



Enhanced Integrated Framework (EIF)

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LAO PDR

Core details

Population:

6,288,037

WTO accession:

2 February 2013

Poverty head count (%):

N/A

Share of international non-oil trade (%):

0.779

Per capita growth rate (%):

6.4

Value of non-oil goods traded (in US\$ million):

1600

WB Trading Across Borders rank:

N/A

Employment in non-traditional export sectors:

N/A

In 2004, Lao PDR joined the IF and carried out a Diagnostic Trade Integration Study (DTIS) as part of efforts by Government to identify key barriers to becoming more competitive. The DTIS with the National Export Strategy later laid the foundation for developing Lao PDR's trade goals, including membership of the WTO. Under the EIF, public, private sector and development partners have come together to update the DTIS resulting in the Trade and Private Sector Development Roadmap, which has become the key reference document for the country's trade related technical assistance.

Main Projects Ongoing

Description of the projects (objectives and interventions):

Under the EIF, Lao PDR's Tier 1 support to National Implementation Arrangements (NIAs) project is implemented by the National Implementation Unit ("NIU") since February 2010. The project's objective is to enhance Lao PDR's national capacity to formulate, implement, manage and monitor a pro-poor trade policy that is consistent with, and supportive of, the country's National Socio-Economic Development Plan (NSED) and its Millennium Development Goals (MDGs). Lao PDR's 2006 DTIS and National Export Strategy (NES) were used to guide the implementation of the Sixth NSED 2006-2010, Trade Strategy by the Ministry of Industry and Commerce (MOIC).

Likewise, the DTIS Update was launched in May 2012 with plans to identify it as a trade sector implementation strategy for the NSED. The key underlying theme of the 2012 Update was the need to enhance the diversification of exports into sectors with high

social impacts in order to ensure that trade has the maximum impact on improving the livelihoods of the poor. Donors have also come together to support the Update and Lao PDR's trade goals through a multi-donor trust fund (the Trade Development Facility - TDF) implemented through the National Implementation Unit (NIU) as well as alignment of other bilateral projects.

Lao PDR has also benefitted from four IF projects related to capacity building and technical support for WTO accession; building up capacity for IF coordination; support to the garment industry; and capacity building at the Ministry of Industry and Commerce. The NIU was established with funding from the Government and the IFTF Window II project. To support the institutional foundations, the Government of Lao PDR established elaborate National IF Governance Structures that cover Ministerial levels collaborating closely with the NIU.

With IF support, five garment firms were able to obtain ethical WRAP certification and assistance was provided to develop the Association of Lao Garments Industry networks. This also helped contribute to the growing success of the garments industry as companies involved were able to upgrade their production procedures to international standards, were trained in export logistics, and the garments association and selected firms have since developed a strong presence online. In 2012, the garments sector was identified in the DTIS Update as a key competitive non-resource export sector, accounting for the largest share of manufacturing exports valued at around US\$220 million and employing approximately 30,000 people, of which 80% were female workers.

Main progresses to date:

The development of the DTIS under the EIF in 2006 was a key milestone to integrate trade into the national development plans and align Donor interventions with Government priorities. Priority areas of the Action Matrix of the DTIS were successfully implemented with support from the EIF, a multi-donor trust fund called Trade Development Facility (TDF), and support from other bilateral partners. Contributions to the TDF were received from Australia, the European Union, Germany, Ireland, and the World Bank. The accession of Lao PDR to the WTO on 2 February 2013 was the result of a strong commitment to the reform agenda by the Government and its partners.

The DTIS also laid the framework for building national trade mainstreaming mechanisms. A key component to support this institutionally was the establishment of the National Integrated Framework Governance Structure. The NIU, as the Foreign Aid Division, being part of the Department of Planning and Cooperation in the Ministry of Industry and Commerce, plays now an increasing role in the development of national trade and private sector development policy. Through continuous capacity strengthening, the NIU also coordinates all trade-related interventions and designs, monitors, and implements incoming Aid for Trade. Consequently, an increasing proportion of Aid for Trade is channeled through the NIU and national mechanisms.

Trade is mainstreamed in 7th National Social Economic Development Plan VII (NSEDV VII- 2011-2015). A number of trade strategic documents and trade related facilities have been launched and under implementation to support the country's trade mainstreaming process. For instance, the National Export Strategy (2010) is under implemented and monitored through the results monitoring framework. Trade Facilitation Action plan was developed and adopted in August 2012 to implement the Trade Facilitation Strategy for Lao PDR 2011 – 2015. Lao PDR Trade Portal (LTP) was launched on 22nd June, 2012 to provide one-stop-shop for import/export procedures, including TBT and SPS Enquiry Points. The functioning and updating of LTP are supported by TDF through the NIU.

Development partners and Government have also worked in close cooperation to increase harmonization and simplification in various projects, allowing more time to be spent on implementation and concentration on results. With the adoption of the EIF governance structure, Donors now use Government mechanisms for monitoring progress towards development goals. Moreover, there has been harmonization across the board of the Steering Committees for the TDF, the EIF and the UN-CEB Cluster into a combined Programme Steering Committee (PSC), the Programme Executive Committee (PEC) under the newly formed Working Group on Trade and Private Sector Development, which now provides a critical forum bringing together various trade related departments, Development Partners and the private sector. The PEC helps to better align projects with Government priorities, and avoid overlap and duplication. Over time it is expected that more Development Partners will join the PEC within the context of the new Trade and Private Sector Working Group. A Trade and Private Sector Development Sub-Group was also established within the Round Table Mechanism as a key donor, Government and private sector forum, to meet on a periodic basis to share information and discuss related issues on trade and development.

Since 2006 the Government worked hard to increase the ownership and effectiveness of the trade programme by involving all key partners. Encouraged by the success of the programme, the Government developed the confidence to develop a completely nationally-led DTIS Update in 2012 ensuring strong and widespread national ownership in the process. National ownership and the use of harmonized trade forums have helped support the alignment of various projects to Government priorities. The DTIS Update Action Matrix has been integrated into the Roadmap for Trade and Private Sector Development for Lao PDR, which is currently being implemented with the support from the EIF, TDF, and Development Partners.

Outlook:

Lao PDR is working on a Tier 2 project on building capacity for development of its National Quality Infrastructure. The proposed Tier 2 project on strengthening national quality infrastructure and industrial statistics is being prepared in line with the Strategic Plan for Development of a National Quality Infrastructure (2012-2016) that was developed with a strong focus on trade.

As part of the WTO Membership, Lao PDR's post-WTO accession actions are being formulated into a strategic document that will guide the country's trade and Aft agenda in the coming years. The Lao PDR Government is also backing its strong vision to graduate from LDC status by 2020 and to adhere to the ASEAN Economic Community by 2015.

Results

EIF-supported domestic reforms contributed to a more liberal trade and investment environment, increased competitiveness and facilitated WTO accession in February 2013.

Garment companies were assisted to develop the Association of Lao Garments Industry networks, upgrade production procedures to meet international standards, improve export logistics and develop online marketing tactics. Moreover, five garment firms were certified as complying with the Worldwide Responsible Accredited Production (WRAP) standards.

Ongoing Aid for Trade support to the Garments Skills Development Centre is now being managed by Lao PDR's National Implementation Unit (NIU) in the Ministry of Commerce. This project has helped to provide fresh skills development and knowledge through targeted training in the garments sector and has led to an average increase by 43% in supervisors' and sewing operators' performance and to a productivity growth of 20%.

Lao PDR's DTIS Update Action Matrix has been integrated into the Roadmap for Trade and Private Sector Development which provides the blueprint for trade mainstreaming in Lao PDR through three pillars: the trade and investment environment; competitiveness of the agribusiness, manufacturing and services sectors; and the Aft governance framework for mainstreaming trade and private sector development. To support the Roadmap, Government has allocated a yearly budget to support trade related activities. The budget for Fiscal Year 2012-2013 is equivalent to US\$312,500, and in addition, the Government has increased full time seconded staff to the NIU as well as to various project activities.

The garments sector was identified in the DTIS Update as a key competitive non-resource export sector, accounting for the largest share of manufacturing exports valued around US\$220M and employing approximately 30,000 people of which 80% were female workers. Ongoing Aid for Trade support, through the TDF, to the Garments Skills Development Centre is now being managed by Lao PDR NIU in the Ministry of Commerce. This project has helped to provide fresh skills development and knowledge through targeted training in the garments sector, and has enabled supervisors and sewing operators' performance to increase on an average of 43% and productivity has grown up to 20%.

Links

Lao PDR, Ministry of Industry and Commerce

<http://www.laosoft.org/> [1]

Lao PDR, Ministry of Industry and Commerce

<http://www.moc.gov.la/default.asp> [2]

Trade Development Facility Project in Lao PDR

<http://www.worldbank.org/en/results/2013/11/25/trade-development-facility-project-in-lao-pdr> [3]

State of implementation

TIER 1 OUTCOME AND INDICATORS				
Outcome 1: Sufficient institutional and management capacity built in Lao PDR to formulate and implement trade-related strategies and implementation plans				
Outcome 1 indicators	Baseline	'10	'11	'12

O1.1: Support to NIAs (Y/N)		No	Yes	Yes	Yes
O1.2: DTIS Action Matrix (Date) 2012	2006,	Yes	No	No	Yes
O1.3: Fiduciary capacity (1-5)		N/A	3	2	2
O1.4: Trade strategy updated (Y/N)		Yes	Yes	Yes	Yes
O1.5: Trade Strategy quality (1-5)		5	4	2	2
O1.6 Trade strategy implemented (1-5)		4	4	3	3

Outcome 2: EIF Lao PDR mainstreams trade into its national development strategies and plans					
Outcome 2 indicators	Baseline	'10	'11	'12	
O2.1: Trade in the National Development Plan (1-5)	4	4	3	2	
O2.2: Trade in Productive Sector Strategies (Y/N)	Yes	Yes	Yes	Yes	
O2.3: Public-Private Dialogue (1-5))	1	1	1	1	

Outcome 3: Coordinated delivery of trade-related resources (funding, TA, etc.) by donors and implementing agencies to implement Lao PDR's priorities following the adoption of the DTIS Action Matrix					
Outcome 3 indicators	Baseline	'10	'11	'12	
O3.1: Annual joint sector implementation overview (Y/N)	Yes	Yes	Yes	Yes	
O3.2: Frequency of Government-Donor consultation in trade (1-5)	3	3	3	1	
O3.3: UN-CEB Cluster activities based on DTIS Action Matrix (Y/N)	Yes	Yes	Yes	Yes	
O3.4: Joint donor initiatives in trade (Y/N)	No	No	No	Yes	

Outcome 4: Lao PDR secures resources in support of initiatives that address DTIS Action Matrix priorities					
Outcome 4 indicators	Baseline	'10	'11	'12	

O4.1: Medium-term Programme (1-5)	Yes	Yes	Yes	Yes
O4.2: Government budget contribution (Y/N)	No	No	Yes	Yes
O4.4: Number and amount of projects funded from DTIS Action Matrix (in US\$ million)	2 (7)	1	4	5 (16)

Financial information

DTIS Update

Starting date / End date
15/06/2011
Approved Budget
390,484
Board Approval Date
29/10/2010
Disbursement
390,484
Expenditure Reported
390,484
MOU Approval Date
07/06/2011
MOU Expiry Date
30/09/2013
Phase:
Completed

NIA Support

Starting date / End date
29/04/2010
Approved Budget
1,446,514
Board Approval Date
26/01/2010
Disbursement
1,321,515
Expenditure Reported
1,182,793
MOU Approval Date
25/02/2010
MOU Expiry Date
31/12/2015
Phase:
Implementation

Trade mainstreaming

Starting date / End date
24/02/2015
Approved Budget
198,500
Board Approval Date
28/10/2014
Disbursement
150,000
Expenditure Reported
0
MOU Approval Date

19/02/2015
MOU Expiry Date
18/08/2016
Phase:
Implementation

Strengthening National Quality Infrastructure and Industrial Statistics

Starting date / End date
17/12/2013
Approved Budget
2,520,350
Board Approval Date
27/11/2013
Disbursement
783,840
Expenditure Reported
241,048
MOU Approval Date
09/12/2013
MOU Expiry Date
08/12/2016
Phase:
Implementation

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