



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

Lao Trade and PSD 5 Year Plan

Cambodia-Laos-Myanmar NIU Exchange

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Outline

Context &
Development
framework

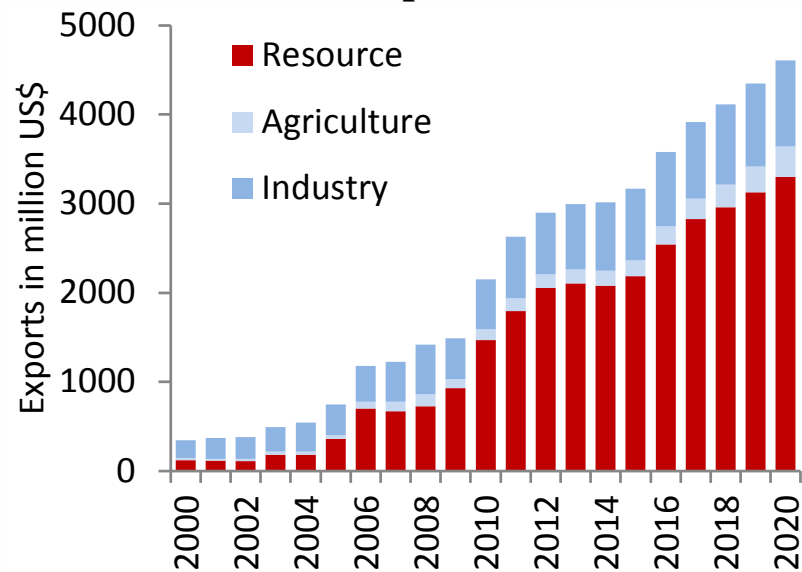
The 5 year sector
plan:

- Long term vision
- Strategic pillars
- Expected outcomes
- Implementation mechanism

Context: Resource based model

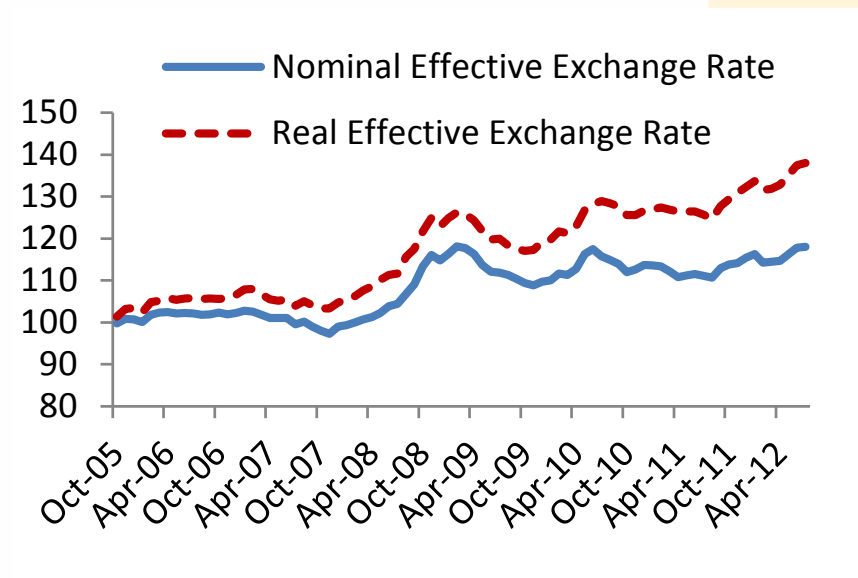
- A fast-growing economy, driven by natural resource development...
- ...in a dynamic, fast-growing region...
- ...with substantial opportunities to become more closely integrated into ASEAN production networks

Natural resources account for the majority of Lao exports...



Source: World Bank staff calculations

...contributing towards a strong kip



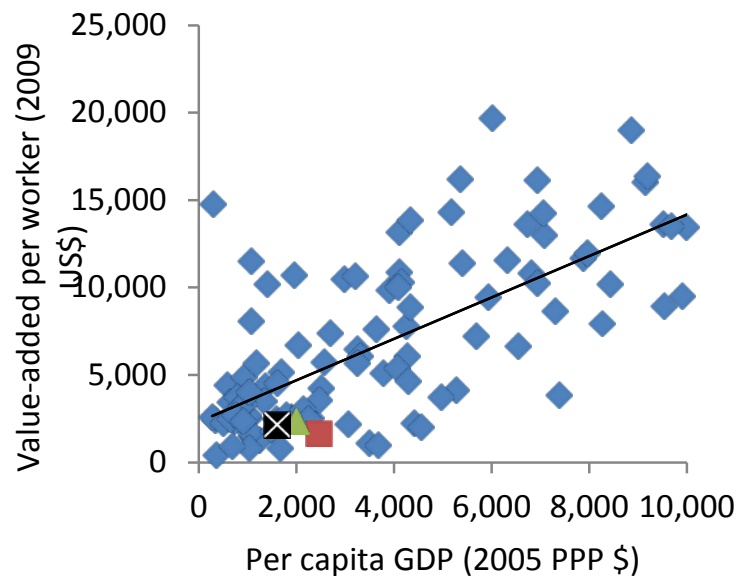
Source: World Bank staff calculations

Context: Challenges

However:

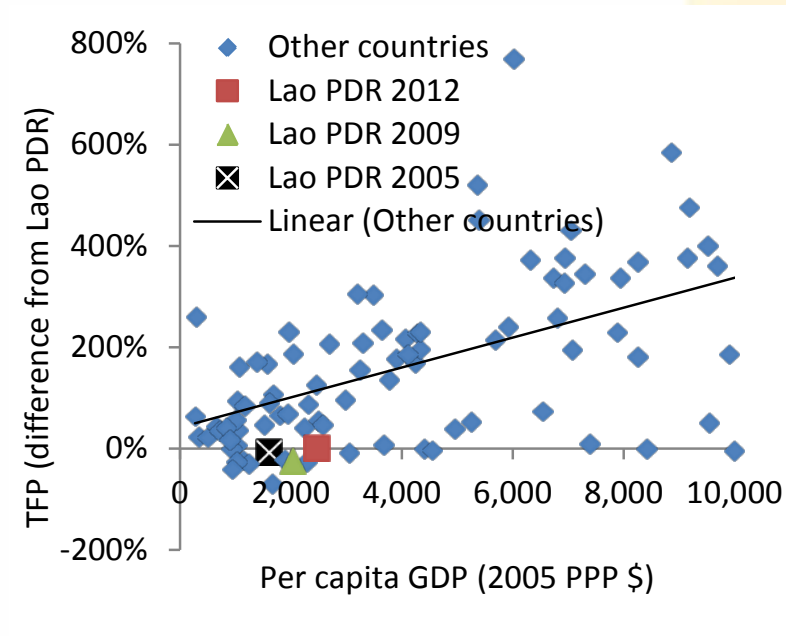
- Cross-country measures (such as *Doing Business*) indicate a tough investment climate with high costs.
- The rate of poverty reduction is slowing, and the natural resource intensive growth model is not creating enough jobs.

Growth in value added per worker has been very weak...



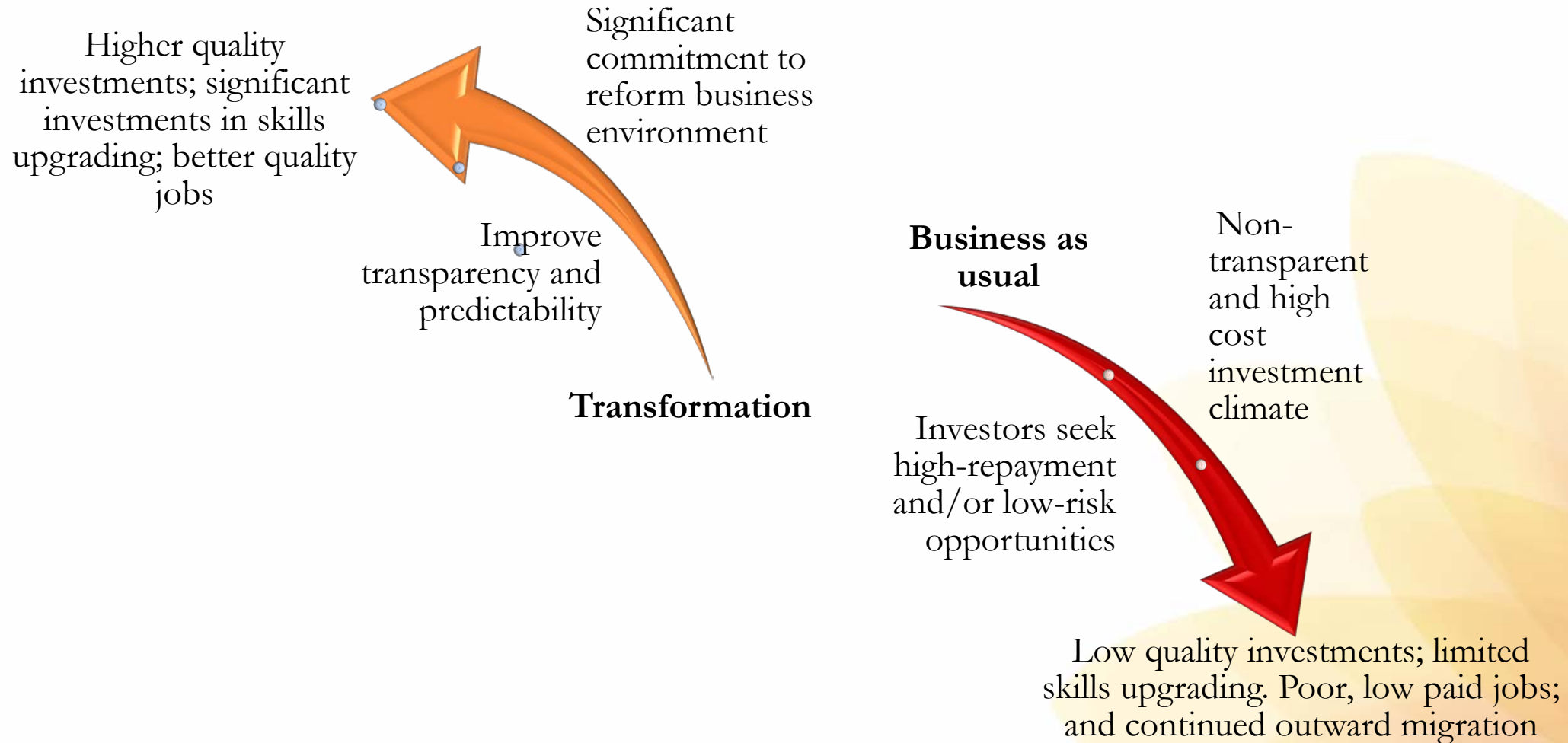
Source: World Bank Enterprise Surveys

...and estimates of total factor productivity show a similar trend

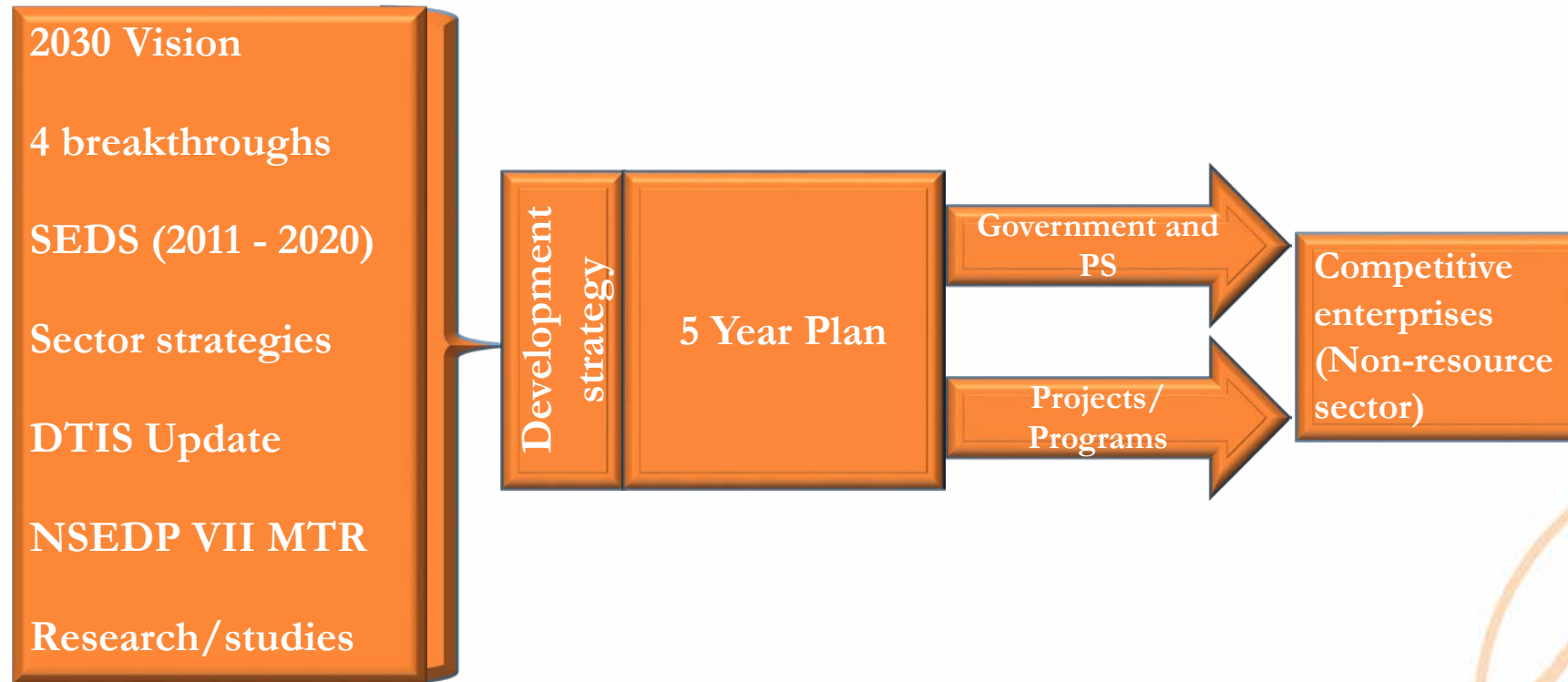


Source: World Bank Enterprise Surveys

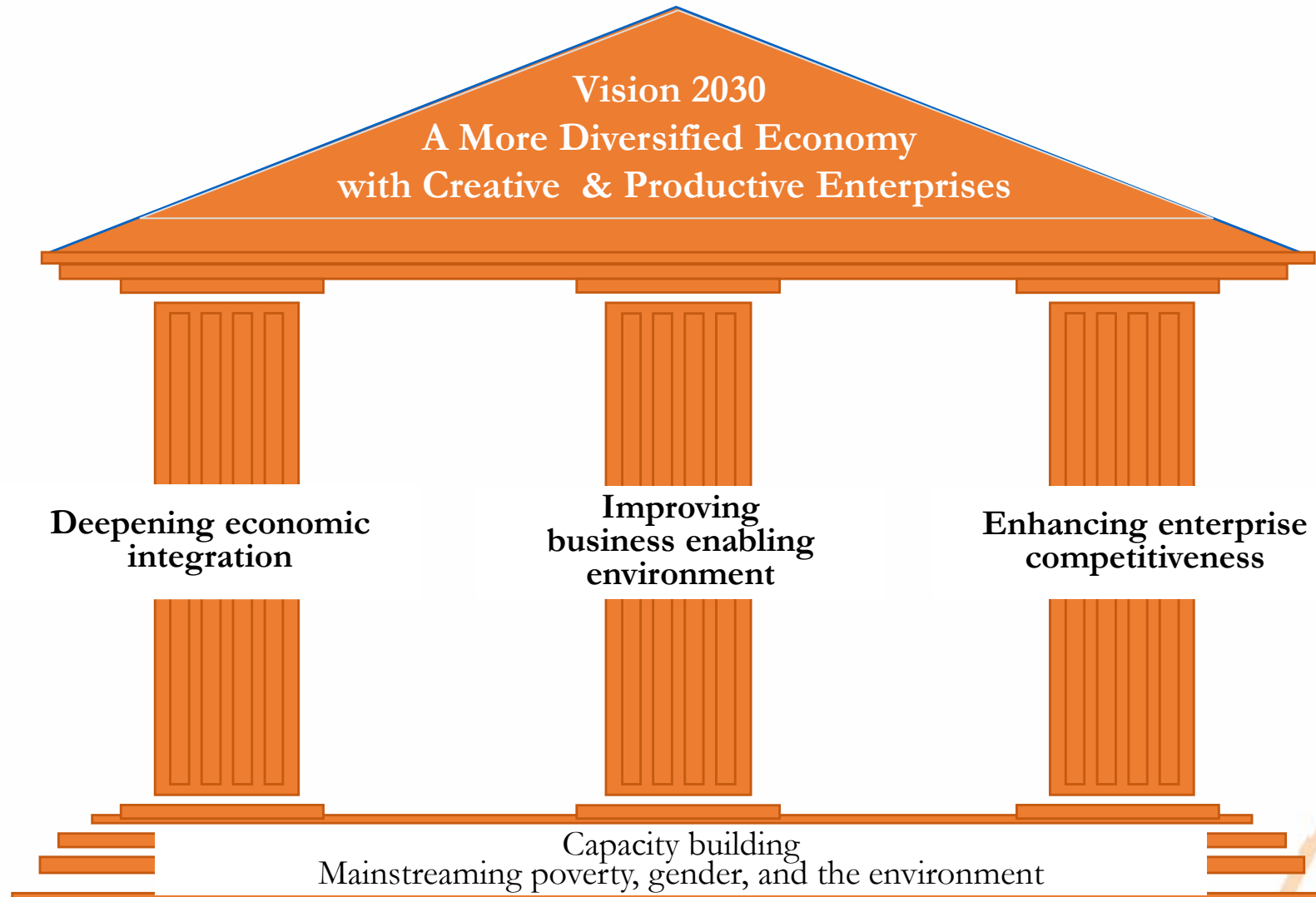
Context: Two possible development scenarios



The sector 5 Year Plan - Development Framework



The sector 5 year plan - strategic pillars



Strategic pillar I: Deepening economic integration

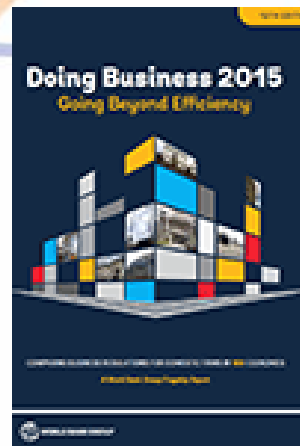
- ❑ Promote trade and investment and enhance market access through fulfilling commitments under:
 - Multilateral level (WTO)
 - Regional level (AEC)
 - Other sub-regional initiatives (GMS, ACMECS)
 - Bilateral cooperation
- ❑ Leverage economic integration as driver for improving quality of legal and regulatory environment for business



Strategic Pillar II: Business enabling environment

Reducing cost of doing business through:

- Improving trade facilitation
- Simplification of business regulations
- Improving access to finance and skilled labor
- Strengthening public private dialogue on business environment at central and local level
- Supporting introduction of simplified tax regime for SMEs
- Promoting continuous investment in infrastructure
- Promoting competition in key backbone service sectors



Strategic Pillar III: Enterprise competitiveness

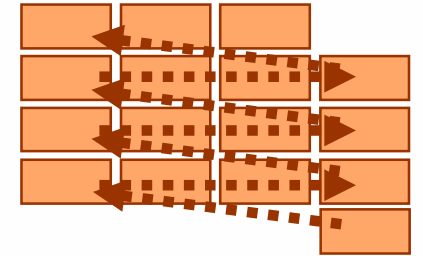
Enhancing enterprise competitiveness through:

- Facilitating access to business advisory services
 - Management consultancy
 - Market and industry information
 - Standards and quality
- Sector specific support (export oriented non-resource sectors)
 - BMO capacity building
 - Policy advocacy
 - Remove bottlenecks in the value chains



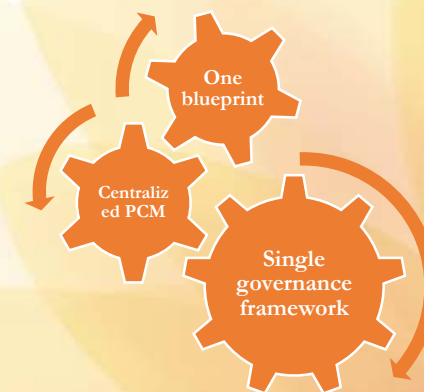
Selected M&E Indicators

- Goal level:
 - Export concentration index
 - Share of manufacturing/distribution sector in GDP
- Strategic pillar I
 - Total trade to GDP
 - Preference utilization rate
 - Level of implementation of commitments made in international trade negotiations, particularly WTO and AEC
- Strategic pillar II
 - Increase in new business penetration rate
 - % SMEs with access to formal bank loans
 - Performance in key Doing Business Indicators
- Strategic pillar III
 - % of firms with internationally recognized certificates (such as ISO, HACCP, Fair Trade, GMP...)
 - Increased firm productivity (benchmarked against regional countries)



The implementation mechanism

- 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





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Thank You for your attention!

