EDUCATION SECTOR DEVELOPMENT FRAMEWORK

APPRAISAL REPORT FOR LAO PDR

INFORMAL EDUCATION DONORS WORKING GROUP

VIENTIANE

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Acronyms

ADB	Asia Development Bank
ADTA	Advisory Technical Assistance
AusAID	Australian Agency for International Development
CEWED	Centre for Promotion of Women, Ethnic, and Disabled People
CQA	Centre for Quality Assurance
DGEI	Department of General Education Inspection
DHE	Department of Higher Education
DSE	Department of Secondary Education
DNFE	Department of Non-formal Education
DOF	Department of Finance
DOI	Department of Inspection
DOP	Department of Personnel
DPC	Department of Planning and Cooperation
DPPE	Department of Primary and Preschool Education
DPrv.E	Department of Private Education
DPs	Development Partners
DSE	Department of Secondary Education
DTT	Department of Teacher Training
DVTE	Department of Vocational and Technical Education
EC	European Commission
EFA	Education for All
EFA NPA	Education for All National Plan of Action
ESDF	Education Sector Development Framework
ESWG	Education Sector Working Group
FTI	Fast Track Initiative
GOL	Government of Lao PDR
HEI	Higher Education Institution
HIV/AIDs	Human Immunodeficiency Virus/Auto Immune Deficiency Syndrome
IEDWG	Informal Education Donors Working Group
JICA	Japan International Cooperation Agency
LFNC	Lao Front for National Construction
LaoNCAW	Lao National Commission for the Advancement of Women
LWU	Lao Women's Union
MDG	Millennium Development Goal
MOE	Ministry of Education
MOF	Ministry of Finance
MOLSW	Ministry of Labour and Social Welfare

MPI	Ministry of Planning and Investment
MTEF	Medium Term Expenditure Framework
NESRS	National Education System Reform Strategy
NGOs	Non Government Organisations
NGPES	National Growth and Poverty Eradication Strategy
NSEDP	National Socio-Economic Development Plan
NUOL	National University of Lao
PES	Provincial Education Service
PRSO	Poverty Republic Support Operation
RIES	Research Institute for Education Sciences
RTM	Round Table Meeting of Government and Development Partners across all sectors
STEIC	Statistic and Technology Education Information Centre
TA	Technical Assistance
TEI	Teacher Education Institutes
TORs	Term of Reference
TEVT	Technical Education and Vocational Training
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNICEF	United Nations Children's Fund

1. Appraisal and Endorsement of the Primary Education Component of an Education Sector Plan

1.1 Country: Lao PDR

1.2 Overall comments: The Informal Donor Working Group have reviewed the Lao PDR's Education Sector Development Framework (ESDF) covering the period ending in 2015, through a series of consultations, reviews of earlier drafts and more formally though discussions at the Education Sector Working group (ESWG). Development Partners (DPs) have provided written comments on earlier drafts and for inclusion in this appraisal. The ESDF outlines both policy framework priorities and strategic framework policies, together with a comprehensive financing plan to achieve these goals. The ESDF focuses on three key issues; equitable access to educational services, improved quality and relevance of educational services, and improved sector governance and performance management.

1.2 Strengths

The ESDF is comprehensive, has robust policies and strategies and clearly enjoys the highest political level of support and intention to reform the education system. The ESDF process has been led by the government, and involved extensive consultations among all Ministry of Education departments and between central and provincial levels, as well as with other key enabling agencies, including the Ministry of Planning and Investment and Ministry of Finance. It provides a concrete indication of joint government and development partner commitment to implement the aid effectiveness agenda as articulated in the Vientiane Declaration. There is consistency of the proposed targets and strategies to other existing plans and commitments made by the government, including the EFA National Plan of Action. The ESDF is a comprehensive package of education interventions to meet EFA by addressing various constraints of the Lao education system

1.3 Concerns

The ESDF outlines very ambitious **targets** (both within and across the various sub-sectors) that require prioritization and identification of what MOE wants to achieve first. It will be a significant challenge to the government to be able to deliver such a comprehensive reform agenda within the given timescale. The meeting of the National Education Sector Reform Commission in December 2008 also acknowledged the ambitious nature of the ESDF and **requested MOE to identify priorities** so that the plan could be implemented in a realistic timeframe. There is a need for a thorough assessment of current institutional and organisational capacity (plus the acknowledged cautious approach to reform to date) and the prospects for capacity development needed to implement the ESDF. This work has begun using the extensive research and analysis undertaken by the World Bank in developing the **Capacity Development Framework** for the Ministry of Education, but this issue will require ongoing focus by the MOE and partners if these targets are to be met..

The fiscal framework for education resources and expenditure needs to be strengthened, and full advantage needs to be taken of the potential benefits from the broader public financial management reforms underway in Lao PDR. Strong evidence of commitment from the Ministry of Finance to commit increasingly larger allocations to education in its annual budgets over the ESDF period is required. At the November 2008 RTM, MOF provided details of a 27% increase in the allocation to the sector next financial year. The Deputy Prime Minister as chair of the National Education Sector Reform Commission also agreed to the MOE proposal for annual increases to the sector allocation so that a target of 18% would be achieved by 2015.

Although it is pleasing to note that MOE/GOL acknowledge school feeding as an integral part of educational development, the ambitious targets set by MOE for school feeding in the ESDF will require support from both MOE/GOL and other donors in addition to that of WFP for these targets to be achieved. Quantitative goals of system expansion should not be prioritized at the expense of goals regarding the quality and equity of education and the links to other sectors need to be strengthened, such as the link for the labour market in relation to TVET.

1.4 Conclusion

The local Informal Education Donor Working Group (IEDWG) has concluded that the Government's ESDF is comprehensive and based on robust policies and strategies. Successful implementation of the ESDF would require priorities to be clarified, the ongoing absorption of lessons from successful programs, and for a better fit between the required and available financial and human resources. Development Partners are pleased therefore to endorse Lao PDR's ESDF as the common framework to provide support to the government for the development of the education sector, with a recommendation that Lao PDR accessions the FTI Partnership. Membership of FTI will assist MOE and local DPs to achieve the objectives of the ESDF and in particular to achieve MDG2 by 2015. The Development partners will assist the GOL in addressing the concerns formulated in this report, and will conduct jointly with the government annual sector reviews to establish a common assessment of progress on the implementation of the ESDF and jointly identify and address issues faced by the sector.

2. Signature by partners who recommend the sector plan for FTI endorsement

Name of agency	**Signature**
Asian Development Bank (ADB)	
Government of Australia	
DED	
Delegation of the European Commission (EC)	
GTZ	
Japanese Embassy / JICA	
Luxembourg Embassy	
Save Children Norway (SCN) - (on behalf of NGOs)	
SIDA	
UNESCO Bangkok	
UNFPA	
UNICEF	
United Nations Development Programme (UNDP)	
World Bank	
World Food Program (WFP)	

3. Background

Lao PDR is a signatory to the Jomtien EFA goals and participated in the Dakar World Education Forum in 2000 where it was acknowledged that achievement of EFA goals had been delayed in many countries due to resource constraints. With other countries, Lao PDR made a commitment to providing quality education for all children by 2015. It has also adopted the Millennium Development Goals (MDGs) and for education, the achievement of universal primary education (MDG2) by 2015 is considered to be a top priority. One outcome from the Dakar World Education Forum was a commitment by developed countries that "no country with a credible plan would be unable to implement it for a lack of resources". Soon after the World Forum, the EFA – FTI partnership was launched with a mandate to provide additional funding to support countries in need to achieve their EFA targets.

There is an active Development Partner (DP) community in Lao PDR who in 2006 joined the Government of Lao PDR (GOL) in the Vientiane Declaration on Aid Effectiveness.[1] There is also a joint Government-DP Education Sector Working Group (ESWG) which has as one its key terms of reference to promote the development of the education sector, with attention to gender equity, to achieve the MDGs within key policy frameworks such as the National Growth and Poverty Eradication Strategy (NGPES), National Socio and Economic Development Plan (NSEDP), Education For All National Plan of Action 2003-2015, and the National Education System Reform Strategy.

The ESWG has taken the lead in supporting the MOE to develop its Education Sector Development Framework (ESDF), initially as a single donor funded Advisory Technical Assistance (ADTA) focussing on the school sub-sectors. The Ministry of Education (MOE) then sought support from DPs to assist it to move forward in developing the current ESDF into a realistic and prioritised strategic plan that could guide both government and donors for a balanced development of the whole education sector over the next 10 years. There was common agreement that the ESDF must identify key policy choices, achieve the maximum impact on the most serious constraints facing the sector and be based on a realistic assessment of available resources. Both the Ministry and the DPs acknowledged that further technical assistance must be forthcoming if these objectives were to be achieved and a multi-donor funded TA was established, coordinated and managed by the ESWG.

Preparation of this ESDF was a key activity of the country action plan agreed to as part of the Vientiane Declaration but its development was also undertaken in cognisance of an application for accession to FTI.

4 Country Background

Lao PDR is one of the poorest countries in the Asia-Pacific region and experiences many constraints to development and poverty reduction, including in the education sector. In 2005 the

[1] This is a localised version of the 2005 Rome Declaration on Aid Effectiveness to enhance ODA effectiveness

population was 5.62 million spread across more than 10,500 villages with 73% of the population living in rural areas. Over 3,500 villages did not have road access. The Population growth rate has been high but over the last decade declined to 1.9%[2] and the dependency ratio declined to 0.76 in 2005 compared to 1.1 in 1995. The proportion of people living in poverty has significantly declined (see table 1) although underweight children (38% of children under 5 years), malnutrition and stunting (41% of children under 5 years) continues to be a problem with minimal improvements since 1990. To address this problem, the Government in June 2008 submitted a National Nutrition Policy to the National Assembly and the Ministry of Education will have a significant role in implementation of this policy.

Table 1: Percent of population living in poverty[3]	
1993	45%
1998	38%
2003	30%
2008	<30%

Source: Mid-term review of NSEDP

The Ministry of Planning and Investment (MPI) recently published the results of the mid-term review of the 6th NSEDP. The review found that in recent years, Lao PDR recorded a strong economic performance with Gross Domestic Product (GDP) growth averaging 8.0% per annum over the past two and a half years. Growth has been robust, inflation has declined markedly, and international reserves have risen. The export-oriented large mining and hydropower projects have helped to strengthen public finances and the balance of payments, contributing about one-third of GDP growth. The non-resource sector comprising of plantations for agricultural crops and industrial forestry, tourism revenues and the newly emerging food and non-food processing industries has grown at a moderate 4.5 to 5%. All the same, there are signs of a coming slowdown, including a slower growth of non-resource exports and a decline in credit to the private sector. Economic growth occurred at a faster rate than population growth, and therefore the average GDP per capita has increased rapidly over the last three years and by 2007/08 had already exceeded the 6th Plan target of US$700. Over the past three years the structure of the economy changed towards modernisation and industrialisation. The market share of the agriculture and forestry sector to GDP decreased from 32.1% in 2005/06 to 29.7% in 2007/08. In comparison, both the industrial and service sectors have increased their contribution to GDP over the past 2.5 years.

[2] Mid-term review of 6th NSEDP, MPI December 2008

[3] Source: NGPES and for 2008, preliminary information from LECS IV, quoted in MTR of 6th NSEDP.

Table 2	Share of main economic sector in GDP (%)		Employment
Sector	2005-06	2009-10 (target)	2005
1. Agriculture & Forestry	32.1	36.0	2,080,000
2. Industry	26.7	36.4	210,000
3. Service	41.9	27.6	424,000

Source: Mid-term review of NSEDP

A key conclusion from the review is that the share of agriculture and forestry sector is not declining fast enough and may even increase. Also, only 27,910 new jobs were created against a target of 652,000. This suggests that the sectoral growth rates achieved so far will need to be sustained over a considerable period of time before they can begin to alter their relative contributions to the overall economy.

The mid-term review also noted that there is a serious need to find ways and means of collecting the kinds of labour market data essential for analysis and evaluation of labour market needs, for formulating policy goals, establishing service delivery targets and measuring progress in achievement. In both the formal and informal sectors, there is a serious imbalance in the Lao labour market between the number of people who want access to paid employment and the availability of such jobs and opportunities. At the same time, because of a weak data collection system there is no cross classification of the distribution of unemployment across regions, gender, age group, occupational groups, skills categories and educational groups.

Small business training opportunities aimed at enhancing the income earning capacity of farmers and their families is available from several providers but there is little evidence that the genuinely poor are able to access it because of factors such as high cost of travel, course fees and post-training set up costs and lack of awareness of available sources of help in the form of loans or grants. The skill of the labour force had been raised, but slowly when compared to the pace of economic development, especially in terms of meeting current and emerging market needs.

There is anecdotal evidence that while jobs are being created, there are skill shortages. Consequently, many of the emerging jobs are taken up, most often illegally, by workers from the bordering countries. Over the longer-term ASEAN is considering opening the border for labour migration between the neighbouring countries of the region to create a common labour market and thus this situation will become more critical.

The Mid-Term Review concluded that past deficiencies in primary education are responsible[4] for hampering current ability to absorb skills and technical training, with the problem more pronounced

[4] Para 14, page 69 of draft report

for girls. The review also indicated that it was essential for education to facilitate access to training opportunities, especially among disadvantaged persons outside the capital (e.g. women, poor persons, youth in rural areas, persons in remote areas) in terms of physical access and training fee. It was equally important to elevate the functioning of training centres by recruiting competent instructors (which calls for raising remuneration), developing effective curriculums, and upgrading facilities and equipments.

4.1 Issues for the ESDF

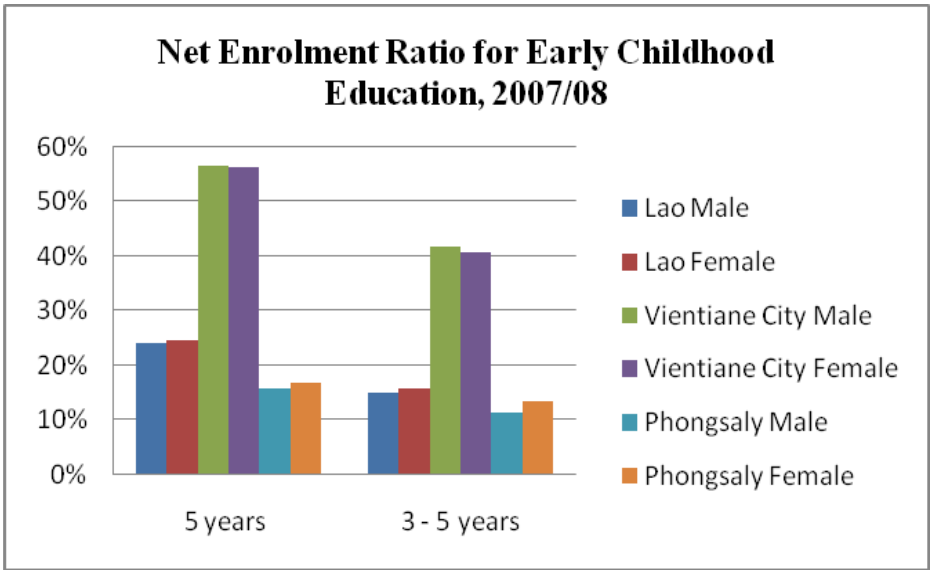
This review of the 6th NSEDP provides direct and relevant advice for the priorities of the ESDF: improved complete primary education for all Lao children, formal and non-formal technical and vocation training and post-basic education output linked to labour market needs. The slower than expected decline in the share of agriculture and forestry sector suggests a modest increase in the number of post-basic academically oriented education graduates in the short and medium terms is required.

5 Education Sector Background[5]

5.1 Sector Status 2007/08

Access to early childhood education is quite low with very large disparities between urban and rural areas, although no significant gender disparities exist. Figure 1 shows the net enrolment ratio (NER) for early childhood education indicating this disparity.

Figure1



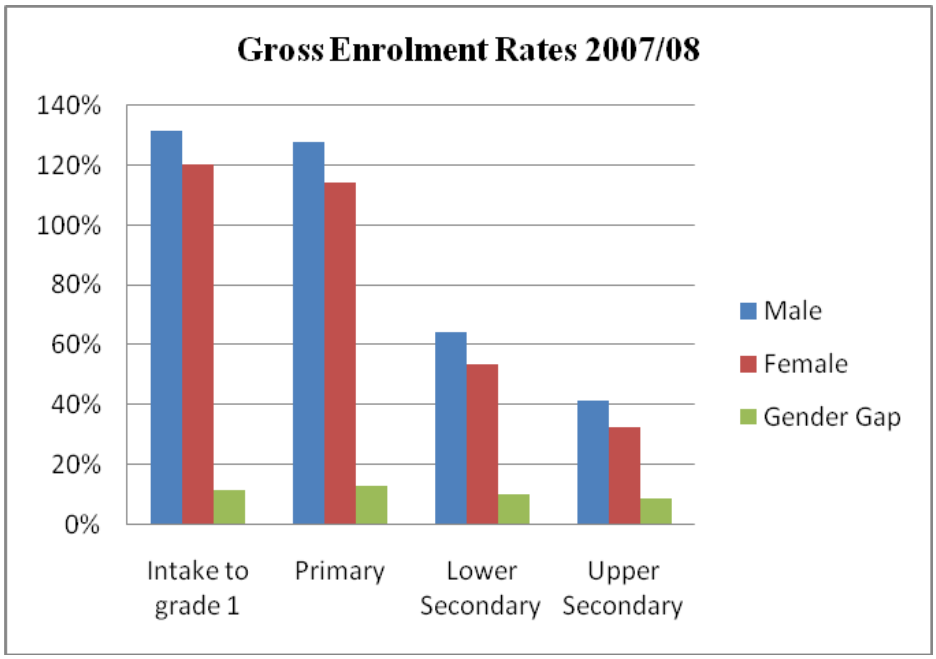
Source: Draft MOE Annual Statistical Bulletin 2007/08

[5] Data is taken from the draft Annual Statistical Bulletin for school year 2007/08. Vientiane City is the best performing province with respect to educational indicators and Phongsaly the worst performing province. Vientiane City is largely urban, flatland, predominantly Lao ethnicity with good communications and facilities. Phongsaly is in the far north of the country, mostly rural, mountainous, predominantly ethnic groups other than Lao, with limited communications.

The primary school NER has risen to 89%, but repetition and dropout rates are high resulting in only 67%[6] of students completing the full 5 years of primary schooling. In many countries, the NER is used as an index of achievement towards Universal Primary Education (UPE) or MDG 2. However, the NER provides an accurate estimate only if two assumptions are met: (i) minimal repetition rates; and (ii) most students begin school at the official starting age of 6 years. In Lao PDR, neither of these assumptions is true and therefore the NER cannot be used as an index of UPE/MDG 2. Results from the 2005 population census indicate that about 11% of children never attend primary school and MOE data indicate that of those who begin grade 1, about 67% reach grade 5. Thus, achievement to UPE/MDG2 is about 55%. That is, only 67%[7] of Lao children complete the full 5 grades of primary school. Participation in secondary school is low, with gross enrolment rates (GER) of about 60% [8] at lower- and 42% at upper-secondary schools.

However, there remain significant gender disparities as shown in Figure 2. There are also large disparities between rural and urban areas, and among ethnic groups; more than half of primary schools do not offer the full 5 grades; more than 54% of primary schools have only 1 or 2 teachers; teachers are inadequately trained, inefficiently deployed and not regularly paid; the school curriculum needs to be updated; and there is insufficient funding even for core textbooks.

Figure 2



Source: Draft MOE Annual Statistical Bulletin 2007/08

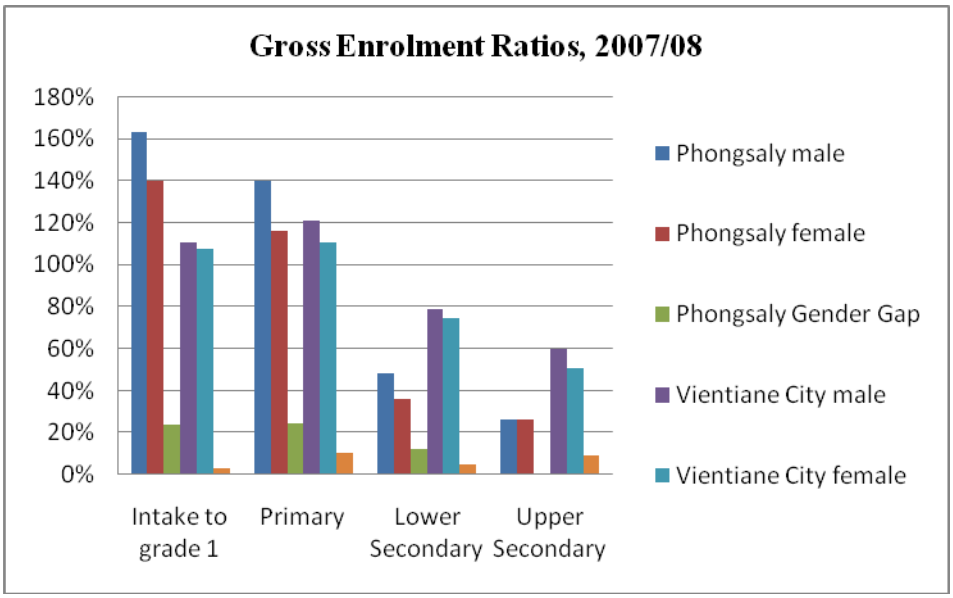
[6] Survival rate was 63% in 2004/05

[7] In 1995, only about 40% of Lao children completed all 5 grades so there has been significant improvement.

[8] MOE EMIS data for school year 2007/08

Data disaggregated by rural/urban and ethnicity are not available, however, Figure 3 shows GERs for the best performing province (Vientiane Capital City) and the worst performing province (Phongsaly) which is mostly rural with predominantly ethnic populations.

Figure 3



Source: Draft MOE Annual Statistical Bulletin 2007/08

Class size is larger in poorer areas and there are fewer female teachers, as shown in table 3. This data also shows that the problem of insufficient teachers in poorest districts is getting worse rather than improving.

Table 3	2000/01	2005/06	2006/07	
Pupil-teacher ratio by poverty	Pupil/Teacher ratio			Percent female teachers
47 Poorest Districts	30.3	36.4	36.9	33.2%
25 Poor Districts	32	33.6	29.1	43.1%
70 Non-poor Districts.	29.7	30.4	29.3	54.2%

Source: extracted from raw data files from STIC/MOE

The 2005 Population Census estimated adult literacy to be 73%, although it noted gender and ethnic disparities but added that gender disparities had decreased from 26% in 1995 to 20% in 2005. Table 4 shows these data but self-reported literacy rates should be interpreted carefully since the results of the Lao National Literacy Survey in 2001 demonstrated that tested rates for functional literacy were just over half those for self-reported rates. Disparities across ethnic groups are significant and will continue to hamper poverty reduction efforts.

Table 4: Adult Literacy	Male	Female	Total
Lao PDR	83%	63%	

Lao ethnicity	91%	79%	85%
Other ethnicities			55%
Akha ethnic group	19.5%	3.4%	
Total number of illiterates	476,094	1,043,929	
Enrolments in Non-formal literacy programs, 2006/07	20,211	24,146	

* This northern ethnic group has the lowest literacy rates

Source: Results from the Population and Housing census 2005, National Statistics Centre, Lao PDR

There are also non-formal programs for primary and secondary education equivalency and professional course. Enrolments for 2006/07 are shown in Table 5.

Table 5: Other NFE courses	Male	Female	Total	Percent female
Primary equivalence	23736	28862	52598	55%
Lower secondary equivalence	1275	613	1888	32%
Upper secondary equivalence	3235	1043	4278	24%
Professional courses	1840	1986	3826	52%

Source: MOE Annual Report, 2007

It can be seen that gender disparities in these enrolments are very high.

Enrolments in post-basic education for 2007/08 are shown in Table 6. It can be seen that there are significant gender disparities in enrolments, more so at public than private institutions.

Table 6: Higher Education Enrolments	Male	Female	Percent female
University - Master degree			
Public	214	101	32%
Private	61	34	36%
University - Bachelor Degree			
Public	21,923	15,557	42%
Private	3,422	3,308	49%
Other Post-Basic, including technical and vocational education			
Public	23,271	16,905	42%
Private	12,848	10,768	46%

Source: Draft MOE Annual Statistical Bulletin 2007/08

The status of teacher training is shown in Table 7. It shows an increasing trend towards the 11+3 model being adopted as the norm for teacher training. Such a trend may make it more difficult for people from poorest districts to train as teachers since access to upper secondary is quite limited in

these poorest districts. The high proportion of trainees studying course for preparation of secondary teachers in the 11+3 program at TTCs (47.2%) and NUOL (19.4%) suggest a large future oversupply of secondary teachers and undersupply of primary teachers, although anecdotal evidence suggests that many of these students do not intend to become teachers since they are majoring in English language and will likely work in the private sector. In such a case, the MOE is wasting valuable resources since most trainees are supported by government scholarships. Students enrolled in special courses are significant (14% of total enrolments), although this proportion has declined significantly from 2005/06.

Table 7	2005/06			2006/07			2005/06	2006/07
Program	Total	Female	Percent female	Total	Female	Percent female	Percent of Total	
5+4	278	117	42.1%	181	71	39.2%	1.4%	0.8%
8+3	1416	657	46.4%	1558	718	46.1%	7.3%	7.1%
11+1/2	2269	1267	55.8%	2354	1898	80.6%	11.7%	10.7%
11+3	7529	3865	51.3%	10372	5175	49.9%	38.8%	47.2%
NUOL	3649	1680	46.0%	4253	1996	46.9%	18.8%	19.4%
Special Courses	4246	1779	41.9%	3239	1476	45.6%	21.9%	14.8%
Total	19387	9365	48.3%	21957	11334	51.6%		

Source: Draft MOE Annual Statistical Bulletin 2007/08

These data suggest an urgent need for MOE to better manage the allocation of teacher trainee quotas across levels and to improve the efficiency of the teacher training sub-sector.

The quality of education has steadily improved but much remains to be done. Reform of teaching and learning methodologies at pre-primary and primary levels has begun through the implementation of MOE's child friendly schools strategy. There have been significant benefits of this holistic child-friendly approach to schooling and implementation guidelines are now being developed to roll-out the initiative nationwide. Revisions and improvements to the pre-primary and primary curriculum have been made and new textbooks and teacher guides have been developed and are being distributed. Development of primary school quality-standards in line with internationally accepted norms which are intended to set the minimum input standards for all primary schools has begun and a decision has been made to move to a 5+4+3 system through the introduction of an additional year at lower secondary level. Development of a new K-12 curriculum framework has begun.

Efforts have been made to increase the quality of teachers at school level through the development of the Teacher Education Strategy and Action Plan (TESAP) but progress of implementation of TESAP needs to be expedited. In line with the underlying philosophy of the NSEDP to increase involvement of communities in decision making, MOE is placing greater emphasis on the role of Pupil-Parent Associations and Village Education Development Committees in large numbers of

villages/schools nationwide together with EFA committees at district and provincial levels. In addition, a focus on capacity development of DEB staff and school principals has resulted in improved services. To improve service and administrative delivery, a restructuring of MOE has taken place. Several new departments and centres have been created, including centres for quality assurance and promotion of gender, ethnicity and inclusive education, which demonstrate MOE's commitment to focusing on quality and access as central pillars of its reform.

Poverty disparities are evident across all levels of education and this is shown in Table 8. Among the poorest districts, 26% of districts have only one pre-school; presumably in the District Capital. Likewise, 64% of the poorest districts have only one upper- secondary school and this would also be in the District Capital. Pupil to teacher ratios in the poorest districts are worse than poor and non-poor districts at all levels, with fewer female teachers and (with the exception of pre-primary) a lower proportion of female enrolments. At primary level, Table 3 indicates that the gap in the pupil to teacher ratio between the 47 poorest districts and the 70 non-poor districts has widened in the period between 2000/01 and 2005/06. Policy action needs to ensure sufficient attention to reduce geographical disparities by prioritizing poor areas, including working with civil service authorities to ensure adequate incentives for retaining qualified and motivated staff in remote areas.

Table 8		2006/07				
	No. Schools	Percent female students	Pupil teacher ratio	Percent female teachers	Percent of total schools	Number Districts with only 1 school
Pre-primary						
47 Poorest Districts	171	51.6%	20.1	97.9%	13.6%	12
25 Poor Districts	185	48.8%	17.1	98.8%	14.8%	4
70 Non-poor Districts.	896	49.5%	16.8	99.2%	71.5%	1
Primary					No. Students	Percent Incomplete schools
47 Poorest Districts	2,842	45.0%	35.1	33.1%	238,227	66.2%
25 Poor Districts	1,442	45.9%	28.1	43.2%	144,740	52.1%
70 Non-poor Districts.	4,472	47.9%	28.8	53.9%	506,540	45.1%
Lower Secondary						
47 Poorest Districts	186	40.4%			44,059	
25 Poor Districts	161	43%			39,042	
70 Non-poor Districts.	532	45.1%			164,679	
						Number Districts with only 1 US school
Upper Secondary						
47 Poorest Districts	61	37.7%	na	Na	20,226	30
25 Poor Districts	48	41.4%	na	Na	21,937	11
70 Non-poor Districts.	223	43.9%	na	na	108,973	16
Lower & Upper Secondary*						
47 Poorest Districts			27.7	35.6%		
25 Poor Districts			25.8	38.1%		
70 Non-poor Districts.			24.5	46.6%		

* Data for teaches cannot be disaggregated by lower and upper secondary.

Source: Extracted from raw data files of STIC/MOE

5.1.1 Issues for the ESDF

An improvement of 15% in the proportion of children completing primary school has taken a decade, and a further 33% improvement must be achieved from2008 to 2015 to meet the MDG 2 target.. Strategies to achieve this ambitious target need to prioritise the 47 poorest districts and to explicitly reduce gender disparity across all levels of education. The EMIS should be improved to allow easier disaggregation of all major indicators by poverty level and reporting of these should included in the Annual Statistical Bulletins. The EMIS should also be expanded to include collection of data and reporting of children out-of-school. There also needs to be an appropriate balance between increased access and improved quality of services and a realistic approach to capacity development identified.

5.2 General Balance of the Sector

The 6th NSEDP makes it clear that one of the main goals of the education policy is to develop quality human resources to promote socio-economic development of the country and contribute to poverty reduction. Objectives for the education sector were identified as follows:

- Universal compulsory education at primary level and continue to increase participation at lower secondary level;
- Strive to completely abolish illiteracy among the population;
- Expand vocational, technical and higher education to meet the needs of the new labour market and to improve the economic rates of return;
- Train skilled workers, technicians, professionals and intellectuals to have the capability to apply modern science and technology to serve the needs of socio-economic development;
- Raise national education standards gradually to be closer to the international standards;
- Take education as the core of human resource development and invest appropriately in education; and
- Make education a duty of all the people in the society.

The Mid-Term Review of the 6th NSEDP concluded that there is a mismatch[9] between the national priorities and the resources allocated for education sub-sectors. Less than 1% was allocated for early child care and education and administration and management was the single largest recipient of government's recurrent expenditure. The allocation data needs to be re-evaluated to correctly understand whether and to what extent the NSEDP priorities receive sufficient financial resources. It also noted that there is nothing in the current transfer system to ensure compliance with overall national policies or to even out spending disparities among provinces. This mismatch between national priorities and provincial spending requires a re-assessment of the centre-province relationship to ensure greater accountability of provinces for performance outcomes.

[9] Para 8, page 110

5.2.1 Issues for the ESDF

The priorities of the ESDF and associated financing plan should more closely match the broader GOL policy priorities as outlined in the 6th NSEDP and a strategy for moving to a closer alignment should be developed. The ESDF should include strategies for ensuring greater provincial compliance to national policy priorities.

5.3 Financing of the Sector

The national budget allocations to education in Lao PDR are low at an average of around 12% in the past three years (see Table 9 below). One of the reasons for this figure are low teacher salaries, which would need to be increased to attract and retain motivated and qualified individuals to the teaching profession. To achieve EFA and MDG targets and to improve the quality of education, significant increases in government and donor support are essential and a more strategic and harmonized approach to assistance is required. It is hoped that the Government will adhere to pronounced policy commitments to increase the fiscal effort for education, and that donors will allocate additional and predictable resources for the sector.

Table 9: Public Expenditure on Education (in Billion Nominal Kip)	2005-06	2006-07	2007-08*
GDP	34,032,609	38,194,595	43,229,167
Total Budget	6,943,863	8,099,757	8,884,000
Total Recurrent Budget	2,629,248	4,711,084	5,442,000
Total Education Budget	1,026,390	1,173,212	1,009,152
Education Recurrent Budget	377,850	552,027	585,400
Education Recurrent as % of Total Recurrent	14.4%	11.7%	10.8%
Education Total as % of GDP	3.0%	3.1%	2.3%

Source: Official Gazette, 2007 and 2008;* 2007-08 figures are Planned figures reported in the Gazette, the earlier years are reported Actual expenditures. Source of GDP estimate is Table 2 from Lao PDR Economic Monitor, November 2008 of World Bank.

The changing composition of recurrent budget is shown in Table 10.

Table 10: Composition of recurrent expenditure (%), 2005-08	2004-05	2005-06	2006-07	2007-08	2008-09 (est.)
Salaries	91.0	90.2	88.4	91.4	84.0
Textbooks/teaching materials *	2.2	2.7	3.3	2.57	5.0
O&M	6.8	7.09	8.3	6.03	11.0

Source: Data provided by DOF/MOE, 2008 * Does not include student subsidies and scholarships

National - provincial priorities are often different, resulting in the overall low level of Government spending on education along with the unequal allocation of scarce resources continuing to impact

heavily at provincial, district and school levels due to the fact that provincial governors still maintain high degrees of autonomy in terms of public spending. As a result, this often means that provincial level priorities take precedence over national strategies and thus although policies may be in place to target pressing education issues, in reality resources may be allocated elsewhere.

5.3.1 Issues for the ESDF

The strategy to change the balance between proportions of investment and recurrent financing while appropriate will be challenging within the context of increased pressure on the national budget from multiple development needs of the country and an ongoing global financial crisis and donor resistance to financing recurrent expenditure. Increasing teacher salaries over time is key priority for the sector, and will need to be explored in the light of the current review on civil service pay and compensation being led by the Public Administration and Civil Service Authority (PACSA) and the Ministry of Finance – due for completion late in 2009. It also suggests a need for donors to increase funding for recurrent expenditure. At the moment, ODA is classified as investment but in reality, a significant proportion of ODA is used to support activities that are really recurrent. The extent to which donors are prepared to fund recurrent expenditure should be made explicit.

5.4 Reform Capacity

ADB, SIDA and WB initiated in 2005 a joint review on the effectiveness of sector capacity within MOE. It concluded that the *capacity* of the educational system is lower than is required and that implementation of services is incomplete and largely dependent from cross the board allocation, provincial priorities and available capital investments. There is a need to significantly strengthen accountability, transparency and information feed-back mechanisms to measure progress. It also indicated that while organisational *structures* are documented and in place, there is overlap and confusion between central, provincial and district level, coordination, communication and decision-making are mostly top-down and the current task orientation is more towards regulating than enabling, made more difficult by a lack of delegated decision-making powers.

This review also examined the delivery chain for primary education and identified the following gaps:

- A lack of human, financial and technical resources;
- Disrupted delivery flows due to overlap, conflict of interest, weak alignment and poor standardisation;
- The relative autonomous position of the provincial government leading to duplication and intervention in planning and budgeting, financial administration and operational support;
- Poor coordination and communication lines; and
- DPs resources influencing sector priorities and creating pressure on administrative structures and systems.

5.4.1 Issues for the ESDF

The implementation of the ESDF should take cognizance of the implementation-capacity of MOE and ensure capacity strengthening measures are in place, especially when expansion of service delivery is planned. A comprehensive and long-term approach to capacity development is required, and is currently under development by the MOE with UNICEF and World Bank support. Recent experience from various projects indicates that capacity for disbursement of funds is variable and is, sometimes hindered by inefficient administrative systems and a lack of harmonization across development partners. Although many aspects of project implementation are delegated in principle to provincial level, management and reporting functions in practice are slowed by central administrative bottlenecks which need to be streamlined in order for more effective functioning of different level of government acting together for service delivery.

6. Sector Documentation and Knowledge Gaps

Table 1 in Annex 1 demonstrates the significant analytical work that underpins the education sector. Of particular assistance is the very recent mid-term review of the 6th NSEDP which provides an up-to-date assessment of the alignment of the education sector plans with broader national policy priorities. The ADB funded ADTA in early 2008 also provides a rich source of analytical information, particular with respect to data that underpins the financial plan. Development of a holistic plan for early childhood care and education is well advanced; the 2008 ADTA outlines a policy matrix for primary and secondary education; a teacher education strategy and action plan has been endorsed by the GOL; and a master plan for technical and vocational education has been approved within MOE. Development of a master plan for higher education is now being developed. All of these have fed into development of the ESDF and this appraisal.

There is also a well developed EMIS within MOE which contains comprehensive information and the Statistic and Technology Education Information Centre produces an Annual Statistical Bulletin covering the whole sector. However, there are some gaps with no data held by MOE on the children-out-of-school, although these data were collected as part of the 2005 National Population Census. The magnitude of this gap is reflected by the 2005 census showing that of the 10,553 villages in Lao, some 2,093 villages had no local school. While some of these villages are very close to another village with a school, many are remote and are not within walking distance of a school. The magnitude of this problem can be seen by the fact that in 2005, there were 565 villages with 38,700 children under the age of 10 years where not a single child aged 6 to 10-years was enrolled in primary school. The fact that exact numbers of these two categories is not known is a reflection of the importance of this critical knowledge gap. The extent to which formal approaches to education for these unreached children can be achieved is also not known, although it is clear from the census data that in many isolated villages without schools, the population is too small for a permanent school and non-formal approaches will be needed. The ongoing village consolidation program also suggests that greater use of non-formal approaches to primary education will be needed in the short-term. There is also no information on numbers of children excluded from school

by way of disability or the numbers of children enrolled but being hindered by disability of learning impediment. For an inclusive approach to schooling, it is necessary to have data on these children.

There is also little trend analysis concerning disparities by poverty. The GOL places great emphasis on pro-poor policies but it is difficult to obtain educational indicators disaggregated by the poverty levels identified by the NGPES. Educational indicators are described by province in Annual Statistical Bulletins but the demographic heterogeneity of all provinces is so great that inferences regarding the impact of educational development on poverty reduction cannot be easily identified. These gaps are serious shortcoming and data for all should be included in the Annual Statistical Bulletins.

The MOE also makes limited use of National Statistics Centre (NSC) data. The NSC is responsible for the population census and periodic expenditure and consumption surveys, both of which collect data related to education. The results of the 2005 population census revealed significant differences between MOE and NSC measures of primary participation rates, as shown in Table 11.

Table 11: Census and MOE data on primary participation

	2004/05
MOE estimate	84.2%
NSC estimate	70.6%

Source: MOE Annual Statistical Bulletin 2004/05 and Results from the Population and Housing Census 2005, National Statistics centre, Lao PDR

MOE explains this difference by the different months in which data are collected. MOE does its school census 1 month after the school year begins (end September) while the population census is completed in March (two months before the end of the school year). This explanation may be partly true but over-reporting of student numbers by districts eager to obtain more teacher trainee quotas may also be a factor. This discrepancy also suggests the need for an independent auditing of school census returns to ensure that they are accurate.

There is too much reliance on the single indicator of NER for assessing progress to UPE/MDG 2 and alternative monitoring indicators need to be developed and implemented. Given the large disparities across and within provinces, use of such a single number is misleading. It is made more problematic by the fact that the two major assumptions, most children beginning school at 6 years of age and minimal repetition, underpinning the use of the NER as an indicator of PE are not met in Lao PDR.

7. Consultation Process

The National Commission for Educational Reform, established in 2007 and chaired by the Deputy Prime Minister has provided guidance to the sector in developing a comprehensive reform strategy. As a result, the National Education System Reform Strategy (NESRS) for the sector has been

finalized and approved. Around the same time, the ADB financed an Advisory Technical Assistance[10] for Lao PDR to begin development of an Educational Sector Development Framework with a focus on the school sub-sectors. This had the full support of government and all DPs since the Vientiane Declaration, signed in November 2006 identified sector plan development as a top priority. The importance placed on an ESDF being jointly developed was reflected in the first stated objective of the ESWG:

> "Provide a mechanism for government and DPs to engage in joint planning and prioritization, resulting in the production of an annual jointly agreed, prioritised and costed sector plan, aligned with GOL planning and budget cycles".

In May 2008, the ESWG agreed to support a multi-donor[11] funded technical assistance to further develop the formulations of the ADB ADTA to extend the framework to the whole sector. All members of the ESDG were involved in the development of the TORs for this task and the advisory team arrived in-country beginning from July 2008. A workplan for the ESDF was agreed between MOE and DPs, incorporating a participation strategy to enhance consultation between all stakeholders.

This strategy included:

- Focal groups to provide both input to the drafting of the ESDF and feedback to drafts. Focal groups consisted of MOE staff, together with inputs from DPs as required. There was also an external GOL advisory group to assist focal groups as necessary;
- A GOL ESDF Steering Committee was established which included members of MOE, MOF, MPI and PACSA;
- Consultations with key stakeholders, including central MOE, other central GOL ministries and agencies, Provincial government and PES, DPs, INGOs, and private sector stakeholders;
- Strategic seminars with the MOE ESDF Steering Committee, Directors of line departments and members of the ESWG; and
- Field trips to seek inputs to and feedback of the ESDF drafts.

The Minister of Education issued a formal Decree to strengthen this workplan, the participation strategies and the role and responsibilities of these focal groups. This Decree mandated the involvement of GOL staff from all other Ministries, PACSA, the Lao Women's Union and the Lao Youth Federation. Representatives from these other agencies were involved in focal group discussions and the two meetings of the ESDF Steering Committee that reviewed ESDF drafts.

These strategies fed into a rolling process of approval for both MOE and DPs. A first draft of the ESDF was distributed in October 2008 and this resulted in significant feedback within MOE and from DPs. A second draft was developed based on this feedback and was distributed in late

[10] TA 4907-Lao

[11] ADB, AusAID, EC and UNICEF provided financial support for the TA.

November 2008. Major improvements to the second draft included closer alignment to broader GOL policy priorities, setting of more realistic targets and a re-examination of the financing plan. The re-working of the financing plan identified a larger financing gap than was originally identified and further modifications to the ESDF were considered necessary. A third draft was produced in early December 2008 and this was distributed to government and DPs. This draft ESDF was also reviewed by the National Commission for Educational Reform in mid December 2008. Following this review, DPs met in January 2009 to consider endorsement of the ESDF.

8. Overview of the Education Sector Development Framework 2008 to 2015

The Government of Lao PDR has expressed the importance of education in achieving its pivotal national development goal of enabling Lao PDR to graduate from the ranks of the least developed countries by 2020 and move to industrialization and modernity. Both the 6th National Socio-Economic Development Plan (NSEDP) and the Eighth Lao People's Revolutionary Party Congress emphasize the important role that education plays in providing human resource development to underpin this goal. The 6th NSEDP makes it clear that to achieve this goal, urgent development of pro-poor policies must take place and work must continue on poverty reduction in the 47 poorest districts as a priority. At the same time, skilled manpower is needed to support a move to industrialization and modernity.

To respond to these GOL requirements, the Ministry of Education (MOE) articulated its plans for the development of the education sector in the National Education System Reform Strategy (NESRS). This Education Sector Development Framework (ESDF) operationalises the NESRS and therefore outlines the reforms, key policies and strategies required to fulfil the requirements of the 6th NSEDP and achieve Education for All (EFA) goals by 2015. The ESDF has been developed by the Ministry of Education in consultation with other concerned government ministries and agencies with technical assistance supported by multiple DPs. The ESDF promotes harmonization of donor activities, gender equity and pro-poor policy development within the overall achievement of the Education Millennium Development Goals (MDGs) and is also consistent with key policy frameworks such as the National Growth and Poverty Eradication Strategy (NGPES), National Socio-Economic Development Plan (NSEDP) and the National Education System Reform Strategy.

Specifically, the ESDF responds to the policy priorities of the 6th NSEDP:

- Human resource development measures consistent with the demands for national development;
- A focus on national education system reform, improved access to and quality of education and national expansion of technical and vocational education;
- An increasing emphasis on teacher development, teacher deployment, teacher incentives and teacher societal responsibilities;
- Improved linkages between technical and vocational education and training and labour market demand;

- Improvement to the organizational structure of education and education administration including enforcement of the new education law (*Education Law of 2007*);
- Strengthened inspection and monitoring of the education system; and
- More effective use of DP resources and increased cooperation between the donor community and government.

Although the needs of the sector are many and spread nationwide, and this is reflected in the ESDF 2020 Vision, it is acknowledged that for the period 2008 to 2015, existing sector capacity and limited financing require a need for targeting and the ESDF follows national policy by being pro-poor in its initial roll-out of priority policies and strategies. ***In many activities, implementation will initially be restricted to the 47 poorest districts as identified in the NGPES***.

The ESDF outlines policy priorities for improving access to educational services, improving the quality and relevance of educational services and increasing the efficiency and effectiveness of educational planning, management and administration of the sector.

8.1 Improved Access to Educational Services

Many children who enrol at primary school are not ready for formal education due to a lack of pre-primary opportunity and poor nutrition, and many ethnic children cannot speak Lao language when entering primary school. The ESDF proposes expansion of pre-primary opportunity for such children through the expansion of early childhood care and education, allowing school readiness and nutritional programs to be provided for those in need.

The GOL has committed itself to achieving MDG 2 (all children completing all five years of primary schooling). To achieve this, the ESDF proposes to construct more classrooms, particularly multi-grade classrooms in remote areas, and reform teacher deployment policies to ensure adequate numbers of qualified teachers are available in remote areas. The objective is to significantly reduce the proportion of incomplete schools. In order to reduce the financial burden, particularly among the poorest, of sending children to primary school, fees will be abolished through introduction of a direct payment system to schools and scholarships for the poor introduced. Such interventions will reduce disparities among girls and poor families.

Enrolments in post-basic education has increased rapidly over the last decade but have outstripped the creation of job opportunities within the country. There is a lack of skilled manpower for specific industries and agriculture and forestry remain the largest source of economic activity. The ESDF will strengthen linkages to ensure an improved supply of skilled graduates to the labour market. Upper secondary education will be streamed to provide both an academic and a vocational/business strand to better meet these needs. Expansion of secondary education will occur but at a lower rate than primary education and linked to labour market needs. In specific response to the 6th NSEDP, the ESDF will promote expansion of both formal and non-formal technical education and vocational training, particularly in the poorest districts.

8.2 Improved Quality and Relevance of Educational Services

The poor quality and relevance of educational programs at all levels has resulted in poor efficiency with high repetition and drop-out rates, particularly at primary school, resulting in even greater strain on the limited resources available for education. To improve the efficiency, the ESDF proposes that quality will be increased through expanded and improved teacher development programs for both pre- and in-service training. Village Education Development Committees will be improved and provided with greater support to enable a policy of progressive promotion to be implemented in primary education. This policy, combined with greater access to all five grades of schools will significantly reduce repetition and drop-out rates in primary education, thus improving the efficiency of this sub-sector.

The ESDF supports the introduction of an additional year at lower secondary level, leading to a "5+4+3" system with streaming at upper secondary levels to include a vocational/business strand. This is in response to the 6th NSEDP's call for a greater alignment between labour-market needs and educational program outputs. The introduction of this extra year will require a reformulation of the curriculum framework from kindergarten to grade 12 and revisions to syllabi, teacher guides, textbooks and learning outcome statements. The quality of teachers in all post-basic education programs will be improved and greater utilization of the private sector, particularly for higher education, technical education and vocational training is a key policy of the ESDF.

To improve the quality of teacher management, recruitment, training and deployment, the ESDF proposes to delivery significant capacity building programs for staff at teacher training and higher education institutions, together with reforms to significantly improve the efficiency of such institutions.

8.3 Educational Governance

Efficient and effective delivery of educational services require a capable body of skilled and knowledgeable managers and administrators, working in an environment regulated by a systematic set of regulations and laws that cover responsibilities at central, provincial and district levels. The ESDF identifies requirements to improve governance of the sector by way of new or modified regulations, decrees and/or legislation. The ESDF also acknowledges the need to significantly improve national and sub-national accord with respect to priority policies in the sector. Improved governance will be achieved through improved capacity development, improved management information systems and better information flows between village development committees, district and provincial offices and central MOE.

8.4 Monitoring of ESDF

Past developments in the education sector have been largely project driven, ad hoc, and unbalanced. The ESDF responds to the mandate of the *Vientiane Declaration on Aid Effectiveness* though

development of a single comprehensive plan that has the consensus of both MOE and the donor community that will enable all future aid and government financing to be embedded within one integrated development framework. The monitoring and evaluation capacity of MOE must therefore be strengthened to ensure that not only are individual programs of the ESDF monitored, but that provincial compliance and donor and government support to national policy priorities are maintained.

8.5 Functions of the ESDF

Implementation of the ESDF will enable government and donors to more effectively achieve agreed objectives for balanced development of the sector and more efficiently monitor progress of sector development as it links to the NESRS, current 6th and future 7th NSEDP. An agreed realistic and relevant development plan will also facilitate mobilization of additional financing for the sector, from both government and DPs, and specifically from the *EFA Fast Track Initiative*.

9. Appraisal of the ESDF

Issues identified in the sections above provide benchmarks against which the ESDF can be appraised.

9.1 Major Policies and Strategies of ESDF

Major new policies to support achievement of EFA and UPE are:

- Automatic promotion[12] from grade 1;
- Block grants introduced and linked to abolition of fees and school improvement plans;
- Increased scholarships from primary level through to higher education; and
- Introduction of an additional year at lower secondary school (5+4+3).

9.1.1 Automatic promotion:

Introduction of automatic promotion will increase the demand for teachers unless that the system can redeploy large numbers of teachers from lowland areas of oversupply to remote mountainous villages. Such redeployment will be difficult since teachers have second jobs and families that are connected to their home village. It will also quickly produce an overcrowding problem in the 4,500 schools that have only one or two teachers. Automatic promotion may create problems in ethnic areas where students begin primary school without knowing how to speak Lao language. A more appropriate strategy might be to provide quality pre-primary opportunities where Lao language can be gained.

A review[13] commissioned by EDP 2 concluded that repetition and dropout have some causes which are common and some which are not. Reducing repetition does not necessarily imply that dropout

[12] Called “progressive promotion” in Lao PDR.

will be reduced. Strategies in this regard must be multi-dimensional and complementary. Automatic promotion is effective in countries where pupils are assessed regularly and under-achieving pupils get a support adapted to their specific problems. Otherwise, automatic promotion will not necessarily have positive effects, MOE and DPs should be careful with pilot studies, since they are always carried out in conditions and with resources which cannot be sustained at national level. In other words, they are generally not replicable and a successful pilot experiment should be assessed primarily from the viewpoint of national roll out.

In summary, further preparation work should be conducted in terms of required support structures to ensure that quality will not decrease with the introduction of automatic promotion. More recent discussions between MOE and DPs have resulted in a consensus that automatic promotion must be closely linked with quality improvements and that a pilot will be implemented in 2009/10 to better define the type and cost of the additional quality support structures that are required.

9.1.2 Block grants:

Block grants to schools at all levels are proposed as a mechanism to provide sufficient operating funds for schools while at the same time abolishing all fees and payments by parents and communities. The Block Grant Scheme should be accompanied with capacity development support, including VEDCs for school improvement planning before being implemented and be evaluated in a pilot phase first. The introduction and implementation of block grants must be made in a way which would not spoil the existing self-support by the community and a tighter link between tuition fee abolition with the block grants should be outlined, so that the two only happen in lock step. The preconditions and key issues for the introduction of block grants should be stated in the ESDF in a much more explicit way to clarify the policy implementation. It is not clear that the introduction of block grants is of greater priority than increased number of teachers and redeployment of teachers in areas of undersupply.

Following an initial central procurement and delivery of free textbooks to all students, it is assumed that future textbook provision will be made by way of these block grants. However, there is no mechanism for monitoring this or detail on how such an ad hoc procurement would be implemented. There is a risk that future textbooks might not be available or may not be free.

The World Bank, AusAID, the EC and ADB have all piloted different variations of the block grant policy locally. Donors and government will build on the lessons learned from these programs, evaluate the risks, and develop a way forward on this key proposal.

9.1.3 Increased scholarships

There is no clear targeting of scholarships: is it 20% across all districts or is it specifically targeted to the 47 poorest districts or districts where participation is lowest? Due to the financial constraints, there needs to be a clear indication that priority for scholarships at all levels will be given to students from the 47 poorest districts.

[13] Second Education Development Project: *Technical Assistance and Capacity Building in Education Policy Analysis*, Draft Synthesis Report, December 2008 para. 28

9.1.4 Introduction of an additional year at lower secondary school

The ESDF proposes the introduction of an additional year at lower secondary school resulting in a 5+4+3 system. This addition will require development of a completely new K-12 curriculum and a careful transition of the 3 year certificate program to the 4 year certificate program. The current plan to introduce the 5+4+3 system in 2009/10 is too optimistic. In addition to the likely delay in developing the new curriculum, the timing of this addition occurs at the same time as automatic promotion at primary school is introduced. As a result, significant expansion of enrolments of both primary and lower secondary will occur at the same time and will be beyond both the financial and human resource capacity of the sector. A delay in the introduction of the additional year would be more appropriate.

9.1.5 Disparities of gender

The ESDF does not outline explicit strategies for reducing gender disparities in enrolments or teaching positions. Indeed, only one reference is made to gender parity in the document, in the context of enrolments in upper secondary vocational education. If increased educational opportunities are offered in the usual way without an affirmative bias to females, gender gaps will not decrease.

The ESDF should outline a specific gender parity policy with associated strategies and targets.

9.1.6 Disparities by way of ethnicity/poverty

The ESDF notes that support to the 47-poorest districts will be prioritized in the first ESDF Annual Implementation Plan, 2009-2010. This will be important since the financing plan is not explicitly pro-disadvantaged or pro-poor with ambitious targets across all districts of the country. Achieving UPE means mostly focusing on poorest and poor districts, where per pupil expenditures are and will stay higher than in non-poor areas. However, the allocation of resources is only one of the limiting factors; Staff and institutional capacity in provinces and districts, technical capacity of building firms, and cooperation and coordination at local level between donors are also strong limiting factors. The MOE has recently established a Centre for Promotion of Women, Ethnic, and Disabled People but the ESDF does not outline how this Centre can operate more effectively to implement its mandate.

Since it is unlikely that all the financial and human resources will be available to implement all of the ESDF policies and strategies before 2015, it is critical that annual implementation plans adopt an explicit pro-poor approach, otherwise poverty gaps will not be reduced. There is a risk that in order to roll out ambitious programs nationally, pro-poor targeting becomes lost and poverty gaps are not reduced.

9.1.7 To ensure that education is inclusive

The ESDF outlines a budget for inclusive education through the provision of special block grants, amounting to 11.8% of recurrent share in 2007/08 falling to 5.1% in 2015/16. However, it is not clear what form this support will take and a major policy study is proposed to be undertaken over 2009 to identify strategies for caring for the disabled and providing them with some access to school education. School health is an inclusive concept and should be included so that nutrition education components are better anchored in the framework and strategy. Annual implementation plans should specifically address inclusive education support programs.

There is a risk that in order to roll out ambitious programs nationally, inclusive education support becomes lost.

9.2 Balance of Sub-Sector Development

It is difficult to get from the ESDF a concrete sense of how the MDGs for education will be reached, the scale of the problems faced, or the key interventions required to achieve primary education for all Lao children. A greater focus on completing existing incomplete schools by classroom expansion, multi-grade teaching, and appropriate staffing should be prioritized with the aim of reducing the number of incomplete primary schools and expanding Grade 6–12 provision in underserved areas.

ESDF projections show an increase in enrolments through to 2010 and then a decline due to the phasing in of automatic promotion while lower and upper secondary enrolments increase by 13% and 12% per year respectively. The reduction in primary enrolments is due to declining fertility rates although this varies across lowland and upland areas. This same trend is reflected in the number of primary teachers required. However, projections suggest an average 7% per year decline in enrolments at teacher training institutions. The ESDF also does not address the issue of how to support the large expansion of early childhood education teacher training. Currently, only one teacher training institution provides this training and this is unlikely to be sufficient for the proposed national expansion. Given the expansion of enrolments and the problem of inefficient deployment of primary teachers, this decline does not seem logical[14] and further work should be done to verify these figures. (Higher Education enrolments increase by 9% per year, non-formal by 5% and TVET enrolments by 6% per year.) Thus, the balance of enrolment increases between academic programs (secondary and higher) and TVET is misaligned with the requirements of the 6th NSEDP.

The implementation phase of the ESDF should include the coordination of the policies and targets for the sub-sector TVET with other ministries. Implementation of policies and setting implementation foci for targets for TVET and Youth Skills Training should be coordinated with

[14] The enrolments at teacher training institutions are complicated by the large number of special course students and trainees who are enrolled but who have no intention of becoming teachers. The ESDF projections will only be realistic if these non-teacher enrolments are excluded from teacher training institutions. Efficiency improvements at these institutions are urgently required.

other relevant stakeholders, for example the Ministry of Labour and Social Welfare and Ministry of Industry and Trade and private sector organizations.
The importance of continuous professional development for teachers (including in-service training etc.) needs to be emphasized.

An exercise of prioritization within the subsectors and their objectives will be conducted to take account of the government's capacity, while ensuring that these targets are well aligned with broader government policy as outlined in the 6th NSEDP.

9.3 Targets of ESDF

The ESDF outlines ambitious policies across many subsectors and the corresponding targets require a prioritization and identification of what MOE wants to achieve before 2015. Some of the untried new policies and strategies could be risky and should be implemented in a phased, risk management approach before rolling out of some of the innovations indicated. There should be an explicit targeting of the 47 poorest districts for implementation. There is also a need to clarify when 12 years (5+4+3) of general education will be introduced. Targets geared towards quantity (increase/expanded enrolment) need to be complemented by attention to quality (for instance 'enhance employability'). Care needs to be given to the pupil teacher ratio so that it does not increase inordinately as the enrolments are expanded. An operational strategy for the recently established Centre for Quality Assurance would help make explicit the role of this centre in improving quality.

Whereas expansion in supply would presumably ensure the enrolment of future cohorts of primary school age children, greater clarity is required regarding strategies and targets to provide education for the 11% of children who are currently out-of-school. In the ESDF, a study of the factors is indeed proposed as a first step. Likewise, policies are needed to outline how it is proposed to bring drop-outs back into primary education. In ethnic areas, many children have and are dropping out after grade 1 and/or 2 since there is no access to post grade 1 or 2 classes[15]. Since most of these children are not native Lao speakers, they leave school illiterate in Lao language and innumerate. It might be better to encourage these children to re-enter primary school as access is improved rather than hoping that they enter non-formal programs later. Such a strategy will result in increased numbers of primary enrolments with an associated demand for more teachers and classrooms.

For post-basic education, the ESDF includes an ambitious reliance on the private sector to achieve targets.. If private contributions are to be included, government unit costs for HE and TVET continue to be quite high. A lack of a comprehensive labour market survey to justify targets across various sub-sectors of post-basic education is a limitation of the ESDF. This is particularly the case for the proposed doubling of lower and upper secondary enrolments compared to the much smaller expansion of TVET enrolments. It is not clear that the labour market requires such an expansion of secondary enrolments in the medium term. However, it is clear that provision of secondary

[15] 3000 schools have only 1 teacher and 1,500 schools have only 2 teachers.

education in the 47 poorest districts is very poor and if there is to be any expansion of secondary enrolments, it should be in these 47 poorest districts if the ESDF is to match the GOL's stated policy bias of being pro-poor. This may require a cap on public expansion of secondary education in other areas. Provision of secondary education in these 47 poorest districts would seem to be of much greater priority than the establishment of model secondary schools in provincial capitals, if the ESDF is to be pro-poor.

The targets for non-formal education are very modest with a projected annual increase of 5% in enrolments. This will support the GOL's current strategy to focus on making village heads literate and numerate but will not make serious inroads to illiteracy and innumeracy among other poor adults.

It does not appear to be possible to achieve all of the targets outlined in the ESDF due to financial and human resource capacity constraints. The challenge going forward is for MOE and DPs to agree to priority targets to be achieved by 2015, with a balance between presenting ambitious challenges and exploiting the available opportunities in a realistic manner.

9.4 Reform Capacity of MOE

Individually the ESDF policies and strategies appear technically sound: Policy actions are accompanied by targets but without baselines and the feasibility of government's capacity to deliver on such a comprehensive reform agenda within the proposed timescale is weak. The linkages between the policies expressed, the financial plan, and the MOE's capacity to implement it need to be strengthened and prioritised. Of the approximate 100 new actions of the ESDF, about 23 require a Decree, legislation or revisions to legislation and/or regulations prior to 2010. The productivity of the ministry in this regard would need to be substantially enhanced in comparison with the previous record.

The annual funding gap implied in the revised financing plan (average of $51 million) is significant and there is no strong evidence that this level of financing is achievable, and if achieved, would be within the MOE's capacity to absorb and disburse. There is a need for a thorough assessment of current institutional and organisational capacity (plus the acknowledged cautious approach to reform to date) and the prospects for capacity development needed to implement the ESDF.

9.5 Alignment between Central and Provincial priorities

The ESDF does not clearly explain how EFA provincial plans link to the ESDF and how differences in provincial priorities are accommodated. The ESDF notes the problem of national sub-national accord ("An ESDF priority to strengthen national sub-national accord will increase DP investment confidence") but provides no strategy for strengthening and aligning central and provincial policy priorities. Implementation of ESDF will not be successful without strengthened alignment between central and provincial priorities. It will be essential to set appropriate provincial targets in the implementation plan of ESDF, targets that take into account both the central government policy priorities and the differential rate of sector development across provinces.

9.6 Education Administration and Management

The implementation of the ESDF needs to include measures to improve efficiency and to reduce overheads of educational administration and management. For example, a proposal for an Institute for Education Management ($2 million) is included which would duplicate the role of NUOL and other public and private post-secondary providers. EMIS development is slated for a $3 million initial injection with a $1 million annual running cost thereafter. Introduction of school block grants is not being offset by reduced administrative functions at district or provincial levels but rather, administrative and management staff are projected to increase by an average of 9% per year.

The ESDF should include a policy, strategies and targets for improved cost-effectiveness for administration and management with reduced management overheads.

9.7 Financing plan of ESDF

The ESDF should include an updated assessment of Lao's financial capacity to sustain priority reforms. The recent fiduciary assessment[16] of Lao PDR noted that the declining percentage of the recurrent budget going to basic education and its recent rapid increase in upper secondary, technical/vocational education, teacher education, and higher education stands in stark contrast to the declared policy of focusing on basic education and the achievement of Education for All (EFA). It also identified a need to increase the recurrent budget to benefit from expenditure deriving from investments in order to ensure the long-term sustainability of education development, improve quality and efficiency, and promote equity. It concluded that the overall low public funding of social sectors and inefficient allocation of resources are key constraints to primary education and health service delivery. Agreement with the Ministry of Finance (MOF) on planned increases of government spending on education would be vital to a successful implementation of the ESDF.

The financing plan of the ESDF should include examples of the significant progress in school education over the past decade and quantitative information of recent trends in public expenditure, disaggregated at least by sub-sector. There is also a need to elaborate clear demonstrative commitments to increase the future allocation of national resources to education from its current low base. These commitments are critical to making the case for additional external resources, whether via FTI or otherwise. The level of domestic financing indicated in the ESDF is low by international standards. Stronger evidence of commitment from the Ministry of Finance to commit increasingly larger allocations to education in its annual budgets over the ESDF period should be attached[17] to the ESDF since a threefold increase assumed by the ESDF will be difficult to achieve.

The ESDF proposes a financing gap of $462 million over the period to 2015, an amount which would place a significant stress on the implementation capacity of the sector if it were to be filled.

[16] Lao PDR Public Expenditure – Integrated Fiduciary Assessment Study (WB, IMF, ADB, EC), January 2007

[17] See covering letter

The school feeding program comprises $117 million of this gap. The annual financing gaps reach as high as $84 million.

	2007	2008	2009	2010	2011	2012	2013	2014	2015
Budget Gap (Kip Millions)	658,962	234,140	729,428	701,707	626,018	403,342	181,025	198,196	260,742
Budget Gap (USD Millions)	75	27	84	81	73	47	21	23	31
Accumulated Budget gap (Kip Millions	658,962	893,102	1,622,530	2,324,237	2,950,255	3,353,597	3,534,622	3,732,818	3,993,560
Accumulated Budget gap (USD Millio	75	102	186	268	340	387	408	432	462

Source: ESDF, January 2009

The ESDF also proposes a significant decline in the share of recurrent funding to primary education. The EFA benchmark is 42% for primary but the ESDF projects the primary share to decline from 39% to 28%. The decline in primary is offset by an increase in lower secondary from 11.3% to 23.7%

Recurrent Shares	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Early Childhood	7.6%	7.4%	7.2%	7.5%	8.4%	8.6%	8.7%	8.8%	8.9%
Primary	39.0%	37.5%	37.9%	36.7%	34.3%	32.2%	30.4%	28.9%	28.0%
Lower Secondary	11.3%	12.0%	14.5%	17.7%	18.5%	19.8%	21.5%	23.2%	23.7%
Upper Secondary	7.4%	7.4%	6.2%	6.4%	6.5%	7.1%	7.1%	6.8%	7.3%
Technical and Vocational	3.2%	3.7%	7.9%	7.6%	8.1%	8.6%	8.5%	8.5%	8.5%
Teacher Training	5.2%	3.7%	2.2%	1.8%	1.9%	1.8%	1.7%	1.7%	1.6%
Higher Education	5.6%	7.8%	5.8%	4.6%	4.3%	3.8%	3.4%	2.9%	2.3%
Non Formal Education	3.7%	3.8%	3.5%	3.4%	3.5%	3.6%	3.7%	3.9%	4.0%
Inclusive	9.9%	8.5%	6.7%	5.8%	5.5%	5.3%	5.1%	5.0%	4.8%
Total Education Management	7.0%	8.2%	8.2%	8.5%	9.0%	9.4%	9.9%	10.4%	10.9%
Admin Centre	*0.7%*	*0.8%*	*0.8%*	*0.9%*	*0.9%*	*0.9%*	*1.0%*	*1.0%*	*1.1%*
Admin Provinces/Districts	*6.3%*	*7.4%*	*7.4%*	*7.7%*	*8.1%*	*8.5%*	*8.9%*	*9.4%*	*9.8%*
	100.0%	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*

Source: ESDF, January 2009

However, if the total recurrent share for basic education (early childhood, primary and lower secondary) is examined, the recurrent share for these sub-sectors increases from 57.9% to 60.5% by 2015.

There must be strong political will to increase the share of public expenditure spent on education, and to preserve a sufficient level of funding for the primary subsector will be critical for substantial progress to be made toward UPE/MDG2 goals by 2015.At the same time, improved fiscal efficiency of the expenditures made in the sector would also be required.

9.8 Requirements of Development Partners

The ESDF is premised on the understanding that MOE and DPs consider a single comprehensive Education Sector Plan to be a useful tool for harmonising and simplifying the process for donor identification of future aid support. This is consistent with the Vientiane Declaration and will enable pledges of multiple-year financial commitment to provide a reliable funding base to implement medium term policies of the ESDF. .While the eventual objective would be to move towards a complete sector wide approach, in the short to medium term DPs are likely to continue with existing

country strategies and a diversity of funding modalities but move towards the objective of all future funding being part of an integrated program of external financial assistance. It is likely that various DPs will make this transition at different times. It is critical that all DPs understand the nature of this transition.

The ESDF includes a significant amount of construction of classrooms, particularly at lower secondary levels. Currently, relatively few DPs are supporting school construction with only one donor funding lower secondary construction (230 classrooms). For the ESDF to be successfully implemented, DPs will need to redirect a significant amount of their financing to school construction.

The recurrent costs of the ESDF are far beyond the resources of the GOL given the current low share (of public expenditure to the sector and the total shortfall in recurrent expenditure for the ESDF is more than $294 million. If the ESDF is to be fully implemented, DPs will need to shift their role from a focus on investment funding to also provide significant support in the form of recurrent expenditure. This immediately suggests a problem of sustainability, although the GOL does expect a significant increase in revenues once loan repayments from NT2 are completed (2021).

9.9 Presentation of the ESDF for its Function as a Guiding Document for Implementation and Monitoring

DPs provided many comments concerning the presentation of the ESDF with most indicating a need for a less complicated, shorter and clearer document which clearly articulates where MOE is now, the GoL's vision by 2015 and how it wants to get there. At the same time, it should confirm ESDF's role as the action plan for the NESRS – and the single and agreed operational tool to achieve their policy intentions. There is a need for the ESDF to capture the main elements of the key macro and sector documents in the text and include baselines figures linked to various targets since these only appear in the underlying financing assumption tables.

Specific additions to the text include a clearer explanation of linkages between nutrition, stunting and mental development; the holistic ECD policy which is under development; and strategies for the UN Literacy Decade (UNLD) and the UN Decade of Education for Sustainable Development (UN DESD). The complex and at times repetitive presentation of the current ESDF is the result of the iterative process that has necessarily occurred during its development. Once agreement is reached on the content of the ESDF, there is a need for revision to produce a shorter document identifying major policies, targets and strategies with separate annexes that include the detail. For example, one annex might be an overall plan by subsector, another by targets, another by cost of subsector and strategies, and another implementation by year. This last annex might include a diagrammatic representation of phased introduction of various strategies. Such information will then provide direction for development of the implementation plan. It has also been suggested that

an annex might be included that outlines the long process that has led to the current draft (including the MDA, the ADB TA, etc.).

10. Conclusions

To achieve UPE/MDG2, the sector must focus on primary education without major distractions to this effort. There is a need for a reality check on what must be done to achieve UPE. It is not merely a target of bridging the last 13% of the NER. Rather, it is to enable the remaining 11% of out-of-school children to finally receive primary education and to ensure that the 30% of currently enrolled children who do not reach grade 5 complete all 5 grades. This will take a major effort by all levels of the MOE to achieve, and particularly at provincial level achieving UPE cannot be distracted by other innovations such as major expansion to lower secondary education and introduction of model schools. It may be possible for MOE to achieve UPE/MDG2 by 2015 or it will be possible to significantly expand lower secondary but it is not possible for MOE to do both before 2015 due to both financial constraints and capacity constraints. This may be difficult for MOE to accept since it requires the delay to the introduction of the 5+4+3 system, the flagship and most visible aspect of educational reform.

Comparing the ESDF to the findings of the mid-term review of the 6th NSEDP, it is apparent that the balance of sub-sectors proposed by the ESDP is still not sufficiently aligned to global government priorities. In particular, the relative expansion of secondary and higher education relative to expansion of technical education and vocational training does not closely match NSEDP requirements.

Considering the government's implementation capacity, achievement of a number of the objectives of the ESDF might need to be postponed to 2020. Even if the $462 million funding gap could be resourced, MOE does not currently appear to have the capacity to disburse this amount of funding over the period to 2015. There is an urgent need to make some hard decisions about priorities and to reflect these priorities in the implementation plan.

However, there are mitigating circumstances for this low level of funding. The history of modern development in Lao PDR is unique. The country was left with minimal infrastructure following the colonial period and a further 30 years of conflict linked to the Indo-china wars continues before the revolutionary government of Lao PDR was in place. Thus, in only 1975 did modern development begin and this started at a very low base given the lack of infrastructure – roads, hospitals, schools (eg., not a single secondary school), etc and the scattered population – 5 million over more than 12,000 villages many of which were in remote areas inaccessible during the rainy season.

Development, with the assistance of international donors began at a rapid pace but the 1997 Asian financial crisis impacted severely on the country, particularly on food sufficiency. Following this crisis, the government of Lao took a deliberate decision to become self-sufficient so as to avoid the severe impacts of any future economic/financial crisis. As a result, government revenue was

directed mainly to agriculture, irrigation, roads and communications. The social sector suffered but when people do not have sufficient food to eat, education takes a lower priority. The country's infrastructure has now improved and food self-sufficiency has been achieved. In the future, a greater share of government revenue will be available for the social sector. Indeed, the agreements with donors of the Nam Teun 2 hydroelectricity dam project specifically allocate a specific proportion of future generated revenues to the social sector and the National Commission for Education Reform, chaired by the Deputy Prime Minister, has provided written confirmation to Development Partners of a steady and significant increase in the education sector share of government revenues over the period to 2015 in order to support achievement of MDGs.