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USAID/LAOS STRATEGIC FRAMEWORK 2023 - 2028

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ACRONYM LIST

Acronym	Definition
ADB	Asian Development Bank
ASEAN	Association of Southeast Asian Nations
COVID - 19	Coronavirus Disease
CTIP	Countering Trafficking in Persons
DO	Development Objective
GDP	Gross Domestic Product
GOL	Government of Laos
HIV/AIDS	Human Immunodeficiency Virus / Acquired Immunodeficiency Syndrome
IR	Intermediate Results
Lao PDR	Laos People Democratic Republic
LAOHUN	Lao One Health University Network
LDC	Least Developed Country
LGBTQIA+	Lesbian, Gay, Bisexual, Transgender, Queer, Intersex, Asexual
MCHN	Maternal and Child Health and Nutrition
MOU	Memorandum of Understanding
MSME	Micro, Small, and Medium Enterprises
NSEDP	National Socio-Economic Development Plan
PIO	Public International Organization
PRC	People's Republic of China
SEAOHUN	Southeast Asia One Health University Network
SF	Strategic Framework
TIP	Trafficking In Persons
UNDP	United Nations Development Program
UNICEF	United Nations International Children's Emergency Fund
USAID	U.S. Agency for International Development
USG	United States Government
UXO	Unexploded Ordnance
WHO	World Health Organization

EXECUTIVE SUMMARY

The goal for USAID/Laos' Strategic Framework (SF) is *“Laos-led resilient, sustainable, and inclusive development advanced.”* *“Laos-led”* emphasizes the importance of engaging with and attaining buy-in from stakeholders at all levels of society; *“Resilient”* reflects the importance of increasing Lao PDR's ability to respond to internal and external shocks; *“Sustainable”* acknowledges that overreliance on extractive approaches and underinvestment in social sector programs to date have and will not improve development outcomes for the majority of Lao citizens; and *“Inclusive”* advances USAID and GOL goals to ensure improved processes and outcomes are shared across the breadth of Lao society.

USAID's consultations and analyses determined that progress toward this goal can be best achieved by co-acknowledging Lao PDR's most pressing development challenges with the GOL and building capacity throughout society to address them. USAID will address these core challenges through four distinct yet interlinked Development Objectives (DOs):

- DO 1: Diversified Green Economic Growth Shared Equitably
- DO 2: Education Learning Outcomes and Opportunities Expanded
- DO 3: Health and Disability Outcomes Improved
- DO 4: Inclusive and Responsive Governance Strengthened

In addition, USAID/Laos has identified digitalization, climate change and private sector engagement as cross-cutting issues that it will incorporate and advance across its portfolio.

USAID/Laos is committed to driving progress beyond programs to achieve sustainable and inclusive development. The SF's strategic approach emphasizes alignment and partnership with key stakeholders, including the GOL, other United States Government (USG) and USAID operating units, other donors, public international organizations, civil society/community organizations and the private sector. In addition, it focuses on advancing equity and effectiveness by incorporating development diplomacy, localization, and gender and inclusive development throughout its work. Evidence-based learning efforts in MEL and adaptive management will be a priority, with a focus on enhancing Monitoring, Evaluation, and Learning knowledge and understanding of USAID staff, implementing partners, and other key stakeholders.

COUNTRY CONTEXT

Lao PDR is landlocked, though prefers to frame itself as a land-linked, Southeast Asian country of 89,100 square miles, sharing borders with Thailand, Myanmar, Cambodia, Vietnam, and the People's Republic of China (PRC). Lao PDR's population of approximately 7.5 million is relatively young, with a median age of 24.4 years, and is more rural (65 percent) than urban (35 percent). Its 4 main ethno-linguistic group families (Lao-Tai, Mon-Khmer, Hmong-lu Mien, and Sino-Tibetan) are further divided into 50 different ethnic groups, with Lao-Tai comprising over 50 percent of the population.



Lao PDR has experienced consistent economic growth over the last two decades, but that has not translated to sustainable and inclusive job creation. Stable economic growth (averaging 7.5 percent) over the previous two decades has predominantly been driven by large-scale investments in capital intensive sectors, particularly mining, hydropower, and other extractive industries. These investments have not translated well to wider job creation, and some have entailed considerable environmental costs. Moreover, public investment in the power sector and other infrastructure has been mostly financed by external debt, often on commercial terms, which has gradually weakened macroeconomic stability. Economic growth remains mainly concentrated in urban areas and around 23 percent of the population still live in poverty.

Lao PDR's geographic location presents unique opportunities and challenges. There remain significant opportunities for Lao PDR to integrate more closely with Association of Southeast Asian Nations (ASEAN) neighbors. Regional connectivity, including the Laos-China railway, can promote inclusive growth and further Lao PDR's goal of becoming a 'land-linked' transit hub. However, it must be combined with appropriate investments, policy reforms to support multi-modal transport, logistics modernization, and inclusive private sector capacity development. Over 98 percent of Lao PDR private sector firms are micro, small, and medium enterprises (MSMEs); which can be tapped into for trade with its neighbors.

Coronavirus disease (COVID-19) had a significant impact on public revenue, exacerbating an already challenging fiscal situation and constraining limited public spending on education, health, and other social services. In 2020, economic activity virtually stagnated and GDP grew by only 0.5%, highlighting Lao PDR's vulnerability to external shocks. In response to COVID-19, the GOL moved decisively and effectively to contain the virus and limit its health impact on its citizens. However, lengthy lockdowns

reduced foreign exchange earnings and resulted in significant job and livelihood losses, particularly for MSMEs in the service industry, tourism, handicrafts, and manufacturing. The cumulative effects of these setbacks mean the country faces macroeconomic instability and heightened financial risks for both the public and private sector. As public debt service obligations rise and revenues decrease, spending on crucial social services such as education, health care, and social protection has decreased.

Lao PDR's youthful population could provide the country a "demographic dividend" if Lao PDR were able to make sizable investments in human capital development. Prior to COVID-19, weak education and health sector capacity and inadequate funding limited human capital development. Based on World Bank (WB) data between 2012 and 2017, the Human Capital Index value for Lao PDR increased only slightly from 0.41 only to 0.45, indicating that a child born in 2018 would achieve only 45 percent of her productive potential, even by maximizing available education and health resources. Prolonged school closures due to COVID-19 further impacted the learning of an estimated 1.7 million students.

Economic setbacks and challenges in social services mean that Lao PDR risks losing gains it has made in poverty eradication, education, nutritional status, and other key human development indicators. Lao PDR faces multiple challenges in ensuring equitable economic growth, adequate food security, quality education, access to social protection, and preventing and addressing disability. Despite remarkable gains in human development over the past three decades, life expectancy at birth declined in 2021—the first time in 32 years—by 0.4 years and is now at the same level as in 2010-2011.¹ Expected years of schooling dropped to 10.1 in 2020, while mean years of schooling remained at the same level as in 2019. Gross National Income (GNI) per capita income continued to increase but at a much slower rate, having risen an average of 4.74 percent annually over the past 30 years. Specifically, rising by only 1.7 and 0.63 percent for 2019-2020 and 2020-2021, respectively, indicating COVID-19's impact on the economy. These factors, as Lao PDR looks to graduate from LDC status in 2026, have led the government to improve its development planning, financing, and coordination among ministries and with development partners.

Improvements to governance will be essential for sustainable and inclusive development. With Lao PDR under a one-party political system that determines government policies, efforts to increase transparency and accountability are only recently picking up. Long, porous borders have made Lao PDR vulnerable to transnational organized crime, including trafficking in persons (TIP), drugs, and wildlife. While the government has led a public push to promote a good governance agenda, low capacity has limited the pace of change.

Lao PDR and United States (U.S.) continue to address long-standing legacy issues. The United States dropped two million tons of bombs during the Vietnam War, large quantities of which remain a safety threat to the present. After the end of the Vietnam War, Laos was closely aligned with the Soviet Union until the end of the Cold War. To this day, these legacies challenge the full acceptance of U.S. assistance. In 2016, however, President Obama became the first sitting U.S. president to visit Lao PDR, establishing

¹ [UNDP National Human Development Report: Lao PDR](#), page 23

the U.S.-Laos Comprehensive Partnership. This historic visit set in motion an opportunity to forge a new, long-term partnership.

PURPOSE AND STRUCTURE OF THE USAID/LAOS STRATEGIC FRAMEWORK

As a Country Representative Post, USAID/Laos does not have a Country Development and Cooperation Strategy (CDCS) to define its strategic approach and guide the planning, delivering, monitoring, evaluation, and adapting of its growing portfolio of development programming. Therefore, the purpose of this USAID/Laos SF is to establish a common understanding of programming priorities, contribute to policy coherence across the U.S. government agencies active in Lao PDR, and support both evidence-based decision-making and the effective utilization of USAID/Laos' available resources. It also serves as a formal mechanism around which to build broad stakeholder buy-in for USAID on development priorities in Lao PDR. The Results Framework outlines a focused choice of objectives and defines how USAID/Laos will make progress toward its development goal; achieve, measure and monitor its results and development objectives; and ensure that USAID activities are complementary and aligned in support of those objectives.

STRATEGIC APPROACH

This SF builds upon USAID's work under the prior 2019-2023 USAID/Laos Programming Approach in economic growth, education, and health. It capitalizes on newly emerging priorities including advancement of ASEAN regional integration and sustainable employment, plus expands the scope of its work in the governance sector. The strategic approach details how USAID/Laos will align and partner with critical stakeholders to achieve sustainable results in Lao PDR. In addition, it identifies the most critical programmatic approaches that USAID will incorporate throughout its portfolio to advance USAID's sustainable development model.

KEY STAKEHOLDERS

Government of Lao PDR. Since 2020, USAID/Laos has made significant progress building trust with the GOL and advancing the U.S. Laos Comprehensive Partnership. This SF recognizes the importance of continuing these efforts to strengthen the bilateral relationship and advance shared United States Government (USG) and GOL priorities through a locally led development approach. USAID/Laos has strategically aligned its thematic areas of work to GOL priorities as articulated in the 9th Five-Year National Socio-Economic Development Plan (9th NSEDP 2021-2025)—see Annex I—and very likely its 10th iteration. USAID believes that this alignment will improve the development partnership with the GOL and translate into addressing the following operational challenges:

- Memorandum of Understanding (MOU) approval process for development activities;
- Coordination among GOL actors across sector ministries and local administrations;
- Coordination between development partners and GOL; and
- Engagement of GOL stakeholders during activity implementation.

USAID/Laos will continue its extensive engagement with all levels of the GOL: national, provincial, district, and village level. USAID/Laos will enhance partnerships with line ministries and continue efforts

to strengthen its relationship with the Ministry of Foreign Affairs and the Ministry of Planning and Investment. At the provincial and district level, USAID/Laos will continue efforts to engage local governments to better understand their challenges and develop partnerships. At the village level, USAID/Laos will ensure the voice of local communities is an integral part of its activity design and implementation process.

Other USG. USAID recognizes its role in the broader context of U.S. regional efforts and has aligned this strategy to the U.S. Indo Pacific Strategy, the Department of State and USAID Joint Regional Strategy for East Asia and Pacific, and the Laos Integrated Country Strategy². USAID/Laos will align its efforts with other U.S.G entities, including the Departments of Agriculture, Commerce, Defense, and State, the Centers for Disease Control, and the U.S. Trade and Development Agency, in pursuit of the following objectives:

- Increase capacity of Laos as an ASEAN member and regional player;
- Integrate climate risk considerations and mitigate climate change;
- Address war legacy issues such as unexploded ordnance (UXO) and injuries associated with UXO;
- Enhance access to justice and the rule of law;
- Improve the health/well being of Lao citizens and access to quality education; and
- Counter transnational crime and TIP.

USAID. USAID/Laos will continue to work closely with its regional mission in Bangkok for operational support services and technical expertise, particularly in the health, energy and environment, and governance sectors. In addition, USAID/Laos will continue to leverage existing regional and central implementing mechanisms to address both the MOU challenges and staff bandwidth concerns, as well as take advantage of broader approaches and substantial technical expertise. USAID/Laos will also prioritize developing stronger relationships with USAID operating units in the ASEAN region with similar context challenges to share best practices and lessons learned, particularly with USAID/Cambodia and USAID/Vietnam.

Other Donors. With an annual budget over \$40 million, USAID is the fourth largest overseas development assistance donor in Laos, behind the Asian Development Bank (ADB), Japan, and the International Development Association in the WB group. Recent consultations with key donors indicate that USAID is best positioned to lead in economic growth (investment climate, trade and enterprise development), education, health, and inclusive development.

The GOL and donors recognize the need to strengthen coordination and collaboration. The United Nations has recently undertaken extensive efforts to improve development planning and donor coordination through sector working group mechanisms, and USAID has increased its participation and role in the donor round table process and sector working groups. For example, USAID recently became co-chair of the Trade and Private Sector Working Group, in the Fall of 2023, the first such co-chair role for the USG outside of unexploded ordnance (UXO). In addition, there has been movement within the

² See Annex III - Strategic Alignment to IPS, JRS EAP and ICS

donor community beyond USAID to align strategies to the GOL's 9th NSEDP, notably the 2023-2026 WB and ADB Country Partnership Framework. This improved dialogue and strategic alignment will enable donors to better support the GOL to achieve its goals and respond to the GOL's capacity challenges in certain sectors (e.g., health, public financial management, higher education, and technical vocational education and training).

Public International Organizations. USAID will continue to seek opportunities to partner with public international organizations (PIOs) with established bilateral cooperation agreements with the host government, such as United Nations Development Program (UNDP), United Nations International Children's Emergency Fund (UNICEF), World Health Organization (WHO), International Labor Organization, WB, ADB, and others. PIOs have a strong presence in Laos, are trusted, and are perceived positively by the GOL.

Civil Society and Community Based Organizations. Increasing engagement with civil society and local community based organizations is a priority within this SF. USAID will continue its efforts to increase partnership opportunities and establish the enabling environment necessary to increase the organizational, management, and technical capacity of these organizations. USAID/Laos is currently engaged with several local organizations and will continue to expand on its efforts to convene, listen, and learn with local organizations as well as identify opportunities for future partnerships.

Private Sector. USAID/Laos recognizes the importance of engaging and partnering with the private sector to achieve sustainable results, and the GOL values USAID's programming in this sector. Where feasible, USAID/Laos will prioritize establishing partnerships with the private sector to increase resources in economic growth, energy, education, health and disability and relevant sectors. In addition, USAID/Laos will engage the private sector to identify and develop the skills needed for a productive labor force and expand the range of development partners in the country.

PROGRAMMATIC APPROACHES

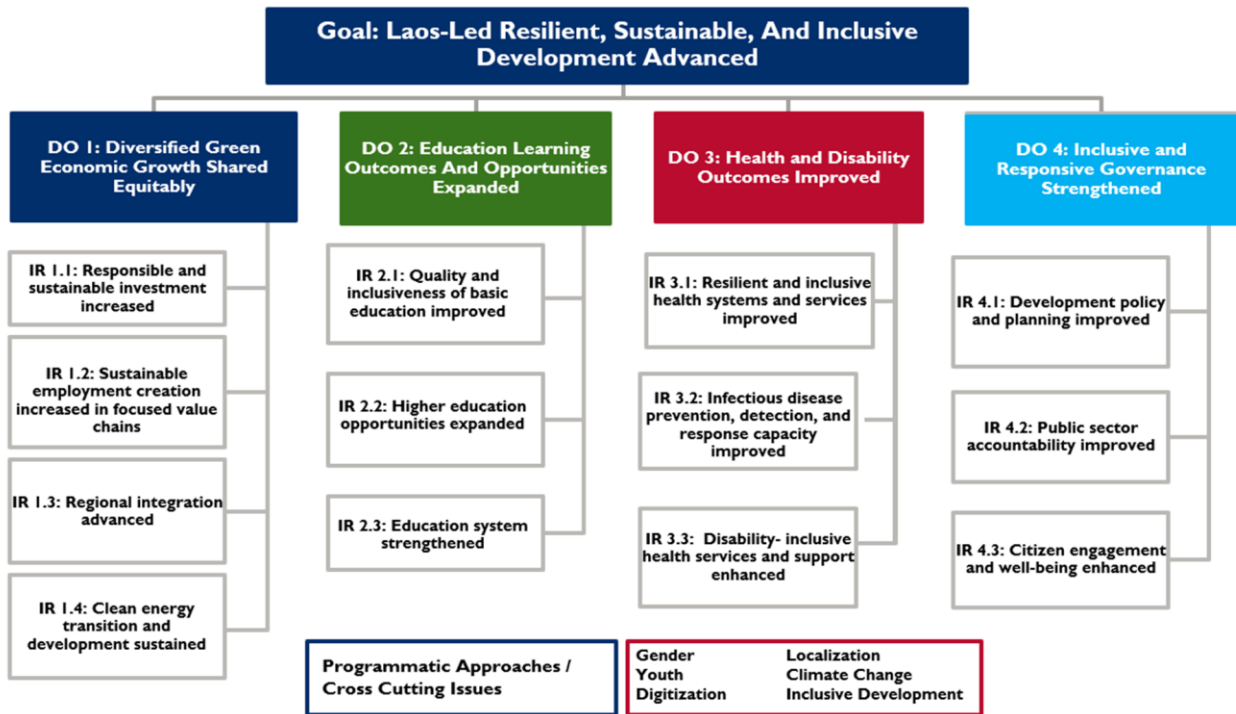
Development diplomacy. USAID will continue to ground its approach in development diplomacy to achieve overall U.S. public diplomacy ambitions and aspirations in the country and region; overcoming the Vietnam War's legacy requires such in Lao PDR. USAID will collaborate with our USG colleagues in-country to increase knowledge and understanding of the challenges faced by local communities and ensure USG programming is designed appropriately to meet those needs. USAID will leverage its role as a leading donor to collectively advocate for critical economic reform, social sector capacity building, and widespread use of inclusive development practices. In addition, USAID will harness, and leverage the activities of other donors to advance its development objectives.

Localization. USAID/Laos is committed to localization to achieve greater equity, effectiveness, and sustainability of its programming. USAID/Laos' commitment to locally led development begins with its alignment to the GOL's 9th NSEDP and beyond, as noted previously. Under this SF, USAID/Laos will not only consult local actors in the planning and implementation of its activities, but also take a more deliberate approach to a partnership where USAID/Laos engages in joint decision making. USAID will focus on the system, understanding the local context and actors, their interrelationships and the

incentives that guide them as opposed to working with a single actor or attempting to strengthen a single aspect. USAID recognizes the importance of local organizations in the country’s development and will continue to strengthen their ability to be effective and relevant actors within their local communities and contexts. USAID will capitalize on its role as a leading donor in Lao PDR and the broader shift within the donor community toward locally led development.

Inclusive Development. USAID/Laos recognizes that when the entire population regardless of gender, ethnicity, disability or other factors reaches its full potential, all will benefit. Taking an intersectional approach, USAID/Laos programming integrates gender and social inclusion and will continue to prioritize the needs of all women and girls as a key population across sectors and socioeconomic backgrounds. In particular, USAID/Laos’ programs seek to create and amplify opportunities for women and girls, marginalized and underrepresented groups, including persons with disabilities, non-dominant ethnic groups, and lesbian, gay, bisexual, transgender, queer/questioning, intersex, asexual and other (LGBTQIA+) people. This SF seeks opportunities for transformational change beyond the foundational concepts of “do no harm” and “nothing about us without us”, toward an aspirational vision of equity and equality that addresses the impact of intersectional discrimination and bias based on sex, gender identity, sexual orientation, ethnicity, ability, and socioeconomic status.

RESULTS FRAMEWORK



USAID/Laos’ “Laos-led resilient, sustainable, and inclusive development advanced” goal maintains and expands the trajectory of current programming and activities, recognizing that development is not achieved in five-year strategies and that the process requires continued long-term support. “Laos-led” emphasizes the importance of engaging with and attaining buy-in from stakeholders at all levels of

society; “Resilient” reflects the importance of increasing Lao PDR’s ability to respond to internal and external shocks; “Sustainable” acknowledges that overreliance on extractive approaches and underinvestment in social sector programs to date have and will not improve development outcomes for the majority of Lao citizens; and “Inclusive” advances USAID and GOL goals to ensure improved processes and outcomes are shared across the breadth of Lao society.

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DO 1: DIVERSIFIED GREEN ECONOMIC GROWTH SHARED EQUITABLY

The Economic Growth DO – Diversified Green Growth Shared More Equitably by all Lao PDR Citizens – aligns with Lao PDR’s objective of reducing the economy’s reliance on a limited number of industries, particularly natural resource-intensive sectors, and aligns with the GOL Green Growth Strategy and the 9th NSEDP definition of “Quality Development.”³ DO 1 will: a) leverage private sector resources to increase economic and energy resilience, b) engage the private sector to link a more productive labor force to local labor markets needs, c) increase GOL engagement to be more responsive and accountable to private sector needs, and d) increase GOL capacity to engage regionally and proactively in ASEAN and Mekong economic growth.

The DO 1 hypothesis asserts that:

IF responsible and sustainable investment increases, and
IF sustainable employment creation is increased in focused value chains, and
IF regional integration is advanced, and
IF the clean energy transition and development is sustained,
THEN diversified green economic growth will be shared more equitably.

IR 1.1 Responsible and sustainable investment increased. The GOL has increasingly recognized that an economic growth model based primarily on natural resource extraction is not sustainable. There is continued interest from the GOL to engage USAID on business environment reforms that will foster more sustainable growth. Under this Intermediate Result (IR), USAID/Laos will support programming to

³ [i] Quality development is defined in the GOL’s 9th NSEDP as “a transformation towards improved efficiency and effectiveness of public investment, public-private partnerships, and domestic and foreign private investment, in line with the direction of socio-economic development goals. [...] This will require transforming and enhancing the competitiveness of production of goods and services to international standards, and creating a skilled, disciplined and healthy workforce that meets market demand [...] in the age of Industry 4.0.”

make GOL policies and procedures more responsive to private sector needs and improve the capacity of private sector associations to engage the GOL constructively and provide inclusive services to their members.

IR 1.2 Sustainable employment creation increased in focused value chains. Lao PDR's significant economic growth in the last two decades did not translate to sustainable, inclusive employment. USAID/Laos will increase sustainable employment creation through increased access to finance for private business in focused sectors, a streamlined credit access mechanism and process and building businesses' capacity to access finance. In addition, USAID will develop financial products and facilitate more inclusive participation in private sector growth opportunities. By improving access to capital, USAID/Laos will help accelerate the transition of informal micro and small enterprises into formal competitive firms that are able to invest in new systems and technologies, achieve the scale necessary to become internationally competitive, or adequately contribute to domestic revenue.

IR 1.3 Regional integration advanced. Lao PDR seeks to leverage its land-locked location to become increasingly "land-linked" through robust regional integration, connectivity, and trade to capitalize on ASEAN and Mekong economic growth. Increased ASEAN integration will give the country alternative sources of economic growth, as well as deeper economic ties to Laos' eastern and southern neighbors. USAID/Laos will help advance ASEAN regional integration by increasing GOL capacity in regional trade facilitation and management in targeted sectors, supporting the private sector to integrate better with regional and international supply chains and enhancing cross-border trade in goods and services.

IR 1.4 Clean energy transition and development sustained. To sustain Lao PDR's clean energy transition and development, USAID/Laos will (i) increase open private sector engagement for advanced energy technology; (ii) enhance diversification of the energy supply with a focus on renewable energy; (iii) support the modernization of the energy system; (iv) improve institutional capacity in energy sector policy, planning, and management; and (v) promote cross-border trade in energy.

DO I Risks and Assumptions:

1. USG-GOL relationship will continue to grow stronger, and GOL will be increasingly supportive of USAID assistance.
2. GOL encourages inclusive private sector growth.
3. GOL increases geopolitical and economic regional integration with ASEAN, particularly in the energy sector.
4. Laos-China Railway will remain operational and will increase local and regional integration.
5. GOL's fiscal position will continue to have a negative effect on the macroeconomic environment
6. GOL continues to support a green energy transition and is supportive of USAID engagement in the energy sector.

DO 2: EDUCATION LEARNING OUTCOMES AND OPPORTUNITIES EXPANDED

Lao PDR has one of the youngest populations in Southeast Asia with 50 percent of the population under the age of 25. The country's working-age population is projected to expand significantly by 2040 as declining fertility rates, changing age structures, and a demographic transition present great potential to reap a demographic dividend. However, Lao PDR's education system demonstrates substantial capacity gaps and insufficient funding that inhibit achievement of Lao PDR's development goals. DO 2 will help Lao PDR develop the quality human resources that it needs to support its development and become a stronger independent member of ASEAN. This DO and its IRs will focus on a select group of key issues and approaches, including:

- Educating children and youth who are marginalized and underserved;
- Engaging with non-state actors and communities to deliver innovations to expand access to quality education;
- Investing directly in local institutions;
- Strengthening country capacity to generate and use education data to drive transparency, accountability, and informed decision-making; and
- Transforming teacher policies and professional development systems to increase the availability of qualified teachers and improve instruction.

The DO 2 hypothesis asserts that:

IF the quality and inclusiveness of basic education is improved, and
IF higher education opportunities are expanded, and
IF the education system is strengthened,
THEN, learning opportunities and outcomes will be expanded.

IR 2.1 Quality and inclusiveness of basic education improved. Although Lao PDR has nearly achieved universal primary education in the last decade, the majority of children still leave primary education without mastering basic competencies, particularly reading comprehension. The GOL acknowledges that disparities continue to exist in participation and learning outcomes based on gender, ethnicity, language, disability, poverty, and geographic location. More attention to these disadvantaged groups is needed to improve overall levels of participation and learning outcomes. USAID/Laos will improve the quality and inclusiveness of basic education by: (i) improving educators' knowledge & skills, especially early grade literacy, numeracy, and other basic skills, (ii) improving the quality of education resources like teaching and learning materials, (iii) strengthening community engagement and support for learning outcomes, and (iv) improving retention of underserved students in formal and non-formal education. This IR will significantly promote Inclusive Development and Localization as USAID/Laos will engage local partners at all levels, including local communities, to advance education sector quality and inclusiveness.

IR 2.2 Higher education opportunities expanded. Higher education institutions can be central actors in facilitating sustainable development by conducting and applying research and delivering quality education. However, Lao PDR HEIs are struggling to produce enough of a skilled workforce to match

the country's sustainable development and LDC graduation goals. The GOL has prioritized enhancing HEI quality and building research capacity on various topics, particularly for priority subjects related to socio-economic development and the fields of science, technology, engineering and math. USAID/Laos will support the expansion of higher education (HE) opportunities in Lao PDR by providing scholarships to deserving university students. In addition, USAID/Laos will strengthen Lao HEI capacity to produce graduates with the requisite skills and knowledge for Lao PDR's development. This includes other development sectors of interest, such as health, nutrition, governance, energy, economic growth and disability. This IR will offer opportunities for USAID/Laos to build the next generation of leaders to guide Laos along a path of more inclusive and open socio-economic development. Plus, it will leverage the potential of U.S. and regional university partnerships to strengthen USG-Lao PDR relations and increase the orientation of Lao youth and workforce age-group to a free, open and connected Indo-Pacific.

IR 2.3 Education system strengthened. For USAID/Laos education programs to be effective, they must address a range of policy, technical, and institutional constraints at not only central levels, but also provincial, district, community, and school levels. To be sustainable, education programming requires a supportive policy environment, sufficient institutional capacity and commitment of private and public partners. Under this IR, USAID/Laos will strengthen the education system by increasing capacity to plan, implement and efficiently use resources for reforms and policies, and by improving data management efficiency and utilization.

DO 2 Risks and Assumptions:

1. The USG-GOL relationship will continue to grow stronger, and GOL will be increasingly supportive of USAID assistance.
2. Active donor coordination will continue and will limit duplicative programming.
3. An improved macroeconomic situation in development planning and financing will lead to increased GOL investment in the education sector in the future.
4. Improved quality of nutrition will lead to improved basic education outcomes.
5. Increased economic opportunities will lead to greater value/visibility of HE opportunities.

DO 3: HEALTH AND DISABILITY OUTCOMES IMPROVED

Lao PDR faces significant health and disability challenges, including low quality and coverage of health services and an insufficient and shortage of qualified health staff, particularly in semi-rural and rural areas. The lack of healthcare seeking behaviors and low health literacy are some of the main drivers of low utilization of the healthcare services. This has created growing health disparities between urban and rural areas. Moreover, limited and declining GOL resources and decreasing donor support, coupled with weak financial management within the health sector, have further weakened the health system. The COVID-19 pandemic has only exacerbated the situation.

Taking the lessons learned from previous health programs and the pandemic, DO 3 will continue to focus on the most critical healthcare needs of the most vulnerable and those living in rural and remote

areas. DO 3 will capitalize on USAID's comparative advantage and work in the following select priority areas:

- Reproductive, Maternal, Newborn, Child and Adolescent Health (RMNCAH) and Nutrition and Water, Sanitation, and Hygiene;
- Selected infectious diseases, including Human Immunodeficiency Virus / Acquired Immunodeficiency Syndrome (HIV/AIDS), Malaria, COVID-19 and other zoonotic diseases under Global Health Security rubric; and
- Disability and health system strengthening - including governance and health financing.

USAID/Laos will also expand opportunities to support the improvement of human resources for health, particularly in the HE space. Ongoing USAID-supported activities in these areas will provide the opportunity to build on the achievements of previous programming and contribute to greater sustainability.

The DO 3 hypothesis asserts that:

IF resilient and inclusive health systems and services are improved, and
IF infectious disease prevention, detection, and response capacity is improved, and
IF disability-inclusive services and support are enhanced,
THEN health and disability outcomes will be improved.

IR 3.1 Resilient and inclusive health systems and services improved. USAID/Laos will partner with the GOL to ensure that the health system is not only inclusive but adaptive and resilient to withstand possible future health, economic, and/or natural shocks. USAID/Laos' approach will center on creating a responsive, equitable and people-centered approach for the delivery of health services. This includes improving the capacity of the healthcare labor force to plan, budget, execute and manage health programs more effectively. In addition, USAID/Laos will focus on the quality of healthcare services through improvement in the medical knowledge and skills of service providers. USAID/Laos will equip communities, in partnership with local organizations, with the knowledge and enabling environment to adopt, practice, and maintain a healthy lifestyle.

IR 3.2: Infectious disease prevention, detection, and response capacity improved. Climate change is transforming the ways humans and animals interact, creating opportunities for more potential viral spillover events, new emerging infectious diseases, an increase in physical and mental stress, disruption in the food system, and likely future pandemics. USAID/Laos' health program will work with key partners in both human and animal health sectors to mitigate the impact of climate-related pandemic threats. USAID/Laos will support capacity building at national and sub-national levels by strengthening the One Health workforce and enhancing multi-sectoral and multi-level collaboration, including with networks such as the Southeast Asia One Health University Network (SEAOHUN) and the Lao One Health University Network (LAOHUN). As such, USAID will seek opportunities to work with Lao-specific and regional partners to strengthen preparedness, improve systematic coordination, and ensure capacities exist to prevent avoidable disease outbreaks, detect threats early, and respond rapidly and effectively when outbreaks occur.

IR 3.3: Disability-inclusive health services and support enhanced. USAID will expand its support to integrate disability inclusive health, mental health and social protection. In addition, USAID will advance the rights of and engage with persons with disabilities, including relevant civil society organizations, in the design and implementation of better disability policies. USAID will expand its reach to include the most war affected provinces, which are some of least developed provinces in the country. USAID will also target these areas for other USAID programming, including MCHN, Malaria, and education.

DO 3 Risks and Assumptions:

1. GOL continues its commitment to improve MCHN, disability, and strengthen public health security and emergency response systems.
2. Lao PDR committed to prioritize resources to essential social and health services, particularly to the most vulnerable (e.g., disability).
3. Laos demonstrates interest in advancing national and regional capacity for digital health.
4. The donor community and the USG continue to support improvements to the Lao PDR health system and invest in surveillance and clearance of UXO; USAID continues to receive robust health and disability funding.
5. Public debt repayments and/or future health shocks do not lead to further deterioration of public funding for health.

DO 4. INCLUSIVE AND RESPONSIVE GOVERNANCE STRENGTHENED

Good governance enables government institutions to manage resources effectively, protect the benefits and rights of people in a manner that is free of abuse and harm, and advance the national people-centered and rules-based management. Improvement in governance is fundamental and integral to help Lao PDR achieve transformational change. Under this SF, strengthening governance includes dedicated programming and will also be integrated across the other DOs.

Since 2020, USAID/Laos has made significant progress in several governance activities, most importantly rule of law, counter trafficking in persons (CTIP), development planning and legislative strengthening programs. Through years of USAID/Laos partnerships, the GOL has increasingly become more open to and willing to receive USAID contributions in the governance sector. The current governance programming is integrated in ways that intentionally enable open conversations about improving public transparency and accountability. USAID/Laos efforts include:

- Aligning the activities with Laos national priority plans and the country context;
- Empowering local stakeholders;
- Advancing an affirmative approach that promotes a people centered dialogue; and
- Partnering with stakeholders that have existing GOL relationships and can positively influence governance discourse.

Under this SF, USAID/Laos' vision is to leverage achievements to date and explore new opportunities that promote good governance policy and implementation, as well as sustainable development financing.

The governance DO will center on people, particularly marginalized populations, such as women or girls, ethnic minorities, people with disabilities or members of LGBTQIA+. USAID/Laos will engage and enable these populations to have an inclusive and legitimate role in society, with their voices increasingly heard and with improved access to the public services (legal, administration, education, health, etc.) they are entitled.

The DO 4 hypothesis asserts that:

IF development policy and planning are improved, and
IF public sector accountability is improved, and
IF citizen well-being is enhanced,
THEN inclusive and responsive governance will be strengthened.

IR 4.1: Development policy and planning improved: USAID will support improved planning and transparent financing for Laos' 9th NSEDP and beyond to ensure it is inclusive of government at all levels (national, province, district, village) and all people. USAID will support key development actors, including government, private sector, and civil society, to coordinate and collaborate effectively to advance NSEDP implementation and design development priorities based on a realistic and viable budget.

IR 4.2: Public sector accountability improved: Public institutions in Lao PDR demonstrate more will to pursue good governance than the capacity to implement the necessary systems and processes. Under this IR, USAID will partner with key governance actors, including the State (i.e., Supreme) Audit Organization of Lao PDR, legislatures, ministries most involved in planning, investment and finance, local authorities, the judiciary, and other governance entities to enhance their capacity and skills to fulfill their roles. Most importantly, USAID's partnerships will strive to be more analytical, ethical, and responsive to citizens' needs. As related to IR 4.1, one critical area in need of structural reform is public financial management. USAID will support Laos to build the eco-system for public financial management and public accountability to promote democratic reform of finance and better align the national financing plan to its development goals, essential to realizing both sustainable growth and LDC graduation.

IR 4.3: Citizen engagement and well-being enhanced: USAID will continue its current programming to protect the rights and benefits of Lao citizens, with a focus on marginalized and underrepresented groups. To reach LDC graduation by 2026, the country and its populations will require support to address emerging challenges, including human trafficking and unsafe migration, climate change, and economic crisis. USAID/Laos will work to ensure that despite such vulnerabilities, the citizens remain resilient, have equal rights and access, and are protected by the law and the government. USAID intentionally uses the term "well-being"—articulated in the 9th NSEDP as greater access to social and protection services, especially for women, children, ethnic minorities, and the UXO-affected—to demonstrate meaningful alignment with host-country ownership.

DO 4 Risks and Assumptions:

1. Lao PDR will remain a one-party state with political stability, and there will be no significant changes to the GOL's overall mandate or legislative strategy.
2. The USG-GOL relationship will continue to grow stronger, and GOL will be increasingly

supportive of USAID assistance in general and of ‘good governance’ assistance specifically.

3. GOL will gradually increase social services to citizens and will continue its commitment to the implementation of laws and policies that ensure the equality of all its citizens.
4. GOL will continue to maintain regional engagement and regional economic cooperation continues.

CROSS-CUTTING ISSUES

USAID/Laos has identified the following issues as cross cutting and will incorporate efforts to address each issue across the portfolio: Digitalization, Climate Change, and Private Sector Engagement.

Digitalization. USAID/Laos will align with USAID’s Digital Strategy and focus on both how digital technology is used and the context in which it is used. Digital considerations identified to date include:

- DO 1: Align programming with GOL priorities to promote a “digital revolution for sustainable development.”
- DO 2: Increase digital infrastructure and literacy in the education sector to achieve learning outcomes and education opportunities.
- DO 3: Support the development of, and align investments with national and/or regional digital-health strategies.
- DO 4: Promote digital or e-governance practices to foster efficiency and transparency systems.

Private Sector Engagement. USAID/Laos will advance USAID’s Private Sector Engagement Policy through collaboration and the leveraging of resources with private sector actors to improve development results. The following opportunities have been identified:

- DO 1: Leverage private sector resources to increase economic and energy resilience and engage the private sector to link a more productive labor force to local labor market needs.
- DO 2: Leverage private sector resources to increase access to quality teaching and learning materials for the education sector.
- DO 3: Support increased private sector engagement and leverage private sector expertise and resources; expand the range of development partners in health and disability sectors.
- DO 4: Engage the private sector in the country’s development priority and financing dialogues and promote a responsible investment practice.

Climate Change. USAID/Laos will identify opportunities throughout its portfolio to advance USAID’s Climate Strategy to reduce global greenhouse gas emissions and help partner countries build resilience to climate change. While there is a clear opportunity to build trust and align with GOL priorities to support climate resilience and mitigation in our efforts to achieve DO 1, USAID/Laos will also identify mitigation of climate risk and opportunities to integrate climate change adaptation across the DOs.

ANNEX I: USAID/LAOS STRATEGIC FRAMEWORK AND LAO PDR 9TH NATIONAL SOCIO ECONOMIC DEVELOPMENT PLAN

Strategic Alignment with GOL Development Priorities

9th NSEDP (2021-2025)



USAID/Laos SF & activities' alignment

<p>DO 1: Diversified green economic growth shared equitably</p>	<ul style="list-style-type: none"> • Lao PDR Competitiveness and Trade Project • Laos Business Environment • Laos Microenterprise • Rural Employment Project • Support to JUMPP • PFM reform
<p>DO 2: Expanded learning opportunities and outcomes</p>	<ul style="list-style-type: none"> • Learn to Read • BEQUAL • Applied Nutrition Research Capacity Building • Support to Education Sector • Support to Higher Education-SMCS
<p>DO 3: Health and disability outcomes improved</p>	<ul style="list-style-type: none"> • Community Maternal Child Health and Nutrition Strengthening • Maternal and Child Health • Okard • COVID-19 Assistance • Global Health Security • Malaria • HIV (PEPFAR) • Applied Nutrition Research, LSIS III
<p>DO 4: Inclusive and responsive governance strengthened</p>	<ul style="list-style-type: none"> • Legal Aid Support • Laos Counter Trafficking in Persons • Strengthening Capacity and Effectiveness of People's Assemblies System • National Planning and Financing for Inclusive Development (Support to NSEDP) • Supports to SAO