



Ministry of Industry and Commerce
Department of Planning and Cooperation
Foreign Aid Division
National Implementation Unit

Lao Trade and PSD Program Update

Cambodia-Lao-Myanmar NIU Exchange

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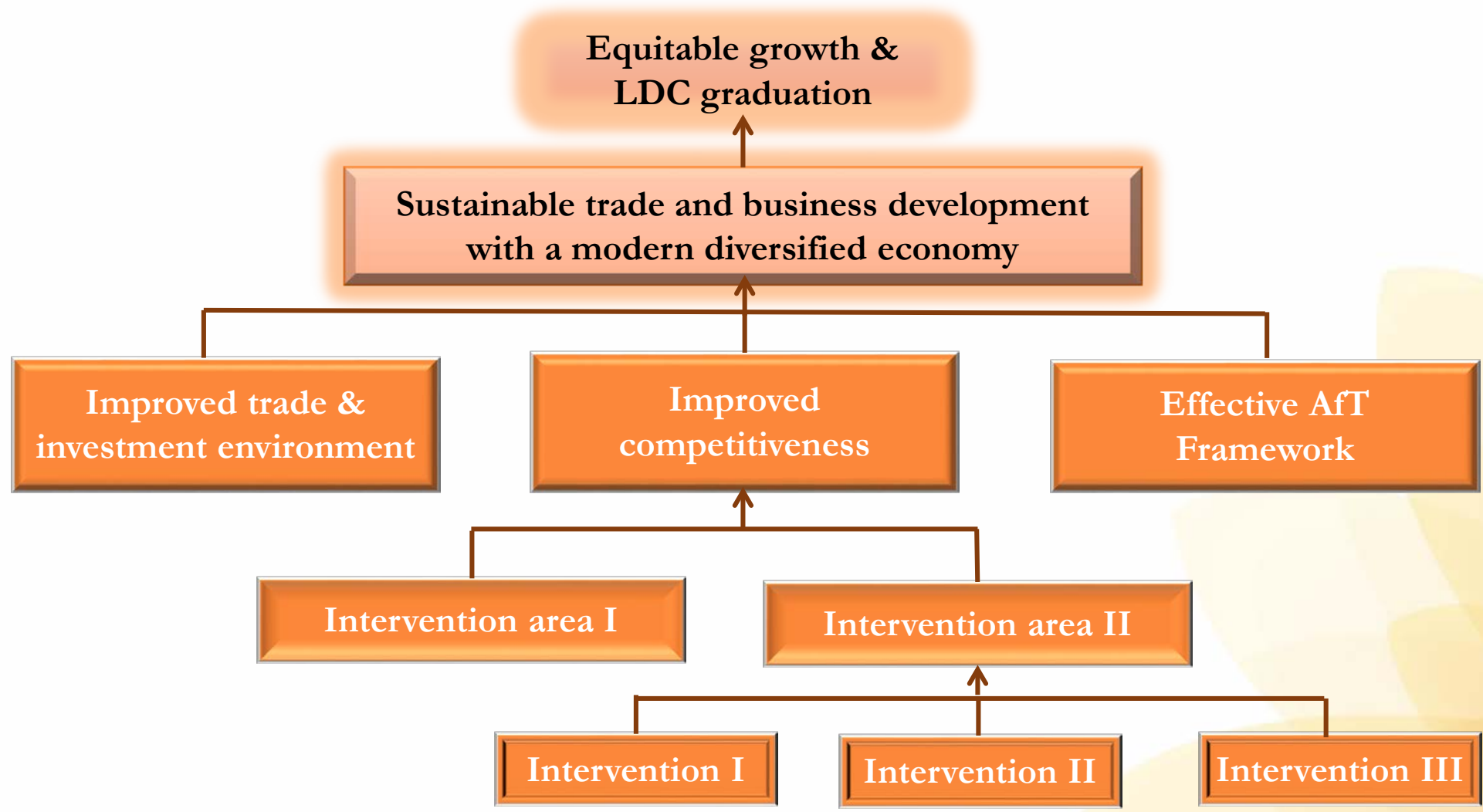
Outline

Roadmap overview

- Development goals
- Key strategic pillars
- Priority interventions

Implementation progress

- Active portfolio of TRTA
- Achievements and challenges
- Potential areas for future TAs



The Roadmap Development Goal

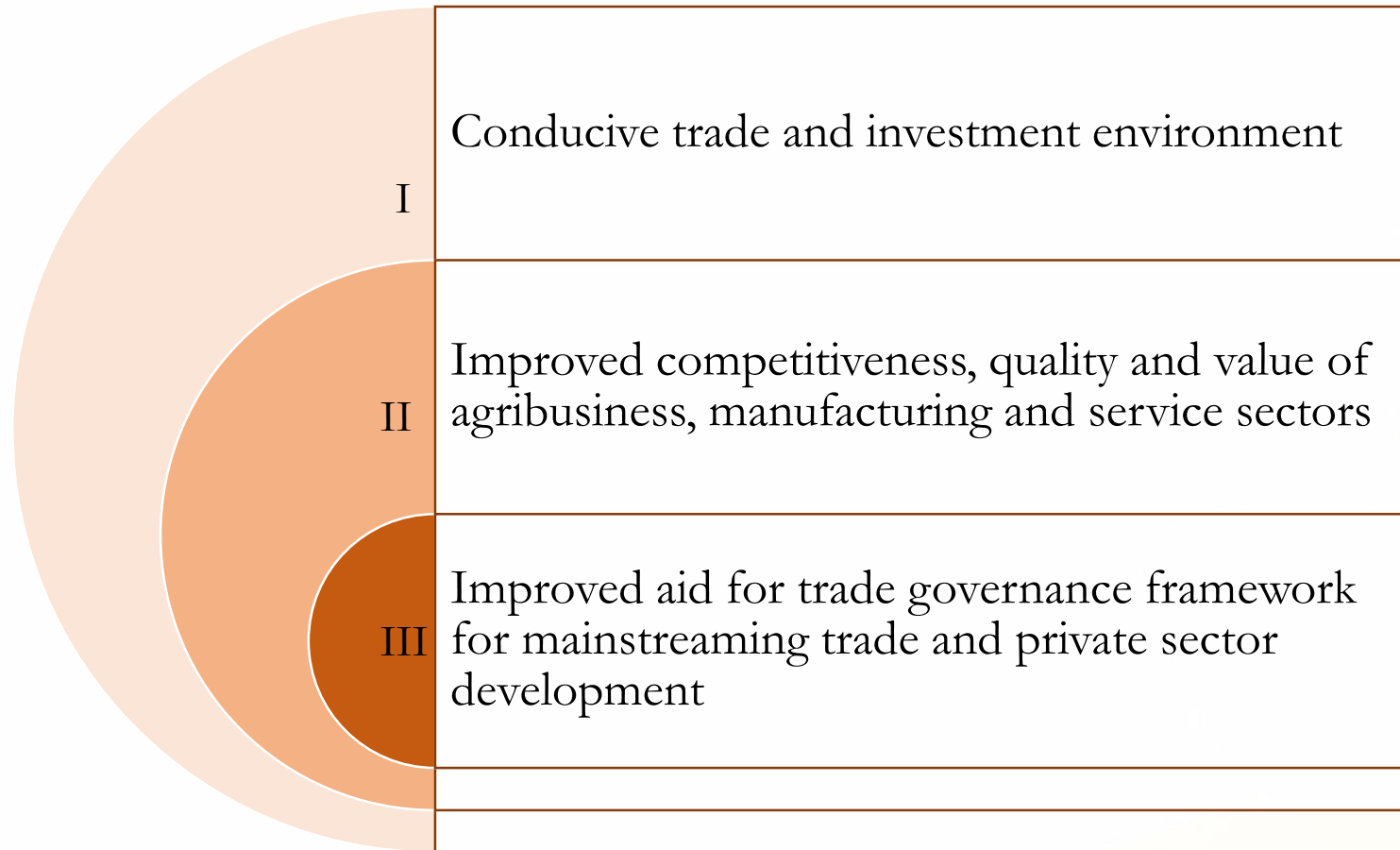
High level development goal

- Equitable growth
- LDC Graduation

Strategic outcome

Sustainable trade and business development for poverty reduction and LDC graduation with a modern, and diversified economy

The three strategic pillars



Pillar I: Conducive Trade & Investment Environment

- Implementation of AEC and beyond the WTO Accession commitments
- Trade facilitation
- Business environment
- Quality infrastructure

Pillar II: Improved competitiveness of non-resource sectors

- SME firm level productivity enhancing measures
- Sector specific support measures (key sectors with comparative advantages)
- Promotion of offshoot industries from mining and hydro industries

Pillar III: AfT framework for mainstreaming trade and PSD

- TPS WG development and mainstreaming trade in NSEDP
- Institutional capacity development
- Strengthening AfT governance framework
- Mainstreaming trade, poverty, and environment
- M&E strengthening: focus on results

Operationalizing the roadmap

- Promoting program based approach & key principles of Vientiane Declaration on Aid Effectiveness
- Strengthening policy dialogue under the Trade and Private Sector Working Group
- Adopting single governance structure under the Program Executive Committee
- Centralizing program formulation, implementation, and monitoring under NIU/DPC
- Establishing in country multi-donor trust fund: TDF II
- Tapping into EIF Trust Fund (EIF Tier II, Mainstreaming support)
- Working with bilateral implementing agencies (GIZ, USAid, SECO/UN Agencies...)

The program implementation modalities

Government Execution (~38 Mil.)

EIF (3.7 Mil.) - MDTF

TDF II (14 Mil.) - MDTF

SME A2F (20 Mil.) - WB

DP Execution (21 Mil.)

SECO/IDEAS Center (0.8 Mil.)

SECO/UN (4 Mil.)

GIZ RELATED (7.5 Mil.)

USAID LUNA II (9 Mil.)

And

- CTFP-NSW (15 Mil.) -WB;
- PSD Project (5 Mil.)-ADB ...

Key achievements

- Major activities across all three pillars are broadly on track
 - Trade portal upgrading and NTM review and rationalization
 - Backbone service sector regulatory assessment and Asean MRAs
 - Initial results from the Business Assistance Facility
 - Improved likelihood of GSDC's sustainability
 - Progress in developing legal regulatory framework in areas of competition, telecommunication sector, TBT, SPS, control of toxic chemicals
 - Maturing AfT governance framework (PBA, SWG, PEC/PRC...)
 - Development of the next sector 5 year plan
- However, the focus need to be shifted to delivery of intended results and impact

Key challenges

- Lack of effective mechanism to address cross cutting issues affecting the private sector
- Challenge in demonstrating linkage between trade, PSD program and poverty reduction
- Mainstreaming trade agenda across sectoral agencies
- Low level of public awareness, especially SMEs about opportunities and challenges associated with Laos WTO membership and the upcoming AEC
- High transaction cost of development assistance due to divergent implementation modalities and operational policies and guidelines

Potential areas for future support

- TA to improving business regulatory reform (process of starting a business: streamlining procedures for enterprise registration, tax registration, and sectoral licensing /inspection/ permit issuing procedures, and explore possibility for automation)
- Support to strengthen private sector's policy advocacy capacity to improve effectiveness and efficiency of well-structured and constructive public private dialogue
- TA to capacity building in investment facilitation
- Implementation of MoIC ICT strategy
- TA to developing consumer protection and competition related regulations and supporting institutions
- TA to improve competitiveness of selected agribusiness and tourism sector

Lessons learned: Critical success factors

Strong country ownership

Commitments from DPs

Government led analytical work

In-country multi-donor trust fund

Strong policy dialogue platform

Effective governance framework



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Thank You for your attention!

