## **Investment Concept**

**Investment Concept Title:** The Laos Australia Institute Phase III (LAI III)

**Start date:** 07 June 2021 **End date:** 30 June 2025

**Total proposed DFAT funding:** up to AUD16M  **Total proposed funding from all donor/s:** up to **A**UD16M

**Proposed design pathway:** design-implement

1. **Development Context (What is the problem?)**

**Overall context:** The Lao People’s Democratic Republic (PDR) sits at the heart of Southeast Asia as the region’s smallest, most sparsely populated and only landlocked country. Until recently, it has ridden a wave of economic growth fuelled predominantly by investments in capital-intensive natural resources and industry sectors (dominated by construction activities). On its previous trajectory, the Government of Lao PDR could have achieved its revised timeframe of graduating from least-developed country status by 2024.

COVID-19 has shattered those ambitions. Annual GDP growth has fallen from 8 per cent to around 3 per cent. Unemployment has swelled to 443,000 people or roughly 20 per cent of the workforce. More than 200,000 of these unemployed are returned migrants, many of whom worked informally in the tourist and hospitality sectors in neighbouring countries. Their return is a triple hit to the government: the loss of remittances is a blow to affected families as well as Laos’ foreign currency account, but it has also swelled the number of young unemployed people. Laos has one of the youngest populations in Southeast Asia, with 43 per cent of the population under the age of 20.

Even before the COVID-19 pandemic rocked the globe, Lao PDR’s social and economic fundamentals were looking shaky. The economic growth story had been driven by investments in mining, logging and hydropower with the economic benefits unevenly distributed. While the World Bank has recorded some improvements to overall poverty levels, these have not been uniform across the country. According to the World Data hub, 921,094 Lao people or 13 per cent are living in extreme poverty (living under $1.90/day) and around 80 per cent of the population live on less than $2.50 per day. COVID-19 is expected to put about 200,000 people back into poverty. Women and children, particularly those in rural areas and those from ethnic minorities continue to suffer from rising inequality and persistent disadvantage.

Lao PDR continues to lag behind its neighbours in terms of labour productivity and industrialisation. The World Bank and the DFAT Office of the Chief Economist assess that more and better investment in human capital will be critical to Laos bouncing back from COVID-19. With a Human Capital Index of only .45, the limited productivity of the Lao workforce has the potential to slow the country’s recovery as well as undermine future inclusive and sustainable growth. Investments in human capital – particularly education and skills – is central to employment, development and the country’s integration into the ASEAN region. It’s also key to building Laos’ resilience in the face of increased strategic competition in the region. It’s in Australia’s interests to ensure Laos has the economic wherewithal and the human resource capacity to pursue an independent foreign policy.

**Lao Government priorities and resourcing:** The 9th National Socio Economic Development Plan (2021-25) signals the government’s intent to focus on quality human resource development in order to drive sustainable development. It recognises that the current public sector wage bill is unsustainable and is prioritising a ‘right sizing’ of the public sector. It also recognises that the higher education sector does not produce workplace-ready graduates and is ill-equipped to respond to labour market needs.

This mismatch is particularly acute in the demand for medium-skilled and high-skilled workers, with registered small and medium-sized enterprises regarding an “inadequately educated workforce” as the fourth biggest obstacle to operations and growth in Lao PDR. A survey of employers in 2015 found that 50 per cent of companies face problems recruiting staff, with graduates said to be lacking qualifications, skills, knowledge and motivation.

**Development issue:** The capacity of the Lao Government to pursue key reforms towards inclusive growth is critical to its future resilience, prosperity and successful integration into the ASEAN region. Yet the realities of the Laos context should evince caution: its governance institutions are weak, its appetite for reform is small (by some countries’ standards), and its capacity to set and achieve policy objectives is patchy. Still, there is a space for trusted development partners to work with the government to deliver meaningful improvements in human resource development.

Australia has strong comparative and competitive advantages in the human resources development space. We are seen to have higher education institutions of global standing and offer teaching practices and pedagogical approaches that are distinct to those available in China, Vietnam and other ‘competitors’ in the scholarship market. The work of LAI III also complements our efforts in basic education in Laos and demonstrates our commitment to ensuring better access to high quality education (in both Laos and Australia).

**Proposed investment:** Building on the achievements of the Laos Australia Institute (LAI) phase II and the Laos Australia Development Learning Facility phase II, the LAI third phase (LAI III) will do three things. First, it will respond to lessons learned on human resource development needs and COVID-19 impacts to promote inclusive and sustainable development of Lao PDR. Second, it will effectively bring together our scholarships, alumni engagement and human resource development activities to upskill targeted stakeholders and deliver meaningful soft power advantages for Australia in Lao PDR. And third, it will offer complementary modalities and provide the flexibility opportunities that foster a strong, more positive and sustainable relationships between Lao PDR and Australia.

1. **Strategic Intent and Rationale (Why should Australia invest?)**

Australia has been a valued partner of Laos since 1952. Our warm diplomatic relations are underpinned by a longstanding and well-regarded development program, strong people-to-people and business links, and shared interests. As articulated in the Australian Foreign Policy White Paper, Australia’s regional interests lie in a stable, prosperous and resilient Southeast Asian region. We are committed to supporting Laos to respond to the impacts of COVID-19, and to help it become a more prosperous and resilient neighbour through the development of a diversified, inclusive and sustainable economy.

Our well-targeted development program is key to our strengthening relationship. Australia’s significant past and ongoing financial and technical support to Lao PDR has contributed to our reputation as a committed neighbour with common interests and access to decision-makers. Central to our cooperation strategy is our support to the development of an educated and skilled workforce to enable Lao PDR to take advantage of regional economic integration. Australia is also recognised in Laos for placing a high priority on gender equality and social inclusion. We consistently advocate for the role of women in growth, development, stability and security. We also have a long history of support for people with disabilities, ethnic minorities and the LGBTI community. Together, these two dimensions form the bedrock of future investment: investing in human resource development to promote a diversified, inclusive and sustainable economy.

The Laos-Australia Institute (LAI) is Australia’s principal investment in Human Resource Development (HRD)in Lao PDR. The first two phases of LAI, valued at $30 million over eight years (2014-2017 and 2017-2021), have delivered Australian and Lao scholarships, training, and technical assistance for key beneficiaries in Laos. A 'Formative Review' conducted in 2019 found that LAI's Australia Awards scholarships and alumni engagement activities (including supporting Women in Leadership) were achieving beneficial outcomes. The Review highlighted lessons on the need to clarify the objectives pursued, particularly at a systemic level, and the cost effectiveness of different components of the program. It also emphasised the need for adaptive management and flexible implementation modalities to effectively deliver both well-defined output-based activities and more strategic policy engagement. Following the Review, the COVID-19 pandemic experience has demonstrated the need to adapt to a fast changing context and therefore for strategic and operational flexibility.

In parallel to LAI, the Laos Australia Development Learning Facility (LADLF), valued at $11 million over seven years (2014-16 and 2016-21), has provided technical advice to Vientiane Post to support performance management and strategic decision-making for the whole Australian aid program in Laos. Modalities used have included technical assistants, studies, training sessions, process facilitation, and helpdesk advice. Successive Aid Quality Checks found LADLF has been an effective and relevant investment meeting a critical and continuing need for design, M&E, gender, communications and economic expertise for Post

Building on the progress of both investments, the LAI III will combine the key functions of LAI and LADLF into a single, targeted investment aligned with the Partnerships for Recovery Strategy and supporting Laos' long-term recovery from the impacts of COVID-19. A single investment will create opportunities for increased efficiency in resources and management within Post's bilateral aid portfolio, improve the cohesiveness of the portfolio, and enable Post to use the investment's complementary modalities to strategic effect.

The program is intended to provide an effective and flexible platform to increase Australia’s soft power in Lao PDR by strengthening the bilateral relationship and promoting inclusive development in Lao PDR. It will offer mechanisms to sustain and strengthen Australia and Lao PDR links in key sectors of mutual interest while pursuing strategic opportunities of cooperation where they arise. It will leverage our regional relationships to deliver benefits in the Lao PDR. It will maximise results and long term impact by strengthening HRD systems and mobilising resources to advance key policy reforms, especially in the area of HRD and social inclusion. The focus on social inclusive development will speak directly to Australia’s values of promoting gender equality, social inclusion and advocating for human rights, in line with the Embassy Gender Equality Disability and Social Inclusion (GEDSI) strategy. A two track approach will be followed: a mainstreaming approach will address issues of inequality and inequity throughout all program activities, and targeted activities will specifically focus on disadvantaged groups and strengthen their capacity to more effectively contribute their voice and efforts to national development. The design will further detail how this twin-track approach will be pursued.

A successful investment will re-affirm Australia’s commitment and adaptability as a partner of choice, notably in the human capacity building. It will also promote the Lao Government’s ownership of key reforms related to inclusive development. Such partnership between Australia and Laos will contribute to broadening the base of economic growth and contribute to reduced inequalities and improved stability in the long term.

1. **Proposed Outcomes and Investment Options (What?)**

The LAI III will strengthen DFAT's influence in Laos by increasing Australia's visibility at senior levels of Government as a trusted source of advice and capacity building. The goal of LAI III is to **strengthen relationships with key stakeholders to promote inclusive and sustainable development in Lao PDR.**   
  
This goal will be pursued through the achievement of two End of Program Outcomes (EOPO):

* Targeted policy reforms towards inclusive and sustainable development are supported by responsive technical advice, analysis, dialogue and diplomacy
* Key stakeholders are equipped with improved skills, networks and qualifications to contribute to inclusive and sustainable development of Lao PDR

Though the program is initially planned for four years (2021-2025), these EOPO set longer term-objectives to be pursued over an eight years period, pre-empting a potential program extension of four years (2025 – 2029). To achieve these EOPOs, the investment is structured around five Intermediate Outcomes (IOs):

1. Targeted Lao HRD institutions have improved capacity to support inclusive and sustainable development
2. Key Lao decision-makers have increased awareness of, and improved capacity to, achieve inclusive and sustainable development
3. Australian Alumni strengthen the cooperation between Lao PDR and Australia as developmental leaders
4. Future Lao leaders benefit from increased qualifications and skills to promote inclusive and sustainable development
5. Lao disadvantaged groups contribute their voices and efforts to national development more effectively

Cognisant of LAI’s challenging environment marked by weak institutions and profound development challenges, the investment proposes a pathway between unrealistic ambition on the one hand and transactional engagement on the other. It balances the need to pursue developmental outcomes in line with Australia’s values and interest with lasting relationship impact. It provides flexibility to develop individual capacity in the medium term and organisational and systemic capacity in the longer term, while being responsive to emerging priorities and needs. The program design will further develop LAI as a vehicle equipped with the ability to understand and engage with the inner workings of key institutions and stakeholders, and committed to a culture of political navigation, regular structured reflection, flexibility, adaptation, and opportunism.

Annex 1 presents a preliminary program logic that will be firmed up during the design process. Activities will be designed to support the development of sound national HRD policies and practices, and to equip key stakeholders with improved skills, networks and qualifications to contribute to inclusive and sustainable development of Lao PDR. As a priority for the first 2-3 years of implementation, the design will favour activities that strengthen LAI as an influential centre for the bilateral relationship, agile in exploring partnerships, creative in offering opportunities for discussions, and effective in forging strong relationship with key Lao institutions and stakeholders. Sound contextual understanding, flexible operations and a strategy of trials and adaptation will likely be required. The design will also include Australia Awards Scholarships and targeted short courses and training activities. It will outline specific activities to grow our diverse and influential Australian alumni network, and enhance our ability to capitalise on these people-to-people links for advancing Australia's national interests. It will include the ability to respond more quickly and strategically to requests for support from key institutions, and identify opportunities to promote trilateral cooperation. It will also provide technical assistance to continue to improve the quality design, management and evaluation of our development cooperation so that it supports a strong bilateral relationship. Finally, a strong public diplomacy and communications function will equip the program with an ability to leverage existing investments to promote Australia’s voice and influence in Lao PDR and strengthen the bilateral relationship.

A variety of options for LAI III have been considered. As suggested by the Phase 2 Formative Review, Post has carefully considered the relevance and effectiveness of Phase 2 core program activities and identified some that will be progressively phased down. For instance, the Lao Australia National Scholarships (LANS) Program has been discontinued (to be phased out over 4 years) due to its lack of sustainability and poor value for money, coupled with its decreasing relevance in the COVID- 19 context. Learning from the COVID-19 crisis, Post has favoured an option that provide sufficient flexibility to respond to emergent opportunities and priorities, and scale up or down depending on resource available. It has also recognised the comparative advantages of both LAI and LADLF and sought to create a viable option that exploits them.

1. **Implementation Arrangements and Delivery Approach (How will DFAT deliver it and engage?)**

It is suggested LAI Phase III be designed and delivered through a Managing Contractor (MC) as the implementing partner, following the design-implement contracting pathway.

Commanding an annual budget of up to AUD 4 million, LAI Ill's activities will equip emerging Lao leaders; Australian alumni; key policy makers; and individuals from disadvantaged backgrounds, including people from provinces outside Vientiane, women, people with disabilities and ethnic minorities with skills, networks and qualifications to contribute to inclusive development and quality governance. The range of modalities used under LAI Ill will be identified during the design process and likely include:

* Australia Awards long term scholarships,
* Australia Awards short courses,
* Training courses and study tours in Laos or a third country,
* Online learning modules and courses,
* Long- and short-term technical advice,
* Logistical and events management support,
* Contextual analysis, assessment, strategy and design, and
* Communications and public diplomacy activities.

Beneficiary Lao individuals and institutions will also be identified during the design process, and thematic drivers will likely include: labour market and workforce development; public administration reform; gender equality and women in leadership; disability inclusive development; ASEAN chairmanship; and other Australian priorities under the COVID-19 Development Response Plan (CDRP) for Laos. LAI III will also provide long and short-term technical advice and contextual analysis, assessment, strategy and design products as required, which will be essential to support the strategic management of the LAI III investment and the Australian development program in Lao PDR as a whole.

Given the breadth of the investment, there is substantial scope to introduce innovations for Laos within and across modalities, including gender equality focused on award activities for Australia Awards scholarship students, organisational or thematic approaches to alumni engagement, strategic use of responsive short-courses, and policy dialogue. The investment will also offer the opportunity for collaboration with the Vietnam Australia Centre and Southeast Asia Leadership Program, and with local private sector associations.

Given the objectives of the program and the nature of its activities, Post will require the MC implementation team to work closely and in a collaborative manner following an adaptive management approach. Post’s HRD team will maintain the oversight of the investment implementation to ensure quality, visibility and compliance with DFAT standards, while securing increased policy advocacy and dialogue with key GoL institutions and officials. Post will rely on the MC implementation team for the day-to-day management of the activities. The composition of the team will be confirmed during the design process. There will be need for regular communication protocols and on-going contacts between Post and the implementation team. Though most of the implementation team will be based in the LAI office, the design will explore opportunities to locate some advisers in the Embassy. Program management arrangements between Post, GoL counterparts and the MC will be clarified during the design phase to ensure strategic discussions are held and lessons are shared regularly, with a view of adapting and improving program implementation as necessary. They will likely include annual Steering Committee (GoL, DFAT, implementation team), quarterly strategic meetings (DFAT, MC contractor representative and implementation team), monthly meetings and regular informal updates (DFAT and implementation team).

A Program Review will be conducted in the third year of implementation (2023), before a decision is made on the future of the program. The review will outline the changes in the context, assess progress achieved, and comment on the effectiveness of the approach including the sufficiency and appropriateness of the resources devoted and the efficiency of their management. It will suggest directions for the last year of Phase 3 and beyond, including the necessary balance between the LAI III activities forward.

1. **Risks**

A Risk and Safeguard Assessment has been completed and the investment has been assessed as medium risk. Key risks that will need to be managed throughout the design process include:

* Reputational risk to Australia: Failure to align with GoL priorities adequately, leading to weak partnership and buy-in, and lack of impact on bilateral relationship; Failure to adequately resource the implementation and management of the investment, leading to a lack of cohesion and strategic direction, lack of contribution to outcomes, and poor value for money;
* Design risks: Delay or lower quality of the design and implementation due to COVID-19 travel restrictions; Failure to design scholarship, short course and activities that effect sought-after changes; Failure to secure timely approval of Memorandum Subsidiary Arrangement (MSA) with GoL counterpart leading to delay in mobilisation of LAI III implementation team and implementation;
* Future budget risks: Changes in DFAT bilateral aid budget and/or priorities.

Post will manage these risks by:

* Maintaining a clear narrative and updates to the Lao Government and stakeholders about the intent of the program and importance of receiving high-level strategic buy-in from the GoL.
* Holding high level dialogue with relevant GoL institutions throughout the LAI III design;
* Post uses its leadership role in the HRD sector and the HRD dialogue to foster demand for support for HRD reforms prior commencement of the design;
* LAI III director jointly selected by Post and contracted MC;
* Ensuring clear roles, responsibilities and resources required from Australia and Laos are articulated in the Subsidiary Arrangement for the LAI III;
* LAI III design identifies organisations and reforms that are priorities with senior endorsement and aligns with Australia’s broader foreign policy objectives; scholarships/training to be supported with proportional and appropriate follow up engagement (alumni activities etc);
* LAI III design identifies strong program governance mechanisms and appropriate resourcing for strategic management; and set clear outcomes to guide the selection of activities;
* Request all bidders to include a realistic mobilisation plan in their tender;
* LAI III design includes enough flexibility to accommodate changing priorities and/or budget scale-up or down.

**Annexes**

1. Preliminary Program Logic
2. Background Documents
3. Key take-aways from LAI Formative Review

Annex 1 – Preliminary Program Logic



Annex 2 – Background Documents

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| **Sources** | **Documents** |
| **DFAT** | * Aid Investment Plan: Laos Program (2015-16 to 2019-20) * A Subsidiary Arrangement between Australian Government and Lao Government |
| **LAI** | * HRD Analytical Study, conducted 2014 * Mid Term Evaluation of LAI, published 2016 * LAI Design Document Phase II, published 2016 * LAI Contract Phase II, prepared 2017 * LAI Program Steering Committee documents, phase II * Program documentation including Annual Plans, Six Month Progress Reports and Annual Reports, Monitoring and Evaluation and Learning Framework, GEDSI Strategy and Aid Quality Check (AQC) Reports of LAI Phase II * Australia Awards Global Strategy * Australia Global Alumni Engagement Strategy * Australia Awards Global Tracer Facility * Laos Australia National Scholarships, published 2017 |
| **GoL** | * National HRD strategy 2020 – 2025 * 8th National Socio-Economic Development Plan 2016 – 2020¨ * 9th National Socio-Economic Development Plan 2016 – 2020¨ |
| **LADLF** | * Rapid appraisal of labour market information in Laos * Labour market projection in Laos (part of LADLF support and only available in Lao). * Study on education and skills demand in the private sector in Laos * Formative Review of LAI Phase 2, 2019 |

Annex 3 – Key Takeaways from LAI Phase 2 Formative review

1. The Laos Australia Institute’s (LAI) three “long-term outcomes” are clear, coherent statements of ambition and are firmly aligned with relevant DFAT frameworks. Moreover, the Institute’s promise, as depicted in its nine output areas and five toolkits, is well aligned with core elements of the Government of Laos’ (GoL) National Human Resource Development (NHRD) Strategy.
2. Gains have been made at outcomes-level, particularly at the individual level, and key investments are highly regarded by participants. Furthermore, LAI’s Gender, Disability and Social Inclusion (GEDSI) approach is consistent with DFAT’s global scholarships strategy, even if a more rounded, objective-led approach might produce greater GEDSI dividends.
3. DFAT is highly appreciative of LAI’s efforts to improve efficiency during Phase II LAI and LAI is a suitable vehicle for the timely delivery of *well-defined activities for clearly distinguishable objectives* such as those associated with LTOs 1 and 2.
4. DFAT and LAI operate in a challenging environment. Institutions are said to be weak and development challenges profound. Against that backdrop and the degree of investment deemed to be necessary to support scaled transformation, the program prioritises individuals over organisational development and systemic change. The (implicit) program theory is founded on individuals being agents of change. While well-placed individuals with the ‘right’ motivations, incentives, values, interests and opportunities can push for change, when operating as isolated islands, there is a significant risk that individuals will make minimal difference. As such, LAI and DFAT need to navigate a pathway between unrealistic ambition on the one hand and transactional engagement on the other.
5. As it currently stands, LAI appears to be an unsuitable vehicle for the effective pursuit of transformational change to GoL policy and systems (should that be desired). In fact, the current skew of emphasis on LTOs 1 and 2 means that LAI runs the risk of appearing to be – perhaps being – distanced from everyday political and institutional realities within GoL. Whereas a program working in complex change environments requires a partnerships-centred approach to reform and a culture of political navigation, regular structured reflection, flexibility, adaptation, and opportunism, LAI displays minimal commitment to track, understand and engage with the inner workings of the government machinery. This has and will continue to have bearing on LTO3 and any future commitment to support non-scholarships Human Resource Development (HRD).
6. The program theory is underdeveloped and under-documented, and as a result, several investments give the impression of being solutions in search of problems. The Laos Australia National Scholarships (LANS) program is a case in point. The absence of clear objectives for specific investments will blunt their effectiveness and may undermine the fulfilment of program objectives.
7. In the absence of rolling outcomes-level targets, it is difficult to determine the *sufficiency* of the change achieved to date. Moreover, the near exclusive use of DFAT-facing indicators derived from global policy ensures alignment with DFAT’s reporting requirements but serves to cloud the extent to which the changes are necessarily those that matter most to program participants. Employability and transitions to the workplace are cases in point.
8. Australia has strong comparative and/or competitive advantages in the HRD space, and the Embassy has a clear sense of what it needs from an operational perspective from 2021 onwards. However, the Embassy’s strategic priorities within the HRD space are unclear.
9. Entry points exist within and across three ‘domains of interest’: change at an individual-level, at an organisational-level, and at a systemic-level. In broad terms, there appears to be scope for a scholarships-centred program, an employability-centred program, a non-scholarships HRD or National HRD program, or a hybrid approach. A number of variants exist within each Headline Option.
10. Such investment might take the form of a standalone portfolio on a par with others (e.g. primary education) and/or as a set of enabling investments that underpin and support the headline portfolios.

**Proposed actions**

**Current program**

1. While the reviewers see minimal returns on undertaking a major revision of LAI’s program theory and Monitoring, Evaluation and Learning Framework (MELF) for the remaining 12-15 months of operations, LAI, with support from DFAT and local partners, should clarify the objectives of the LANS program and ensure that the model is aligned accordingly or take measures to (gradually) phase out LANS, replacing it with another GEDSI-targeted initiative if appropriate (see §2.1.2).
2. LAI should seek to identify the most impactful elements of the LANS model and identify suitable means to promote adoption or adaptation of those aspects which are most desirable (e.g. from a GEDSI perspective), institutionally viable, and financially feasible, e.g. within the two universities and among other scholarships providers (see §2.1.2).
3. DFAT, with input from LAI, should determine the relative importance of LTO3 for the remainder of Phase II, permitting identification and agreement of objectives and priorities to which LAI should be expected to contribute in the coming 18 months (see §2.1.2).
4. LAI, with input from DFAT as appropriate, should consider designing culturally appropriate and innovative ways of broadening participation in equality training and related activities, e.g. to include greater participation of men (see §2.1.2).
5. DFAT, with support from LAI as appropriate, should introduce rolling outcome-level targets that draw on Alumni Development Impact Study (ADIS) findings and other data and which can be used to set expectations for the year ahead, guide regular structured reflection exercises, and permit amendments to strategy and tactics during the course of the year (see §2.1.2).
6. LAI and DFAT should (re-)invest in relationships with key government partners so as to better ensure that the nature, frequency and quality of engagement meet the needs and expectations of those concerned (see §2.2).

**Planning for future support**

1. DFAT, in collaboration with LAI and Lao partners, should identify/clarify its policy objectives for any future HRD portfolio and only then determine investment options and delivery arrangements (see §2.2).
2. DFAT, with support from LAI, should commission targeted research, consultation and/or analysis in Q1-2 2020 so as to better understand discrete elements of those ‘development problems’ of interest, their drivers, and the associated opportunities and entry-points (see §4.3).
3. LAI, with support where required, should appraise those tools and models that DFAT wishes to continue into the next phase of programming to better understand optimal blends, sequencing, dosage and composition (see §2.1.2).
4. DFAT should ensure that its future portfolio has sufficient ‘future-proofing’ and flexibility to be able to respond to emergent opportunities and can be scaled up or down depending on changes in policy positions and priorities (see §4.2).
5. Before taking any decision to merge current delivery approaches and implementation arrangements from 2020-21, DFAT should carefully appraise the case for and against doing so, e.g. in terms of necessary skillsets and ways of workings across the portfolio, absorption capacity and transaction costs, and relevant experience from elsewhere (e.g. DFAT Indonesia) (see §2.2).
6. DFAT, with support from LAI as appropriate, should include outcomes-level indicators of change that are known to be of relevance and significance to program participants, specific groups of program participants (e.g. people with particular disabilities), and relevant local partners (see §2.1.2).

**Transition to future support**

1. DFAT should identify which elements of the current portfolio will be transitioned to future DFAT programs and which accountabilities and responsibilities, if any, will be transferred to other implementing partners, external GoL partners or other Lao entities, and how this transference might best be supported (see §4.3).
2. DFAT and LAI should identify those elements of the current portfolio that will be progressively phased down over the next 18 months and pursue a work program that seeks to enable the sustainability of benefits and the capturing and sharing of key lessons (see §4.3).
3. When phasing in new programs of work and/or when trialling new approaches to implementation for its post-2021 portfolio, DFAT should recognise and exploit the comparative advantages of both LAI and LADLF (see §2.2).