

# EU Development Cooperation

IN THE LAO PDR



# Overview

The European Union (EU) has been a key partner in the Lao PDR's development since 1997, ranking amongst the top bilateral donors focussed on advancing socio-economic development in the country, especially in the areas of education, nutrition and good governance. Since the adoption of the Lisbon Treaty in 2009, the EU's cooperation policy has gradually shifted away from traditional project assistance to more of a long-term approach focusing on policy reforms and the promotion of Government ownership, alongside enhanced donor coordination and complementarity.



# Current Lao PDR-EU Bilateral Cooperation

The strategic objectives of EU development cooperation are poverty reduction, good governance, and sustainable and equitable growth. The EU remains Lao PDR's main development partner in the social sectors (Education and Nutrition), and is working closely with the Government to support the country's graduation from the Least Developed Countries status by 2024 and to establish a well-functioning Rule of Law state. As a testament to the EU's long-term commitment to sustainable development in Laos, overall EU assistance has steadily increased to a total of € 203 million over the current 2014-2020 programming period, up from € 69 million over the 2007-2013 period.

In line with the Government's 8th National Social and Economic Development Plan (NSEDPP) and UN Sustainable Development Goal orientation, EU development cooperation mainly targets three key sectors - Nutrition, Education and Governance - while maintaining its support in the areas of trade and Private Sector assistance, Agriculture and Rural Development, Health, Environment and Natural Resources, and UXO assistance.

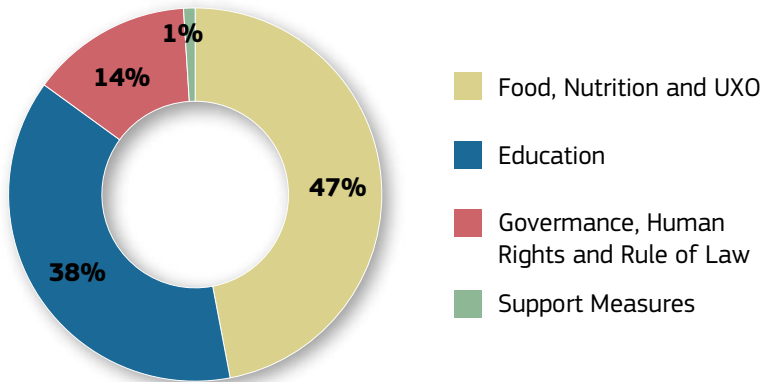
## European Joint Programming



In an effort to promote development effectiveness commitments, the EU, together with its Member States (Germany, Finland, France, Hungary, Ireland, Luxembourg and the United Kingdom) and Switzerland are working under a Joint Programming approach. The European Joint Programming brings European development partners together under a common analysis and strategy of response. This joint approach has helped European Partners to synchronise their joint strategy with the Government of Lao PDR's policies and objectives, while enhancing cohesiveness and complementarity of interventions, and maximising results for the country and its people. Central to Joint Programming is the coordination of activities that are coherent with Lao PDR's national policies. European Partners align their strategy to directly support the National Socio-Economic development plan of Lao PDR. Together, the EU and European partners continue to be leading providers of Official Development Assistance (ODA) in Laos, with over EUR 650 million (or LAK 6250 billion) over the period 2016-2020.

Beyond the annual EU-Lao PDR Human Rights Dialogue with the Government, the EU also supports initiatives of Lao CSOs as well as INGOs through regional and thematic programmes in a bid to enhance the space for civil society and community participation across the country.

## Distribution of the European Union ODA Budget in the Lao PDR



\* Total bilateral EU ODA for the Lao PDR 2014-2020 = EUR 203 M \*

In addition, the EU supports projects that address climate change issues (Global Climate Change Alliance), enhance food security (Food Security Thematic Programme), promote human rights and gender equality, and support civil society (European Instrument for Democracy and Human Rights, Civil Society Organisations Local Authorities Thematic programme) in the Lao PDR.



# Education



Education is a strategic sector for poverty reduction and sustainable development but, first and foremost, “education for all” is a cornerstone of a fair society. Building on the EU New Consensus Development, on the strategic priorities of the National Socio-Economic Development Plan and on the Education Sector Development Plan, the EU currently supports equitable access to and completion of basic education, with the objective of minimising the disparities between urban and rural areas through a focus on disadvantaged groups (particularly ethnic minority groups, girls, and children with disabilities). Significant progress has been made in improving access to primary and secondary education, however, there are significant disparities in school attendance and completion rates. This is particularly striking between rural and urban areas and amongst the children from the poorest groups and children of mothers with no education. While the Gender Parity Index is close to 1 in early childhood and primary education, girls have less access to secondary education than boys do. In addition, improved education quality in rural schools calls for more reliable provision of financial and human resources, appropriately trained and qualified teachers, materials relating to multi-grade teaching and learning as well as increased School Block Grants (SBGs) in a timely manner.

The EU is committed to supporting the Lao Government in achieving the national and international education targets articulated in the Education Sector Development Plan and Sustainable Development Goal 4. The EU support programmes are focused on access to quality basic education, helping Lao children to acquire necessary skills and knowledge that will enable them to engage fully in the social and economic development of the country.



## Basic Education Support Programme

This programme, which commenced in 2018, has the overall objective of supporting the Lao Government to achieve sustainable and inclusive development through achievement of the national poverty reduction and socio-economic development goals as set out in the NSEDP. The focus of the programme is on basic education (pre-primary, primary and lower secondary), an essential building block in Lao PDR because it has an outsized impact on public health, demography, economic growth and governance, particularly in rural and remote districts. The programme is delivered through sector budget support (direct financial transfer to national treasury) and complementary support through partnership with UNICEF.

## GEQuA-BasEd

“Governance, Equity, Quality, Access – Basic Education (GEQuA-BasEd)” aims to enable more disadvantaged children to complete good quality basic education and achieve literacy, numeracy and other life skills. Programme activities include renewing the curriculum, developing new materials, upgrading teacher skills, sponsoring pre-service scholarships to villages suffering from teacher shortages, improving school-based management, improving school infrastructure, and a range of other activities intended to improve primary education quality and the participation of children and their communities in primary education. Implementation is through a partnership with the Government of Australia’s Department of Foreign Affairs and Trade (€11.5 million to BEQUAL), and technical support to the Lao PDR’s Ministry of Education and Sports (€3.5 million) in sector planning, financing and budgeting.

In addition to programmes related to basic education, the EU also provides significant support in the form of scholarships for tertiary education (ERASMUS MUNDUS and ERASMUS Plus). At the regional level, the EU is involved in the SHARE programme, which allocates €10 million to support connectivity within the ASEAN community and efforts towards harmonising higher education institutions in reference to the Bologna process.





## Nutrition



Nutrition is one of three main focal sectors for EU cooperation in Laos, accounting for a significant part of the funds available under the ongoing country strategy. Following the €18 million provided in 2009-2012 to Sustainable Agriculture and Food and Nutrition Security, the bilateral aid programme for Lao PDR has allocated €100 million over the ongoing programming period (2014- 2020). The main focus is on ensuring that the most vulnerable people can have access to food with all essential nutrients all year round and benefit from access to improved basic services.

The EU Delegation is currently implementing the ambitious Partnership for Improved Nutrition in Lao PDR around three pillars: “Strengthening Nutrition Governance” by supporting multi-stakeholder platforms; “Scaling-up Nutrition Specific Support” to improve the nutrition status of vulnerable communities, especially women and young children; and “Scaling-up Nutrition Sensitive Support” by promoting diversified food production, better rural infrastructures (mainly water and sanitation), education and behavioural change with a strong focus on women’s empowerment.

It is estimated that EU’s Nutrition support in Lao PDR is currently reaching over 1 million beneficiaries through multi-sectoral interventions in provinces throughout the country. The assistance is delivered in partnership with Government administration at central and decentralised level, INGOs and international and national CSOs.



## Nutrition Budget Support

The EU has launched in 2019 a €50 million Budget Support Programme on Nutrition with the Government. This new action will ensure substantial support throughout the next four years to the Lao PDR National Nutrition Strategy and Plan of Action by making use of country mechanisms and improving the Government’s public finance management for nutrition. The Budget Support aims at reducing malnutrition in the Lao PDR, with children, women and disadvantaged groups as the focus.

## National Information Platform for Nutrition (NIPN)

This country-led and country-owned platform uses analysed data to facilitate multi-sectoral and multi-stakeholder dialogue to develop evidence-based policies and programmes that improve human nutrition and track the progress of national strategies and international commitments, such as the National Nutrition Strategy and Plan of Action (NNSPA, 2016-2025), Sustainable Development Goals (SDGs), and Scaling Up Nutrition (SUN) Movement. This €3 million initiative for the 2018-2022 period is implemented jointly by the EU and UNICEF under the Partnership for Improved Nutrition in the Lao PDR.

In this high priority sector, the EU Delegation has taken on the role of donor convener through the platform of the SUN Movement and leads the dialogue with the Government on nutrition-related issues through the Sector Working Groups on Health, Education, and Agriculture and Rural Development.





## Governance



In line with the objectives and priorities defined by the National Socio-Economic Development Plan, Governance is a focal sector of EU cooperation in the Lao PDR. The overall objective is to contribute to the modernization of the public administration, to the development of the rule of law and to the promotion of human rights and civil society. The EU flagship programme in this sector is Citizen Engagement for Good Governance, Accountability and the Rule of Law (CEGGA), which aims to increase citizens' engagement in the development of Lao PDR, through the promotion of an enabling environment for civil society, an increased and broader participation through the National Assembly and an enhanced implementation of the rule of law and human rights.

In addition, the EU provides specific support to civil society in Laos through calls for proposals which cover a wide range of areas such as gender, health, education, environment, human rights, culture, non-discrimination and social inclusion. The EU supports more than 10 projects under the European Instrument for Democracy and Human Rights (EIDHR) and 12 projects under the Civil Society Organisations (CSO) Thematic Programmes. As part of its engagement in this sector, the EU also supports economic governance activities to contribute to the development of an effective public financial management.

### EU Bilateral Programmes in the Governance Sector

#### Citizen Engagement for Good Governance, Accountability and Rule of Law (CEGGA)

With an envelope of €18 million (including €8.5 million from the EU), this programme was launched in 2017 as a joint initiative of the European Union, Germany and Switzerland, which is implemented by GIZ in close cooperation with line Ministries and the National Assembly. It supports the Lao PDR in its efforts to advance progress in three core areas: strengthening civil society engagement and participation; strengthening core parliamentary functions and enhancing the implementation of the rule of law and the human rights.



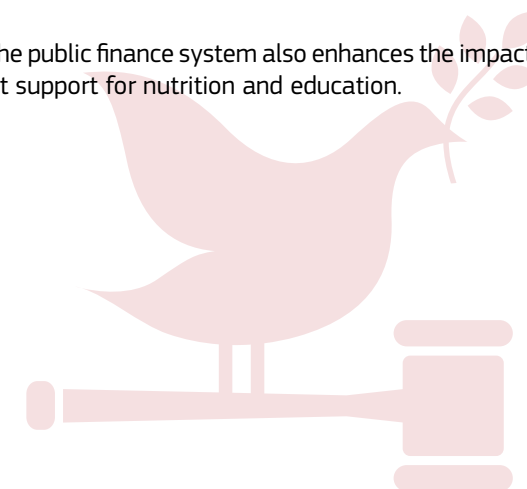
### Public Finance Management

The EU is one of the main actor to support the Gov of Lao Public Finance Management (PFM) reforms program Vision 2030 and its Public Finance Development Strategy to 2025. The objective of this support is to strengthen public finances to contribute to sustaining and stable economic growth and a graduation from Least Developed Countries (LDC) status.

During 2016 – 2018, the first Public Finance Management (PFM) Modernization Program, funded by the EU and executed by the World Bank (WB) under the Single-Donor Trust Fund (SDTF) in the amount of €2 million provided support in terms technical and advisory services to strengthen the management of public finance, specifically in the area of domestic revenue mobilization, budget preparation and execution, public procurement and the overall reform coordination. A second program (2018-2022) has been engaged to capitalize on the previous program with a focus on the implementation side. This new engagement of €5 million is also being implemented by the WB under the SDTF scheme.

Both programs aim to combine support PFM reform and Public Administration reform and are aligned to the priority of public service effectiveness and to the implementing of the NSEDP. They also fit under the SDG “supporting accountable and transparent institutions” / SDG 16 : promote peace, justice and strong institutions.

Progress in the public finance system also enhances the impact of EU budget support for nutrition and education.





# Trade Related Assistance and Private Sector

The EU considers the private sector as a main actor for national development, and it contributes to Lao PDR's sustainable development and poverty reduction by supporting economic reforms and trade-related policies. In particular, the EU supports the further opening of the Lao economy and its deeper integration into the regional trading system.

## The ASEAN Regional Integration Support-Lao PDR Trade-Related Assistance (Arise+)

The EU supports Trade-related Assistance as it is the key instrument for Laos's regional economic integration and preparation for LDC graduation. Building on the Second Phase of Trade Development Facility (TDF-2), the €5 million ASEAN Regional Integration Support – Lao PDR Trade-Related Assistance (ARISE Plus – Lao PDR), launched in 2019, aims at promoting inclusive economic growth, increased climate change resilience, mitigation of vulnerability and job creation in Lao PDR. The project will be oriented towards the increase of trade and participation in global value chains for two selected sectors wood processing and specialty agriculture, and the improvement of the overall business environment.

Furthermore, the EU works closely with the European Chamber of Commerce and Industry in Laos (ECCIL) through a grant mechanism aimed at increasing and diversifying trade and investment of European businesses, particularly SMEs, into Lao PDR and into the regional ASEAN market.

# The EU Development Cooperation in the Lao PDR is also...

## Cross-cutting issues

Protection of fundamental human rights, gender equality, protection and inclusion of disadvantaged minorities feature prominently as cross-cutting priorities in all European programs. European Union committed to a 'Rights Based Approach' for development cooperation. Right based approaches contribute to the realisation of all human rights whether civil and political, or economic, social and cultural. The approach is premised on human rights principles and standards being both a means for and a goal of effective development cooperation.



# Environment and Natural Resources

The EU supports initiatives in the areas of natural resources, environment and climate change. These include actions seeking to strengthen the climate change-related policy and regulatory framework, and promoting climate resilient land use approaches, the vertical integration of climate action through the promotion of Urban Low Emission Development Strategies, as well as initiatives on sustainable production and consumption. Moreover, the EU also supports climate change adaptation planning and implementation in the Lower Mekong Basin (through its support to the MRC). Additional support targets biodiversity conservation and protection of wildlife. The EU has supported the creation of sustainable financing models for protected areas and the communities living in the vicinity, and has launched an initiative to disrupt illicit supply chains of wildlife from source to market in the Greater Mekong region, including important work in Laos.



# Unexploded Ordinance (UXO)



For more than 15 years, EU support has helped reduce the impact of UXO on rural livelihoods and has furthered rural development through activities related to UXO clearance, mine risk education, victim assistance and capacity building for national UXO institutions, along with the United Nations Development Programme (UNDP) and specialised NGOs. Currently, the EU has an ongoing project portfolio of €5 million to continue support in the sector. The UXO clearance and related support activities are implemented by the Government UXO agency and the National Regulatory Authority, in partnership with UNDP. Moreover, the EU supports the work of NGOs in Houaphan province, which operates under the framework of coordination and regulatory mechanisms established by the Government.



\* Development of a Lao PDR-Cambodia One Health Surveillance and laboratory network (LANCANET) Companion Approach for Cross-Sectoral Collaboration in Health Risks Management in SEA (ComCross)





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