

Aid program performance report 2017-18

Laos
September 2018

LAOS Aid Program Performance Information 2017-18

Summary

This report summarises the performance of Australia’s aid program in the Lao PDR from July 2017 to June 2018 against the *Laos Aid Investment Plan 2015-16 to 2019-20* (AIP).

Laos is uniquely positioned in the region – land-locked and surrounded by five neighbouring countries including Vietnam and China. As a member of ASEAN, Laos hopes to benefit from the growth by its neighbours however currently remains challenged by an unskilled workforce, little economic growth in rural areas (where the impacts of floods and droughts are the highest) and poverty challenges reflected in its Least Developed Country (LDC) status. Human development remains challenging with 23 per cent of people living in poverty, 33 per cent of children under 5 are stunted, and women and girls lag behind in access to education and health and economic opportunities.

Overall, Lao PDR’s GDP growth slightly decelerated to 6.9 percent in 2017, but remained robust. The Lao Government has taken some measures to improve its fiscal position including by reducing public spending, but revenue remains static. Laos continues to be a difficult place to do business, with its ranking falling to 141 out of 190 on the World Bank’s 2018 Ease of Doing Business index (compared to 134 in 2016), although the Government of Laos has identified this as a priority reform area.

Australia’s development assistance to the Lao PDR is well regarded and valued by the Government and people of Laos due to our long-standing commitment to support key development priorities of Laos and the ASEAN region.  Australia is well-recognised for the quality, flexibility, responsiveness and relevance of our development assistance.  It is in Australia’s national interest to support Laos to reduce poverty and be a stable and growing economy in the region. Through the aid program in Laos key bilateral, regional and global programs are managed.  Australia’s 66 years of unbroken diplomatic ties, alongside the legacy of a large Australia Awards program, provide a wide network of now mid- to high-level Government officials (including at the Ministerial level) well-disposed to Australia. We enjoy a close and productive relationship between Australia and the Lao PDR.

Australian aid contributes to poverty reduction and more equitable economic growth in Laos. Our main investments are in basic education, human resource development and support for regional trade integration. Gender equality is a cross-program objective. Our education program builds on over 20 years’ engagement to help more girls and boys, particularly in disadvantaged areas, leave the primary school system able to benefit from and contribute to Laos’ economic development. The human resource development program addresses a crucial impediment to the competitiveness of Lao business and effective government service delivery. Aid-for-trade support helps Laos integrate into global and regional markets, so it can attract better quality private investment and take advantage of economic growth opportunities presented by the ASEAN Economic Community.

The AIP is well-aligned with Laos’ eighth *National Socio-Economic Development Plan 2016-20* and support provided by other donors. The priorities of the AIP for Laos remain relevant and provide a strong base for contributing to Australia’s interests in promoting a stable, prosperous and resilient Southeast Asia region.

Expenditure

**Table 1 Total ODA Expenditure in FY 2017-18**

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| --- | --- | --- |
| Objective | A$ million | % of total ODA |
| Objective 1: More disadvantaged girls and boys complete a quality basic education. | $8.8m | 39% |
| Objective 2: Improving Laos’ human resources through scholarships, training and organisational capacity building. | $9.0m | 40% |
| Objective 3: A stronger trade regime and more competitive private sector. | $1.6m | 7% |
| Legacy rural development programs | $0.5m | 3% |
| Cross-cutting programs | $2.1m | 10% |
| Sub-Total Bilateral | $22.2m | 52.2% |
| Regional and Global | $16.3m | 38% |
| Other Government Departments | $4.4m | 10% |
| Total ODA Expenditure | $42.9m | 100% |

Performance against Strategic Objectives

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| --- | --- | --- | --- |
| Objective | Previous Rating |  | Current Rating |
| Objective 1: More disadvantaged girls and boys complete a quality basic education | Amber |  | Amber |
| Objective 2: Improving Laos’ human resources through scholarships, training and organisational capacity building | Green |  | Green |
| Objective 3: A stronger trade regime and more competitive private sector  | Green |  | Green |

Note:

⬛  Green. Progress is as expected at this stage of implementation and it is likely that the objective will be achieved. Standard program management practices are sufficient.

⬛  Amber. Progress is somewhat less than expected at this stage of implementation and restorative action will be necessary if the objective is to be achieved. Close performance monitoring is recommended.

⬛  Red. Progress is significantly less than expected at this stage of implementation and the objective is not likely to be met given available resources and priorities. Recasting the objective may be required.

Objective 1: more disadvantaged girls and boys complete a quality basic education

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Australia delivers this objective through the **Basic Education Quality and Access** in Laos (BEQUAL), which aims to improve access to quality education for disadvantaged girls and boys in Laos, particularly children from ethnic minorities, girls and children with disability. BEQUAL focuses on strengthening national systems and providing targeted support for Laos’ 66 most educationally disadvantaged districts.

This objective is rated amber because it a Mid-Term Review (MTR) of the program also found that the program had drifted from its purpose, and that improvements to program effectiveness and cohesion were required. The MTR also identified some gaps in BEQUAL’s performance in gender equality, and integration with program-level monitoring and evaluation. The performance benchmark of 381 ethnic students commencing training was partially achieved with 364 enrolled due to re-assessment of actual need. The performance benchmark of new grade 2 primary textbooks and teacher guides written and piloted was achieved.

The MTR covers BEQUAL’s implementation from 1 May 2015 to 14 August 2017 and was conducted from 14 August to 1 September 2017. The Lao and Australian Governments responded to its recommendations over the period February to July 2018, including through a management response, revising the program logic and agreeing a strategy to improve program cohesion and geographic targeting. Gender and inclusion will be strengthened with the forthcoming appointment of a gender adviser.

The program’s performance was also affected by a significant restructure of the Lao Ministry of Education and Sports (MOES) in 2017 slowed decision-making and policy development.

BEQUAL’s major investment in implementing the new primary curriculum was delayed by one year to 2019 following the MTR recommendation on slowing the timeline. The Lao Government agreed to revise the scope, pace and sequencing of the curriculum to help improve the quality and ensure effective implementation.

Planned refurbishment of school infrastructure was delayed as the needs were found to be greater than expected, requiring revision of cost estimates and plans, but construction is now on-track.

During the reporting period, BEQUAL supported:

* the rollout of a professional development program for lecturers in eight Teacher Training Colleges (TTCs) as planned;
* Lao Government endorsement of a revised pre-service curriculum framework as planned ;
* post-graduate training of 47 TTC staff (26 female) commenced, exceeding the target of 45 TTC staff;
* Lao to non-Lao training of 155 teachers (58 female) as planned;
* 4-week Lao to non-Lao teaching of 2,961 (1,401 female) grade 1 children in 150 schools as planned; and
* community-based reading activities in 171 villages as planned.

Over the reporting period, the program reported the mainstreaming of institutional gender equality approaches and improved inclusive education planning practices aimed at increasing attendance of girls and children with a disability. Through the primary curriculum revision process, the RIES curriculum development team received training on gender and social inclusion leading to improved gender equality representation in the textbooks, e.g. inclusion of pictures and stories of girls going to school or women working as teachers.

Laos also benefits from Australian funds pledged to the Global Partnership for Education (GPE). GPE strengthens Laos’ basic education system by promoting quality fully-costed education sector plans, increasing domestic resource mobilisation and focusing on results. Given our prominence in the sector, Australia is the Coordinating Agency of GPE in Laos and helped to coalesce development partners in support of MOES’ proposed restructure of its GPE program.

Fuelled by these efforts and investments, Australia has continued to lead broad education policy dialogue between the Lao Government and development partners. As co-chair of the Education Sector Working Group and Informal Education Development Partner Working Group, we supported the MOES to provide quality input to the Roundtable Meeting between the Lao Government and donors and bring forward education sector progress and challenges to a wide audience. MOES has shared its education sector report with the ESWG for the first time. We are supporting the review of the Education Sector Development Plan in 2018.

Objective 2: IMPROVING LAOS’ HUMAN RESOURCES THROUGH SCHOLARSHIPS, TRAINING AND ORGANISATIONAL CAPACITY BUILDING

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Australia delivers this objective through the **Laos Australia Institute** (LAI) Phase II, a four-year program that delivers scholarships, training, organisational capacity building and policy dialogue. The Australian Volunteers Program and our other scholarships programs including in defence and agricultural research also contribute to Laos’ human resource development (HRD) goals.

This objective is rated green because the performance benchmarks have been exceeded, and scholarships continue to be a valued and pivotal element of Australia’s relationship with Laos.

Skilled workers are scarce in key sectors of Laos’ economy, presenting an obstacle to economic growth and diversification.[[1]](#footnote-1) The informal economy remains the dominant source of employment. Women, people living with disability and ethnic minorities face barriers to their full and equitable participation. Laos is seeking to improve the development and management of its human capital, particularly in the civil service, to meet the country’s needs.

During the reporting period, LAI successfully managed the Australia Awards 2018 intake selection processes, four students successfully completed their studies. Ninety-eight per cent of alumni were found to be using their new skills to contribute to Laos’ development achieving the benchmark of 90 per cent. From surveys, 95 per cent of Australia Awards alumni were contributing to targeted areas of Lao-Australia cooperation surpassing the benchmark of 10 per cent, due to the broad definition of cooperation. There were a handful of scholarship variations due to poor student performance in 2017-18. As a result, LAI revised the academic risk assessment of candidates for the 2019 intake. LAI also began improvements to the Laos Australia National Scholarships (LANS), initiating a redesign of the scholarship’s Academic Support Program, and implementing stricter governance and financial management mechanisms. The 2017 LANS intake exceeded program targets with awardees being 57 per cent women, 11 per cent living with disability and 72 per cent from ethnic minorities.

Support to HRD policy and outcomes also continued satisfactorily. LAI contributed to a key national policy dialogue on HRD in November 2017, which resulted in MOES leading implementation of a list of practical recommendations, including establishing a Labour Market Information System and forming a technical working group for coordination of English Language training. However, priorities in other program components necessitated a pause in technical assistance to the Ministry of Home Affairs (MOHA). LAI delivered Competency Based Training in May 2018, with 27 officials from MOES and MOHA attaining a Certificate IV in Human Resource Management or Training and Assessment. All 18 participants of the Disability Inclusive Development English Language Training successfully completed their program, while 83 Australian alumni are participating in the Women’s Leadership Program to strengthen their leadership and networking skills.

Outcomes reporting for HRD activities remained a challenge for LAI for most of 2017-18. Implementation of a new M&E framework was delayed by resourcing challenges. However, the first round of impact surveys were completed by June 2018, allowing LAI to assess progress towards performance benchmarks.

Objective 3: A STRONGER TRADE REGIME AND COMPETITIVE PRIVATE SECTOR

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Australia delivers this objective through the World Bank-managed multi-donor **Trade Development Facility Phase 2** (TDF2) and two financial inclusion investments: **Access to Finance for the Poor** (AFP) and **Making Access to Finance Inclusive for Poor People** (MAFIPP). Under this pillar, Australia aims to support more inclusive economic growth through a strengthened trade regime and more competitive private sector.

**TDF2** helps Laos address impediments to trade and investment in sectors with a high potential to contribute to inclusive growth, in line with World Trade Organisation (WTO) and regional trade agreements. It currently focuses on supporting business competitiveness and reforming Laos’ restrictive business climate.

This objective is rated as green as all investments have delivered substantial outcomes and are viewed positively by the Lao Government and development partners.

Laos enjoyed high GDP growth in 2017 at 6.9 per cent, driven by expansion in manufacturing, agriculture and power generation. However, growth is not equitable nor does it substantially contribute to poverty alleviation. Over half of the population remain vulnerable to economic shocks.[[2]](#footnote-2) Laos is not an easy place to do business, so reform of the regulatory frameworks governing the commercial sector and private investment are priorities of the Lao Government. Further work is required to ensure Laos remains competitive outside the resources sector within a dynamic and economically active region.

Implementation of TDF2 during the reporting period progressed well:[[3]](#footnote-3)

* The Minister for Industry and Commerce approved the Trade Facilitation Roadmap (2017-22) and TDF2 is now working with line departments to develop and implement action plans.
* Non-Tariff Measure (NTM) review meetings were conducted at central and provincial levels resulting in reforms to the approval process for the export of minerals, the process of applying for some import licenses and removal of the requirement for import certification for goods funded by ODA.
* Public-private dialogue is improving, culminating in the 11th Lao Business Forum (LBF) held on 5 July 2018. At the LBF, which was attended by the Prime Minister, private sector representatives had the opportunity to raise issues such as taxation, trade facilitation and barriers to tourism development.
* Australia’s work to mainstream gender and inclusiveness across TDF2 resulted in increased opportunities for women-led enterprises and enterprises from outside Vientiane to participate in the LBF process as well as the development of a LBF Inclusiveness Strategy. These gains were driven by Australia and continued efforts will be required to ensure that women are able to participate in trade and private sector activities on an equal basis going forward.

There was insufficient progress on other matters such as the elimination of automatic import licenses due to internal challenges within the Ministry of Industry and Commerce.

**AFP** progressed well against its work plan in 2017-18 and achieved strong impact assisting the poor to access financial services. In 2017-18, 25 village banks were established providing financial services to 15,546 people (53% women) (annual target 6,000, 40% women); 37 per cent of village bank committee members were women (target 33%). Improved financial inclusion is essential to ensuring that the gap between rural and urban populations does not continue to widen and that all people are able to benefit from economic growth.

**MAFIPP** also achieved good results. Our support to the major local retail bank BCEL enabled continued expansion of its Digital Financial Service platform. The platform was used by the Ministry of Finance to collect road tax, leading to a four-fold increase in revenue collection during the first quarter of 2018. As of March 2018, MAFIPP had achieved a total of 164,495 additional users of financial services (18,726 from digital financial services and 145,769 for traditional financial services). Of MAFIPP's additional financial services users, 88 per cent were women (target 60%).

Laos benefitted from ASEAN and Mekong regional programs that enhance **regional economic integration** and connectivity, support the implementation of FTA commitments, improve access to financial services for low income women and men in ASEAN and support entrepreneurship, innovation and economic policy making.[[4]](#footnote-4)

cross-cutting, legacy and regional programs

Australia’s aid program in Laos also encompasses a range of bilateral cross-cutting, regional and global programs that are highly valued by the Lao Government and beneficiaries and contribute to broader aid and foreign policy objectives. They do not, however, always sit neatly under the three Laos AIP objectives.

The **Lao Australia Development Learning Facility** (LADLF) provides support for decision-making related to the implementation of the AIP through quality assurance, performance assessment products and contextual analysis. During 2017-18, work included: support for the BEQUAL MTR; M&E systems development for LAI and the Human Rights Technical Cooperation Program; support for new designs for LANS and the next phase of the Trade Development Facility (TDF3); and an evaluation of rural development pilots. LADLF publishes reviews, analyses and stories of impact on its website: <https://www.ladlf.org/>.

The **Laos-Australia Human Rights Technical Cooperation Program Phase II** (HRTCP II) provides practical support for Laos to meet its implementation and reporting obligations to international human rights treaty bodies. During 2017-18, Australia helped to strengthen the Lao Government’s reporting process for the International Covenant on Economic, Social and Cultural Rights; and the capacity and understanding of the National University of Laos School of Law students in human rights.

Australia’s support under the now discontinued **Rural Development Program** (2012-19), which included Unexploded Ordnance (UXO) clearance and Social Protection and Sustainable Livelihoods (SPSL), continued to achieve results over the reporting period. Our UXO support helped clear 166 hectares of UXO-contaminated land (not achieving the target of 190 ha due to demands to clear time-consuming small lots of land across many villages compared to initial plans of larger areas) benefiting over 15,317 people (49% women) in 2017. SPSL advocated for Lao Government acceptance of social protection activities, including cash transfers.

**Standing Up and Speaking Out** aims to reduce violence against women in Laos through prevention and increased access to community-based response mechanisms. In 2017-18, it focused on building relationships and signing key agreements with key government and local partners, including the Lao Women’s Union, and mobilising staff and resources to commence implementation.

Laos benefitted from **ASEAN and Mekong regional programs** focusing on counter-trafficking and safe migration. Investments support effective regional responses to human security issues, cross-border governance challenges, and stable and inclusive growth.[[5]](#footnote-5)

The **Greater Mekong Water Resources Program** (GMWRP) plays a significant role in supporting the sustainable and equitable management of water resources in Laos, while also promoting transboundary and rules-based cooperation.[[6]](#footnote-6) Through the GMWRP, Australia supported the finalisation of a new National Water Law. By co-chairing Laos’ Water Subsector Working Group with the Ministry of Natural Resources and Environment, Australia also facilitated national consultations on the regulations required to implement and give life to the new Water Law.

In 2017-18, 23 **Australian volunteers** were in Laos. Currently, volunteers are working in sectors and entities that align with AIP objectives, including teacher and sectoral training colleges, government counterparts (including the Ministry of Energy), business and trade support associations, civil society organisations focussed on disability and social inclusion, and regional agricultural colleges.

The **Australian NGO Cooperation Program (ANCP)** supported 25 projects in Laos in 2017-18, covering a range of sectors including rural development and agriculture, health, human rights, child protection, gender equity and food security. It is estimated 191,514 women, men and children benefitted from ANCP projects in Laos during the reporting period.[[7]](#footnote-7)

Australia has pledged significant support to **global health funds** that benefit Laos including the Global Fund for AIDS, Tuberculosis and Malaria, Gavi - the Vaccine Alliance and the Health Financing World Bank Trust Fund. In 2017-18, the funds continued to implement programs focussing on tuberculosis and malaria (both considered high disease burdens in Laos) and integration of support for these diseases into national health and insurance systems; and strengthened health systems to improve immunisation and introduce vaccines.

Over the reporting period, the **Australian Centre for International Agricultural Research (ACIAR)** supported the construction of Laos’ first wood processing centre where forestry students from the National University of Laos and industry partners will be able to develop capacities to produce enhanced engineered wood products; farmers reporting improved growth rates of cattle given interventions on forage adoption and provision of molasses-based supplementation blocks; and the rehabilitation of Pak Peung wetland from low fish productivity (60 kg/hectare/year) to high productivity (100 kg/hectare/year).

Mutual Obligations

Australia and Laos have a strong bilateral relationship built on Australia's development assistance, the contribution of Australian businesses and strong people-to-people links. The Laos AIP represents jointly agreed priorities of the Australian and Laos Governments, most recently reconfirmed in 2017.

Laos has committed to increase the share of the total government budget spent on education (subject to external considerations) and the proportion spent on non-wage recurrent costs. However, budget allocation to the education sector is less than the Education Law’s target of 18 per cent (actual share 13.29% in 2017, with 90% allocated to salaries) and budget projections to 2020 remain lower than originally proposed.

Australia has invested heavily in policy dialogue/donor coordination to ensure our investment in the education sector is consolidated. As Co-Chair of the Education Sector Working Group and Informal Education Development Partner Working Group, we supported MOES to share its education sector progress report with a wider audience, a commendably frank assessment of challenges, which demonstrated trust and more open dialogue. We have committed to support a review of the Education Sector Development Plan in 2018.

Australia has taken a leadership role in policy dialogue in the trade sector through our joint chairmanship with the EU on the Trade and Private Sector Working Group. There continues to be good progress on policy and institutional improvements in the trade sector. With the establishment of a regular meeting of the Non-Tariff Measure Working Group in late 2016, there has been progress in reducing import/export barriers for traders. The Minister of Industry and Commerce adopted the Trade Facilitation Road Map (2017-22) in September 2017. The plan seeks to address gap areas like inadequate coordination with line departments, weak communication with provincial offices, poor coordination with the private sector, and reduction of non-tariff measures (NTMs). This work takes place in the context of other drivers of change, including under AANZFTA (through which Australia provides technical capacity support) and Laos’ commitments under the ASEAN Economic Community (AEC). The Financial Inclusion Road Map has been elevated to the level of a National Strategy and consultation is currently taking place across relevant line ministries. This change has delayed adoption of the Road Map, but should result in a more coordinated whole-of-government approach to financial inclusion.

Program Quality

The Laos program performed effectively in 2017-18, meeting almost all performance benchmarks. All investments were considered effective and relevant, although one objective was rated amber and three out of five investments were found to be requiring further work. These scores demonstrate a high level of independent assessment and contestability.

Two out of five ongoing investments require further work in gender equality. DFAT is responding to the findings of the 2017 BEQUAL MTR by bolstering gender expertise within the program. The LADLF, which supports AIP implementation, prepared a Gender Equality and Disability Inclusion (GEDI) synthesis to assess the Laos program’s performance in gender and disability. The synthesis found 89 per cent of Australian aid investments have a significant or principle commitment to gender equality and third to disability inclusion; 67 per cent of investments have a responsive or sensitive approach to GEDI.[[8]](#footnote-8) However, data and evidence to support GEDI results are limited: the Laos program would benefit from the development of GEDI strategies for all investments. LADLF has employed a full-time GEDI adviser to support the implementation of the recommendations.

An independent ‘health check’ of the AIP was undertaken in mid-2018, suggesting the Laos program would benefit from i) a country strategy that articulates Australia’s core national interests in Laos and key challenges to achieving these, and ii) a revision of the AIP to better reflect all Australian ODA investment in Laos. Currently, several regional and bilateral programs that promote Australian foreign policy objectives and which are valued by the Laos Government sit outside the three AIP objectives.

The Performance Assessment Framework (PAF) is currently in draft and needs to be updated to reflect decisions following the BEQUAL mid-term review, intended realignment of the proportion of bilateral investment in trade and private sector activities, and any revisions to the AIP.

A departmental aid program audit conducted in 2018 found mostly positive results and demonstrated strong and active management of the Laos bilateral program.

Management actions

The following management actions should be actioned during the next reporting period:

The Laos Program will develop key strategy documents during 2018-19 which will better integrate the aid program across Australia’s whole-of-government interests in the Lao PDR. This will be guided by the Post Management Team, led by Post First Secretary and supported by Desk. This process will include the Program Operations and Performance Section at Post working with the Laos-Australia Development Learning Facility to finalise before the end of 2018-19 the recently drafted Gender and Disability Inclusiveness Strategy for the Lao Program and the Performance Assessment Framework for the Laos Program.

Gender, disability and inclusiveness will continue to be an important focus for the Laos Program in 2018-19. A new Gender and Disability Specialist will be recruited for the Laos-Australia Development Learning Facility before September 2018 to help support the all Embassy teams to implement the outcomes of the Gender and Disability Inclusiveness Strategy for the Lao Program.

In the Education sector, Post will complete outstanding actions in the management response to the BEQUAL MTR including directing the program to recruit a gender adviser and completing a new M&E framework. DFAT’s full response to the recommendations of the MTR can be found on the DFAT website ([www.dfat.gov.au](http://www.dfat.gov.au/)).

In Australia’s support to Human Resource Development, Post will ensure increased effectiveness on monitoring and evaluation – including improvement on outcomes reporting during next year’s reporting cycle. By December 2019 a post-specific Alumni engagement strategy will be development to ensure we are levering off the opportunities that this significant investment presents.

Post’s trade and private sector team will finalise investment decisions for Objective 3 and submit to relevant delegates for approval – this could include concept (August 2018) and/or design approvals (including the follow-on from the Trade Development Facility by March 2019) that will be reflected in the LA1 program fund pipeline.

Program teams to publish all outstanding designs, evaluations and reviews on [www.dfat.gov.au](http://www.dfat.gov.au/) by December 2018.

Annex A – Progress in Addressing Management Responses

Describe progress made against management responses in 2016-17 report

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| --- | --- | --- |
| **Management responses identified in 2016-17 APPR**  | **Rating** | **Progress made in 2017-18** |
| Ensure the BEQUAL MTR provides guidance on the assumptions, sequencing and timing of activities | Achieved | Following submission of the MTR, DFAT, MOES and BEQUAL analysed the recommendations and jointly determined the sequencing and timing of activities (eg. curriculum development and rollout is delayed by 1 year) |
| Participate in the World Bank design mission for the next phase of cooperation and explore options to continue targeted support for financial inclusion. | Achieved | 2 officers participated in the TDF2 design mission in October 2018; Post worked with GIZ to develop options for future support for financial inclusion. |
| Undertake a review of gender and equality performance in the Laos program | Achieved | ‘A Synthesis of Australian Aid Investment in Gender Equality and Disability Inclusion in Lao PDR’ Submitted by the LADLF to Post in March 2018 |
| Conduct a MTR of the bilateral aid program | Achieved | AIP Health check was undertaken by LADLF during the reporting period (submitted to post for comment in July 2018) |
| Disseminate lessons learned at the conclusion of the Social Protection and Sustainable Livelihoods program | Achieved | The evaluation the SPSL pilot activities was completed in 2017. The report is still to be published on the DFAT website but has been published on the LADLF website. |
| Undertake a situation analysis on trade and private sector investment and develop a ‘sector investment plan’ | Achieved | Options paper on future Australian aid investments in Trade and Private Sector Development in Laos was submitted by the LADLF to Post in February 2018. Minute seeking approval on the proposed scope of future investment in the sector submitted in June 2018 (approved in August 2018). |
| Continue to advocate for higher public investment in education, predictable disbursement and stronger public financial management | Partly achieved | Ongoing advocacy on investment has not produced intended results to date, however, nominal education sector investment levels have been maintained. Sector financing and public financial management (PFM) is a complex issue and Post continues to engage and advocate sensitively, in consultation with other donors and politically-informed PFM and budget experts |
| Manage the development of the new HRD M&E Framework by the end of 2017 to address known weaknesses, and monitor the progress of the LANS redesign to ensure it is completed by the 2018 intake | Partly achieved | The new M&E Framework was largely completed by the end of 2017, but its approval and implementation were delayed until May 2018 due to LAI staff changeover and recruitment challenges. The redesign of the LANS Academic Support Program will be complete for the 2018 National University intake, noting additional teacher training will be required for Souphanouvong University before it can be implemented |

**Note:**

**⬛  Achieved. Significant progress has been made in addressing the issue**

**⬛  Partly achieved. Some progress has been made in addressing the issue, but the issue has not been resolved**

**⬛  Not achieved. Progress in addressing the issue has been significantly below expectations**

Annex B – PERFORMANCE BENCHMARKS

**Progress towards Performance Benchmarks in 2017-18**

| **Aid objective** | **Performance Benchmark**  | **Rating** | **Progress in 2017-18** |
| --- | --- | --- | --- |
| **Objective 1** |  |  |  |
| More disadvantaged girls and boys complete a quality basic education | 381 new ethnic students commence training at teacher college | Partly achieved | 364 ethnic students were supported to commence teacher training (96% towards the benchmark) |
|  | New Grade 2 primary textbooks and teachers guides written and piloted | Achieved | The new Grade 2 textbooks and teacher guides were developed by RIES and piloted in a representative sample of 25 primary schools across Laos.   |
| **Objective 2** |  |  |  |
| Improving Laos’ human resources | 90% of Australia Awards alumni are using their new skills to contribute to development in Laos | Achieved | 98% of surveyed Australia Awards alumni who returned to Australia since 2015 are using their new skills to contribute to development in Laos |
|  | 10% of Australia Awards alumni are contributing to targeted areas of cooperation between Australia and Laos | Achieved | 95% of surveyed Australia Awards alumni who returned to Australia since 2015 are contributing to targeted areas of cooperation between Australia and Laos |
| **Objective 3** |  |  |  |
| A stronger trade regime and more competitive private sector | Lao hosts second Lao Business Forum, incorporate comments from prior consultation with SMEs and women-led businesses and the Provincial level | Achieved | The 11th Lao Business Forum (LBF) was held on 5 July 2018 (the 2nd one funded by TDF2, as referenced in the benchmark description) |
|  | 250,000 provided with financial services following the successful launch of a new digital financial services platform, and more than 40% of village bank committee members are women | Partly achieved | 214,400 were provided with financial services; 36% of village bank committee members are women. |

**Note:**

**⬛  Achieved. Significant progress has been made and the performance benchmark was achieved**

**⬛  Partly achieved. Some progress has been made towards achieving the performance benchmark, but progress was less than anticipated.**

**⬛  Not achieved. Progress towards the performance benchmark has been significantly below expectations**

**Performance Benchmarks for remainder of Aid Investment Plan or new Aid Investment Plan**

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| **Aid objective** | **Performance Benchmark**  | **2018-19** | **2019-20** |
| **Objective 1**More disadvantaged girls and boys complete a quality basic education | Number of ethnic teachers (including per cent female) trainee scholarship holders supported with improved teaching capabilities | *217 ethnic student trainees graduate* | *150 ethnic student trainees graduate* |
|  | New primary curriculum piloted and associated textbooks distributed to students | *New Grade 1 textbooks provided to every school in Laos* | *New Grade 2 textbooks provided to every school in Laos* |
| **Objective 2**Improving Laos’ human resources | Percentage of Australia Awards alumni using their new skills to contribute to development in Laos | *90%* | *90%* |
|  | Percentage of Australia Awards alumni contributing to targeted areas of cooperation between Australia and Laos | *15%* | *20%* |
| **Objective 3**A stronger trade regime and more competitive private sector |  | *Recommendations from 1st and 2nd Lao Business Forum supported by TDF2 are actioned, including recommendations from women-led businesses and SMEs* | *tba* |

Annex C - Evaluation Planning

List of evaluations completed in the reporting period

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| Investment number and name  | Name of evaluation | Date completed | Date Evaluation report Uploaded into AidWorks | Date Management response uploaded into AidWorks | Published on website |
| INL332 Basic Education Quality & Access in Laos (BEQUAL) | Mid-term review | Aug 17 | Aug 18 | Aug 18 | est. Sept 18 |
| INL846 Laos Australia Learning Development Facility (LADLF) | A Synthesis of Australian Aid Investment in Gender Equality and Disability Inclusion in Lao PDR | Mar 18 | n/a | n/a | Published on LADFL website |
| INH726 Trade Development Facility | Report on the Lao Business Forum strategy and inclusiveness | Dec 17 | Apr 18 | n/a | n/a |
| INK391 Laos Australia Rural Livelihoods Program | Resilient Livelihoods for the Poor (RLP) Endline Survey | Aug 17 | Mar 18 | n/a | Published on LADFL website |

List of program prioritised evaluations planned for the next 12 months

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Evaluation title** | **Investment number and name (if applicable)**  | **Date – planned commencement (month/year)** | **Date – planned completion (month/year)** | **Purpose of evaluation** | **Evaluation type** |
| Impact assessment of HRD activities  | INK562 Laos Australia Institute  | 2018 | Sept 2018 | Inform the HRD 2018-19 work plan  | Internal MC-led  |

Annex D - Aid Quality Check ratings

AQC ratings

AQC investment performance over the previous 12 months and where available last year’s AQC ratings.

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Investment name** | **Approved budget and duration** | **year on year** | **Effectiveness** | **Efficiency** | **Relevance** | **Gender equality** | **Monitoring and Evaluation** | **Sustainability** | **Risks and Safeguards** |
| Basic Education Quality & Access in Laos (BEQUAL)INL332 | $60.7m 2014-20  | 2018 AQC | 4 | 4 | 5 | 3 | 4 | 3 | n/a |
| 2017 AQC | 4 | 5 | 5 | 4 | 4 | 4 | n/a |
| Trade Development FacilityINH726 | $12.2m 2007-19  | 2018 AQC | 5 | 4 | 5 | 3 | 4 | 4 | n/a |
| 2017 AQC | 4 | 4 | 5 | 4 | 4 | 4 | n/a |
| Laos Australia Rural Livelihoods ProgramINK391 | $34.7m2012-19 | 2018 AQC | 4 | 4 | 4 | 4 | 4 | 4 | n/a |
| 2017 AQC | 5 | 4 | 4 | 4 | 4 | 4 | n/a |
| Laos Australia InstituteINK562 | $29.9m2012-21 | 2018 AQC | 4 | 3 | 5 | 4 | 3 | 4 | n/a |
| 2017 AQC | 5 | 5 | 5 | 5 | 4 | 4 | n/a |
| Laos Australia Development Learning FacilityINL846 | $7.3m2015-20 | 2018 AQC | 4 | 4 | 5 | 4 | 4 | 4 | n/a |
| 2017 AQC | 5 | 5 | 5 | 4 | 4 | 4 | n/a |

FAQC ratings

Final AQCs assess performance over the lifetime of the investment.

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Investment name** | **Approved budget and duration** | **Overall rating** | **Effectiveness** | **Efficiency** | **Relevance** | **Gender equality** | **Monitoring and Evaluation** | **Sustainability** | **Risks and Safeguards** |
| Basic Education School Meals and WATSAN Program | $18.4m 2012-18  | 4 | 4 | 4 | 4 | 3 | 3 | 3 | n/a |

**Satisfactory (4, 5 and 6)**

**⬛ 6 = Very good; satisfies criteria in all areas. ⬛ 5 = Good; satisfies criteria in almost all areas.**

**⬛ 4 = Adequate; on balance, satisfies criteria; does not fail in any major area.**

**Less than satisfactory (1, 2 and 3)**

**⬛ 3 = Less than adequate; on balance does not satisfy criteria and/or fails in at least one major area.**

**⬛ 2 = Poor; does not satisfy criteria in major areas. ⬛ 1 = Very poor; does not satisfy criteria in many major area.**

1. World Bank. 2018. Doing business in Lao PDR: constraints to productivity (English). Washington, D.C.: World Bank Group. [↑](#footnote-ref-1)
2. Lao Australia Development Learning Facility (2018), *Options for Future Australian Aid Investments in Trade and Private Sector Development in Laos* [↑](#footnote-ref-2)
3. Australian support comprises 44% of total funding to TDF2. [↑](#footnote-ref-3)
4. Refer to the ASEAN and Mekong APPR 2017-18 for performance results. [↑](#footnote-ref-4)
5. Refer to the ASEAN and Mekong APPR 2017-18 for performance information. [↑](#footnote-ref-5)
6. As above, refer to the ASEAN and Mekong APPR 2017-18 for performance information. [↑](#footnote-ref-6)
7. <https://dfat.gov.au/aid/who-we-work-with/ngos/ancp/Pages/projects.aspx>. Refer to the ANCP APPR 2017-18 for performance information. [↑](#footnote-ref-7)
8. [www.ladlf.org/stories-of-impact](http://www.ladlf.org/stories-of-impact) [↑](#footnote-ref-8)