Sub-Strategy 8 by embedding disability equity and rights within HR systems, policies, and workplace culture.

LAI Phase 4 will adopt a participatory and inclusive implementation approach that embeds the engagement of persons with disabilities and OPDs throughout the program cycle, including design refinement, implementation, monitoring, learning and review processes. LAI will provide technical assistance and facilitate leadership by OPDs to co-design reforms, ensuring that people with lived experience of disability drive strategy implementation. Structured mechanisms for engagement with OPDs and persons with disabilities will support continuous feedback, learning and adaptation across program activities, rather than one-off consultation. Targeted support will also strengthen the capacity of OPDs to engage effectively in policy dialogue with public and private sector organisations through the LHRs. As outlined in Section D, a feasibility study in 2026 will assess sustainable models for supporting students with disabilities.

Disability-disaggregated data and disability-related indicators will be consolidated through the program's MEL system and inform learning, accountability and decision-making. The data will be used to track access, participation and outcomes for persons with disabilities, generate targeted learning insights, guide management decisions on program adjustments and resourcing, and strengthen accountability to DFAT disability inclusion commitments. This approach ensures disability data is used as an evidence base for continuous learning and adaptive management, not solely for reporting or compliance.

While detailed implementation arrangements will be finalised during inception, commitments to accessibility and reasonable accommodation will be monitored and assured through the MEL systems and governance oversight. At the MEL level, accessibility and reasonable accommodation will be embedded within relevant indicators, activity reporting, and qualitative monitoring processes to enable routine tracking of compliance

and effectiveness across scholarships, short courses, alumni activities and institutional partnerships. At the governance level, oversight will be provided through program management and DFAT engagement structures, including regular reporting, review processes and risk management frameworks. In addition, standard operating procedures, contracting requirements and safeguarding systems will incorporate accessibility and reasonable accommodation standards as core compliance requirements.

Climate Resilience

Lao PDR is among Southeast Asia's most climate-vulnerable countries, facing intensifying floods, droughts, heatwaves, and storms. Average annual temperatures are rising and could increase by up to 2 degrees Celsius by the 2050s, driving erratic rainfall and prolonged dry periods that threaten food and water security. With over half the workforce employed in agriculture and heavy reliance on hydropower for exports, these hazards undermine livelihoods, infrastructure, and the broader economy.

Climate impacts are not evenly distributed. Women, ethnic minorities, persons with disabilities, and those in rural or remote areas face disproportionate risks. Women and girls, especially in rural communities, bear primary responsibility for water and food security; as climate stresses increase, their workloads and exposure to food insecurity, early marriage, and gender-based violence rise. People with disabilities and ethnic groups often live in more exposed areas with limited access to information, infrastructure, or services, compounding vulnerability and limiting recovery capacity.

A preliminary climate change analysis highlighted GoL ambitious climate goals - aiming for net-zero emissions by 2050 and restoring 70 per cent forest cover by 2035 - through national commitments like the enhanced Nationally Determined Contribution (NDC), the National Climate Change Strategy, and targeted sectoral plans. However, addressing the current gaps and substantial challenges requires stronger governance, mainstreaming adaptation into development planning, investing in human resources, expanding inclusive community-based adaptation, mobilizing finance, and improving research and data systems.

LAI Phase 4 will include a strong focus on climate change, in line with DFAT priorities in Lao PDR, to build greater climate resilience and ensure that no one is left behind as climate risks escalate. A dedicated climate change IO - 'Targeted Lao public organisations have improved capacity to plan for, mitigate and respond to climate impacts on workforce and activities' - has been included in the program logic, firming up climate change as a core focus area of Phase 4 (and not only a cross-cutting issue). A Climate Resilience Strategy will be developed, in partnership with key stakeholders and based on a more detailed and updated climate change analysis, and be submitted within six months of program's commencement. It will follow a twin-track approach: mainstreaming climate integration across all activities and outlining targeted, climate-responsive interventions. The primary entry point will be supporting the HRDO to operationalise Sub-Strategy #7 of the NHRDS, on climate resilience and disaster risk reduction.

In addition, LAI will institutionalise a Green Operations Policy for its offices, training venues, and activities. Measures will include improving energy efficiency, reducing waste, adopting sustainable procurement standards, and embedding climate literacy training. Climate performance indicators—such as reduced energy use and carbon emissions—will be integrated into annual reporting. Together, these actions will align LAI's operational and programmatic footprint with the DFAT Climate Change Strategy, model sustainable workplace practices, and enhance the Lao government's capacity to deliver climate-resilient and inclusive human resource development.

A Climate Change Advisor will lead LAI work in climate resilience, including the development of the program Climate Resilience Strategy and supporting the implementation of the NHRDS (2026–2035) climate resilience ambitions. This will require building the capacity of the LAI team and program counterparts, providing technical assistance on climate-responsive HRD planning, training, and adaptation strategies across ministries and provinces, and responding to unforeseen tasks that will emerge (e.g. labour market research on ‘green jobs’). A specific climate change budget will be allocated in the annual budget, based on the program strategy – it is expected to be approximately 3 per cent of the program annual budget (excluding cost of staff).

Private Sector Engagement

The next phase of LAI will develop HRD systems and strengthen engagement between the public and private sectors to attract quality investments in Lao PDR that are inclusive, climate resilient and commercially sustainable. LAI will focus on facilitating investment, innovation, and policy dialogue in the HRD sector, serving as a bridge between government, business, and civil society as required. A dedicated sector collaboration EOPO - ‘Targeted Lao public organisations provide leadership to coordinate national HRD reforms and collaborate with public, private and civil society organisations on HRD policies, systems, and practices’ - and Intermediate Outcome have been included in the program logic. A particular focus will be placed on sectors prioritised under *Invested*.

LAI Phase 4 will implement a targeted Private Sector Engagement Plan that clearly demonstrates the mutual value of collaboration. This will involve identifying priority industries and business associations, such as the Laos Australia Chamber of Commerce (AustCham) and the Lao National Chamber of Commerce and Industry (LNCCI), and creating tailored opportunities for engagement through HRD dialogues, short course design, and mentoring activities. The program will emphasise incentives such as access to skilled graduates, networking, visibility, and partnership recognition, while integrating private sector perspectives into policy and training initiatives. Regular monitoring and feedback will be used to refine engagement approaches and ensure that participation delivers meaningful outcomes for both businesses and the broader human resource development agenda. Entry point for this engagement is LAI support to the LHRS, which provides a multi-stakeholder platform for dialogue on skills needs, workforce planning, and the link between education outcomes and labour-market demand. LAI can leverage this platform to attract co-investment and partnership opportunities, promote inclusive HRD practices within the private sector, and strengthen policy coherence between public training institutions and industry needs.

Commercially sustainable solutions will be promoted by embedding collaboration models that create mutual benefit. For example, private-sector mentorship programs for returning alumni can link graduates to employers and leadership opportunities while helping companies access skilled, work-ready candidates. Similarly, inclusive employment partnerships can be fostered by connecting alumni with disabilities and other equity groups to companies that have strong gender equality, disability inclusion, and social responsibility policies. Such partnerships not only improve alumni transition into meaningful employment but also encourage Lao businesses to adopt inclusive recruitment and retention practices that enhance their competitiveness.

Innovation

Building on the achievements of the previous phase, LAI Phase 4 introduces an innovative approach that is based on a systemic understanding of the HRD sector, recognising the interconnected individual, organisational, and ecosystemic factors at play in Lao PDR, and pursuing complementary entry points at these three levels to leverage changes throughout the HRD system.

Innovation will also be embedded through program delivery mechanisms. Alumni engagement activities will seek to include innovative approaches and topics, learning from similar initiatives in neighbouring countries and/or emerging from current alumni desire and ideas.

Recognising the barriers to participation faced by women, persons with disabilities, and ethnic groups, LAI will pilot flexible and technology-enabled learning models, including hybrid and remote delivery options for participants unable to travel abroad. These innovations will make opportunities more inclusive and resilient, particularly in the face of travel constraints, caregiving responsibilities, or accessibility needs.

LAI Phase 4 will introduce thematic short courses on innovation and adaptive leadership, equipping participants with tools to drive reform and change within their organisations. Half of LAI short courses will focus on technical areas that reflect GoL priorities - some of which are likely include innovative topics for Lao PDR such as renewable energy, digitalisation, and sustainable infrastructure. At the regional level, the program will explore trilateral and regional training opportunities, leveraging partnerships with other Mekong countries, to diversify learning pathways and strengthen regional cooperation. This diversification not only enhances Lao PDR's integration into regional professional networks but also increases the commercial sustainability of activities by sharing costs and fostering regional collaboration.

Localisation and locally led development

LAI Phase 4 differentiates between localisation – who delivers, who is employed and where resources flow – and locally led development – who decides priorities, shapes reform agendas and owns results. This distinction is important to ensure alignment between program delivery mechanisms and longer-term HRD reform objectives. Localisation will be advanced through predominantly Lao staffing across the implementation team and key technical roles; increased use of Lao training providers, consultants and institutions to design and deliver scholarships, short courses, English language and HRD activities; and use of local procurement and supply chains wherever feasible and consistent with DFAT requirements. Locally led development will be supported by placing Lao institutions – particularly the HRDO and line ministries – at the centre of HRD planning and decision-making, and by enabling alumni, organisations of persons with disabilities, women's organisations, youth and ethnic group representatives, and private sector actors to shape priorities through policy dialogue, research and leadership roles.

A Localisation and Sustainability Strategy will be developed and submitted within six months of program's commencement to operationalise these commitments, consistent with DFAT's Localisation Strategy (2023). Without pre-empting detailed implementation planning, the Strategy is expected to: (i) set clear objectives, principles and indicators for local content, local jobs, locally provided technical assistance and engagement of local organisations; (ii) outline how responsibilities and selected functions may progressively transition to Lao institutions over time; and (iii) describe how locally led approaches will be embedded in governance, policy dialogue, MERL and risk management, to support local leadership, ownership and sustainability beyond the life of the program.

H. BUDGET AND RESOURCES

Program Budget

The LAI Phase 4 budget is AUD56 million over eight years and will include the following:

- Program activity includes Australia Awards Scholarships (AAS) and Short Courses (AASC), ad-hoc TA support for DFAT counterparts, MEL activities (non-personnel), targeted GEDSI and climate change activities (non-personnel), and other activities such as alumni engagement, HRD capacity building, and English language training.
- Program management includes the implementation team's personnel, program's operations and administration, and the contractor's management fee.

Planning and Budgeting

Program planning and budgeting will take place on an annual basis and be consolidated in an Annual Plan and Budget that matches the calendar year cycle from 1 January to 31 December.

The program Annual Plan and Budget will be developed by the implementation team, in consultation with DFAT, and will be endorsed by the PSC. Given the multi-year nature of certain awards (e.g. PhD and Master's), planning and budgeting will include multi-year projections to provide transparency on commitments and budget availability. Annual budgets will demonstrate DFAT Value for Money (VfM) principles, e.g. through prioritising cost-consciousness, competition, and localisation for tenders, events, and consulting services.

Activity budget

While all activity streams are expected to be funded each year, allocations may fluctuate on a yearly basis, with budget fungibility possible between activity streams. The program will retain flexibility for scaling-up or down the activity budget and adapt its offering, based on contextual conditions and priorities.

DFAT management resources

DFAT Post's HRD team will continue to oversee the implementation of LAI Phase 4. It is expected a minimum of 3 FTE staff members from the HRD team will be required to manage and administer the new program.

I. PROCUREMENT AND PARTNERING

Delivery Mechanism

LAI Phase 4 will continue to be implemented as a flexible program managed by a suitable Managing Contractor (MC). Post has considered different delivery options for LAI Phase 4, including direct funding to GoL, a facility model, and contracting implementation management through the Australia Awards Global Support Mechanism (AAGSM) contract. The use of a managing contractor as implementing partner is a proven delivery mechanism for Australia Awards investments around the world. Previous LAI phases have shown that this model offers Value for Money (VfM) through efficiency, flexibility, visibility and control: it provides 1) the ability to implement different activities sometimes with tight timeframes, 2) the flexibility to

absorb additional funds and respond to partners' needs, 3) strong Australian branding and public diplomacy opportunities, and 4) necessary assurance that program implementation is managed in line with DFAT fiduciary and delivery standards. It is the preferred model for LAI phase 4 considering the size of the investment, the diversity of the modalities used, the administrative workload required, the desired visibility profile, and the risk management requirements.

Post will continue to manage the program in a partnership approach as per the previous phase, relying on the MC for the day-to-day operations while adapting program directions and implementation to evolving performance and context. On-going contacts and communication with the implementation team will take place to guide program implementation, including monthly strategic meetings (Post, MC contractor representative and implementation team leader), monthly operational meetings (DFAT and implementation team), and regular informal meetings. The implementation team will also be required to work collaboratively with the TAG and the independent review teams.

Procurement of Management Services

The procurement of the managing contractor services will follow an open and competitive process. Under the guidance of its Development Programming Division, DFAT will approach the market for expressions of interest, with the intent to identify a shortlist of qualified tenderers. Following the approval of the design document, shortlisted organisations will be invited to prepare and submit a proposal. The contract for LAI Phase 4 implementation is expected to be signed in the fourth quarter of 2026, and the implementation team will be mobilised shortly thereafter. The initial contract with the MC, will span four years (2026-2030), and will include a Payment-By-Results (PBR) mechanism, with achievable results and agreed indicators, sources of evidence and due dates. The value of the initial contract is estimated at up to AUD 28 million and, pending DFAT's decision to extend the program, may be subject to an extension of four years (2030-2034) for an overall value (initial plus extension) of up to AUD56 million (2026-2034).

Inception Phase

A seamless transition between LAI Phase 3 and 4 is desirable. Once mobilised, the LAI Phase 4 team will rapidly develop and submit an inception plan for the initial four-month (i.e. the inception period), and will ensure all administrative and operational processes are promptly put in place. The Inception Plan will:

- outline relevant planning process and reporting mechanisms,
- detail the strategies and plans that will be produced during the inception period,
- set out a detailed implementation schedule and budget for the inception period,
- specify the organisational and staffing structure,
- set out an on-going risk management plan, and
- establish routine communications, including the website and communication tools for internal and external stakeholders.

A list of deliverables to be submitted during the inception period. During the inception period, DFAT Post and the Managing Contractor will map Intermediate Outcomes to priority policy dialogue processes and identify practical entry points through which LAI activities, alumni engagement and partnerships can most effectively

contribute to Government reform agendas. This will be captured in a Policy Dialogue Matrix to be developed in the inception period.

Given the program's history and perceived success, the program will retain the LAI name and branding. Clear messaging and talking points will be developed for the new program to use with stakeholders, highlighting the continuity and updates between Phases 3 and 4. This will be developed in consultation with DFAT and key GoL stakeholders, and included in the program's Communications and Public Diplomacy Strategy.

J. RISK MANAGEMENT AND SAFEGUARDS (WHAT MIGHT GO WRONG?)

The investment has been assessed as Medium. This overall inherent risk level is mitigated by the fact that LAI Phase 4 will be delivered through well-established modalities, both in Australia through accredited Australian education institutions and in Lao PDR through a carefully selected managing contractor. Post's long experience with scholarships delivery in Lao PDR and the expertise of the Scholarships Branch in Canberra provides a solid foundation for managing program risks.

Key risks and mitigation measures identified during the design process include:

- ♦ Shifts in GoL structures and staffing affect achievement of program outcomes (Political).

GoL is in the process of a restructure, with many agencies being amalgamated. These changes may impact on the continuity of relationships with key stakeholders, and/or their participation on program activities. To treat this risk, DFAT and LAI will continue to invest in relationship building with new GoL structures and remain responsive to rapid shifts in personnel and emerging priorities. A more detailed political economy analysis of HRD in Lao PDR will be developed during inception period.

- ♦ The quantity of scholarships, short courses and training opportunities do not meet GoL expectations and needs (Programming).

The NSEDP prioritises HRD in sectors such as digital, energy, mining, agriculture, industry and tourism. Skills training through scholarships and short courses will be offered to address needs in these priority sectors that are in line with bilateral interests. However, the number of places available may not meet the needs or expectations of GoL. To treat this risk, LAI will develop a clear communication plan to manage expectations and ensure key GoL counterparts' understanding of priority study areas. It will also identify and communicate other pathways for higher education.

- ♦ LAI support for the implementation of the NHRDS is insufficient and leads to results that do not meet the expectations of the HRDO (Programming).

LAI Phase 3 has provided significant support to the HRDO for the drafting of the forthcoming NHRDS, and there is a clear demand for continued support for the Strategy's implementation. Given resource constraints, LAI Phase 4 will only directly support the implementation of Sub Strategies #7 and #8. Without additional support, there is a risk the implementation of other sub-strategies will be slow. To treat this risk, LAI will communicate clearly to GoL the specific focus of its NHRDS support and the rationale, whilst also supporting the HRDO to garner support from relevant Ministries and development partners for the resourcing of other sub-strategies' implementation.

- ♦ Progress towards Intermediate Outcome 3 on Women's Leadership is less than expected due to the pace at which cultural and social norms occur (Programming).

The NHRDS has an indicative target to increase the number of women in leadership by 30 per cent in the public sector in 10 years. To do this, several structural barriers and social norms need to be addressed within the public and private sphere (i.e. community and household levels). There is a risk that progress towards the target is slower than expected, as LAI targets primarily government partners in the public sphere. To treat this risk, LAI will work closely with the LWU, NCAWMC, gender equality networks and relevant development partners (e.g. UNFPA, UN Women, UNESCO and Plan International) to identify opportunities to amplify the work undertaken by LAI. The program will also engage with the private sector (e.g. through the LHRS) to identify opportunities for collectively challenging structural barriers to women's leadership.

- ♦ Engagement with Alumni does not provide sufficient mutual benefits (Programming).

Engagement from Alumni will be constrained by limited time, incentives, and institutional mechanisms to sustain participation post awards. Indeed, many Alumni return to demanding roles in government, where competing priorities constrain ongoing involvement. In previous phases, Alumni engagement has relied heavily on ad-hoc events rather than a structured value proposition, resulting in uneven participation across gender, sector, and location. Additionally, without clear two-way benefits - such as professional development, networking, or policy influence - alumni may perceive limited value in continued collaboration. To mitigate this risk, the program will implement a structured, inclusive Alumni Engagement Strategy that fosters mutual value and collaboration, drawing on best practice from other AAS Alumni Engagement Strategies. The program will provide meaningful opportunities for Alumni to contribute to training, mentoring, dialogue and programs supported by DFAT, as well as incentives, recognition, and targeted support for underrepresented groups.

Risk Management

The Risk Register will operate as a living management tool, integrated with LAI's governance and MEL systems to support proactive risk identification, monitoring and response. Risks will be reviewed regularly through the Program Implementation Group, informed by MEL data, safeguarding reporting, and contextual analysis, enabling emerging risks and changing risk profiles to be identified early. Clear escalation pathways will link operational risk management to senior governance oversight, including DFAT engagement structures and program steering mechanisms, ensuring that material risks are elevated for timely decision-making. The register will be systematically updated to reflect new risks, mitigation effectiveness, and contextual changes, and will inform adaptive management, resourcing decisions and program adjustments over time. This integrated approach ensures risk management is embedded in routine program management and accountability processes, rather than treated as a static compliance document.

The *Public Governance, Performance and Accountability Act 2013 (PGPA Act)* s23 delegate will be the risk owner for the investment and is required to provide the resources to manage risk. Consistent with Commonwealth Risk Management Policy, DFAT's Enterprise Risk Management policy and the Development Risk Management framework, resources will be provided to support the following arrangements.

The Vientiane Post will manage investment risks under the responsibility of the Deputy Head of Mission. To support the assessment and management of risks, DFAT investment manager will:

- Use DFAT's risk register as the basis for discussions and reporting on risk with the implementing entity and stakeholders, partner governments etc, where relevant.
- Maintain the risk register in AidWorks and review and update it at least every 90 days to align with DRM policy and practice requirements, based on assessment of the risk context and evaluation of the effectiveness of controls and treatments.
- Inform the delegate of changes that have a material effect on the Overall Risk Profile of the investment. This will include individual risk events which might trigger Enterprise-level risk escalation requirements.
- Inform the delegate of incidents involving breaches of DFAT's safeguards policies that occur in any activities funded under LAI Phase 4.
- Use the internal review processes including the MEL system to inform understanding of risks.
- Ensure that risk management, fraud protection, and safeguarding (including PSEAH and child protection) are sufficiently reflected in the contractual requirements of the Managing Contractor.

DFAT will conduct due diligence on the managing contractor prior to entering into a contracting agreement to ensure it has the capacity to implement the program in line with DFATs policy requirements. Once contracted, DFAT will share the risk register with the MC to support a shared understanding of the risk context. Risk will be included in the mandate and agendas of governance committees (Program Steering Committee and the Program Implementation Group) to support exchange of information between stakeholders. Responsibility for oversight of strategic and operational risks will be formally included within the remit of the Program Implementation Group, alongside key policy and systemic issues.

The LAI implementation team will establish and maintain a risk management function, under the responsibility of the Program Team Leader/Director. It will include a point-of-contact, resourcing for risk assessment, and reporting to DFAT's investment manager on risk through routine management communications. The implementation team will conduct due diligence on subcontractors and downstream parties to ensure that they have the capacity to deliver in line with DFATs policy requirements.

Counter-Terrorism Financing

To minimise the risk of diversion of resources, due diligence will be completed on the MC, and the following controls and treatments will be applied to provide mitigations:

- Strict partner screening against counter-terrorism lists
- Banked and auditable payment mechanisms
- Contract clauses and flow down requirements
- Enhanced monitoring and financial checks, such as audits and spot checks
- Sanctions and incident escalation

Fraud and Anti-corruption

For the LAI program specifically, there is a Medium risk that fraud may be committed within procurement, related to the application and selection of awardees (e.g. in the form of falsified application documentation)

or financial benefits provided to staff, affiliates or awardees (e.g. falsification of expense claims). Preventative, detective and corrective controls and treatments to mitigate these risks comprise:

- Review and Update the Fraud Control Plan
- Robust Due Diligence and partner assessment
- Clear Contractual Safeguards & Flow-Down Provisions
- Segregation of Duties & Approval Controls
- Use of Banked & Traceable Payment Systems
- Real time monitoring, audits and spot checks
- Regular financial reporting requirements
- Capacity Building and Awareness for Managing contractors and downstream partners.

Environmental and Social Safeguards

Program delivery modalities - including long-term scholarships, short courses, training programs, technical assistance, alumni engagement, travel, residential arrangements, institutional partnerships and cross-border mobility - inherently carry risks related to sexual exploitation, abuse and harassment (SEAH), child protection, disability-related safeguarding, and broader harm to people in situations of vulnerability. These risks are heightened by cross-cultural collaboration between stakeholders in Lao PDR and Australia, differences in behavioural norms and power relations, hierarchical institutional structures, and asymmetrical relationships between institutions, officials, service providers, contractors and participants.

The program's explicit focus on addressing structural barriers and advancing inclusion — including for women, ethnic minorities, regional populations and persons with disabilities — while essential for equitable development outcomes, may increase exposure to safeguarding risks, if not carefully managed. Structural reform agendas, particularly those related to women's leadership and social inclusion, may also generate community resistance or backlash, elevating risks to individuals and groups targeted for inclusion.

Safeguard risks have been identified at the design stage and are documented in the Risk Register. These include SEAH risks associated with scholarships, training, travel, accommodation and residential programs; child protection risks where activities intersect with education systems and partner programs involving individuals under 18 years old; disability-related safeguarding risks linked to accessibility, stigma, dependency and power imbalances; cross-cultural and power-differential risks arising from institutional hierarchies and international partnerships; and intersectional risks affecting women, ethnic minorities, rural populations and people with disabilities.

All delivery partners - including the implementation team, CSOs, subcontractors and service providers - will be required to operate in accordance with DFAT's safeguarding policies and standards, including updated PSEAH and Child Protection policies and associated compliance requirements. The Global Australia Awards Hub will take responsibility for prevention and management of risk for persons travelling to Australia. LAI Phase 4 will engage closely with the Hub to promote continuity of risk management approaches and opportunities for mutual learning on risk mitigation and response for scholarship/training programs across the DFAT portfolio more broadly.

Safeguarding oversight will be embedded within existing governance and DFAT quality assurance mechanisms, including routine Risk Register review cycles; oversight through program governance structures with risk as a standing agenda item; monitoring through specific indicators in the MERL systems such as uptake and completion of safeguarding training, effectiveness of risk mitigation measures as well as MERL processes such as analysis of safeguarding trends, emerging risks and systemic vulnerabilities; DFAT reporting and escalation pathways; and contractual obligations for the Managing Contractor.

Detailed operational systems will be established during the inception phase through the development of a Risk and Safeguards Management Plan (as part of the Operational Manual), which will define risk mitigation frameworks, incident management and response protocols, survivor-centred reporting and referral pathways, confidentiality and data protection arrangements, partner compliance requirements, governance integration mechanisms, and ongoing monitoring and audit processes. Safeguarding will be operationalised through structured stakeholder engagement, training and induction, and continuous compliance monitoring, ensuring that risk controls remain effective, context-responsive and aligned with DFAT policy requirements throughout implementation.

ANNEXES

- Annex 1 - Acronyms and Abbreviations

**ANNEX 1 – ACRONYMS AND ABBREVIATIONS**

AAGSU	Australia Awards Global Support Unit
AAS	Australia Awards Scholarships
AASC	Australia Awards Short Course
AustCham	Laos Australia Chamber of Commerce
AIG	Alumni Innovation Grants
APS	Australian Public Service
AQRF	ASEAN Qualifications Reference Framework
ASEAN	Association of Southeast Asian Nations
Australia Awards	The Australian Government's scholarships program
BEQUAL	Basic Education Quality and Access program
CEDAW	Convention on the Elimination of All Forms of Discrimination against Women
CER	Committee of External Relations of the Lao People's Revolutionary Party
CRPD	Convention on the Rights of Persons with Disabilities
CSO	Civil Society Organisation
DAC	Development Assistance Committee
DFAT	Department of Foreign Affairs and Trade
DG	Director General
DID	Disability Inclusive Development
DoP	Department of Planning
DPP	Development Partnership Plan
ELGO	English Language for Government Officials
EOPO	End of Program Outcomes
EPR	End-of-Program Review
ESG	Environmental, Social, and Governance
ESSDP	Education and Sports Sector Development Plan
EWSG	Education Sector Working Group
EU	European Union
FTE	Full-Time Equivalent
FLRC	Foreign Languages Resource Centre
FY	Financial Year
GDP	Gross Domestic Product
GEDSI	Gender Equality, Disability and Social Inclusion
GEPA	Gender Equality in Public Administration
GoA	Government of Australia
GoL	Government of Lao PDR
HCI	Human Capital Index
HR	Human Resource

HRD	Human Resource Development
HRDO	Human Resource Development Office
HRM	Human Resource Management
ICT	Information and Communication Technology
IDD	Investment Design Document
IELTS	International English Language Testing System
IMR	Investment Monitoring Report
IOs	Intermediate Outcomes
KPI	Key Performance Indicator
KPQ	Key Performance Question
LAI	Laos Australia Institute
LANS	Laos Australia National Scholarship
Lao PDR	Lao People's Democratic Republic
LDC	Least Developed Countries
LE	Locally Engaged
LFNC	Lao Front for National Construction
LFTU	Lao Federation of Trade Unions
LGBTQI+	Lesbian, Gay, Bisexual, Transgender, Queer, and Intersex
LHRS	Lao Human Resource Society
LJI	Laos–Japan Human Resource Development Institute
LNCCI	Lao National Chamber of Commerce and Industry
LPRYU	Lao People Revolutionary Youth Union
LWU	Lao Women's Union
LYU	Lao Youth Union
MAP	Mekong Australia Partnership
MBA	Master of Business Administration
MC	Managing Contractor
MERL	Monitoring, Evaluation, Research, and Learning
MIS	Management Information System
MoAE	Ministry of Agriculture and Environment
MoES	Ministry of Education and Sport
MoF	Ministry of Finance
MoHA	Ministry of Home Affairs
MoLSW	Ministry of Labour and Social Welfare
MRA	Mutual Recognition Arrangement
MPI	Ministry of Investment and Planning
MTR	Mid-Term Review
NAPPA	National Academy of Politics and Public Administration
NCAWMC	National Commission for the Advancement of Women, Mothers and Children
NCDE	National Committee for Disability and Elderly
NDC	Nationally Determined Contribution

NSEDP	National Socio-Economic Development Plan
NHRDC	National Human Resource Development Commission
NHRDS	National Human Resource Development Strategy
NUOL	National University of Laos
OASIS	DFAT's Online Application Scholarships Information System
ODA	Official Development Assistance
OECD	Organisation for Economic Cooperation and Development
OPD	Organisation of People with Disability
ORCA	Organisational Rubric for Capacity Assessment
PBR	Payment By Results
PCCOB	Party Central Committee Organisation Board
PD	Public Diplomacy
PDR	People's Democratic Republic
PhD	Doctor of Philosophy
PIG	Program Implementation Group
PSC	Program Steering Committee
PSEAH	Preventing Sexual Exploitation Abuse and Harassment
PWD	People with a disability
QA	Quality Assurance
SEAH	Sexual Exploitation and Abuse
SDC	Swiss Development Cooperation
SDG	Sustainable Development Goal
STA	Short Term Advisor
TA	Technical Assistance
TAG	Technical Assistance Group
TVET	Technical and Vocational Education and Training
UXO	Unexploded Ordinance
UNFPA	United Nations Population Fund
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UN Women	United Nations Programme for Gender Equality and the Empowerment of Women

APPENDIX 1

Figure 1. Laos-Australia Institute (LAI) Phase 4 Program Logic

This flowchart illustrates the program logic for the Laos-Australia Institute (LAI) Phase 4, Australia's human resource development (HRD) program in Laos. The program seeks to contribute to inclusive and sustainable socio-economic development by strengthening skills, leadership, and collaboration across the public, private, and civil society sectors.

The program goal is:

Strengthened human resource development promotes inclusive and sustainable socio-economic development in Lao PDR.

The program objective is:

Australia continues to be a valued, visible, and trusted HRD partner in Lao PDR.

The goal will be achieved through three End-of-Program Outcomes (EOPOs):

1. **EOPO 1:** Diverse alumni use their skills, knowledge, and networks to support development in Lao PDR that is inclusive, climate resilient, and promotes women's leadership.
2. **EOPO 2:** Targeted Lao public organisations have improved HRD practices that are inclusive, climate resilient, and promote women's leadership.
3. **EOPO 3:** Targeted Lao public organisations provide leadership in coordinating national HRD reforms and collaborating with public, private, and civil society organisations on HRD policies, systems, and practices.

Six Intermediate Outcomes (IOs) provide mutually reinforcing pathways to achieve these EOPOs:

1. **IO 1:** Diverse awardees successfully complete their studies and/or courses and acquire new knowledge, skills, and networks.
2. **IO 2:** Diverse alumni support and promote Australian cooperation efforts in Lao PDR.
3. **IO 3:** Targeted Lao public organisations address structural barriers and social norms that affect diverse women's leadership.
4. **IO 4:** Targeted Lao public organisations have improved capacity to plan for, mitigate, and respond to climate impacts on their workforce and operations.
5. **IO 5:** Targeted Lao public organisations have strengthened inclusive HRD capacity.
6. **IO 6:** Relevant Lao private, public, and civil society organisations share knowledge and participate in learning and networking activities that support inclusive and resilient HRD.

The program's key activities include Australian scholarships, short courses, alumni engagement initiatives, English language training, support for students with disability, HRD training modules, support for implementation of the National HRD Strategy, support to the Lao HR Society, governance activities, and responsive technical assistance.

These activities are underpinned by enabling functions, including:

- Monitoring, Evaluation and Learning (MEL)
- Gender Equality, Disability and Social Inclusion (GEDSI)
- Communications and Public Diplomacy
- Human Resource and Financial Management

- Administration and Logistics
- Program Governance and Development Partner Coordination

The diagram uses colour-coded boxes to distinguish the program goal, objective, outcomes, activities, and enabling functions, illustrating how they work together to achieve the intended development impact.