



Lao PDR Development Cooperation Report 2010

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This report summarises the aid program's progress in 2010 towards the objectives of the Australia – Laos Development Cooperation Strategy 2009–2015. The program presents a strategic opportunity to provide development assistance that complements AusAID's global programs and supports regional objectives. Reports on the program's performance in previous years are available on the Australian Agency for International Development's (AusAID's) website.

Context

Economic growth in Laos has averaged 7.8 per cent since 2006 and is expected to increase to 8.6 per cent in 2011.¹ Gross national income per capita rose from approximately US\$540 in 2006 to US\$968 in 2010² and, according to the recent Lao Expenditure and Consumption Survey, poverty decreased from around 33.5 per cent in 2002–03 to 27.6 per cent in 2007–08.³ The Government of Laos estimates poverty fell to 26 per cent in 2010.

Poverty data also shows that the poverty gap (the distance between the consumption rate and poverty line) and the severity of poverty have both lessened. Inequality, as measured by the Gini index⁴, rose over the reporting period, but the consumption survey shows that 'all population percentiles have experienced a substantial improvement in material welfare'.⁵ Large disparities exist between urban and rural areas, uplands and lowlands, ethnic groups, and men and women. Non-income Millennium Development Goals (MDGs), such as maternal mortality, hunger and access to safe water and improved sanitation, are off track.

The Government's fiscal performance⁶ improved in 2009–10 with the budget deficit decreasing to 4.6 per cent of gross domestic product compared to 6.7 per cent in the previous financial year. Domestic revenue increased by 17.2 per cent due largely to tax revenues from implementation of the value added tax, resource royalties and import duties. Spending in the four priority sectors of education, health, agriculture and infrastructure increased to 45.8 per cent of total expenditure in 2008–09 from 39.7 per cent the previous year. Recurrent spending in the education sector is still low at 14 per cent⁷ of total recurrent expenditure in 2009–10 but has shown a steady increase.

National planning

The 7th National Socio-Economic Development Plan (NSED) 2011–2015 was approved by the National Assembly in June 2011. It outlines the Government of Laos's strategy to achieve its MDGs by 2015 and to exit Least Developed Country status by 2020. The plan targets annual growth of at least 8 per cent and outlines measures to diversify and deepen economic activities, improve human capital and participation, enhance productivity and ensure sustainable use of natural resources.

¹ Lao Economic Update, World Bank, March 2011.

² Program Document for Seventh Poverty Reduction Support Operation, World Bank, March 2011.

³ Lao Expenditure and Consumption Survey (LECS) 2007–08, Ministry of Planning and Investment, Department of Statistics, 2010.

⁴ This is the most commonly used measure of income inequality. The coefficient varies between 0, which reflects complete equality and 1 (or 100), which indicates complete inequality (one person has all the income or consumption, all others have none). The Gini index for Laos in 2002–03 was 32.6, increasing to 35.4 in 2007–08.

⁵ LECS 2007–08, p. 27.

⁶ Lao PDR Economic Monitor, World Bank, May 2011.

⁷ Figure was provided by Ministry of Finance during Poverty Reduction Support Operation meetings in March 2011.



There are concerns that the national financing plan may need to be revised (it seeks a 44 per cent increase in official development assistance (ODA) over 2008–09 figures and demands that the presently high levels of foreign direct investment be maintained indefinitely). Achievement of the development targets outlined in the plan will depend on the Government delivering on its environmentally sustainable and equitable growth commitments.

Sustainable and equitable growth

There is strong demand for Lao exports from regional partners and high levels of foreign direct investment, particularly from China, Thailand and Vietnam, but trade and investment flows with developed economies remain very low. A recent World Bank report⁸ highlighted the risks for Laos if new investment comes on line without corresponding improvements in planning, regulatory frameworks and a transparent and accountable fiscal regime. The Government must attract quality investment that will preserve and protect the environment, improve the wellbeing and incomes of communities and generate long-term benefits (including revenue) for Laos. Capacity building for government staff at all levels will be critical to this effort.

The World Bank-supported Nam Theun 2 hydro scheme demonstrates aspects of worldwide good practice, however these standards are not necessarily being applied in other investment projects. Planned investments in the hydropower sector are likely to have significant environmental and social impacts. The most recent is the Sayaboury Dam proposal, which is seen to have had relatively weak impact assessment and community consultation processes.

In the face of growing major investment, particularly in rural areas, it is essential that community perspectives are heard and influence planning and decision making. This is particularly important when resettlement is involved. The resulting impact on wellbeing, livelihoods and traditional ways of life needs to be carefully managed. Resettlement has been included in the 7th NSEDP as a strategy to ensure service delivery and livelihoods for poor rural communities and is becoming more visible as a practical issue in every sector (for example, planning community education, health and agriculture infrastructure). It is important that donors, including Australia, support an ongoing dialogue with Government on issues such as resettlement and responsible investment.

Program objectives

The latest available Foreign Aid Implementation Report (2008–09) ranked Australia 9th among development partners by disbursement and 6th among bilateral donors (behind Japan, Germany, Korea, Thailand and the European Union).⁹ China and Vietnam do not appear as major donors, although their private sector investment in Laos is substantial.

In 2008–09, Australia's ODA to Laos was \$26 million. In 2009–10, it was estimated at \$37 million. Most Australian ODA is delivered by AusAID but Australian Centre for International Agricultural Research (ACIAR) has an ongoing program of agricultural research valued at approximately \$1.4 million in 2009–10 and the Department of Foreign Affairs and Trade (DFAT) manages a small direct aid program at Post.

⁸ Lao PDR Development Report 2010: Natural Resources Management for Sustainable Development, World Bank, 2011.

⁹ Foreign Aid Implementation Report (FY 2008–09), Ministry of Planning and Investment, Department of International Cooperation, Vientiane, September 2010.



Table 1: Estimated bilateral expenditure in Laos in 2009–2010

Strategic objectives	\$ million	% of bilateral program
Objective 1: Mitigation of key constraints to equitable access to a basic quality education in targeted poor geographic areas	7.3	25
Objective 2: Better management of Government of Laos and donor resources available to the education sector through implementation of a jointly agreed 10-year education sector framework	2.6	8.8
Objective 3: Policy and institutional impediments to trade and investment addressed in sectors that contribute to inclusive growth	2.6	8.8
Objective 4: Delivery and modelling of effective programs that result in equitable and sustainable improvements to livelihoods in targeted geographic areas	2.7 ^a	9.5
Objective 5: Improved prioritisation, delivery efficiency and coordination of mine action activities	1.3	4.6
Objective 6: Improved rural infrastructure, particularly roads and electrification	6.6	22.6
Scholarships	6.0	20.8
Total^c	29.1	100

^a ACIAR expenditure was \$2.74 million. This is not included in the expenditure table, which only shows bilateral figures.

^b Expenditure on the Poverty Reduction Support Operation and the Public Financial Management Strengthening Program have been split between objectives 2 and 3 because of their direct connection to the achievement of those objectives.

^c The total does not match expenditure reported in AusAID's *Annual Report 2009–10* due to the exclusion of program support funds.

Progress against objectives

The Performance Assessment Framework for the Australia – Laos Development Cooperation Strategy 2009–2015 is provided at Annex A. Strategy objective ratings reflect progress against predetermined annual milestones with an assessment of likely future progress. Specific reporting against each 2010 milestone is available in Annex A. Milestones for 2011 are also included in Annex A. The Top 5 milestones to be monitored and reported each year, which are identified each year, are provided at Annex B for 2010 and 2011.



Table 2: Ratings of the program's progress in 2010 towards the objectives of the Australia Laos Development Cooperation Strategy 2009–2015

Objective	Rating in 2010	Relative to previous rating
Development outcome: All boys and girls complete a full course of quality primary education		
Objective 1: Mitigation of key constraints to equitable access to a basic quality education in targeted poor geographic areas	■	Unchanged
Objective 2: Better management of Government of Laos and donor resources available to the education sector through implementation of a jointly agreed 10-year education sector framework	■	Unchanged
Development outcome: Increased trade and investment in sectors which support poverty reduction		
Objective 3: Policy and institutional impediments to trade and investment addressed in sectors that contribute to inclusive growth	■	Improved
Development outcome: Less than one quarter of the population living below the poverty line		
Objective 4: Delivery and modelling of effective programs that result in equitable and sustainable improvements to livelihoods in targeted geographic areas	■	Unchanged
Objective 5: Improved prioritisation, delivery efficiency and coordination of mine action activities	■	Unchanged
Objective 6: improved rural infrastructure, particularly roads and electrification	■	Declined

Note:

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

Education—Lao PDR development outcome: All boys and girls complete a full course of primary education

Enrolment in basic education continued to rise in 2010, including in the most disadvantaged areas. The same cannot be said for survival¹⁰ rates to grade 5. Of the 93 per cent of children who currently enrol in primary school, only 71 per cent continue through to grade 5.

On current trends, this will increase to only 82 per cent by 2015, meaning Laos is unlikely to reach its MDG 2 targets.

¹⁰ Currently, one indicator used to monitor MDG goal 2 on universal primary education is School Survival Rate to Grade 5. This is defined as the percentage of pupils enrolled in Grade 1 of primary education who reach Grade 5.

Survival rates nationwide stagnated between 2005–06 and 2009–10, but increased in districts targeted by the Australian-funded Access to Basic Education in Laos (ABEL) program:

Districts	2005–06	2009–10	Difference
ABEL male	57.2	63.1	5.9
ABEL female	53.9	59.5	5.6
Non-ABEL male	72.9	72.7	–0.2
Non-ABEL female	69.7	72.4	2.7

ABEL districts benefited from a combination of school feeding (World Food Programme) and the Child Friendly Schools/Schools of Quality approach (United Nations Children’s Fund—UNICEF). School feeding provides parents and children with a practical incentive for children to attend school. The Schools of Quality approach aims to ensure an inclusive and quality education by encouraging Village Education Development Committees to actively target all school-age children in a village (including girls), emphasising child-centred learning, improving the physical environment and equipment available, and improving the skills of teachers and principals.

The reasons for the stagnation of survival rates nationwide are not clear and AusAID proposes to research this further in 2011. Our early analysis is that enrolments in grade 1 are increasing without corresponding improvements in teacher standards and many schools still do not offer classes to grade 5. The fact that districts supported by Australia have gone against this trend suggests that quality inputs are making a difference in drop-out and repetition rates. The design of the new Education for All-Fast Track Initiative (EFA-FTI) program, incorporating quality inputs and targeting educationally disadvantaged areas, including ethnic groups, is therefore appropriate. A recent focus on girls in projects supported by donors in the education sector, including the ABEL program, has led to a steady increase in gender parity in basic education. These improvements to gender equality at primary level are expected to continue with resources under the EFA-FTI program provided to the 56 districts in which female participation is below the national average.

Objective 1:

Mitigation of key constraints to equitable access to a basic quality education in targeted poor geographic areas

Achieving this objective in the longer term requires successful implementation of the Government of Laos’s Education Sector Development Framework (ESDF) as it relates to basic education. The EFA-FTI program, co-financed by Australia, the World Bank and the global Education for All Fast Track Initiative, and implemented by the Ministry of Education, is one of main vehicle for progressing this work. In 2010 progress was slow. Issues for this included the level of institutional change required as well as the time needed to establish systems for disbursement of EFA-FTI funding at national and sub-national levels. AusAID provided bridging funds through the World Food Programme (WFP), UNICEF and United Nations Educational Scientific and Cultural Organisation (UNESCO) in 2010 to maintain momentum and avoid expected delays in implementation.



An ESDF planning matrix has been developed, identifying pillars, targets and legislative requirements needed through Ministerial and Inter-Ministerial decrees and instructions.

The annual sector-costed plan for 2010–11 aligned with the ESDF and showed considerable improvement from the previous year in scope and quality. For the first time the sector plan incorporated aligned provincial plans. There are early signs that the Government of Laos is increasing recurrent funding to meet the ESDF funding requirements—from around 12 per cent in 2007–08 to 14 per cent in 2009–10. Our involvement in the Poverty Reduction Support Operation (PRSO) provided an ongoing forum to advocate with the Ministry of Finance for increased education funding and to focus on financing mechanisms.

The transparency and quality of education data has improved dramatically and there have been important steps towards improving auditing and quality appraisal systems. AusAID is concerned that there are no credible statistics on people with disability, though this should be addressed in 2011.

The Australian-funded senior education adviser was instrumental in supporting development of the EFA-FTI program. The adviser helped the Government of Laos to secure substantial new funding and supported preparation of the annual costed-sector plans. In 2010 the adviser, who is highly regarded by the Ministry and stakeholders in the sector, also assisted the Ministry of Education to roll out new planning, budgeting and monitoring procedures to central and sub-national officials.

Trade and investment—Lao PDR development outcome: Increased trade and investment in sectors which support poverty reduction

The resources sector remained the dominant feature of the Laos economy in 2010, contributing 3.9 per cent to the estimated 8.4 per cent growth. Growth in non-resource sectors dropped slightly to 4.6 per cent (from an average of 6 per cent over the previous four years).¹¹ The resources sectors are also expected to contribute an increasing share to revenue in the coming years.

This heavy reliance on resources, particularly mining, leaves Laos exposed to fluctuations in mineral prices and points to an urgent need to expand the economic base. The Government recognises this and is starting to promote investment in other sectors, particularly those that will create employment. Between October 2010 and March 2011, most investment approved was in the services and agriculture sectors.¹² But policy and institutional impediments continue to hinder increased private sector investment. Laos fell two places (to 171st) in the World Bank's 2011 Ease of Doing Business Report.¹³ Key issues relate to starting a business (time to obtain import licenses), paying taxes (rates and administration) and obtaining credit (amount of collateral).

The Lao Government is pursuing a range of trade and investment reforms, inter alia to support its bid to join the World Trade Organization and to meet the ASEAN targets for an economic community by 2015. Some of these reforms—particularly the legislative and policy reforms discussed below—are expected to improve the business environment in time, but they depend

¹¹ Lao Economic Update, World Bank, March 2011.

¹² Country Report: Laos, Economist Intelligence Unit, London, June 2011.

¹³ Note: this result does not necessarily mean Laos' performance worsened. This is a comparative ranking and can reflect improved performance by other countries or the inclusion of additional countries. Also, the data used in the Ease of Doing Business Report are based on domestic laws, regulations and administrative procedures. Not all data reflect actual practice.



on full and consistent implementation across ministries and at different levels of government. Tracking this implementation is a critical task for AusAID if we are to show results.

Preparations started in 2010 for work on an update of the Diagnostic Trade Integration Study which should be completed in 2011. This study will outline the priorities for work in the trade sector under the period of the 7th NSEDP and will be key to informing future donor support. The Australian-funded trade adviser is providing important support for Laos Trade Integration Study preparations.

Objective 3:

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

All four milestones identified for 2010—relating to trade facilitation, technical barriers to trade, investment licenses and gender analysis—were achieved (refer to the Performance Assessment Framework, p. 24, for more detail.)

In 2010 the Government of Laos agreed to establish a trade facilitation secretariat with authority to coordinate its trade facilitation reform agenda across government. Its first major task will be to operationalise the Trade Facilitation Strategy and Action Plan (2011–15), approved by the Government in early 2011. Making international trade and customs procedures simple and easy is expected to substantially reduce the costs of trading for Lao-based businesses.

The Government also began to assess technical barriers to trade which will lead to a similar program of reform. Use of an international standard will facilitate trade by enabling economies of scale in production and permitting greater product acceptance across countries.

In both cases, government efforts have been supported by the Lao Trade Development Facility funded in part by Australia. A mid-term review in December 2010 found that the facility is making good progress with the Government recognising its value in supporting reforms.

Donor – Government of Laos trade policy discussion through the PRSO played an important role in gaining momentum on key items. During 2010 more progress was made on the regulatory framework for World Trade Organisation with Prime Ministerial decrees approved on Rules of Origin and the Import and Export of Goods. Australia has consistently advocated for PRSO partners to focus on the quality of legislative and policy reforms progressed through the PRSO, and their subsequent implementation. AusAID will monitor this through its engagement in a new PRSO series to be developed in 2011.

AusAID continued to support World Bank gender sensitive analysis of firm characteristics and performance in Laos and will follow up dissemination of results in 2011.

Donor coordination efforts were strengthened by the Government's decision in 2010 to upgrade the National Implementation Unit of Ministry of Industry and Commerce to a division mandated to coordinate all trade-related assistance provided by donors across government.



Rural development—Lao PDR development outcome: Less than one quarter of the population living below the poverty line

The latest data confirms that poverty in Laos decreased to 27.6 per cent in 2007–08¹⁴ and the Government of Laos estimates that this fell to 25 per cent in 2010. The poverty gap and severity of poverty also fell but inequality increased and a large part of the rural population remains vulnerable to natural or human-made hazards.

During 2010 flash flooding occurred in some northern areas during the wet season, damaging infrastructure and crops. Disease outbreaks among livestock, including foot and mouth disease, occurred throughout the year. In June 2010, UNICEF and the Ministry of Health conducted an assessment in southern Laos and found alarming levels of malnutrition as a combined result of crop losses from Typhoon Ketsana in 2009, which was followed by prolonged drought in 2010. It is estimated¹⁵ that around 110 000 people, mostly in central and southern Laos, will require food aid up until October 2011.

The resettlement of communities—as the result of development activities or for improved service provision—can contribute to vulnerability. It can decrease livelihood opportunities if communities cannot access natural resources or find other employment. There are social and cultural implications for ethnic people resettled from their traditional lands or among other ethnic groups. We propose to undertake targeted research about resettlement in late 2011 to inform policy discussion with Government of Laos and other partners and to inform new programming under the rural development pillar.

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

The Government of Laos is aware of the need to improve rural livelihoods. Measures for this outlined in the 7th NSEDP are resettlement, improved agricultural productivity and better linking of producers to processors and service industries. Both AusAID and ACIAR support work on rural livelihoods.

With limited funds available, AusAID support has been confined to a program of non-government organisation (NGO) interventions in rural communities in the nine poorest districts in Laos which are modelling approaches to improve livelihoods. These projects combine livelihood activities with disaster risk management approaches or unexploded ordnance (UXO) clearance. Indications are promising that support will improve livelihoods. Key milestones reached in 2010 include:

- > 800 households participated in livelihood activities (for example, building rice stocks, distributing seeds, establishing home gardens).
- > 110 hectares of land in 31 sites was cleared of UXO and will be put to productive use, benefiting almost 7000 individuals.
- > Disaster management plans were developed and endorsed by communities. In 2010 there was evidence that plan use (in response to flash floods and livestock disease) helped affected communities by mitigating the impact (for example, immunisation of livestock) or

¹⁴ Lao Expenditure and Consumption Survey 2007–08, Ministry of Planning and Investment, Department of Statistics, 2010.

¹⁵ Crop and Food Security Assessment Mission, FAO and WFP, November 2010.



reducing the damage and mobilising a faster response. An inventory of past disasters has been established at national level to inform future disaster mitigation plans.

- > More than 3000 women benefited from gender activities aimed at their reducing workload.

The NGO program includes an annual process for identifying lessons learned and sharing these with external stakeholders. Some evidence suggests that the success of some interventions is leading to their adoption on a wider scale. For example, Australian-supported interventions are used as an example in the UXO sector strategy—Safe Path Forward 2—showing the benefit of establishing a link between UXO clearance and community livelihoods.

ACIAR is working closely with multilateral partners to improve the productivity and profitability of Laos' lowland rice-based cropping system, and to pursue diversification in suitable locations by adding non-rice crops under irrigation in the dry season. Livestock also plays an important role in rural livelihoods. ACIAR aims to increase cattle productivity and the adoption of forage-fodder banks (to improve feed quality and availability and reduce the time spent on feeding cattle). Results have exceeded expectations: the average time saved is two hours a day and can be up to eight hours a day.

The management of zoonotic diseases associated with pig production and pork consumption in Laos is another area of focus. Meat and slaughterhouse surveys were undertaken in 2009–10 and local staff trained to take over the task. The surveys identified a number of parasitic worms, some of which can cause serious human disease.

ACIAR's work on culture-based fisheries in seasonal water bodies (that is, floodplain depressions and reservoirs) is improving the culture of species favoured by communities and developing best practice approaches and models to improve yields and lift economic benefits. Fisheries at the project site are showing excellent results and creating high local interest. Communities from two other provinces have adopted similar activities.

Objective 5:

Improved prioritisation of mine action activities, delivery efficiency, and coordination of mine action activities

The scale of the challenge posed by UXO in Laos is enormous. The United Nations Development Program estimates that more than US\$30 million a year is needed if Laos is to clear priority land and meet its international treaty obligations.¹⁶ This is why Australian support aims to help Government of Laos better define priorities for clearance, mine risk education and victim assistance, as well as make the most efficient use of scarce resources for clearance. During 2010 three key events occurred:

- > Laos assumed the Presidency of the UN Convention on Cluster Munitions and hosted the First Meeting of State Parties to the Convention in October 2010
- > the UXO sector strategy 2010–20—Safe Path Forward 2—was finalised and submitted to Government for approval
- > Laos established its own 'MDG 9' on UXO action, with associated targets, and obtained endorsement from most development partners during the donor – Government of Laos Round Table Meeting in November 2010.

¹⁶Programme Funding Priorities and Gaps: 2010-2012, UNDP, New York, November 2010



Australia provided significant support to Government of Laos' hosting of the first international Cluster Munitions Meeting in recognition that we had encouraged Laos to take a lead on the UN convention. AusAID's long-term support for the sector has underpinned whole-of-government advocacy efforts on cluster munitions. While Laos is not yet a signatory to the Mine Ban Convention, Australia has been active in its advocacy on the issue.

Milestones identified for 2010 were met, focusing efforts largely on post clearance impact assessment, quality improvements and gender information collection (refer to the Performance Assessment Framework, pp. 28–29, for more details).

During 2010 the National Regulatory Authority (NRA), with Australian funding, finalised the first post clearance impact assessment (PCIA) undertaken in Laos. The assessment looked at how, and by whom, land was being used after clearance and what impact this has had on incomes or livelihoods of beneficiaries. The assessment report highlighted the importance of linking UXO clearance with local socio-economic development plans to gain full economic benefits. Findings are being disseminated and we have encouraged the NRA to ensure recommendations are considered during preparation of the 2012 sector work plan.

Quality assurance teams were established in the NRA and UXO Lao with Australian support. These teams will monitor operator compliance with national standards and ensure clearance is undertaken safely and efficiently.

Objective 6:

Improved rural infrastructure, particularly road and electrification

Improved infrastructure, including roads (to provide access to markets and services) and electrification, is fundamental to broad-based development. Other development partners, including China, Thailand, Korea and Japan, are already contributing major national infrastructure (such as airports, railway and roads) and private sector investment is increasing. Australia cannot match the scale of funding and does not have in-house capacity to directly manage major infrastructure projects. It therefore seems most appropriate for Australia to focus on the lower profile, but more poverty-oriented, sub-national and community-based infrastructure, and to continue working through multilateral partners. This also allows for joint advocacy efforts on social safeguards.

Australia's two existing initiatives under this objective were originally supported to improve connectivity in the Greater Mekong sub-region so the design focus was on regional connectivity rather than on direct poverty impact. Measuring contribution to poverty reduction therefore remains challenging and staff resource-intensive. Achievement of milestones and overall performance under this objective was mixed.

Completion of the upgrade of **National Route 4** from Luang Prabang to Thailand is important for opening up remote and disadvantaged parts of rural Laos. Australia, with a consortium of donors, is supporting the construction of a section of this road network under a US\$118 million project managed by the Asian Development Bank. The project comprises several sections which have different funding and management arrangements. Slow progress on one section funded by another donor, which includes a bridge over the Mekong River, means the full expected economic benefits will not be realised until 2019 at the earliest (the project official end date is 2014).

Progress on the Australian-funded component was mixed in 2010. Construction of 83 km of the main road funded by AusAID was ahead of schedule with 56 per cent of works completed. The remainder is expected to be finished on schedule by the end of 2012.



For the project overall, social issues remain of concern. Activities on HIV/AIDs, human trafficking and road safety are yet to begin and remain at risk. Construction of rural feeder roads has been postponed until better progress can be made on these important issues. Information on social safeguards (resettlement, grievances, HIV/AIDs, gender and road safety) remains weak.

Rural electrification rates are increasingly steadily off of a low base: between 1995 and September 2010, electricity access across Laos has steadily increased to 71 per cent from 16 per cent, reaching 730 000 households. Government of Laos's 7th NSEDP aims to increase access to electricity to 90 per cent by 2020. A consortium of donors, including Australia, is supporting Government of Laos to expand rural electricity connectivity in seven central and southern provinces of Laos.

This US\$85 million rural electrification project has suffered serious delays (the project end date is now 2013). Outstanding issues related to funding agreements were resolved in 2010 and activities began. 2011 will be the first full year of implementation of the Australian-funded components. A total of 19 500 rural household should access main grid and off-grid electricity in 2011.

Strategy-wide initiatives

Australian Development scholarships underpin each of the strategic objectives outlined above. Candidates from our partner ministries are targeted for at least 75 per cent of the 20 awards given for the public sector each year. So far the target has not been met as there are usually not enough competitive candidates from these ministries. Regular tracer and impact studies are underway but it will be several more years before there is a body of evidence to indicate whether scholarships are making a specific contribution to the strategic objectives.

However, an impact study undertaken in 2010 revealed that: (i) the programs and courses taken by graduates were relevant and in line with the human resource development strategies of their organisations; (ii) the vast majority (93 per cent) of public sector awardees returned to their original work place after completing study in Australia; (iii) graduates' involvement in policy making 'to a great extent' increased from 5 per cent before receiving Australian Development Scholarship to 28 per cent after graduating; (iv) their involvement in management and supervisory roles increased by around 30 per cent; and (v) supervisors acknowledged that graduates had gained new knowledge, new skills and new ways of thinking which effectively contributed to the development of their organisations.

The **PRSO** and **Public Finance Management Strengthening Program** (PFMSP) underpin work in other sectors. The PRSO is a budget support mechanism with payment triggered by Government of Laos progress on agreed policy reforms. It provides an important opportunity for policy discussion on education and trade reforms and shines a spotlight on reforms that reinforce our sectoral work. The PRSO contributions to education and trade have been discussed earlier. The PFMSP supports actions to improve the Government's management of public resources and provides a platform for regular discussion with the central finance ministry. This is particularly relevant in education where Australia advocates for increased and more predictable financing. The PFMSP helps support our engagement in other sector activities that involve the use of government systems. It will also inform future programming using this way of working.



Program quality

The program continued to improve its performance in 2010 with satisfactory ratings and above against all quality indicators. The only rating which did not improve was **gender equality** where it remained the same. A gender stocktake for the Laos program was carried out early in 2010 and highlighted areas of good practice as well as areas for improvement across the program. Staff found the exercise helpful in improving their understanding of gender and, as a result, some initiative managers rated gender lower in 2010 than in previous years because they had become aware of how much more could be done. The two gender focal points at Post are building their in-country and regional networks and working through the recommendations arising from the stocktake.

The relevance of initiatives rates highly as the result of close alignment with Government of Laos priorities and direct support for sector strategies in education, trade and UXO. Ongoing relevance of program priorities with the new 7th NSEDP will be examined again during the country strategy review and preparation of delivery strategies, both planned for late 2011.

Effectiveness and **efficiency** improved slightly with the trade and scholarships initiatives receiving higher ratings than in 2009 while the Northern Transport Network Improvement Program (NTNIP) and the PRSO and PFMS received lower ratings. In the case of NTNIP, this was because of insufficient attention to progressing work on 'soft side' issues such as road safety, resettlement monitoring, HIV/AIDS and anti-trafficking. Progress under public financial management was very slow due to capacity constraints in the partner ministry. Improvement is expected in 2011 following discussions during the program's mid-term review.

The effort put into **monitoring and evaluation** by program staff is beginning to pay off with satisfactory ratings on average across the program. In the case of scholarships, a thorough monitoring and evaluation regime is now being applied and yielding useful information about the wider impact of scholarships in Laos. The main monitoring and evaluation challenge is the infrastructure initiatives where monitoring by implementing partners remains focused on outputs, rather than on development outcomes.

Sustainability showed the biggest improvement as the result of quality data showing long-term impacts from the development scholarships.

86 per cent of unsatisfactory quality ratings fell under the rural development pillar reflecting the difficult operating environment and challenges in progressing the aid quality agenda with some partners.

Next steps

Program wide

The Laos program urgently needs to **review the Lao country strategy** in light of changes to the operating context in Laos and in AusAID Canberra. On the Canberra side, this includes consideration of the outcomes of the aid effectiveness review and likely future budget scenarios.

On the Laos side, key changes include finalising the 7th NSEDP and the speed and scale of major investment in the country. These, especially the latter, point to the need for better analysis to inform Australia's role in monitoring and advocating for sustainable development. Given Australia's broader interest in mining, and Mekong Sub-regional aid program's engagement in water resources management (including hydropower and support for technical



assistance in the Ministry of Energy and Mines), we will ensure future engagement in these areas is more clearly linked to and reflected in the country strategy.

The **country strategy review** needs to take account of the recommendations of the gender stocktake, considering gender targets under each pillar and whether a single strategic objective for gender should be included. The review will identify areas for **further analysis**, including issues around resettlement, and provide guidance on how these should be addressed across the program. Refining the Laos program's approach to anti-corruption will also be pursued.

Given likely budget increases in AusAID's Laos program to 2015–16 the program needs to prepare **delivery strategies for the education and rural development pillars**. This is most urgent for rural development where our engagement has so far been limited and where we do not yet have clear partnerships or initiatives identified. Existing NGO programs provide a basis for proposed work on social protection and ACIAR research programs may provide a springboard for work on markets for the poor, although extensive consultation will be required. Work on a trade delivery strategy may not be needed as urgently although existing initiatives will end in the next 12 to 24 months.

Delivery strategies will also include consideration of the **human resources capacity** requirements of the Laos program. A human resources strategy for Post was not developed in 2010 as planned but will be followed up in 2011. This should specify the likely staff resources, including work levels and technical skills, needed to implement the delivery strategies.

Workload issues need to be addressed. Staff are fully engaged on the existing program and additional staff resources are needed to support increased programming.

Gender work will continue in 2011, including in-depth training for a second gender focal point and more general training for all Post staff. A local consultant will work with staff to identify areas to be strengthened under each strategy pillar (building on the gender stocktake) and to develop work plans to be implemented in 2011–12. Specific gender activities planned for 2011 include a comic book competition to raise awareness of gender issues in secondary schools and initiation of women in leadership activities with Australian alumni.

Milestones to assess performance in 2011 are included in the Performance Assessment Framework at Annex A. The proposed program Top 5 milestones are also shown at Annex B.

Annex A—Performance Assessment Framework—2010 and 2011 milestones

Australia – Laos Development Cooperation Strategy Performance Assessment Framework

Goal: To assist Laos reduce poverty and achieve sustainable development

Laos development outcomes 2015	Government of Australia country strategy objectives 2015	Strategy objective indicators (2015)	2010 milestone targets	2010 milestone achievements	2011 milestones
<i>What our strategy objectives are expected to influence?</i>	<i>Where does Australian aid add value?</i>	<i>How we know if we have achieved our objectives?</i>	<i>How will we track progress towards strategy objectives?</i>	<i>- strategy objective performance in 2010</i>	<i>- strategy objective performance targets for 2011</i>
Pillar 1: Education					
<p>(All boys and girls complete a full course of quality primary education</p> <p>. Net enrolment and completion rates for primary education increase nationally and in targeted geographic areas</p> <p>. survival rates for primary education increase nationally and in targeted geographic areas</p> <p>. ratio of boys to girls enrolled increases nationally and in targeted geographic areas</p> <p>. learning quality</p>	<p>Mitigation of key constraints to equitable access to a quality basic education in targeted poor geographic areas</p>	<p>In the 56 most educationally disadvantaged districts:</p> <p>1. Appropriate school infrastructure for primary and pre-primary schools provided and maintained according to Ministry of Education quality minimum standards, including water and sanitation facilities</p> <p>2. Schools of Quality approach is implemented</p> <p>2.1 number of schools meeting schools of quality criteria</p> <p>2.2 number of schools upgraded to meet physical quality standards</p> <p>2.3 increase of number of qualified teachers at Pre-primary and Primary level</p> <p>2.4 Village Education Development Committees</p>	<p>1. Lessons learned from Community Based Construction review incorporated into Community Based Construction operational manual and training workshops; safety audit undertaken on all Education Development Program Phase 2 schools</p> <p>2.1 487 schools (bringing program total to 953 schools) meet schools of quality criteria (teaching resource kits, health and hygiene kits distributed to all schools and Schools of Quality training)</p> <p>2.2 latrines constructed and hygiene kits and training provided to 48 schools for use by 7,200 primary school children and 336 teachers</p> <p>2.3 Training will not begin until 2011</p> <p>2.4 Village Education Development Committees in 487 villages trained</p>	<p>1. Milestone predominantly met</p> <p>1.1 Community Based Construction review carried out and recommendations have been incorporated into operations manuals. Outcomes of Community Based Construction review was presented at training for district engineers</p> <p>1.2 Safety audit is still in process</p> <p>2. Milestones met</p> <p>2.1 487 additional schools meet Schools of Quality criteria. Cumulative total of 953 schools out of 1,200 representing 79% coverage.</p> <p>2.2 50 schools receive Water Sanitation and Hygiene Program benefiting 6,936 children (2,987 girls) and 235 teachers</p> <p>2.3 no milestone set</p> <p>2.4 2,204 Village Education</p>	<p>1.1 195 additional schools completed (x% of targeted schools)</p> <p>1.2 Safety audit completed and all serious remedial work completed</p> <p>2.1 750 additional schools upgraded to become schools of quality criteria (x% of targeted schools)</p> <p>2.2 252 additional schools upgraded to meet physical quality standards (x% of targeted schools)</p> <p>2.3 2,250 additional teachers qualified at pre-primary and primary level (x% of targeted schools)</p> <p>2.4 750 additional village education development committees operational (x% of targeted schools)</p> <p>3. Non formal primary education equivalency framework, curriculum, and learning material development finalised and being used in training of</p>



Australia – Laos Development Cooperation Strategy Performance Assessment Framework

Goal: To assist Laos reduce poverty and achieve sustainable development

Laos development outcomes 2015	Government of Australia country strategy objectives 2015	Strategy objective indicators (2015)	2010 milestone targets	2010 milestone achievements	2011 milestones
<i>What our strategy objectives are expected to influence?</i>	<i>Where does Australian aid add value?</i>	<i>How we know if we have achieved our objectives?</i>	<i>How will we track progress towards strategy objectives?</i>	<i>- strategy objective performance in 2010</i>	<i>- strategy objective performance targets for 2011</i>
increases nationally and in targeted geographic areas		functioning effectively 3. Non-formal approaches for pre-primary and primary education working effectively in remote villages where formal education is not available	support school management 2.5 Grant agreements between AusAID and WFP, UNICEF and UNESCO signed and implementation of year one of the EFA -Fast Track Initiative program commenced. 3. Revision/development process for non-formal primary education equivalency framework finalised, target villages nominated, and development of teaching and learning material commenced	Development Committee members trained in 487 villages 2.5 Grant agreements with UNICEF, WFP, UNESCO signed and implementation of year one of the program began 3. Milestone met Work on framework, curriculum and teacher and learning materials commenced	mobile teachers
	Better management of Government of Laos and donor resources available to the education sector through implementation of a jointly agreed 10 year education sector framework	Utilisation of the 2009–2015 education sector development framework by Government of Laos and donors 2. Development and utilisation of a credible annual costed sector plans by Government of Laos and donors 3. Achievement of Vientiane Declaration goals through the Education Sector Working Group, provincial Education Sector Working Groups and Education Sector Development Framework	1. Fast Track Initiative –Catalytic Funds application approved by Catalytic Funds Secretariat, sub-sectoral approach in basic education based on Education Sector Development Framework begins 2. Annual costed work plan developed in alignment with Education Sector Development Framework and the 7 th NSEDP 3.a Five-year Education Sector Development Framework implementation plan 2010–2015 developed	1. Milestones met - Fast Track Initiative application approved - Year one of Fast Track Initiative program commences implementation 2. Milestone met - being drafted and is aligned with Education Sector Development Plan 3. Milestone met 3.a Education Sector Development Plan is being finalised 3.b Education Sector Development Framework focal groups decree signed	1.a. focal groups used to coordinate education activities by sub sector 1.b. Simplified Education Sector Development Framework booklet that includes strategies, activities and responsibilities disseminated to provincial and district education offices 2. Through Education Sector Working Group, consultative process undertaken to form consensus on annual costed sector plan. Development Partners, Central and provincial government endorse yearly plan 3.a. first annual joint sector review



Australia – Laos Development Cooperation Strategy Performance Assessment Framework

Goal: To assist Laos reduce poverty and achieve sustainable development

Laos development outcomes 2015	Government of Australia country strategy objectives 2015	Strategy objective indicators (2015)	2010 milestone targets	2010 milestone achievements	2011 milestones
<i>What our strategy objectives are expected to influence?</i>	<i>Where does Australian aid add value?</i>	<i>How we know if we have achieved our objectives?</i>	<i>How will we track progress towards strategy objectives?</i>	<i>- strategy objective performance in 2010</i>	<i>- strategy objective performance targets for 2011</i>
		focal groups 4. Ministry of Education financial, procurement, implementation and monitoring and evaluation capacity strengthened as evidenced by implementation of Education Sector Development Framework 5. Recurrent education expenditure as % of total recurrent expenditure (domestic) increases to 18 %	3.b Education Sector Working Group Focal Groups established by ministerial decree and endorsed by Education Sector Working Group 4. Education Sector Development Framework Preparation for implementation plan completed (including Ministry of Education-wide workshops; study tours of Vietnam and Nepal; mobile teacher study). 5. Recurrent education expenditure as % of total recurrent expenditure (domestic) increases to 13.7 %	4. Milestone met - Education Sector Development Framework workshops funded by Australia completed. - Study tours to Vietnam, Nepal on mobile teacher approaches conducted 5. Milestone met 14.7%	undertaken, consistent with Education Sector Development Framework Performance Assessment Framework 3.b.Provincial working groups model progressively rolled out across the country 4.a Phase 1 of Education Sector Development Framework preparation for Implementation Plan completed. 4.b Phase 2 of Education Sector Development Framework capacity building for implementation drafted and finalised 5. Recurrent education expenditure as % of total recurrent expenditure (domestic) is at least 14.6 %
Pillar 2: Trade and Investment					
Increased trade and investment in sectors which support poverty reduction Growth in non-resource exports Growth in trade in services	Policy and institutional impediments to trade and investment addressed in sectors that have high potential to contribute to	1. Trade Facilitation Action Plan developed and being utilised 2. Substantial closure in the gap between the current legal and regulatory framework on Sanitary and Phytosanitary and basic ASEAN Free Trade Area and World Trade Organisation	1. Trade Facilitation Action Plan finalised and approved by the government 2. Technical Barriers to Trade assessment commenced 3. Combined investment law approved by Government of Laos and Ministry of Planning and Investment abolishes	1. Milestone partly met Trade Facilitation Action Plan finalised and expected to be submitted for the government approval by March 2011. 2. Milestone met Technical barriers to trade assessment commenced. 3. Milestone met	1. Trade Facilitation Action Plan action list endorsed/Trade Facilitation Action Plan secretariat functioning effectively 2. Endorsed Technical Barriers to Trade plan of action 3. Further legislative reform in support of Small and Medium Enterprise investment growth



Australia – Laos Development Cooperation Strategy Performance Assessment Framework

Goal: To assist Laos reduce poverty and achieve sustainable development

Laos development outcomes 2015	Government of Australia country strategy objectives 2015	Strategy objective indicators (2015)	2010 milestone targets	2010 milestone achievements	2011 milestones
<i>What our strategy objectives are expected to influence?</i>	<i>Where does Australian aid add value?</i>	<i>How we know if we have achieved our objectives?</i>	<i>How will we track progress towards strategy objectives?</i>	<i>- strategy objective performance in 2010</i>	<i>- strategy objective performance targets for 2011</i>
Growth in Sanitary and Phytosanitary-sensitive agricultural exports Reduction in time and relative cost of shipping containers from key points in Laos to major trading partners Number of days to start-up enterprise reduced Increased female participation in export firms	inclusive growth	requirements 3. Improved Legal Environment for investment facilitation 4. Improved knowledge and understanding of the gender dimension of increased trade integration, informed by analytical work on the linkages between gender and trade.	investment license for general investment activities outside the Negative List as part of the implementation of the new law. 4. Gender and enterprise analysis completed	The new investment promotion law promulgated by the president in February 2010. Technically the law mandates the abolishment of investment licence, however to what degree it has currently been applied is still unclear. 4. Milestone met Gender and enterprise study produced	4. The results of the World Bank “Fairer Trade” analytical task shared with trade sector stakeholders

Pillar 3: Rural Development

Less than one quarter of the population living below the national poverty line In targeted geographic areas: Reduction in poverty rates Reduced gender	Delivery and modelling of effective programs that result in equitable and sustainable improvements to livelihoods in targeted poor geographic areas	In 9 of Laos’ poorest districts: 1. Improved livelihoods evidenced by reduced rice shortages and utilisation of UXO-cleared land 2. Evidence that disaster management planning interventions are improving government and community capacity to assess a crisis	1.a Community-based livelihood activities involving 800 poor rural households 1.b Clearance and release of 160 hectares of land 2.a 1 provincial level and 4 district level disaster management plans 2.b Quick response mechanisms for emerging crisis 3.a Access to essential health care	1. Milestones met At least 800 households participated in various activities (e.g. rice stocks, seeds distribution, home gardens) that reinforce food security. A total of 110 hectares in 31 sites were cleared of UXO during the reporting period. A total of 6,769 individuals now benefit from cleared land to plant rice, coffee, fish pond and kitchen garden.	1.a Community-based livelihood activities involving x poor rural households 1.b Clearance and release of x hectares of land benefiting x individuals who are using cleared land to 1.c Evidence of rice shortages reduction 2.a Khamouane disaster management plans approved and
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Australia – Laos Development Cooperation Strategy Performance Assessment Framework

Goal: To assist Laos reduce poverty and achieve sustainable development

Laos development outcomes 2015	Government of Australia country strategy objectives 2015	Strategy objective indicators (2015)	2010 milestone targets	2010 milestone achievements	2011 milestones
<i>What our strategy objectives are expected to influence?</i>	<i>Where does Australian aid add value?</i>	<i>How we know if we have achieved our objectives?</i>	<i>How will we track progress towards strategy objectives?</i>	<i>- strategy objective performance in 2010</i>	<i>- strategy objective performance targets for 2011</i>
disparities in these statistics		<p>situation and implement appropriate emergency response</p> <p>3. Vulnerable women benefiting from gender sensitive livelihood, capacity building and participation strategies as evidenced by reduced workload and improved general health outcomes</p> <p>4. Best practice approaches on integrated UXO and disaster risk reduction, livelihood and food security, and community resilience are:</p> <p>4.a shared with and adapted by development partners and partner government at the local and central levels</p> <p>4.b being sustained by communities in partnership with the government after the cessation of project inputs</p>	<p>services, improved rural roads, convenient water and sanitation system, and UXO-cleared lands by at least 1300 women</p> <p>4.1a Annual evaluation workshop undertaken with effective participation by relevant Government of Laos agencies and other relevant rural development stakeholders</p> <p>4.a DesInventar operational at National Disaster Management Office (central) level</p> <p>4.b Integrated clearance and community development approach as integral prioritisation approach adapted in the new UXO sector strategy</p>	<p>2. Milestones met</p> <p>District Disaster Risk Information System established in Sayaboury provided effective information for reporting on the flash flood incident in Xieng-Hone district. 3 District Disaster Management Committees and 3 Provincial Disaster Management Committee established and active in Saravan, Sekong, Vientiane. 53 Village Disaster management Committees established in Saravan, Sekong, and Vientiane. 38 Village Development Committees established in Khammouan. Disaster Risk Reduction Implementation Plan approved & adopted and rolled out in 11 additional districts across Sayaboury.</p> <p>Disaster management tools used by Save the Children project communities to successfully manage an outbreak of cattle disease.</p> <p>3. Milestones met</p> <p>A total number of 3066 women benefited from various gender activities aimed at reducing workload (access clean and safe water, wheelbarrow,</p>	<p>2.b Evidence that disaster management plans are being maintained, implemented, and utilised effectively by government and communities</p> <p>3.a Access to essential health care services, improved rural roads, convenient water and sanitation systems, and UXO-cleared lands benefiting at least # women</p> <p>3.b X % of women report improved health outcomes</p> <p>3.c X % of women report reduced workloads</p> <p>4a.1 Annual evaluation workshop undertaken with effective participation by relevant Government of Laos agencies and other relevant rural development stakeholders</p> <p>4.a.2 Evidence of effective utilisation of relevant sector fora by Lao–Australia Non-Government Organisation Cooperation Agreements (LANGOCA) to showcase and discuss lessons learnt and good practice</p> <p>4b.1 Evidence that LANGOCA good</p>



Goal: To assist Laos reduce poverty and achieve sustainable development

Lao PDR Development Cooperation Report 2010



Goal: To assist Laos reduce poverty and achieve sustainable development

Lao PDR Development Cooperation Report 2010



Australia – Laos Development Cooperation Strategy Performance Assessment Framework

Goal: To assist Laos reduce poverty and achieve sustainable development

Laos development outcomes 2015	Government of Australia country strategy objectives 2015	Strategy objective indicators (2015)	2010 milestone targets	2010 milestone achievements	2011 milestones
<i>What our strategy objectives are expected to influence?</i>	<i>Where does Australian aid add value?</i>	<i>How we know if we have achieved our objectives?</i>	<i>How will we track progress towards strategy objectives?</i>	<i>- strategy objective performance in 2010</i>	<i>- strategy objective performance targets for 2011</i>
		considerations integrated into UXO clearance prioritisation process and access to cleared lands and victim assistance services	2.a Post Clearance Impact Assessment report includes credible gender outcome/impact data 2.b Gender disaggregated data from the community outreach programme patient records shows improved access to services	February 2011. Milestone 1.b partly met 16 Senior Explosive Ordnance Detection Team and Clearance Team Leaders in place in UXO Lao. Quality Control and safety clearance were conducted for 114 cleared sites by the external mobile teams. At the National Regulatory Authority delays were experienced in contracting technical support to mobilize the external Quality Assurance/Quality Control teams. The Quality Assurance/Quality Control teams under National Regulatory Authority will take a full responsibility to undertake external inspections in the next 3 months. Milestone 2.a met Evidence from the recent Post Clearance Impact Assessment progress report shows that almost half of the study samples are women. Gender outcome and impact is being analysed and will be shown in the final report. Milestone 2.b partly met Activity Completion Report of	processes commenced 1.d Zero UXO-related accidents for deminers 2.a gender findings of the Post Clearance Impact Assessment incorporated into the sector work plan 2.b inclusion of gender dimension reporting into sector work plan monitoring and evaluation framework 2.c evidence of women's access to rehabilitation services—including absolute and proportional information



Australia – Laos Development Cooperation Strategy Performance Assessment Framework

Goal: To assist Laos reduce poverty and achieve sustainable development

Laos development outcomes 2015	Government of Australia country strategy objectives 2015	Strategy objective indicators (2015)	2010 milestone targets	2010 milestone achievements	2011 milestones
<i>What our strategy objectives are expected to influence?</i>	<i>Where does Australian aid add value?</i>	<i>How we know if we have achieved our objectives?</i>	<i>How will we track progress towards strategy objectives?</i>	<i>- strategy objective performance in 2010</i>	<i>- strategy objective performance targets for 2011</i>
				Cooperative Orthotic and Prosthetic Enterprise shows that in 2010 the number of adult males who received a prosthetic was 457, compared to 65 adult females. This is compared to 111 adults males receiving an orthotic compared to 114 adult females. The demand for a prosthetic could be heavily dominated by males because the most common activities for loss of limb for adults are from UXO incidents and industrial and traffic accidents.	
	Improved rural infrastructure, particularly roads and electrification	<p>1. Increased number of households with access to improved rural infrastructure</p> <p>1.a number of additional households with access to improved roads</p> <p>1.b number of additional households with access to main grid or off-grid</p> <p>2. Increased number of poor rural women with access to improved rural infrastructure</p> <p>2.a number of additional women with access to improved</p>	<p>1.a.1 Northern Transport Network Improvement Project (Australian output only): 38 km of section V (83 km) of the main road paved</p> <p>1.a2 Northern Transport Network Improvement Project (Australian output only): tendering for rural roads commenced.</p> <p>1.b.1 Rural Electrification Project Phase 1 (Australian output only): 228 of additional households gain access to main electricity grid</p> <p>1.b.2 Rural Electrification Project Phase 1: no milestone for 2010 for off-</p>	<p>1.a.1 Milestone met Progress on Section V is well advanced with 47 km completed: This represents 56.32% has been completed against 54.1% planned.</p> <p>1.a.2 Milestone met bidding document for rural access roads was completed.</p> <p>Invitation for tender was launched in mid-2010. The short-listed contractors are being assessed.</p> <p>1b.1 Milestone not met delay in signing the WB/Government of Laos Grant Agreement</p>	<p>1a.1 Northern Transport Network Improvement Project : (Australian outputs) 83 km of section V of the (main road) paved providing improved road access to 17,524 people and 3,775 households</p> <p>1a.2 Northern Transport Network Improvement Project : Rural feeder roads (Australian outputs)—113 km of upgraded roads completed providing improved road access to 36,327 people</p> <p>1.a.3 Northern Transport Network Improvement Project : (whole project) x% of total project completed</p> <p>1b.1 Rural Electrification Project</p>



Australia – Laos Development Cooperation Strategy Performance Assessment Framework

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<i>What our strategy objectives are expected to influence?</i>	<i>Where does Australian aid add value?</i>	<i>How we know if we have achieved our objectives?</i>	<i>How will we track progress towards strategy objectives?</i>	<i>- strategy objective performance in 2010</i>	<i>- strategy objective performance targets for 2011</i>
		<p>roads</p> <p>2.b number of additional women with access to main grid or off-grid electricity</p> <p>3. Evidence of increasing integration and implementation of mitigation measures relating to social protection (HIV, trafficking, safety) and environmental impact in rural infrastructure interventions</p> <p>3.a.Evidence of measures integrated into rural road projects</p> <p>3.b.Evidence of measures integrated into rural electrification projects</p>	<p>grid electricity</p> <p>2.a Northern Transport Network Improvement Project : no milestone for 2010</p> <p>2.b Rural Electrification Project Phase 1: no milestone for 2010</p> <p>3.a Northern Transport Network Improvement Project : no milestone for 2010.</p> <p>3.b Rural Electrification Project Phase 1: Joint Review Mission results show implementation of mitigation measures on safety and environment impact</p>	<p>1b.2 no milestone set for 2010</p> <p>2.a. no milestone set for 2010</p> <p>2.b. no milestone set for 2010</p> <p>3.a no milestone set for 2010:</p> <p>The social development plan for HIV/AIDs awareness and human trafficking plans are now in place. Risks mitigation will be measured in the mission June 2011 by the Social Development Team.</p> <p>3.b partially met</p> <p>Recent joint review mission recommended that EdL should prepare the Implementation of Safeguard Program for REP 1 Project Report which will summarize the progress of safeguards activities under the Project. The report is under preparation. The final report will be submitted to the Bank for review by the middle of October, 2010.</p>	<p>Phase 1: (Australian outputs) national grid access to an additional 11,500 households</p> <p>1b.2 Rural Electrification Project Phase 1: (Australian outputs) off grid electrification to 5,220 households</p> <p>1b.3 Rural Electrification Project Phase 1: (Australian outputs) Main grid access to 8000 poor households through Power to the Poor</p> <p>1.b.4 Rural Electrification Project Phase 1: (whole project) x% of total project completed</p> <p>2.a.1 Northern Transport Network Improvement Project : (Australian outputs only) 8774 number of women with access to upgraded section V of main road</p> <p>2.a.2 Northern Transport Network Improvement Project : (whole project) 56,648 number of women with access to upgraded roads</p> <p>2b.1 Rural Electrification Project Phase 1: (Australian outputs only) x number of female-headed households with access to the main grid through</p>



Australia – Laos Development Cooperation Strategy Performance Assessment Framework

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Laos development outcomes 2015	Government of Australia country strategy objectives 2015	Strategy objective indicators (2015)	2010 milestone targets	2010 milestone achievements	2011 milestones
<i>What our strategy objectives are expected to influence?</i>	<i>Where does Australian aid add value?</i>	<i>How we know if we have achieved our objectives?</i>	<i>How will we track progress towards strategy objectives?</i>	<i>- strategy objective performance in 2010</i>	<i>- strategy objective performance targets for 2011</i>
					<p>P2P</p> <p>2b.2 Rural Electrification Project Phase 1: (whole project) x number of female-headed households with access to the main grid through Power to the Power</p> <p>3.a. Northern Transport Network Improvement Project : evidence that Asian Development Bank social protection and environmental policies are being adhered to</p> <p>3.b . Rural Electrification Project Phase 1: evidence that World Bank social protection and environmental policies are being adhered to.</p>

Annex B—Laos program—annual top results

Laos program top results achieved in 2010

Education

Laos development outcome—All boys and girls complete a full course of quality primary education

Strategy objective—Mitigation of key constraints to equitable access to a quality basic education in targeted poor geographic areas.

Target 1: More than an additional 500 schools assessed as meeting the schools of quality criteria (440 in 2009).

Met. An additional 487 schools assessed as meeting the schools of quality criteria, benefiting 38,140 children and bringing the cumulative total to 953 (representing 79 per cent of targeted schools).

Schools of quality are schools with appropriate classroom and ancillary building, trained teachers, teaching resources, strong leadership and community involvement, and a safe learning environment for students.

Strategy objective—Better management of Government of Laos and donor resources available to the education sector through implementation of a jointly agreed 10-year education sector framework.

Target 2: Major donor funding package to support Government of Laos Education Sector Development Framework approved.

Met. Major donor funding package approved and initial implementation started.

Target 3: Government of Laos annual costed work plan developed in alignment with Education Sector Development Framework and National Socio Economic Development Plan 2010–15.

Met. Being drafted and is aligned with Education Sector Development Plan.

The following are key steps towards full Government of Laos implementation of the 2009–15 Education Sector Development Framework.

Trade and investment

Laos development outcome—Increased trade and investment in sectors which support poverty reduction

Strategy objective—Policy and institutional impediments to trade and investment addressed in sectors with high potential to contribute to inclusive growth.

Target 4: Number of days to start up an enterprise reduced to less than 100 days (100 days in 2009).

Not met. Number of days is still 100.



Rural development

Laos development outcome—Less than one quarter of the population living below the poverty line

Strategy objective—Improved rural infrastructure, particularly roads and electrification.

Target 5: 228 additional rural households gain access to the main electricity grid.

Not met. Delayed signing of the World Bank – Government of Laos Grant Agreement has delayed implementation of Australian-funded components.

Supported under the World Bank Rural Electrification Project Phase I.

Laos program top results planned for 2011

Education

Laos development outcome—All boys and girls complete a full course of quality primary education

Strategy objective—Mitigation of key constraints to equitable access to a quality basic education in targeted poor geographic areas.

Target 1: More than 750 additional schools upgrading quality standards to become schools of quality.

Schools of quality have appropriate classroom and ancillary buildings, trained teachers, teaching resources strong leadership and community involvement, and provide a safe learning environment for students.

Target 2: 195 incomplete schools are expanded to become complete.

Many schools do not have enough class rooms to offer a full five-years of primary school. School completion will increase the number of places available for primary school age children and boost primary school completion rates.

Strategy objective—Better management of Government of Laos and donor resources available to the education sector through implementation of a jointly agreed 10-year education sector framework.

Target 3: All major education sector donors jointly assess sector progress through the first annual joint sector review.

This is a key step towards a full sector wide approach to education aid management that enhances aid impact and reduces the aid management burden on the Government of Laos.

Trade and investment

Laos development outcome—Increased trade and investment in sectors which support poverty reduction

Strategy objective—Policy and institutional impediments to trade and investment addressed in sectors that have high potential to contribute to inclusive growth.



Target 4: Number of days to start up an enterprise reduced to less than 100 days (100 days in 2010).

Rural development

Laos development outcome—Less than one quarter of the population living below the national poverty line

Strategy objective—Improved rural infrastructure, particularly roads and electrification.

Target 5: 19,500 additional rural households gain access to the main electricity grid.

Supported under the World Bank Rural Electrification Project Phase I.



Annex C—Management consequences

Table 3: Action taken in 2010 to address management consequences identified in 2009¹⁷

Item	Status 2010
Country Strategy Review	The review was deferred to the second half of 2011 calendar year due in part to more urgent work priorities. This will also allow for finalisation of the 7 th NSEDP.
Response to Gender Stocktake	Implementation of recommendations from the gender stocktake has been slow but is now being taken forward by gender focal points who have prepared a work plan for implementing key recommendations. Focal points are participating in AusAID gender network activities. Electronic and hard copy resource documents related to specific sectors have been centrally located and staff made aware of these resources. Gender training for staff (in Lao language) is planned for July 2011 and will include work with each sector team to outline gender tasks for the 2011–12 financial year (for example, training for counterparts). Specific activities to support gender in Laos have been identified for implementation in 2011, including a comic book competition to raise awareness of gender issues in secondary schools and consultations for women in leadership activities with Australian alumni.
Finalise Anti-Corruption Plan by end 2010	Not yet completed due to more urgent work priorities. To be progressed in 2011.
Performance Assessment Framework	Performance Assessment Framework refined progressively throughout 2010 to reduce the number of milestones, ensure their ongoing relevance and confirm availability of data. 2011 milestones have been included in the PAF attached at Annex B.

Table 4: Management consequences to be addressed in 2011¹⁸

Item	Comment
Undertake review of the country strategy	Give particular regard to contextual changes: 7 th NSEDP, major investment, aid effectiveness review, likely budget scenarios.
Identify and undertake analysis of issues necessary to inform delivery strategies	Include resettlement, political economy
Prepare delivery strategies for each of the pillars, with priority given to (i) rural development, (ii) education and (iii) trade	Include human resource capacity needs
Address workload issues, partly through the allocation of two additional positions to Vientiane Post	Noting that the program will <u>not</u> be able to scale up in the absence of additional resources
Continue implementation of the gender work plan	
Prepare and implement anti-corruption plan	

¹⁷ Management consequences identified at the end of 2009 and an assessment as to whether they were addressed in 2010.

¹⁸ Management consequences identified at the end of 2010 to be addressed in 2011.

