



Concept Paper

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Proposed Loans Lao People's Democratic Republic: Education for Employment Sector Development Program

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Asian Development Bank

CURRENCY EQUIVALENTS

(as of 03 September 2018)

Currency unit	–	kip (KN)
KN1.00	=	\$0.00012
\$1.00	=	KN8,512

ABBREVIATIONS

ADB	–	Asian Development Bank
EESDP	–	Education for Employment Sector Development Program
ESDP	–	Education Sector Development Plan
M&E	–	monitoring and evaluation
MOES	–	Ministry of Education and Sports
NSEDP	–	National Socio-economic Development Plan
P3F	–	post-program partnership framework
PBL	–	policy-based loan
SES	–	secondary education subsector
SESDP	–	Secondary Education Sector Development Program
STEM	–	science, technology, engineering, and math
SY	–	school year
TA	–	technical assistance
TVET	–	technical and vocational education and training

NOTES

- (i) The fiscal year (FY) of the Government of the Lao People's Democratic Republic and its agencies ends on 31 December.
- (ii) In this report, "\$" refers to United States dollars

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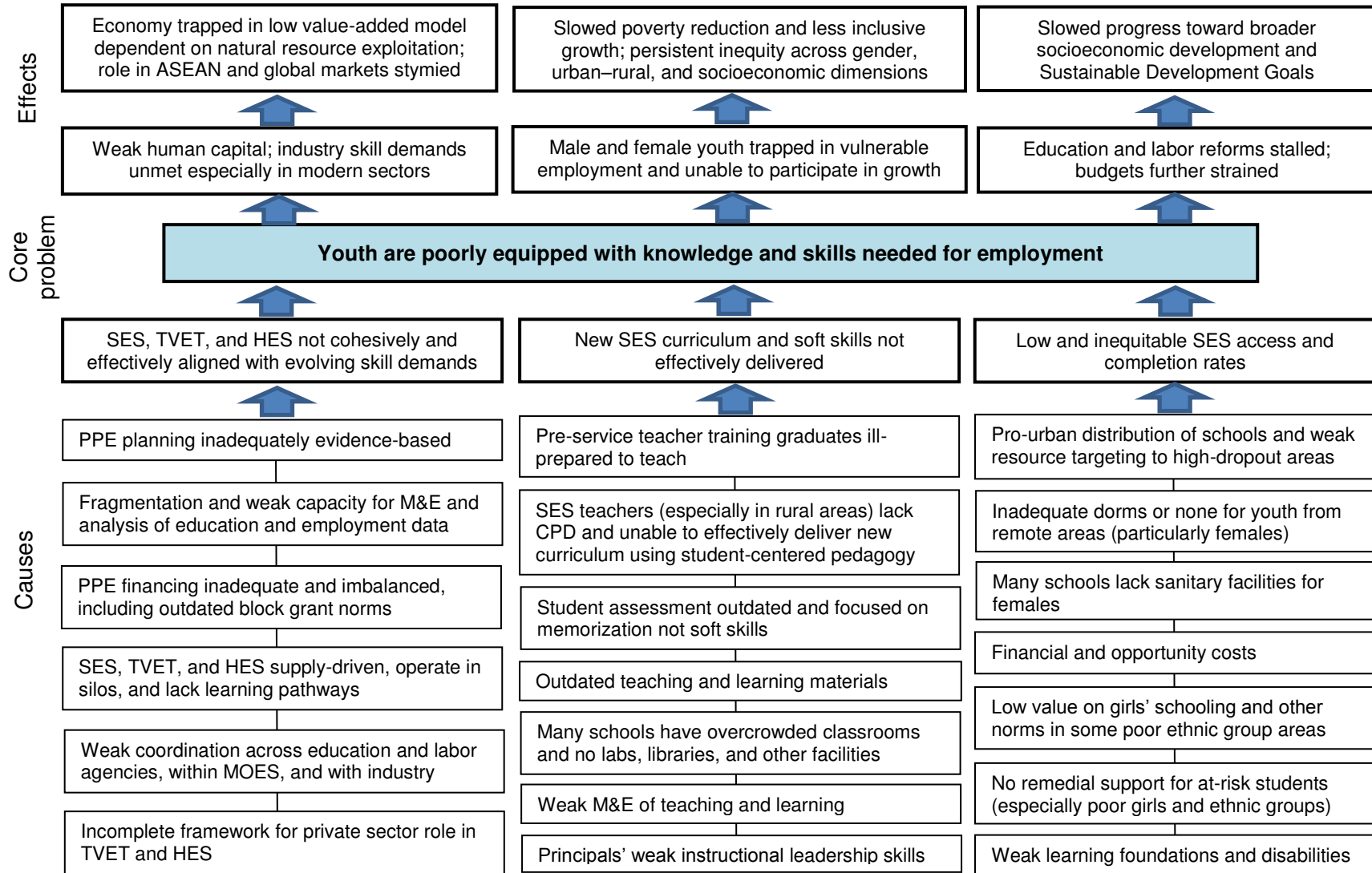
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PROGRAM AT A GLANCE

1. Basic Data		Project Number: 50399-003	
Project Name	Education for Employment Sector Development Program	Department/Division	SERD/SEHS
Country	Lao People's Democratic Republic	Executing Agency	Ministry of Education and Sports
Borrower	Lao People's Democratic Republic		
2. Sector	Subsector(s)	ADB Financing (\$ million)	
✓ Education	Education sector development		10.00
	Secondary		39.00
	Secondary - social protection initiatives		1.00
	Total		50.00
3. Strategic Agenda	Subcomponents	Climate Change Information	
Inclusive economic growth (IEG)	Pillar 2: Access to economic opportunities, including jobs, made more inclusive	Climate Change impact on the Project	Low
4. Drivers of Change	Components	Gender Equity and Mainstreaming	
Governance and capacity development (GCD)	Institutional development Institutional systems and political economy Organizational development	Gender equity (GEN)	✓
Knowledge solutions (KNS)	Application and use of new knowledge solutions in key operational areas		
5. Poverty and SDG Targeting		Location Impact	
Geographic Targeting	No	Nation-wide	High
Household Targeting	No		
SDG Targeting	Yes		
SDG Goals	SDG4, SDG8		
6. Risk Categorization:	Low		
7. Safeguard Categorization	Environment: B Involuntary Resettlement: C Indigenous Peoples: B		
8. Financing			
Modality and Sources		Amount (\$ million)	
ADB		50.00	
Sovereign SDP - Program (Concessional Loan): Ordinary capital resources		10.00	
Sovereign SDP - Project (Concessional Loan): Ordinary capital resources		40.00	
Cofinancing		0.00	
None		0.00	
Counterpart		5.00	
Government		5.00	
Total		55.00	
Currency of ADB Financing: USD			

PROBLEM TREE



ASEAN = Association of Southeast Asian Nations, CPD = continuing professional development, HES = higher education subsector, MOES = Ministry of Education and Sports, M&E = monitoring and evaluation, NQF = National Qualifications Framework, PPE = post-primary education, SES = secondary education subsector, TVET = technical and vocational education and training.

I. THE PROGRAM

A. Rationale

1. The proposed Education for Employment Sector Development Program (EESDP) will strengthen human capital in the Lao People's Democratic Republic (Lao PDR) and support inclusive growth and economic diversification.¹ The policy-based loan (PBL) will help better prepare Lao PDR youth for employment by helping the Ministry of Education and Sports (MOES) to advance foundational reforms to align post-primary education—secondary education, technical and vocational education and training (TVET), and higher education—with workforce skill needs. The project component will build MOES capacity to deliver these reforms, enhance the quality and relevance of secondary education in preparing youth for employment, and increase completion rates. The proposed program builds on the Secondary Education Sector Development Program (SESDP) and related support for TVET and higher education by the Asian Development Bank (ADB).² It directly supports ADB Strategy 2030³ through the operational priority of improving education and training. It is closely aligned with the country partnership strategy, 2017–2020.⁴

2. **The development problem.** Weak human capital obstructs inclusive growth, competitiveness, and economic diversification. An inadequately educated workforce is a top constraint to doing business in the Lao PDR. Employers face shortages of both foundational soft skills—critical and analytical thinking, creativity, teamwork, and problem-solving—and vocational hard skills like welding, mechanical, or tourism-related skills.⁵ Without education reforms, the gap between the demand for skills and their supply in the workforce may continue to widen. These gaps threaten to constrain the economy's transformation from natural resource exploitation and low-skilled labor towards the higher value-added modern service and industry sectors.⁶ Skills gaps also leave many Lao PDR youth with limited prospects for productive employment and contribution to economic growth. Among youth aged 18–27, only 3% are unemployed, but 83% of working females and 79% of working males are own-account or unpaid family workers.

3. **Binding constraints.** Post-primary education is the crux of the Lao PDR's human capital challenge.⁷ Secondary education accounts for the largest share of new entrants into nonagricultural jobs at 47% of 18–27 year olds in industry and service sectors, while higher education and TVET together account for 29%.⁸ With SESDP support, MOES completed first-wave reforms, introducing new secondary school and preservice teacher education curricula as

¹ The program is included in ADB. 2018. *Country Operations Business Plan: Lao People's Democratic Republic, 2019–2021*. Manila. An initial design and monitoring framework is in Appendix 1.

² ADB. [Lao People's Democratic Republic: Secondary Education Sector Development Program](#); ADB. [Lao People's Democratic Republic: Second Strengthening Technical Education and Vocational Training Project](#); and ADB. [Lao People's Democratic Republic: Second Strengthening Higher Education Project](#).

³ ADB. 2018. *Strategy 2030 Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific*. Manila

⁴ ADB. 2017. *Country Partnership Strategy: Lao People's Democratic Republic, 2017–2020—More Inclusive and Sustainable Economic Growth*. Manila. An outline of ADB's road map for education support during 2016–2030 is in Supplementary Appendix A.

⁵ Supplementary Appendix B outlines analysis on human capital and labor market participation in Lao PDR. The role of soft and hard skills regionally is discussed in S. Ra, B. Chin, and A. Liu. 2015. *Challenges and Opportunities for Skills Development in Asia: Changing Supply, Demand, and Mismatches*. Mandaluyong City, Philippines: ADB.

⁶ The service sector has grown most rapidly and accounts for about 41% of gross domestic product (GDP) and 20% of the labor force, with the industry sector comprising 31% of GDP and 8% of the labor force. Skills gaps also obstruct modernization and increased productivity in agriculture, which accounts for roughly 70% of the labor force but a declining share of GDP.

⁷ ADB. 2017. *Lao PDR Education Sector Assessment*. Manila.

⁸ Unless noted, quantitative figures are based on ADB staff analysis of data from the 2015 Population and Housing Census and 2014 Lao PDR Expenditure and Consumption Survey datasets.

well as pilot testing needs-targeted stipends. However, MOES recognizes the need to more effectively deliver these first-wave reforms and to advance follow-on reforms. Sustained reforms will be critical to address a weak alignment of post-primary education with labor market needs and a collective misalignment between post-primary subsectors, inadequate quality and relevance of secondary education, and low secondary education access and completion rates.

4. **Weak alignment between post-primary education and skill needs.** In the face of fiscal challenges, the Lao PDR's education budget, which rose 2.3-fold during 2010–2013, grew only 9% during 2013–2018. This has left post-primary education particularly under resourced. At the same time, secondary education, TVET, and higher education have been supply-driven and fractured into silos, with no clear strategic framework to ensure that they collectively meet evolving skill demands. Cohesive reforms and institutional strengthening are urgently needed to:

- (i) strengthen evidence-based planning, budget allocation, and monitoring and evaluation (M&E), including enhancing data on school–employment links;⁹
- (ii) revisit outdated and imbalanced norms for block grant financing to schools (e.g., capitation rates are lower for secondary education than for primary education);
- (iii) coordinate across MOES departments, other ministries,¹⁰ and the private sector; and
- (iv) adopt a national qualifications framework and establish new post-primary learning pathways, including mechanisms for recognizing prior learning in TVET.

5. **Inadequate quality and relevance of secondary education.** During the school years (SY) 2009/10–2016/17, MOES, with SESDP support, completed initial reforms to extend the secondary level from 6 to 7 years, introduce new textbooks and teacher guides, and train teachers nationwide. The reforms contributed to improved student learning and grade progression. For example, girls' survival rate from grade 6 to grade 9 rose from 68% in SY2009/10 to 79% in SY2015/16. However, continued reforms and quality enhancing investments are essential because secondary education provides half of the entrants to nonagricultural work and prepares others for entry into TVET and higher education. Particularly in poor rural areas, many schools struggle to fully deliver the curriculum and equip youth with skills needed in a modern economy, including communication and science, technology, engineering, and math (STEM) skills. Challenges include the need for better preservice training and deployment of secondary teachers, a continuing professional development system to help teachers master new pedagogical methods, and materials and facilities such as science laboratories and libraries to deliver the new curriculum. Student assessment requires further reform to move away from an emphasis on rote learning. Such challenges are greatest in poorer rural areas and in STEM-related subjects and English.

6. **Low access to and completion of secondary education.** Secondary enrollment and completion have increased at an accelerating rate since 2011, partly because of MOES curriculum reforms and pilot testing of needs-targeted stipends (also SESDP-supported). However, as the Lao PDR nears universal primary schooling with completion rates above 80%, secondary education has become a bottleneck. Low transition into lower secondary education and high dropout thereafter mean that only 49% of youth in recent cohorts (51% of males and 47% of females) have completed lower secondary education and only 28% (31% of males and 27% of females) have completed upper secondary education. Gaps across sex, socioeconomic status, and geography are intertwined and widen at the secondary level. In remote areas, the ratio of female to male completion falls from 0.9 for primary education to below 0.6 for upper secondary education. Low completion rates create a vicious cycle, leaving youth with bleak prospects for

⁹ MOES data is particularly limited on TVET, higher education, and labor market trends.

¹⁰ These include the Ministry of Labor and Social Welfare and the Ministry of Planning and Investment.

decent employment. Youth are unable to access and complete secondary education because of (i) supply-side constraints such as weak targeting of education resources to underserved areas, limited secondary school networks in remote areas, a lack of dormitories, and inadequate remedial support for lagging students; (ii) demand-side constraints that include poor households' financial and opportunity costs and social norms regarding girls' schooling; and (iii) education managers' capacity gaps in assessing and responding to the risk factors that lead to dropouts.

7. **Government strategy.** The Eighth National Socio-economic Development Plan 2016–2020 prioritizes education as a prerequisite for sustained economic growth and poverty reduction. The Lao PDR's Education Sector Development Plan, 2016–2020 (ESDP) calls for expanded investments in post-primary education to enhance youth employability and promote inclusive and diversified economic growth.¹¹ The ESDP recognizes that strengthening secondary education is critical to the Lao PDR's goals of graduating from least-developed country status and improving the skills of its workforce.¹² Eight of the ESDP's targeted outcomes aim to enhance:

- (i) the evidence basis for policies and programs;
- (ii) institutional structures, resourcing, and M&E throughout the sector;
- (iii) lower secondary education completion rates and transition into employment or further education and training;
- (iv) the role of upper secondary education, TVET, and higher education in producing more advanced skills to support economic modernization;
- (v) teaching in order to improve student learning outcomes at all levels;
- (vi) financial and human resources allocation to deliver improved learning outcomes;
- (vii) equity of access and moving toward universal lower secondary completion; and
- (viii) financing to reduce disparities related to sex, ethnicity, poverty, and location.

8. MOES has requested ADB support to review and revise planning for the post-primary subsectors as part of the forthcoming ESDP midterm review.

9. **ADB engagement.** The EESDP will build on ADB's role as the lead development partner supporting post-primary education in the Lao PDR, as emphasized by ADB's country partnership strategy, 2017–2020. Other partners focus largely on primary education.¹³ The EESDP will build on lessons learned from ADB's support for successful first-wave secondary education reforms, including introducing a new secondary curriculum (para. 5), reforming the preservice teacher education curriculum, and pilot testing needs-targeted stipends. The EESDP emphasizes teaching and learning processes and will enhance links across ADB assistance to secondary education, TVET, and higher education in order to more cohesively support the government's reform agenda for post-primary education.

B. Proposed Solutions

10. To address the binding constraints outlined in paras. 3–6, the EESDP will provide cohesive policy and investment support under three outputs.

11. **Output 1: Post-primary education aligned with labor market demand.** The EESDP will provide policy and investment support to align post-primary education with evolving skill needs and promote economic transformation. As outlined in Supplementary Appendix C, the PBL

¹¹ This is consistent with the increased focus of the Sustainable Development Goals on post-primary education and school-to-work transitions.

¹² The ESDP aims to raise the secondary education gross enrollment rate—which is the only education-related criteria linked to least-developed country status that can be influenced in the short term—to 75% by 2020.

¹³ The EESDP will complement support for lower secondary education from the European Union and Japan.

indicatively includes two policy actions linked to the midterm review of the Lao PDR's current education sector plan. First, the government will adopt enhanced evidence-based planning and M&E to address binding constraints on post-primary education, and to provide a basis for increased and more efficient budgetary allocations in the medium-term. Second, the government will adopt revised grant-based financing norms to increase funding to secondary education schools.¹⁴ The investment project will enhance MOES' engagement with other agencies and industry and build institutional capacity to deliver evidence-based and cohesive reforms. It will fund initiatives to enhance information systems and consolidate data on education and employment, conduct sex-disaggregated analysis of school-to-work transitions, and support strategies to meet employer skill demands in priority areas (e.g., STEM skills). The project will also support preparation of follow-on reforms included in a post-program partnership framework (P3F; para. 16). These reforms include (i) enhanced mechanisms for data-driven planning; (ii) a national qualifications framework and new learning pathways linking secondary education, TVET, and higher education; and (iii) a policy framework for public-private partnerships in TVET and higher education, all by 2022.¹⁵

12. Output 2: Secondary education quality and relevance to emerging skill demands strengthened. Building on the SESDP, the EESDP will help MOES and schools deliver new curricula effectively and better prepare youth for nonagricultural jobs.¹⁶ Under the PBL, the government will (i) develop a framework to institutionalize the periodic revision, and distribution of high-quality learning materials; (ii) implement a system to accredit preservice training programs; (iii) adopt learner-centered pedagogy along with teacher performance evaluations; (iv) mobilize district pedagogical advisors; and (v) introduce a student assessment framework. The project will help MOES deliver these reforms by pilot testing a new teacher continuing professional development system and introducing new student assessment approaches focused on mastery of soft skills. It will build the capacity of principals in instructional leadership and support M&E of teaching and learning. The project will also provide science laboratory equipment, library and classroom materials, and appropriate forms of information and communication technology. Support will prioritize rural areas and female and ethnic group teachers and managers. Finally, the project will support MOES in completing, by 2022, follow-on reforms under the P3F related to preservice training, deployment, and continuing professional development of secondary education teachers, as well as updating of curriculum in selected subjects.

13. Output 3: Targeting and support for equitable secondary education access and completion enhanced. The EESDP will support reforms and investments to improve secondary education access and completion by addressing supply- and demand-side constraints, strengthening management capacity, and increasing evidence-based approaches. Under the PBL, the government will adopt school network mapping approaches developed under the SESDP to prioritize investments in geographic areas with high dropout rates. In prioritized areas, the project will construct classroom blocks and sex-segregated dormitories and toilets.¹⁷ It will also provide stipends and remedial support for youth at risk of dropout, prioritizing females and ethnic group youth. The project will also build central and local capacities related to access-enhancing initiatives such as school network mapping, sex disaggregated M&E, and management of stipends and remedial programs. Linked to the P3F, the project will also support the development and launch of a 2021–2025 plan on increasing secondary education completion rates.

¹⁴ Indicative draft policy actions noted in Supplementary Appendix C will be revisited during detailed design dialogue.

¹⁵ This will draw on broader ADB support to develop public-private partnerships in the Lao PDR and the region.

¹⁶ SES-specific support under outputs 2–3 also complements ongoing ADB support for TVET and HES (footnote 2).

¹⁷ New facilities are expected to be added to existing primary schools and incomplete secondary schools to allow youth in poor and underserved rural areas to complete secondary schooling.

14. These solutions will result in the following outcome: youth employability improved. The program will be aligned with the following impact: inclusive, balanced, and skills-driven economic growth achieved.

C. Proposed Financing Plans and Modality

15. In the face of fiscal challenges, the forthcoming ESDP midterm review is expected to identify an increased shortfall in financing for national education reforms. The government has requested ADB financing of \$50.0 million from ADB's ordinary capital resources (concessional lending), including indicatively (i) a \$10.0 million PBL, based on the Lao PDR's development financing needs, the strength of reforms, and net economic benefits of the government's reform agenda; and (ii) a \$40.0 million project loan to support priority investments linked to those reforms. The government's counterpart contribution is estimated at \$5.0 million equivalent.

Table 1: Indicative Financing Plan

Source	Amount (\$ million)	Share of Total (%)
Asian Development Bank	50.0	90.9
Ordinary capital resources (concessional policy-based loan)	10.0	18.2
Ordinary capital resources (concessional project loan)	40.0	72.7
Government	5.0	9.1
Total	55.0	100.0

Source: Asian Development Bank estimates.

16. The sector development program will provide complementary policy and investment support to advance national reforms. This modality, under the precursor SESDP, effectively supported first-wave reforms during 2010–2017, which introduced a new curriculum and extended secondary education through grade 12, in line with international norms. The PBL (to be released as a single tranche at loan effectiveness) will finance an initial set of policy actions under MOES' medium-term post-primary education reform agenda. These reforms will strategically align post-primary education with evolving skill needs by helping secondary education to prepare youth to enter into TVET, higher education, or directly into the labor force. PBL policy actions will also provide a firmer base for project investments. In turn, the project component will help MOES effectively deliver these foundational reforms and support the formulation (and in some cases pilot testing) of follow-on reforms, including specific reform actions targeted by 2022 and identified in the P3F (Supplementary Appendix C). ADB may consider additional technical assistance (TA), project, and/or PBL support for downstream reforms.

D. Implementation Arrangements

Table 2: Indicative Implementation Arrangements

Aspects	Arrangements
Indicative implementation period	
Policy-based loan	March 2018–December 2019
Project loan	December 2019–December 2025
Indicative completion date	
Policy-based loan	31 December 2019
Project loan	31 December 2025
Management	
(i) Executing agency	Ministry of Education and Sports
(ii) Key implementing agencies	Department of Planning (Output 1); Department of General Education (Outputs 2 and 3)

Source: Asian Development Bank.

II. PROGRAM PREPARATION AND READINESS

17. About 9 person-months of ADB staff inputs are needed to process the EESDP. ADB will mobilize consultants to support detailed formulation of policy actions and project investments, due diligence, and program start-up (including procurement-related support) under an ongoing TA.¹⁸

III. DELIBERATIVE AND DECISION-MAKING ITEMS

A. Risk Categorization

18. The EESDP is classified *low risk* based on the criteria in para. 5 of the staff instructions on business processes for sovereign operations.

B. Project Procurement Classification

19. The project's procurement classification (Appendix 2) is rated category B. The procurement environment risk is limited, standard contracts are envisaged, and the executing and implementing agencies have experience in ADB contracting procedures.

C. Scope of Due Diligence

Table 3: Scope of Due Diligence

Due Diligence Outputs	To be undertaken by
Economic and financial analysis	Staff, TA consultants
Financial management and procurement assessment ^a	TA consultants
Program impact assessment	Staff, TA consultants
Gender analysis, collection of baseline data and gender action plan	Staff, TA consultants
Safeguard screening, confirmed categorization, and documentation ^b	Staff, TA consultants
Initial poverty and social analysis	Staff
Project administration manual	Staff, TA consultants
Risk assessment and management plan	Staff, TA consultants

TA = technical assistance.

^a The project will use related ADB procedures and will be audited by the Lao PDR State Auditor Organization.

^b EESDP is expected to be category B for environment (due to minor civil works at government-owned sites) and for indigenous peoples, who will disproportionately benefit. It will not involve any involuntary resettlement (category C).

Source: Asian Development Bank.

D. Processing Schedule and Sector Group's Participation

Table 4: Proposed Processing Schedule

Milestones	Expected Completion Date
1. Loan fact-finding mission	15 February 2019
2. Management review meeting	30 April 2019
3. Loan negotiations	5 June 2019
4. Board consideration	31 July 2019
5. Loan signing	7 October 2019
6. Loan effectiveness	5 December 2019

Source: Asian Development Bank.

E. Key Processing Issues and Mitigation Measures

20. There are no outstanding issues.

¹⁸ ADB. 2017. *Regional: Preparing Education Sectors Program Facility*. Manila.

DESIGN AND MONITORING FRAMEWORK

Impact the Program is Aligned with Inclusive, balanced, and skill-driven economic growth achieved <i>(adapted/condensed from MOES' Vision for 2030)^a</i>			
Results Chain	Performance Indicators with Targets and Baselines^b	Data Sources and Reporting Mechanisms	Risks
Outcome/Effect of the Reform Youth employability improved	By 2027: a. In SY2026/27, <<x>> males and <<x>> females complete LSE and <<x>> males and <<x>> females complete USE (baselines <<xx>>) b. Share of ethnic group youth age 18–20 who have completed at least LSE increased to <<x%>> (baseline 36% in 2015) c. Shares of new female and male entrants to the non-agricultural labor force who have completed at least LSE increased to <<x%>> and <<y%>>, and shares who have completed at least USE increased to <<x%>> and <<x%>> (baselines 37%, 36%, 32%, and 37%) ^c	a. MOES EMIS statistics and annual reports b. 2027 Lao Social Indicator Survey data c. 2027 Labor Force Survey data	Fiscal challenges weaken government commitment to secondary education, TVET, and higher education reforms
Outputs/Reform Areas 1. Post-primary education aligned with labor market demand 2. Secondary education quality and relevance to emerging skill demands strengthened	Program by Q1 2019: 1a. Revised ESDP planning directions for PPE subsectors, emphasizing gender equity approved by MOES and provide a basis for evidence-based medium-term planning and increasing budgetary allocations (Baseline 2018: not approved). 1b. Revised PPE school block grant norms increase USE student capitation rate to at least KN70,000 (Baseline 2018: KN50,000) Project: 1c. By 2022, joint annual assessments of evolving skill demand and supply, including sex-disaggregated analysis issued by MOES and MLSW (Baseline 2018: NA) 1d. By 2022, new industry engagement mechanisms established and consolidation of TVET, higher education, and labor market information into existing EMIS completed (Baseline 2018: not established) 1e. By 2025, National Qualifications Framework approved and decree on new learning pathways issued (Baseline 2018: not approved; not issued) Program by Q1 2019: 2a. MOES policy on development, periodic revision, and distribution of high quality teaching and learning materials approved (Baseline 2018: not approved) 2b. MOES accreditation of STEP programs completed, with rationalization and specialization of STEP programs across pre-service teacher training institutions (Baseline 2018: 0)	1a. MOES release of ESDP Midterm Review Report and revised planning directions 1b. FY2019 budget documents 1c. Joint assessments released 1d. MOES ESDP 2021-25 reporting; EMIS database with TVET and higher education data 1e. MOES annual plans and reports 2a–2b. Released policy decree	Economic and trade shocks reverse increases in modern sector employment STEP graduates don't enter teaching and/or in-service teacher training and CPD participants exit teaching force

Results Chain	Performance Indicators with Targets and Baselines ^b	Data Sources and Reporting Mechanisms	Risks
3. Targeting and support for equitable secondary education access and completion enhanced	<p>2c. MOES implementation guidelines for mobilization of science subject DSPAs approved and reflected in MOES budget submission for FY2020 budget (Baseline 2018: 0)</p> <p>2d. New, gender-sensitive National Student Assessment Framework approved (Baseline 2018: not approved)</p> <p>Project by 2025:</p> <p>2e. At least <<x>> student-teachers (including <<x%>> females) complete quality-assured STEP programs in accredited TTIs (Baseline: 0 in 2018)</p> <p>2f. At least <<x>> (including <<x%>> females) in-service secondary education teachers complete structured CPD programs on effective classroom delivery of new LSE and USE curricula and student assessment methods (Baseline 2018: 0)</p> <p>2g. CPD-related ICT-based tools provided to <<x >> in-service secondary education teachers. (Baseline 2017: 0)</p> <p>2h. New science equipment and other learning resources provided to <<x>> targeted schools (Baseline 2018: 0)</p> <p>2i. At least <<x>> secondary school head teachers and <<x>> senior female teachers complete structured capacity development program on school management and instructional leadership for improved learning (baseline: <<x>>)</p> <p>Program by Q1 2019:</p> <p>3a. New priority list of underserved localities for investments in secondary education school construction, expansion, and upgrading approved (Baseline 2018: not approved)</p> <p>Project by 2025:</p> <p>3b. In targeted districts: female and male primary-LSE transition rates rise to <<x% and x%>> (baseline: <<xx% and xx%>>)</p> <p>3c. <<x>> new classroom blocks (including science labs and libraries) and separate sanitation facilities constructed (baseline=0 in 2018)</p> <p>3d. <<x>> new sex-segregated dormitories constructed (baseline=0 in 2018)</p> <p>3e. At least <<x>> disadvantaged students (of which 50% female and <<x%>> ethnic), provided biannual stipends (baseline=<<x>>)^d</p> <p>3f. In targeted schools, remedial support provided to <<x>> students (at least 50% female) at risk of dropout (baseline=<<x>>)</p>	<p>2c. Released guidelines; MOES budget submission</p> <p>2d. Released Framework</p> <p>2e. Data on STEP degrees (based on final assessment)</p> <p>2f-i. MOES annual reports</p> <p>3a. Released Decree</p> <p>3b. EMIS and MOES annual reports; 2025 Census dataset</p> <p>3c–3f. EESDP M&E system (updated at least once per semester)</p>	Parents and/or youth not responsive to measures
<p>Key Activities with Milestones</p> <p>Output 1: Post-primary education aligned with labor market demand</p> <p>1.1. Provide technical and policy support to strengthen coordination linking MOES, MPI (including NERI), MOF, and MLSW, and provide support for strengthened MOES engagement with industry <<x>> to <<x>></p>			

<p>1.2. Build capacity of MOES Department of Planning and ESSC staff in data consolidation and analysis to guide alignment of skill supply from PPE with evolving skill demands and NSEDP9 objectives <<x>> to <<x>></p> <p>1.3. Develop a policy framework on public-private partnerships (PPPs) in TVET and higher education <<x>> to <<x>></p> <p>1.4. Develop the Lao PDR National Qualifications Framework (NQF) <<x>> to <<x>></p> <p>1.5. Develop and operationalize a joint strategic framework for skill supply from secondary education, TVET, and higher education <<x>> to <<x>></p> <p>1.6. Sequence curricula/strands across levels <<x>> to <<x>></p> <p>1.7. Develop new learning pathways linking secondary education, TVET, and higher education, including recognition of prior learning (RPL) <<x>> to <<x>></p> <p>1.8. Develop and launch consistent student assessment approaches for PPE <<x>> to <<x>></p> <p>Output 2: Secondary education quality and relevance to emerging skill demands strengthened</p> <p>2.1. Strengthen STEP programs including infrastructure and equipment, teaching and learning materials, and technical support to TTIs based on their accredited specialization(s) <<x>> to <<x>></p> <p>2.2. Rationalize teacher deployment, and develop and implement teacher utilization planning <<x>> to <<x>></p> <p>2.3. Develop and implement multi-mode continuing professional development (CPD) <<x>> to <<x>></p> <p>2.4. Develop and implement a reformed multi-dimensional secondary education student assessment <<x>> to <<x>></p> <p>2.5. Equip <<x>> schools with laboratory equipment, library materials, and other gender-sensitive print-based and media-based teaching and learning materials.</p> <p>2.6. Implement a capacity development program for Department of Inspection (DOI), DESB/DSPAs, and other actors in M&E of efficacy of teaching and learning <<x>> to <<x>></p> <p>2.7. Implement a capacity development program for secondary education principals and senior teachers in instructional leadership and school-based management and management of school block grants to improve quality <<x>> to <<x>></p> <p>Output 3: Targeting and support for equitable secondary education access and completion enhanced</p> <p>3.1. Construct classroom blocks, gender-specific dorms and sanitation facilities, and teacher dorms at <<x>> sites during <<x>> to <<x>></p> <p>3.2. Update access grant model guidelines (emphasizing equity across gender and other dimensions) and provide access grants at <<x>> schools during <<x>> to <<x>></p> <p>3.3. Provide needs-targeted stipends to disadvantaged students in <<x>> districts during <<x>> to <<x>></p> <p>3.4. Provide targeted remedial support programs to students at-risk of dropout at <<x>> schools during <<x>> to <<x>></p> <p>3.5. Conduct social marketing to tackle demand-side constraints and attract more females into STEM during <<x>> to <<x>></p> <p>3.6. Strengthen MOES capacity on analysis for evidence-based secondary education access interventions <<x>> to <<x>></p> <p>3.7. Train central-district-level staff on secondary education management to improve access</p> <p>3.8. Implement school- and community-level capacity building program on local access interventions <<x>> to <<x>></p> <p>Inputs</p> <p>ADB: \$50 million (loan)</p> <p>Government: \$5 million</p> <p>Assumptions for Partner Financing</p> <p>Not applicable.</p>

CPD = continuing professional development, DSPA = district secondary pedagogical advisor, EMIS = Education Management Information System, ESDP = Education and Sports Sector Development Plan, ESSC = Education and Sports Statistics Center, EU = European Union, ICT = information and communication technology, LSE = lower secondary education, MLSW = Ministry of Labor and Social Welfare, MOES = Ministry of Education and Sports, NSEDP9 = Ninth National Social and Economic Development Plan, PMU = project management unit, PPE = post-primary education, STEP = Secondary Teacher Education Program, TTIs = teacher training institutes, TVET = technical and vocational education and training, USE = upper secondary education.

^a MOES. 2015. *Education and Sports Sector Development Plan (2016–2020)*. Vientiane.

^b Indicator baselines and targets will be more fully developed during the detailed design phase and will seek to include disaggregation by sex and ethnicity.

^c ADB staff estimates using 2015 Census dataset. New entrants to non-agricultural work are defined as those in the age ranges of 17–19 for LSE indicators and age 20–22 for USE indicators.

^d Specific selection criteria and procedures will be identified in the stipend program guidelines.

Source: Asian Development Bank.

PROJECT PROCUREMENT CLASSIFICATION

Characteristic	Assessor's Rating:
Is the procurement environment risk for this project assessed to be <i>high</i> based on the country and sector and/or agency risk assessments?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Are multiple (typically more than three) and/or diverse executing agencies and/or implementing agencies envisaged during project implementation? Do they lack prior experience in implementation under an ADB-financed project?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Unknown
Are multiple contract packages and/or complex and high-value contracts (compared with recent externally financed projects in the developing member country [DMC]) expected?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Unknown
Does the project plan to use innovative contracts (public-private partnership, performance-based, design and build, operation and maintenance, etc.)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Unknown
Are contracts distributed in more than three geographical locations?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Unknown
Are there significant ongoing contractual and/or procurement issues under ADB (or other externally) financed projects? Has misprocurement been declared in the DMC?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Unknown
Does the DMC have prolonged procurement lead times, experience implementation delays, or otherwise consistently fail to meet procurement time frames?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Unknown
Do executing and/or implementing agencies lack capacity to manage new and ongoing procurement? Have executing and/or implementing agencies requested ADB for procurement support under previous projects?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Unknown
Regional department's overall recommendation (Christopher Spohr)	
Overall project categorization recommended	<input type="checkbox"/> Category A <input checked="" type="checkbox"/> Category B
The Ministry of Education and Sports has extensive experience in procurement and other dimensions of ADB project management. Procurement will be overseen by the same Project Management Unit that has successfully managed Loan 2777/Grant 0257: Secondary Education Sector Development Program, which is expected to close on time in June 2019 and has three times received first ranking in the ADB–Ministry of Planning and Investment annual review of ADB's entire Lao People's Democratic Republic portfolio. ADB technical assistance consultants will also provide procurement-related and other start-up support.	
PPFD's recommendation (Vijay Kumar Akasam)	
PPFD confirmed the classification during interdepartmental circulation of the concept paper.	

ADB = Asian Development Bank.

Source: Asian Development Bank.

INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Lao PDR	Project Title:	Education for Employment Sector Development Program (EESDP)
Lending/Financing Modality:	Sector Development Program	Department/Division:	SERD/SEHS

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

A. Links to the National Poverty Reduction Strategy and Country Partnership Strategy

The government recognizes education's key role in promoting inclusive growth and poverty reduction. The second output of the Eighth NSEDP, 2016–2020 focuses on human resource development and upgraded capacities, reduced poverty, access to quality education and health services for all ethnic groups and genders, justice, and transparency. The MOES ESDP, 2016–2020 emphasizes post-primary education as critical to youth employability and inclusive and diversified economic growth. ADB's CPS 2017–2020 is aligned with national priorities, and its second strategic pillar (enhanced human development) calls for building resilient human capital by advancing reforms to align post-primary education with evolving labor market skill demands. Strengthening human capital—including by improving quality and completion rates in secondary education, where most poor youth exit schooling—will be vital to enable poor and disadvantaged youth to participate in and benefit from economic growth.

B. Poverty Targeting

General Intervention Individual or Household (TI-H) Geographic (TI-G) Non-Income MDGs (TI-M1, etc.)

The EESDP supports national post-primary education reforms with a focus on secondary education, which accounts for the largest shares of dropouts and entrants to non-agricultural labor. It aims to reduce poverty and promote inclusive growth by: (i) strategically aligning secondary education, TVET, and higher education to employer skills needs; (ii) improving secondary education quality and relevance to promote better employment outcomes; and (iii) equitably expanding secondary education completion rates, prioritizing females, ethnic groups, and marginalized youth. Selected interventions like classroom and dorm construction and stipends will target poor areas and individuals, and capacity development will prioritize female and ethnic group teachers and staff in poor areas.

C. Poverty and Social Analysis

1. Key issues and potential beneficiaries. Despite progress, 47% of the population lived below the \$3.10 per day poverty line in 2013. Aggregate trends conceal growing inequality across regions, urban and rural areas, and ethnic groups: the Gini coefficient rose from 0.31 to 0.36 during 1993–2013. Poverty and human capital are tightly interlinked. Education outcomes vary across socioeconomic and gender dimensions, leading to gaps in employment opportunities and income. ADB staff analysis of 2015 Census data shows that more than 80% of youth in recent cohorts completed primary education, but only 51% of males and 47% of females completed LSE and only 31% of males and 27% of females completed USE.^a This leaves the majority of youth unable to pursue TVET, higher education, or modern sector jobs. Among working 18–27 year olds who never completed LSE, only 13% work in industry or services, versus 48% of working 18–27 year olds who completed at least LSE. Improving the quality and relevance of secondary education and linkages between secondary, TVET, and higher education will also be critical to equitably improving workforce outcomes and spurring inclusive growth: secondary education accounts for 47% of entrants to non-agricultural jobs, with higher education and TVET combining for another 29%. EESDP's principal beneficiaries will be youth of secondary school age. Other beneficiaries include youth entering TVET and higher education, as well as secondary education teachers and other staff.

2. Impact channels and expected systemic changes. The EESDP will cohesively support reforms and investments that address three interlinked challenges. First, it will advance evidence-based planning that aligns post-primary education to labor force skill demands, equipping youth with skills needed for decent jobs. Second, EESDP will enhance the quality and relevance of secondary education—which accounts for largest share of dropouts and of entrants into non-agricultural jobs—to improve learning and employment outcomes. Third, to address low secondary education completion rates that leave most youth unable to access TVET, higher education, or modern sector jobs, the EESDP will tackle supply- and demand-side constraints. School network mapping, construction of classrooms and dormitories (free of cost and accessible to disabled youth) in underserved areas, and stipends prioritizing females and ethnic group youth will help address the effects of poverty and remoteness and improve affordability. Along with stipends, social marketing and remedial support will help address the risk of dropout due to parents' limited education, gender-related norms, and weak learning progress. Broader support for evidence-based planning, enhanced teaching and learning, monitoring and evaluation, and institutional capacity building will maximize EESDP's impacts.

3. Transaction technical assistance focal areas. These will include more in-depth analysis of data from the 2015 Census dataset, EMIS, and other sources (including detailed disaggregation by location, sex, ethnic group, and

socioeconomic status to pinpoint barriers and inform EESDP interventions), as well as support to use the analysis to help revise planning directions related to post-primary education as part of the ESDP midterm review, and use school network mapping to prioritize supply- and demand-side interventions under the EESDP (e.g., classroom and dormitory construction, student stipends, and remedial support) as well as future government budgeting.

4. Specific analysis for PBL. Like the larger project component, the PBL will promote equity across geographic, gender, ethnic group, and other dimensions. In the short term, reforms such as increased block grant financing to secondary education schools will support improved education quality and school level interventions to increase access and completion. Evidence-based geographic targeting will ensure that investments (e.g., new classrooms and dormitories) prioritize poor underserved areas, females, and ethnic groups. In the medium term, new learning pathways will allow more youth from disadvantaged backgrounds to obtain skills needed for employment. Quality-side reforms will increase secondary education completion and equip youth with soft skills like critical thinking and communication needed for modern sector jobs, including by strengthening pre-service teacher education, introducing in-service teacher continuing professional development, and ensuring that learning materials build soft skills and are sensitive to gender, other dimensions, and varied learning needs.

II. GENDER AND DEVELOPMENT

1. What are the key gender issues in the sector/subsector that are likely to be relevant to this project or program? Gender gaps widen markedly in secondary education: in remote rural areas, the ratio of male to female completers rises from 1.1 for primary education to 1.8 for USE. This reflects social, economic, and institutional issues: norms dissuading females from post-primary education, math, science, and some types of TVET limit their future career options. More generally, sex-disaggregated analysis and planning is needed to strengthen education-employment linkages for all youth. TA gender analysis will inform preparation of a GAP and design of specific policy actions and project investments under all 3 outputs, including interventions to (i) strengthen analytical capacities and strategies and develop new learning pathways to allow females and males to pursue secondary, TVET, and higher education; (ii) prioritizing females for secondary education teacher and manager capacity development, and ensuring future teaching and learning materials are gender sensitive; and (iii) prioritizing the needs of females (particularly from ethnic groups) in providing school-level interventions (e.g., dormitories, remedial support, access grants to schools, etc.) and student stipends.

2. Does the proposed project or program have the potential to contribute to the promotion of gender equity and/or empowerment of women by providing women's access to and use of opportunities, services, resources, assets, and participation in decision making? Yes No

The EESDP builds on MOES strong track record of promoting gender equity, including via the ongoing Secondary Education Sector Development Program. It will promote improved employment outcomes for females and males, including expanded female modern sector employment. Social marketing for communities and employers will emphasize females' education and pursuit of diverse employment options. Capacity building of MOES as well as school staff and student-level support via stipends, dormitories, and other interventions will prioritize female participation.

3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality?

Yes No Policy actions and investments will promote gender equity.

4. Indicate the intended gender mainstreaming category:

GEN (gender equity) EGM (effective gender mainstreaming)

SGE (some gender elements) NGE (no gender elements)

III. PARTICIPATION AND EMPOWERMENT

1. Who are the main stakeholders of the project, including beneficiaries and negatively affected people? Identify how they will participate in the project design. In addition to beneficiary youth, stakeholders include MOES staff such as teachers and central to local education managers; other ministries (e.g., the Ministry of Labor and Social Welfare); civil society and private sector actors and development partners involved in education; local communities; and employers. The EESDP is not expected to have any negative impacts on its stakeholders, and the TA will conduct consultations at the central to local levels to maximize benefits and complementarity with other initiatives.

2. How can the project contribute (in a systemic way) to engaging and empowering stakeholders and beneficiaries, particularly poor, vulnerable and excluded groups? What issues in the project design require participation of the poor and excluded? The EESDP will consolidate and use evidence to guide systematic approaches to inclusion (e.g., mapping education and employment by locality, gender, and ethnic group). Grassroots-level examples will include support to pupil-parent associations that prioritize female and ethnic group participation in school planning.

3. What are the key, active, and relevant CSOs in the project area? What is the level of CSO participation in the project design?

H Information generation and sharing H Consultation L Collaboration Partnership

International and national CSOs are principally involved in primary, pre-primary, and nonformal education. However, the TA will ensure dialogue with associations representing gender and ethnic group issues, principally at the level of information sharing and consultation and also including collaboration in implementing some EESDP-supported policies and initiatives, for example engaging these groups in ensuring new teaching and learning materials are sensitive to gender and ethnic dimensions, and supporting communities in school management.

<p>4. Are there issues during project design for which participation of the poor and excluded is important? What are they and how shall they be addressed? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No The EESDP addresses interlinked barriers to education and employment that prevent the bulk of the poor from finishing USE and leave them trapped in vulnerable primary sector jobs. The EESDP will advance inclusion at the policy level and via targeted interventions (above) that prioritize the most disadvantaged areas and female and ethnic group youth.</p>
IV. SOCIAL SAFEGUARDS
A. Involuntary Resettlement Category <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI
<p>1. Does the project have the potential to involve involuntary land acquisition resulting in physical and economic displacement? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No All facilities construction and expansion will be undertaken at existing government-owned sites (e.g., upgrading of currently incomplete secondary education schools).</p> <p>2. What action plan is required to address involuntary resettlement as part of the TRTA or due diligence process? <input type="checkbox"/> Resettlement plan <input type="checkbox"/> Resettlement framework <input type="checkbox"/> Social impact matrix <input type="checkbox"/> Environmental and social management system arrangement <input checked="" type="checkbox"/> None</p>
B. Indigenous Peoples Category <input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI
<p>1. Does the proposed project have the potential to directly or indirectly affect the dignity, human rights, livelihood systems, or culture of indigenous peoples? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>2. Does it affect the territories or natural and cultural resources indigenous peoples own, use, occupy, or claim, as their ancestral domain? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No The EESDP is not expected to affect ancestral domain.</p> <p>3. Will the project require broad community support of affected indigenous communities? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No The EESDP supports reforms and investments expected to disproportionately benefit ethnic groups and other disadvantaged groups. However, it does not involve activities that will trigger the requirement of attaining the consent of indigenous communities in the context of ADB's Safeguard Policy Statement.</p> <p>4. What action plan is required to address risks to indigenous peoples as part of the TA or due diligence process? <input checked="" type="checkbox"/> Indigenous peoples plan <input type="checkbox"/> Indigenous peoples planning framework <input type="checkbox"/> Social Impact matrix <input type="checkbox"/> Environmental and social management system arrangement <input type="checkbox"/> None</p>
V. OTHER SOCIAL ISSUES AND RISKS
<p>1. What other social issues and risks should be considered in the project design? <input checked="" type="checkbox"/> (H) Creating decent jobs and employment <input type="checkbox"/> Adhering to core labor standards <input type="checkbox"/> Labor retrenchment <input type="checkbox"/> Spread of communicable diseases, including HIV/AIDS <input checked="" type="checkbox"/> (L) Increase in human trafficking <input checked="" type="checkbox"/> (M) Affordability <input type="checkbox"/> Increase in unplanned migration <input type="checkbox"/> Increase in vulnerability to natural disasters <input type="checkbox"/> Creating political instability <input type="checkbox"/> Creating internal social conflicts <input type="checkbox"/> Others, please specify _____</p> <p>2. How are these additional social issues and risks going to be addressed in the project design? Impacts on the above are expected to be principally positive (e.g., promoting better workforce outcomes and increasing affordability of education). Provision of dormitories may involve some risk of trafficking, but the TA will ensure that the program design integrates measures to prevent this and any other adverse impacts.</p>
VI. TRTA OR DUE DILIGENCE RESOURCE REQUIREMENT
<p>1. Do the terms of reference for the TA (or other due diligence) contain key information needed to be gathered during TA or due diligence process to better analyze (i) poverty and social impact; (ii) gender impact, (iii) participation dimensions; (iv) social safeguards; and (v) other social risks. Are the relevant specialists identified? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>2. What resources (e.g., consultants, survey budget, and workshop) are allocated for conducting poverty, social and/or gender analysis, and participation plan during the TRTA or due diligence? Building on staff analysis, TA consultants with expertise in microeconomic analysis, gender, and social development will assess poverty and social dimensions. A project team member will lead participation planning.</p>

ADB= Asian Development Bank; CPS = Country Partnership Strategy; CSO = civil society organization; EESPD = Education for Employment Sector Development Program ; EMIS = Education Management Information System; GAP = gender action plan; LSE = lower secondary education; MOES = Ministry of Education and Sports; ESDP = Education Sector Development Plan; PBL = policy-based lending; NSEDP = National Socio-economic Development Plan; TA = technical assistance; TRTA = transaction technical assistance; TVET = technical and vocational education and training; USE= upper secondary education.

^a Unless noted, quantitative figures herein are based on ADB staff analysis of data from the 2015 Population and Housing Census and 2013 Lao PDR Expenditure and Consumption Survey datasets.

Source: Asian Development Bank.