

<b>13. Type of financing<sup>11</sup></b>	<p><b>Direct management</b> through: Budget Support: Sector Reform Performance Contract</p> <p><b>Indirect management</b> with the Agence Luxembourgeoise pour la Coopération au développement (Lux Dev)</p>
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## 1.2 Summary of the Action

The education sector in Lao PDR is currently severely affected by two interrelated factors: the impact of the COVID-19 pandemic and the fragile macro-fiscal situation of the country. This resulted in a prolonged lockdown and school closure, reduced employment opportunities for youth and women, higher debt and decreased Government resources available to the education sector. These factors add to the continuing complexity of the educational context, threatening the gains achieved through the successive Education Sector and Sport Development Plans (ESSDP). **While the country has made great strides to dramatically improve equitable access to education and place special emphasis on disadvantaged areas, the sector is still facing a serious challenge in terms of the quality and relevance of education.** Youth unemployment has worsened with the COVID-19 outbreak. Consequently, there is a strong need for significant investment and continued **focus in enhancing access, quality and relevance of the education system, including TVET**, notably with a view to address shortages of basic skills supply matching labour demand to feed the private sector.

In this context, **this proposed Action seeks to contribute to equitably enhance the education and skills base among Laos' youth responding to labour market needs of a green and digitalised economy, while taking into account gender-specific issues and decent work standards**, in full alignment with the Lao Government and European Partners' development agendas. It integrates the vision of the Lao PDR's Green Growth Strategy 2030 and the emphasis placed on youth and private sector development in the 9<sup>th</sup> National Socio-Economic Development Plan (NSED) 2021-2025. This Action is **building on the acquis of the previous EU budget support programmes achievements** in basic education, while **transitioning towards a stronger focus on TVET and on working jointly in a Team Europe approach**, in line with the NDICI programming principles and the MIP overarching objective. It takes into account recommendation from the Midterm Evaluation of the ESDP 2016-2020, EU's contribution to basic education through the Global Partnership for Education (GPE) and the high number of projects from other Development partners focusing on basic education. While the previous EU budget support programmes has proved very successful in fostering policy dialogue in achieving key education and PFM reforms, the proposed action will strengthen existing dialogue while facilitating our engagement and policy dialogue in trade development, in green and digital economy.

The Action is composed of: 1) **Budget Support** to contribute to the implementation of the Laos' Education and Sport Sector Development Plan (ESDP) 2021-2025 (including the TVET Development Plan 2021-2025) over an initial 3-year period, and 2) **TVET complementary support** to align vocational curricula with the needs of the private sector and the labour market focusing on green, agroforestry and transformational sectors. It is complemented by an ongoing EU-funded education budgeting/planning technical assistance (CRIS: ACA/2021/421520)<sup>12</sup>. As one of the biggest development partners and budget support provider in education, and co-chair of the education sector working group, the EU has been an influential actor in the education reform agenda. As such, the proposed action will continue to place the EU at the heart of it, including on equitable access (gender wise but also and especially in remote areas with ethnic minorities), teaching/learning quality including through the implementation of digital solutions, and sector governance (particularly improved planning and budgeting, and increased government financing of the sector). In addition, the additional emphasis on TVET in Team Europe approach (which will contribute to the Green Team Europe Initiative in Lao PDR<sup>13</sup>), will underline the EU and Member States' commitment to support this sub-sector, by **laying the foundations for EU support in Agriculture & forestry, and trade & PSD under priority area 1 of the MIP and by linking it to the**

<sup>11</sup> Art. 27 NDICI

<sup>12</sup> As part of the complementary support, there is also an ongoing EU-funded € 2.9M education budgeting/planning and teacher allocation technical assistance from 05/2021 until 08/2024 (contract CRIS: ACA/2021/421520 under decision 2020/041-871)

<sup>13</sup> The following European partners are part of the TEI as of March 2022: France, Netherlands, Switzerland, Hungary, Luxembourg, Germany, Finland, EIB and the EU