



Final Report:

Support to Lao Business Forum – Strategy and Inclusiveness Project



Lao PDR
Second Trade Development Facility
Project No. P130512

Melvin Spence
International Strategy & Inclusiveness Advisor

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**NATIONAL IMPLEMENTATION UNIT
MINISTRY OF INDUSTRY AND COMMERCE**

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Executive Summary

The Lao PDR Ministry of Industry and Commerce (MoIC) engaged an international Strategy and Inclusiveness Advisor to support the MoIC and the Lao National Chamber of Commerce and Industry (LNCCI) in designing a LBF that represents the broadest spectrum of the Lao PDR business community, including women-owned business; microenterprises and startups; provincial businesses; and foreign investors.

This 6-month project was delivered in three phases:

- **Phase 1:** Design of a mechanism to increase the inclusiveness of the Lao Business Forum and ensure that the concerns of smaller companies, women-led enterprises, new start-ups and companies in the regions will be reflected in LBF discussions
- **Phase 2:** Review the set-up and functioning of the LBF and provide strategic international good practice advice to MoIC and LNCCI on how to improve the mechanism of the LBF and make it more effective in collecting and distilling private sector concerns, prioritizing them for action, coming to agreement as to remedies, and improving the follow-up mechanism within government
- **Phase 3:** Design and support the implementation of mechanisms to enable the LBF to: effectively follow up with line ministries on LBF decisions; monitor & evaluate its outputs; ensure its sustainability

Approach

The consultant collected project-related data by undertaking the following tasks:

- Conducted extensive research on the history of public-private dialogue in Lao PDR, as well as a review of regional and global benchmarks and PPD good practice
- Participated in 30+ meetings with a broad range of stakeholders including MoIC staff, LNCCI board members, LBF staff; multilateral and bilateral donors operating in Lao PDR; business associations focused on women entrepreneurs, SMEs and start ups in Vientiane Capital; foreign investor associations; and individual entrepreneurs, both Lao and foreign
- Conducted a top-to-bottom review of the LBF's organizational structure and internal processes
- Participated in LBF Private Sector Working Group (PSWG) meetings for SMEs, women-owned businesses, the hydropower sector and the transportation and logistics sector to obtain insights on the PSWG process
- Participated in two provincial private sector focus group meetings in Luang Prabang for key stakeholders in the handicraft, hotel, restaurant and tour operator sectors

Key Findings and Recommendations

The following table outlines the principal findings and recommendation for each phase of the project.

Phase	Key Challenges	Recommendations
Phase 1: Design of a mechanism to increase the inclusiveness of the Lao Business Forum	<p style="text-align: center;"><u>Gender</u></p> <ul style="list-style-type: none"> Absence of a robust body of gender-specific data on micro-enterprises and start ups in the Lao PDR business community Inadequate support infrastructure for women microentrepreneurs and start ups 	<ul style="list-style-type: none"> Conduct informal provincial-level surveys in Vientiane Capital and select provinces (Luang Prabang and Champasak) to identify key issues encountered by women-owned microenterprises. Organize a LBF Private Sector Working Group meeting and networking event during the annual Lao Handicraft Festival Organize study tour to Cambodia for representatives of the main Lao businesswomen’s groups, sectoral associations and women’s organizations to engage with Cambodian Women Entrepreneurs Association Organize a Women in Business (WIB) Forum focused on identifying unique operational challenges faced by women-owned microenterprises and startups in Lao PDR
	<p style="text-align: center;"><u>SMEs & Microenterprises</u></p> <ul style="list-style-type: none"> Lack of capacity for effective policy advocacy Non-transparent regulatory regime for startups 	<ul style="list-style-type: none"> Organize a LBF Working Group meeting in partnership with the Lao Young Entrepreneurs’ Association and Toh Lao to focus on the business startup process Collaborate with the Ministry of Information, Culture & Tourism and the MoIC to launch a campaign – in conjunction with Visit Lao Year 2018 – to highlight opportunities for microenterprises and start ups in the tourism sector related to VLY 2018 Develop an advocacy and policy unit within the Young Entrepreneurs Association of Lao PDR (YEAL) to improve its capacity to serve as an advocate for startups in Lao and play a central leadership role within the LBF
	<p style="text-align: center;"><u>Provincial Businesses</u></p> <ul style="list-style-type: none"> General lack of capacity at the provincial level The large number of Lao PDR provinces and varying degrees of provincial chamber readiness to participate in the PPD process present a logistical challenge in terms of ensuring that the LBF is truly representative of businesses across the country 	<ul style="list-style-type: none"> Launch “pilot” local public private dialogue initiatives in 2 high-potential Lao PDR provinces that represent each of the main regions of the country: North and South Convene a LBF meeting – Steering Committee, Public-Private Consultation or Private Sector Working Group - in a provincial capital Expand mandate of pilot local PPD platforms to become regional centers for PPD training, support and outreach to remaining provinces
	<p style="text-align: center;"><u>Foreign Investors</u></p> <ul style="list-style-type: none"> Need for expanding the participation of foreign investors in the LBF process while ensuring a balanced representation with Lao PDR businesses 	<ul style="list-style-type: none"> Convene a meeting with the principal foreign business associations in Lao PDR to identify specific measures to increase their participation in the LBF Create a Foreign Investors Council of Lao PDR

Phase	Key Challenges	Recommendations
<p>Phase 2: Review the set-up and functioning of the LBF and provide strategic international good practice advice to MOIC and LNCCI on how to improve its operations</p>	<ul style="list-style-type: none"> • Large number of Working Groups with varying levels of effectiveness • Recurrent issues on LBF agenda from previous years • Time management: PSWG presentations tend to be lengthy; lack clarity and focus and often digress from core issues • LBF should assist presenters/speakers in preparing clear and succinct summaries of their key issues • Issues should be thoroughly vetted for discussion and consideration • Lack of rigorous cost-benefit and economic impact analysis • LBF should ensure that line ministers and provincial governments participate in LBF (not their deputies or more junior designees) • LBF requires enhanced strategic and analytical capacity • The Lao Government (Prime Minister’s Office) should have a full-time designated staff member to follow up directly on LBF outputs • Follow up on LBF issues should be a priority 	<ul style="list-style-type: none"> • Develop a revised issue filtering and solution prioritization process at the Private Sector Working Group (PSWG) level • Integrate independent economic and legal analysis of LBF proposals at PPC stage • Reduce the number of Working Groups from 16 to 9 • Develop a streamlined pilot provincial PPD platform that is linked to the national LBF
<p>Phase 3: Design and support the implementation of mechanisms to enable the LBF to: effectively follow up with line ministries on LBF decisions; monitor & evaluate its outputs; ensure its sustainability</p>	<ul style="list-style-type: none"> • Need for greater capacity building for LBF and government counterparts on how to “operationalize” follow-up activities in public private dialogue • Limited use of technology - need to leverage tried and tested technology-based tools for follow up and monitoring & evaluation 	<ul style="list-style-type: none"> • LBF should consider developing post-Forum “reform teams” that would become issue owners with the responsibility for developing and monitoring a reform implementation plan • LBF should adapt an online platform tool such as the Reform Inventory Initiative which is currently being used in Cambodia – that will facilitate the work of the LBF Reform Teams • LBF should adopt a simple and practical approach to M&E in the short term (i.e., <i>PPD Scorecard</i>) while laying the groundwork in the medium- to long-term to adopt a more sophisticated technology-based tool such as the <i>Online Issue Tracker</i> • Set up PPD research funding facility • Organize paid LBF networking events and receptions throughout the year • Develop sponsorship packages for LBF • Increase the number of LNCCI staff members seconded to the LBF Secretariat

Conclusion and Next Steps

After organizing a successful 10th forum in March 2017, LBF has reached a “fork in the road.” The first path -- a “business as usual” approach – runs the risk derailing the momentum resulting from LBF 10 and undermining LBF’s credibility in the eyes of the local and international business community. The second path – one that involves leveraging existing partnerships and building new ones; piloting financial and operational sustainability initiatives; and implementing creative, practical and cost-effective inclusiveness strategies- is not only feasible, but potentially transformative if the will exists.

In terms of next steps, LBF should consider the following:

- There is ample scope to leverage the work of existing projects that have synergies with the LBF – particularly with regard to the inclusiveness agenda - as well as obtain “in-kind” contributions from delivery partners in terms of financial, human resource and technical support.
- For the remaining delivery period of TDF2 as well as the likely TDF2 successor project, PPD capacity building support should be a priority as this has the potential of creating the broadest and deepest impact, especially at the provincial level.
- Developing and deploying tools to improve LBF follow up, monitoring & evaluation and communication and outreach should be considered critical priorities. Not only are such tools readily available and practical, they have produced tangible results in the countries where they have been used.

I. LBF and Inclusiveness

1. Introduction and Approach

The objective of this section is to identify mechanisms for increasing the inclusiveness and effectiveness of the Lao Business Forum (LBF), with a specific focus on women-owned businesses, microenterprises and startups, provincial businesses, and foreign investors.

The consultant's data gathering approach for this phase of the project is detailed below:

- Conducted extensive desktop research on PPD in Lao PDR as well as a review of regional and global benchmarks and PPD good practice
- Participated in 20+ meetings with a wide range of stakeholders including MoIC technical staff; LNCCI board members, senior management and staff; multilateral and bilateral donors; women's business associations and gender-focused NGOs; micro-enterprise and start up business associations; international NGOs; foreign investor associations; and individual entrepreneurs
- Prepared an "inclusiveness lens" analysis of LBF 10 from top to bottom in order to gauge the level of participation of women-owned businesses; microenterprises and startups; provincial businesses and foreign investors

2. Overview of the Lao Business Forum

The Lao Business Forum was launched in March 2005 as a joint initiative between the International Finance Corporation (IFC) and the Ministry of Planning and Investment (MPI). Its design and structure were significantly influenced by public-private dialogue platforms in Vietnam and Cambodia.

The objectives of the LBF are to: 1) facilitate public and private sector dialogue, including participation by the broadest range of private sector companies, from domestic SMEs to foreign investors; 2) ensure consistent enforcement and transparent interpretation of laws and regulations; 3) remove the bureaucratic impediments that businesses encounter in entry and exit processes and provide feedback on business-related policies, laws and regulations that impact the private sector; and 4) provide feedback on draft government laws and regulations that could potentially impact the business community and assist the Lao government in private sector-related policy development.

The IFC staffed the LBF Secretariat from 2005 until its exit in 2010. LNCCI now performs Secretariat functions for the LBF and is responsible for overall coordination and facilitation while the MoIC replaced the MPI as the governmental focal point. The Department of Planning and Cooperation (DPC) at the MoIC is responsible for overall oversight and follow-up.

The LBF is organized at four levels:

- **Annual Forum.** The Annual Lao Business Forum is held once annually and provides an opportunity for Private Sector Working Groups and key business associations in Lao PDR to inform top-level government officials about their achievements during their regular meetings and to identify unresolved issues.
- **Steering Committee (SC).** SC meetings are convened twice a year in advance of the Annual Forum in order to review progress, finalize the forum agenda and agree on key forum inputs. Based on the advice of the Secretariat the SC meeting will consider priority business reforms and

decide on remedial measures or refer issues to relevant government entities. These steps ensure that priority actions are fully vetted prior to presentation during the Forum

- **Public Private Consultation (PPC).** PPC meetings occur prior to the bi-annual SC meetings. PPC meetings for specific Working Groups occur as regularly as required between the six-month period between SC meetings
- **Private Sector Working Groups (PSWG).** There are currently 17 Private Sector Working Groups (PSWG) in the LBF. Meetings are open to private sector members of the PSWG as well as any other companies that are interested in attending. The LBF Secretariat assists the PSWGs in formulating their policy ideas prior to PPC meetings.
 - Sectoral working groups: ICT, Manufacturing, Trade, Services, Agro-processing; Handicrafts; Transportation & Logistics; Construction; Mining; Tourism; Banking & Insurance; Hydropower
 - Other working groups: Cross-Cutting, State-owned Enterprises (SoEs), SMEs, Businesswomen

LBF completed its 10th Annual Forum in March 2017. During the course of the LBF process, 4 issues raised by the private sector were resolved; 14 issues are being addressed by relevant government ministries; and 13 other issues are being further analyzed.¹ The following issues were raised by the Lao private sector during the forum:

- Business taxation, particularly the implementation of the VAT refund and the excise tax on internet services
- High transportation costs and onerous import/export procedures
- Lengthy enterprise registration and licensing procedures
- Limited access to finance for SMEs

The LBF Secretariat and the MoIC LBF Focal Point have met with the Prime Minister's Office to develop a follow-up plan to address the issues raised at the forum.

3. Application of an Inclusiveness Lens to LBF

In an effort to establish an evidence base for a comprehensive assessment of LBF's inclusiveness, the consultant conducted a top-to-bottom review of the most recent LBF to determine the extent of engagement by women-owned businesses, startups and microenterprises, provincial businesses and foreign investors.

The key dimensions of the LBF that were analyzed include the following:

- Mandate
- Institutional Structure
- Facilitation
- Outreach & Communications
- Monitoring & Evaluation

Table 1 provides a summary of the findings from the inclusiveness analysis, which were detailed in project deliverable 1.

¹ Lao PDR Ministry of Industry and Commerce (MoIC)

TABLE 1
Applying an “Inclusiveness Lens” to the LBF

	Micro-enterprises and Start ups	Gender ²	Provincial	Foreign Investors
Mandate	<i>LBF’s mandate does not explicitly address a focus on microenterprises/startups, women-owned businesses, provincial businesses or foreign investors. It refers to the private sector in general.</i>			
Institutional Structure (Leadership/Management/Working Groups)	Representation of micro-enterprises and start ups in LBF’s internal structure (LBF 10): <ul style="list-style-type: none"> Microenterprises (5 employee or fewer) account for 1% of PSWG members No start ups represented in LBF’s institutional structure 	Representation of women-owned businesses in the LBF’s internal structure (LBF 10): <ul style="list-style-type: none"> 1st PSWG: 22% women 2nd PSWG: 17% women Foreign Chambers: 22% women PPC #1: 15% (18% of questions raised by women) PPC #2: 26% (3% of questions raised by women) PPC #3: 26% (10% of questions raised by women) LBF10: 21% women 	Representation of provincial businesses in LBF’s internal structure (LBF 10): <ul style="list-style-type: none"> 0% representation in LBF institutional structure 	Representation of foreign investors in LBF’s internal structure (LBF 10): <ul style="list-style-type: none"> 1 PSWG in LBF 10 focused on foreign investors – 11 foreign chambers represented PPC – Foreign chambers invited by LBF to attend, only Japanese and EU chambers participated 8 foreign chambers represented in LBF Steering Committee
Facilitation	Percentage of micro-enterprise owners/start ups who facilitated LBF 10 sessions <ul style="list-style-type: none"> No LBF 10 meetings were facilitated by microenterprise/start up owners 	Percentage of women who facilitated LBF 10 sessions <ul style="list-style-type: none"> 1 of 5 Co-Chairs of LBF 10 was a woman (20%) 1 of 3 steering committee meetings was co-chaired by a woman No women business owners facilitated PSWG sessions 	Percentage of provincial business owners who facilitated LBF 10 sessions <ul style="list-style-type: none"> No provincial business owners facilitated LBF 10 meetings 	Percentage of foreign investors who facilitated LBF 10 sessions <ul style="list-style-type: none"> No foreign investors facilitate any LBF 10 meetings
Outreach/Communications	To what extent do LBF outreach and communications include/specifically address micro-enterprise/start up business issues? <ul style="list-style-type: none"> LBF contacted both the Young Entrepreneur’s Association of Lao PDR (YEAL) and the SME Club in connection with LBF 10 	To what extent do LBF outreach and communications include/specifically address women’s business issues? <ul style="list-style-type: none"> LBF contacted the Lao Businesswomen’s Association (LBWA) in connection with LBF 10 	To what extent do LBF outreach and communications extend to provincial businesses? <ul style="list-style-type: none"> 11 Provincial Chambers were invited to participate in LBF 10, and all attended There are no targeted outreach efforts by LBF to provincial businesses 	To what extent do LBF outreach and communications extend to foreign investors? <ul style="list-style-type: none"> 20 foreign chambers were contacted by LBF in connection with LBF 10 (14 members from 11 Chambers attended)
Monitoring & Evaluation	LBF does not monitor LBF outcomes by type of businesses. Most issues that are monitored are cross-cutting in nature.			

² The data for women’s participation in LBF includes both businesses owned by women as well as women company employees. During LBF 10, women-owned businesses were periodically represented by men.

4. Gender and the LBF

The analysis of the LBF through a gender inclusiveness lens revealed that the level of participation by women in the LBF process is disproportionately lower than their male counterparts at every level – from the Private Sector Working Group (PSWG) level to the annual LBF itself (approximately 25% on average). The LBF Secretariat has not previously tracked the level of women-owned business participation in the LBF, but this is expected to change in future LBF meetings, beginning with LBF 11 in 2018.

A review of Lao PDR’s legal and regulatory framework related to gender, coupled with insights obtained during meetings with the Lao Businesswomen’s Association, suggests that, on balance, Lao PDR’s laws appear to be gender-neutral. Although the country’s constitution does not include a non-discrimination clause, it does include a clause on equality. Despite the appearance of gender-neutrality in the legal framework, anecdotal evidence obtained by the project team during meetings with NGOs working with women-owned microenterprises at the provincial level suggests that the “on-the-ground” reality is quite different and requires further analysis. These NGOs report that Lao women business owners are often subjected to discriminatory treatment from provincial officials. Much of this treatment relates to cultural norms and perceptions regarding the role of women (i.e., prioritization of family obligations versus participation in the workforce, etc.)

A. Key challenges and opportunities

Absence of a robust body of gender-specific data on micro-enterprises and start ups in the Lao PDR business community. There is not a significant amount of data related to women-owned businesses in Lao PDR. Although a few surveys have been conducted on women in business, they have provided generic insights on overall business challenges or a wish list of policy and business development support priorities (generally consistent with those shared by most businesses in Lao PDR). These surveys have not provided a more in-depth analysis of unique legal, regulatory and operational challenges faced by women business owners.

Inadequate support infrastructure for women microentrepreneurs and startups. Women entrepreneurs in Lao PDR lack a strong network of institutions that can support their growth and development. Although the Lao Businesswomen’s Forum works closely with LNCCI and has become more involved in the LBF process, their membership generally consists of well-connected, successful businesswomen. Women-owned, provincial-level microenterprises in particular have minimal or no representation at the LBWA, the LNCCI or the LBF.

B. International benchmark analysis

There are five examples of women-owned business public policy advocacy that are relevant in the context of Lao PDR: Nepal Business Forum/Federation of Women Entrepreneurs Associations of Nepal; Cambodia Women Entrepreneur’s Association; Pacific Businesswomen’s Forum; Romanian Coalition of Women’s Business Associations; and the Uganda Gender Coalition.

Nepal Business Forum/Federation of Women Entrepreneurs of Nepal. The Federation of Women’s Entrepreneurs’ Association of Nepal (FWEAN) was formed in 2003. It is the lead organization for the Women Entrepreneurs’ Associations of Nepal (WEAN) which has branches in 29 districts throughout the country. FWEAN’s work covers four main areas: 1) policy advocacy; 2) capacity building and skills development; 3) entrepreneurship promotion in urban and rural areas of Nepal; and, 4) formation of WEAN

chapters in all 75 districts in Nepal.³ FWEAN convenes an annual national consultation forum to discuss the principal policy issues that impact women entrepreneurs at the national and local levels. The outputs of this forum are used to develop an annual advocacy agenda.

FWEAN's advocacy and public-private dialogue successes include the following⁴:

- Establishment of a Women's Entrepreneurship Development Fund that provides low-interest and collateral-free loans to women entrepreneurs
- Approval of a women's craft village to assist women entrepreneurs in product marketing
- Nepal Rastra Bank – the country national bank – has instructed commercial banks to provide low-interest loans up to US\$4,775 to women entrepreneurs.

Cambodian Women Entrepreneur's Association. With the support of the IFC, the Cambodian Ministry of Women's Affairs organized a workshop for Cambodian businesswomen in 2010 to help support the growth of their businesses.⁵ A concurrent objective of the workshop was to highlight challenges faced by these businesswomen and to develop an action plan for their resolution. Two important recommendations which resulted from the workshop include: 1) strengthen existing businesswomen associations or develop new ones to enhance their capacity to provide inputs to Cambodia's PPD working groups; 2) include businesswomen in each of the eight sectoral Working Groups in the Cambodia Government Private Sector Forum (G-PSF).⁶

As a result of this initiative, the Cambodian Women Entrepreneur's Association was created in 2012. Board members of the association agreed that they would be active in each of the C-PSF Working Groups instead of creating a separate Businesswomen's Working Group. This approach was deemed to be more efficient and practical in terms of maximizing the value of businesswomen's contributions to PPD in Cambodia.⁷

Pacific Businesswomen's Forum. IFC assisted in the launch of several informal women business forums where businesswomen from Papua New Guinea, Tonga, Samoa and the Solomon Islands had an opportunity to share their experiences about the challenges to doing business in their respective countries.⁸ The forums consisted of icebreaker sessions and breakouts where the participants had an opportunity to identify priority areas of concern. Subsequent surveys of the participants revealed that the real value of the forums was the opportunity for the businesswomen to informally network and share "war stories." In Papua New Guinea, these forums evolved to become a more structured mechanism for providing businesswomen's inputs into the country's PPD platforms.⁹

Romanian Coalition of Women's Business Associations. In 2004, nine Romanian businesswomen's associations joined forces to create a single public policy advocate for women-owned businesses. The Coalition of Women's Business Associations (CAFA) was established as an informal network with no internal management structure. It did have a multi-layered membership structure: 1) founding members;

³ Adhikari, Sharada Rijal. *Nepal: Women's Economic Participation – Federation of Woman Entrepreneurs' Associations of Nepal (FWEAN)*. Presentation at the 2017 Public-Private Dialogue Workshop – May 9-1, 2017 (www.publicprivatedialogue.org).

⁴ Ibid.

⁵ *Gender Informed Public Private Dialogue: Practical Note on Inclusion of Women Entrepreneurs*. World Bank, 2016

⁶ Ibid.

⁷ Ibid.

⁸ *Gender Dimensions of Investment Climate Reform – A Guide for Policymakers and Practitioners*. World Bank, 2010

⁹ Ibid.

2) full members (any interested women’s business association); 3) women’s associations/organizations with a business-related program or agenda. CAFA operations were managed by a secretariat during the initial 2 years of operation. The Center for International Private Enterprise (CIPE) managed the CAFA secretariat.¹⁰

CAFA developed a strong reputation and several key government ministries and departments, including the Ministry of Finance, Ministry of Labor and Social Protection and the National Agency for Small and Medium Enterprises and Cooperatives, have engaged with CAFA on important legislative initiatives.

Beginning in January 2006, CAFA became a self-sustaining organization, fully supported by its members. Management of the CAFA Secretariat was transferred from CIPE to a CAFA member organization.

Uganda Gender and Growth Assessment Coalition. At the request of the Government of Uganda, the World Bank/IFC conducted a gender-focused assessment of the country’s investment climate. A 2-day workshop on public private dialogue and advocacy was convened once the Uganda Gender and Growth Assessment (GGA) was completed. A coalition of seven Ugandan women’s associations was created during the workshop – the Gender and Growth Assessment Coalition; this coalition was tasked to lobby for the proposed reforms that emerged from the workshop. Key initial successes of the Uganda Gender Coalition included the following:¹¹

- Inclusion of GGA recommendations in Uganda’s National Gender Strategy (2005-2014) as well as the country’s private sector development strategy (2005-2009)
- Inclusion of GGA recommendations in four labor-related bills

C. Recommended mechanism for expanding the role of women-led enterprises in the LBF and cost implications

Several key takeaways have emerged from the consultant’s research, benchmark analysis and meetings with Lao businesswomen’s associations, NGOs who work on gender issues and individual Lao businesswomen:

- There is a clear gap in the Lao PDR’s women entrepreneurship ecosystem in terms of the existence of an institution fully dedicated to the issues faced by women-owned businesses
- A detailed “as is” assessment of the current policy, legal, regulatory and operational landscape facing women-owned microenterprises is an essential pre-requisite to developing remedial measures
- There are several international NGOs and government entities which have extensive experience engaging with women-owned microenterprises and startups, particularly at the provincial level. These entities have not been involved in any aspect of public-private dialogue via the LBF
- The most effective way to engage women-owned microenterprises in the PPD process may be to apply a more informal, organic approach. This could also involve a broader, preliminary dialogue with a select group of women-owned microenterprises and work with them to identify those with leadership potential who could benefit from PPD-related training. Many of the associations representing these types of businesses are very small and embryonic; have very limited capacity and virtually no experience working with government authorities. Therefore, it is not realistic for them to be directly engaged in the LBF. However, a focused technical assistance program to build the capacity of their associations as well as more tailored interventions such as informal networking

¹⁰ Ibid., Schwartz, Corina. “Strengthening Women’s Business Associations – Women Entrepreneurs: Romania,” Center for International Private Enterprise (CIPE),

¹¹ Simavi et al. *Gender Dimensions of Investment Climate Reform – A Guide for Policymakers and Practitioners*, World Bank, 2010; Ellis et al., 2006

sessions and icebreakers could build a foundation from which a more robust PPD engagement could be developed.

- Based on an analysis of the four benchmarks considered in this paper, there were three key elements to success:
 - Multiple women's business associations, as well as organizations working on gender issues generally, recognized the value of joining forces – i.e., creating informal coalitions or networks - to address women's entrepreneurship challenges
 - The institutions successfully leveraged partnerships with NGOs and international organizations to build their capacity to advocate effectively for women entrepreneurs
 - The business associations focused first on building their advocacy capacity. This enabled them to more effectively contribute to public-private dialogue (either as an independent entity lobbying the government directly or working within a formal public-private dialogue platform).

In terms of developing a mechanism to expand the role of women-owned businesses in the LBF, the following steps are recommended:

Short to Medium Term (1-6 months)

- ***Organize a LBF Private Sector Working Group meeting and networking event during the annual Lao Handicraft Festival.*** Given the fact that 80% of LHA's members are women-owned businesses and half of the overall member companies consist of 10 or fewer employees, this initiative will cover two key inclusiveness priorities: gender and microenterprises. In conjunction with the LBF Working Group meeting, LNCCI could also potentially host a networking or "Q&A" session in a designated area on the festival grounds. This could be a helpful mechanism for enabling LNCCI to provide more information about public private-dialogue generally and LBF specifically as well as broaden its market of business "customers" with little or no previous experiencing engaging in the PPD process. LNCCI/LBF participation in the Lao Handicraft Festival could be a pilot initiative with the potential for replication at similar festivals throughout the country. The upcoming *Visit Lao Year 2018* could present an attractive opportunity for LNCCI and LBF to work with women-owned businesses and microenterprises in the tourism sector.
- ***Organize study tour to Cambodia for representatives of the main Lao businesswomen's groups, sectoral associations and women's organizations to engage with Cambodian Women Entrepreneurs Association.*** The delegation could include representatives from LBWA, LHA, LNCCI, YEAL, and the MoIC Lao Women's Union Focal Point. The objective of the mission would be to derive key lessons learned in the creation of the Cambodian Women Entrepreneurs Association and their relevance in the Lao PDR context.
- ***Conduct informal provincial-level surveys in Vientiane Capital and select provinces (Luang Prabang and Champasak) to identify key issues encountered by women-owned microenterprises.*** These surveys would provide a good evidence base from which to develop targeted interventions. They could also form the basis for organizing a series of informal networking sessions for women-owned microenterprises (similar to the initiative launched by the IFC for women-owned businesses in the South Pacific).

Longer Term (6-12+ months)

- **Organize a Women in Business (WIB) Forum focused on identifying unique operational challenges faced by women-owned microenterprises and startups in Lao PDR.** The vast majority of businesses in Lao PDR are small and medium-sized enterprises and their issues are largely being addressed via the country's existing national business associations – including the Lao Businesswomen's Association. Businesses with five employees or fewer – particularly women-owned enterprises – are poorly represented in these organizations.

The forum would be co-hosted by the LNCCI, the Lao Women's Union (MoIC Focal Point) and the Lao Businesswomen's Association. It would include woman-owned microenterprises from at least 4 to 6 provinces across the country. The Forum would be co-chaired by several organizations who have substantial expertise in women's issues in Lao PDR but limited or no prior experience in the LBF process. Potential candidates include the Gender Development Association; SNV; the Young Entrepreneur Association of Lao PDR (YEAL); and The Asia Foundation.

The workshop will be solution-oriented. It will identify specific challenges faced by women entrepreneurs as well as specific remedial measures, including potential projects, initiatives and policy reforms. One potential initiative could include a joint MoIC-LNCCI-LWU project to develop a comprehensive data profile of women-owned microenterprises and startups in every province in the country. Another possible initiative could be the creation of sector-specific Women in Business (WIB) coalitions focused on women-owned microenterprises. Membership in these coalitions could include businesswomen as well as representatives from gender-focused groups such as the Lao Women's Union and the Gender Development Association. Following the forum, the LBF project team – with the support of forum co-chairs – will work with donor organizations, Lao PDR government entities and local and international NGOs to prepare a detailed action plan with assigned owners which will focus on leveraging the work of complementary initiatives currently underway in Lao PDR.

5. Microenterprises, Startups and the LBF

Startups and micro enterprises in Laos have traditionally had minimal representation in the LBF. Only a small fraction – approximately 1% - of microenterprises have ever participated in LBF Private Sector Working Groups, and no start-ups participated in any PSWG sessions during LBF 10. Start-ups face a few legal and regulatory challenges as they are not recognized by the current law; therefore, it is difficult for them to get businesses registered due to the lack of clarity regarding the sector/type of business to which they belong.

A. Key challenges and opportunities

Lack of capacity for effective policy advocacy. Microenterprises and start ups in Lao PDR do not have a single voice that can effectively advocate on their behalf. Their interests are represented by a diverse range of organizations with limited institutional capacity such as the Lao Handicraft Association, the Lao Farmers' Network, and the Young Entrepreneur Association of Lao PDR, among others. These groups are not positioned to effectively engage with the LBF because they lack advocacy capacity and they are largely outmaneuvered and marginalized by established, more politically-connected business groups.

Non-transparent regulatory regime for startups. Many Lao startup companies have indicated that the country's legal and regulatory regime related to startups is unclear. Startups are treated the same as SMEs, despite significant differences in their size and structure. Since there is no differentiation in the law between the two company types, company registration fees and procedures are comparatively more burdensome for

startups. This situation is compounded by the fact that there are very few initiatives on a national level to facilitate the formation of startups.

B. International benchmark analysis

There are two examples of microenterprise and startup-related advocacy that are useful to review in the context of Lao PDR: Senegal's Union Nationale des Commerçants et Industriels du Senegal (UNACOIS) and Jordan's Young Entrepreneurs Association.

Senegal: Union Nationale des Commerçants et Industriels du Senegal (UNACOIS). The Union Nationale des Commerçants et Industriels du Senegal (UNACOIS) is one of the largest and best-organized business associations in Senegal. In 2011, the Center for International Private Enterprise (CIPE) worked with UNACOIS to build the capacity of SMEs in Senegal – the vast majority of which operate in the informal sector – to participate in public-private dialogue. UNACOIS has 70,000 member enterprises who operate across 4 regions. UNACOIS organized regional public-private dialogue forums across the four regions.¹² Its public-private dialogue efforts achieved a few important results¹³:

- The Senegalese adopted UNACOIS recommendations to reform the country's national tax code. UNACOIS prepared a white paper with recommendations for SME-related tax reform. This document incorporated the full range of views and perspectives of UNACOIS members.
- UNACOIS collaborated with the Ministries of Tax and Customs; Commerce and Industry; and the Prime Minister's Office to create a structured mechanism for ongoing public private dialogue on issues related to SMEs, economic development and food security.

Key lessons learned and success factors include the following:¹⁴

- UNACOIS fully engaged its membership across each region in the public-private dialogue process. This approach increased the credibility of UNACOIS advocacy efforts since their recommendations reflected the interests of the full spectrum of its membership
- Producing a sound and well-researched white paper with concrete policy recommendations increased the credibility of UNACOIS's advocacy efforts and enhanced its reputation as a PPD partner with the government
- Instead of addressing a broad range of issues, UNACOIS focused on a single cross-cutting issue that had the greatest impact on formalization: taxation. This measured and focused approach resulted in a clear victory which laid the groundwork to tackle other important reforms

Jordan: Young Entrepreneurs' Association. The Jordan Young Entrepreneurs Association (YEA) was formed in 1998 to improve the business environment for startups in Jordan. The Center for International Private Enterprise (CIPE) worked with YEA to create an analytical and advocacy arm for YEA – Sawtouna "Our Voice." YEA used the Sawtouna vehicle to publish policy papers and prepare a detailed advocacy agenda for startups.¹⁵

Two policy papers played a key role in advancing a reform agenda for startups¹⁶:

¹² Mihaylova, Teodora and Erica Poff. "Senegal's Small and Medium Enterprise Sector and Public-Private Dialogue," Center for International Private Enterprise (CIPE), 23 October 2014.

¹³ Ibid.

¹⁴ Ibid.

¹⁵ Amalu, Ngozika. A Voice for Entrepreneurs: Jordan's Young Entrepreneur's Association – excerpted from *Strategies for Policy Reform – Volume 2: Engaging Entrepreneurs in Democratic Governance*. CIPE

¹⁶ Ibid.

- The first paper focused on reducing the minimum capital requirement for new companies. YEA's advocacy resulted in an amendment to Jordan's Companies Law which reduced the minimum capital requirement for limited liability companies from 30,000 Jordanian dinars to 1,000 Jordanian dinars. Within 2 years, the reduction of the minimum capital requirement resulted in 1,800 newly-registered enterprises
- The second paper focused on streamlining business registration and licensing requirements. It was supported by the Minister of Trade and Industry who requested that the Sawtouna team develop a detailed proposal for legislative action

C. Recommended mechanism for expanding the role of microenterprises and startups in the LBF and cost implications

Key takeaways which have emerged from meetings with startups and microenterprises and their business membership associations; a review of benchmarks; and country research are as follows:

- There is no single authoritative voice to represent the interests of microenterprises and startups in Lao PDR
- Existing microenterprise and startup-oriented business membership associations lack the institutional and technical capacity to serve as credible representatives for their members in the LBF process
- The potential for productive partnerships between Lao PDR business membership association and SME-focused NGOs in Lao PDR is strong as there are several successful initiatives being implemented by these NGOs which are directly aligned with the agenda of these associations
- Based on a review of the three benchmarks considered for this report, there were three key success factors:
 - International NGOs provided critical technical support in the early stages of the advocacy capacity development process
 - Business association members in every region in the country – not just the capital city – were engaged in the advocacy effort, which increased the credibility of the overall process
 - In the early phases, advocacy efforts focused on one or two critical reform priorities with broad appeal. This targeted approach ensured that limited resources were focused on top priorities; moreover, early successes built confidence in the overall PPD process and set the stage to tackle a broader reform agenda

In terms of developing a mechanism to expand the participation of microenterprises and startups in the LBF process, the following first step is recommended:

Short to Medium Term (1-6 months)

- ***Organize a LBF Working Group meeting in partnership with the Lao Young Entrepreneurs' Association and Toh Lao to focus on the business startup process.*** The Lao Young Entrepreneurs' Association (LYEA) has significant potential as a business membership organization, particularly since its membership consists of several highly-promising tech startups. LYEA also includes several dynamic Lao entrepreneurs – such as the CEO of Toh Lao, a popular co-working space in Laos, who were actively engaged in LBF 10. The business startup process is one of the most significant challenges in the Lao PDR business environment and the country's rankings on the World Bank's Annual Doing Business Survey are consistently low

- *Collaborate with the Ministry of Information, Culture & Tourism and the MoIC to launch a campaign – in conjunction with Visit Lao Year 2018 – to highlight opportunities for microenterprises and start ups in the tourism sector related to VLY 2018.* Campaign could be delivered through provincial chambers (i.e., Luang Prabang, Vientiane Province and Pakse)

Longer Term (6-12+ months)

- *Develop an advocacy and policy unit within the Young Entrepreneurs Association of Lao PDR (YEAL) to improve its capacity to serve as an advocate for startups in Lao PDR and play a central leadership role within the LBF.* Several organizations – particularly the Center for International Private Enterprise – could be engaged to provide capacity building support via the TDF 2 successor project. The YEAL advocacy capacity building initiative could become a potential blueprint to support other business associations in Lao PDR – both sector-specific as well as cross-cutting – which could largely drive the agenda of LBF Working Groups in the future.

6. Provincial Businesses and the LBF

While issues raised at the LBF are also of considerable interest to businesses across the country, there was no representation of provincial businesses in the LBF institutional structure. Representatives from 11 provincial chambers—mainly their presidents who are also business owners—were invited to participate in the final LBF and all attended. There were no outreach efforts to identify issues affecting businesses in provinces outside of Vientiane capital.

A. Key challenges and opportunities

General lack of capacity at the provincial level. Discussions with LNCCI staff members and a detailed review of earlier donor-funded projects suggest that one of the biggest impediments to effective provincial public-private dialogue is the lack of capacity at provincial-level business associations. LNCCI has recently visited 13 of 17 Lao PDR provinces to obtain a better understanding of local-level business challenges. During these visits, LNCCI leadership met with provincial governors and discussed PPD generally with a specific focus on the LBF. A key objective of the meeting was to assess the readiness of provincial chambers and government authorities to participate in PPD. LNCCI discovered that there was indeed interest in PPD; however, the provincial chambers did not have the institutional or technical capacity to launch a PPD program.

The large number of Lao PDR provinces and varying degrees of provincial chamber readiness to participate in the PPD process present a logistical challenge in terms of ensuring that the LBF is truly representative of businesses across the country. As the LBF team develops a strategy for engaging provincial business associations with the LBF, a phased and targeted approach will be required. It would be logistically and financially impractical to launch a concurrent series of provincial level PPD capacity building initiatives for business associations without a full assessment of their capabilities.

B. International benchmark analysis

There are two country examples of provincial public private dialogue that are useful to review in the context of Lao PDR: Cambodia and Indonesia.

Cambodia: Local Public Private Dialogue in Kampor, Kampong Cham and Kampong Chhnang Provinces. In 2004, the Asia Foundation worked with provincial business associations as well as local authorities to organize public-private dialogue in three Cambodian provinces. The dialogue resulted in increased understanding by business owners of their rights as well as a greater appreciation by local

authorities of the challenges faced by the business community.¹⁷ Illustrative examples of the results of the local PPD are detailed below:

- Participants in the Kampor PPD dialogue successfully negotiated a reduction in the cost of electricity
- In Kampong Chhnang province, the local tax department provided SMEs with lists of legal and illegal fees, thereby increasing transparency in the business environment. In addition, authorities reduced annual fees for brick manufacturers by 50%
- In Kampong Cham province, the provincial governor eliminated environmental fees for SMEs
- In 10 Cambodian provinces, local government office bulletin boards provide full information on licensing costs and procedures

Indonesia: Improving the Business Environment for SMEs in Sulawesi Province, Indonesia. The Asia Foundation provided technical support to local business associations in Sulawesi province and local government authorities to streamline licensing requirements and reduce burdensome fees. In addition, the Foundation worked with 10 districts in Sulawesi Province to introduce a Regulatory Impact Assessment (RIA), a methodology that provides a cost-benefit analysis of specific regulations.¹⁸

C. Recommended mechanism for expanding the role of provincial businesses in the LBF and cost implications

The key takeaway that has emerged with regard to expanding provincial-level participation in the LBF process is as follows:

- Given the overall weakness of local-level PPD in Lao PDR, a comprehensive, nationwide technical and institutional capacity building initiative will be required to improve local-level PPD dialogue in Lao PDR; however, given the likely cost and scope of the required intervention, a more gradual and phased approach will be warranted.

In terms of developing a mechanism to engage provincial businesses in the LBF, the following steps are recommended:

Short to Medium Term (1-6 months)

- ***Launch “pilot” local public private dialogue initiatives in 2 high-potential Lao PDR provinces that represent each of the main regions of the country: North and South.*** Based on the results of LNCCI’s visits to 13 provinces and discussions with LBF team members, Champasak in the south and Luang Prabang in the north would be potentially strong candidates for a pilot local PPD initiative. LBF team members and LNCCI can play a lead role in providing initial PPD training. In subsequent phases, LNCCI and the regional chambers in Champasak and Luang Prabang can receive additional, more advanced provincial PPD capacity building support from partners with Lao PDR-specific and/or regional-level technical experience such as the Asia Foundation and the Center for International Private Enterprise (CIPE).
- ***Convene a LBF meeting – Steering Committee, Public-Private Consultation or Private Sector Working Group - in a provincial capital.*** To demonstrate LBF’s commitment to supporting

¹⁷ “Subnational Public-Private Dialogues – A Tool to Improve Business Environments,” Asia Foundation, January 2011

¹⁸ Ibid.

provincial level businesses, it could convene a key meeting such as a Public-Private Consultation or Steering Committee meeting in one or more provincial capitals such as Luang Prabang or Pakse. In addition to signaling LBF's support for provincial businesses, it would be an effective way to illustrate how the LBF process works in practice. In the future, the annual LBF meeting itself could potentially be organized in a provincial capital.

Longer Term (6-12+ months)

- ***Expand mandate of pilot local PPD platforms to become regional centers for PPD training, support and outreach to remaining provinces.*** The initial phase of the local PPD pilot program in Champasak and Luang Prabang would last one year. Intensive technical and institutional capacity building would be the main focus during Years 1-2. During Years 2-3, pilot local PPDs would evolve into sub-regional PPD platforms that would support other provincial authorities and business associations.

The sub-regional PPD platforms would provide PPD support to business associations and local authorities in their respective regions. For instance, the Luang Prabang sub-regional PPD platform could support initiatives in the following northern provinces: Bolikhamxay, Xaysomboun, Xieng Khouang, Sayabouly, Houaphanh, Oudomxay, Bokeo, Luang Namtha, and Phongsaly. Similarly, the Champasak sub-regional PPD platform could support the business associations in the following southern provinces: Khammouane, Savannaket, Salavanh, Sekong and Attapeu. LNCCI would cover Vientiane Capital and Vientiane Province, in tandem with the Vientiane Province Business Association.

7. Foreign Investors and the LBF

Foreign investors were quite active during the early years of the LBF in the mid-2000s. However, due to the lack of progress in resolving key issues, their commitment and participation in recent LBFs decreased. During LBF 10, there was only one PSWG meeting focused on issues of concern to foreign investors, and 11 foreign chambers participated.

At the PPC level, all foreign chambers in Laos were invited to participate, but only representatives from the Japanese and EU chambers attended. In an LBF Steering Committee meeting, 8 foreign chambers participated. In the final LBF, 20 foreign chambers were contacted, but only 13 representatives from 11 foreign chambers participated. While LBF 10 was lauded as the most successful public-private dialogue in Laos to date, the feedback from the EU chamber was rather negative, suggesting that more work needs to be done to engage the foreign investor community.

A. Key challenges and opportunities

Expand the participation of foreign investors in the LBF process while ensuring a balanced representation with local businesses. During the initial years of LBF's operations, foreign investor associations played an active role in the LBF. However, there was a perception that the foreign investor agenda dominated the LBF during this period. Although many foreign investor associations participated in LBF 10, many have expressed frustration with the fact that several issues discussed in previous LBF meetings several years ago remain unresolved. Consequently, there is a risk that the LBF will lose credibility as an effective advocate for the foreign investor community. Moreover, many foreign chambers such as the China Chamber of Commerce of Lao PDR lobby directly to the government on key business environment reform priorities of its members.

B. International benchmark analysis

There are three examples of foreign investor engagement in PPD that are useful to review in the context of Lao PDR: Vietnam Business Forum (VBF); Foreign Investor Council of Bosnia-Herzegovina (BiH); and Turkey's Coordination Council for the Improvement of the Investment Environment (YOIKK) and the Investment Advisory Council (IAC).

- **Vietnam Business Forum (VBF).** The Vietnam Business Forum (VBF) was formed in 1997 in conjunction with the Vietnamese Government's Annual Consultative Group meeting with its donor partners. Its mandate is to facilitate public-private dialogue to create an attractive business environment for domestic and foreign investment. VBF convenes bi-annual Forums between the business community and senior Vietnamese government leaders. The VBF is led by 5 Consortium members and supported by 11 Associate members, all of which are international and domestic business associations. In reality, foreign chambers of commerce dominate the consortium and associate membership (approximately 87%). Although the Lao Business Forum will have a more balanced representation of foreign and domestic business, the strong institutional capacity and pro-active approach to the PPD process in Vietnam by foreign investor associations are particularly noteworthy. The foreign business associations which lead the VBF consortium are very well organized and regularly produce high-quality, analytical position papers for VBF meetings.¹⁹
- **Foreign Investor Council of Bosnia-Herzegovina (BiH).** The Foreign Investor Council of BiH, founded in 2006, represents the interests of 50+ foreign investors in the country with investments exceeding 4.5 billion euros in BiH. They communicate regularly with BiH authorities on business environment issues in the country and submit recommendations and prepare technical documents and reports on laws and regulations that impact foreign businesses. They also collaborate with foreign investor associations across Southeastern Europe to share best practices and engage in discussions to facilitate regional business activities. The Foreign Investor Council represents the shared views of the top foreign investors in BiH and their inputs have strong credibility.²⁰
- **Turkey: Coordination Council for the Improvement of the Investment Environment (YOIKK) and the Investment Advisory Council (IAC).**²¹ YOIKK was founded in 2001 as a mechanism to streamline bureaucratic procedures and improve the country's business environment. The country's business environment reform program is being implemented by two concurrent platforms. The first is YOIKK, where the private sector provides its input on investment climate reform via 10 technical committees. Its primary focus is streamlining investment regulations in the country; proposing policies that will improve Turkey's competitiveness as an investment destination; and recommending solutions for eliminating administrative barriers to investment. The second platform is the Investment Advisory Council of Turkey (IAC). It is a platform consisting of executives of leading multinational companies and international institutions operating in Turkey. They provide specific recommendations on improving Turkey's business environment, which are included on the agenda of the YOIKK technical committees.

¹⁹ Vietnam Business Forum website

²⁰ Foreign Investor Council of BiH website

²¹ Coordination Council for the Improvement of the Investment Environment (YOIKK) website

C. Recommended mechanism for expanding the role of foreign investors in the LBF and cost implications

The key takeaways in terms of engaging foreign investors in the LBF process are detailed below.

- Foreign investor associations have become increasingly disillusioned by the LBF process, given the lack of follow up by government authorities on issues that continue to complicate the Lao PDR business environment. There is a risk that business associations – particularly those from key investors such as China – will continue to bypass the LBF process entirely and work directly with Lao government authorities
- The organizational and technical capacity of foreign investor associations in general to provide high-quality inputs to the LBF process appears to be uneven. Some foreign investors associations are more effective than others. These associations would benefit from pooling their institutional resources and expertise to strengthen their voice in the LBF process and present a common front to the Lao PDR government on the key impediments in the local business environment, as well as the broader ASEAN business environment.
- The experience of Turkish and Vietnamese PPD platforms in engaging foreign investors clearly demonstrates the value added to the overall process by organized and cohesive foreign investor associations

In terms of developing a mechanism to expand the participation of foreign investors in the LBF process, the following steps are recommended:

Short to Medium Term (1 to 6 months)

- *Convene a meeting with the principal foreign business associations in Lao PDR to identify specific measures to increase their participation in the LBF.* This meeting would be organized by LNCCI to discuss the following: 1) the most practical and effective approaches to contribute to LBF Working Groups; and, 2) a proposal for selecting one representative from Lao PDR’s foreign chambers to co-chair the annual LBF on a two-year rotating basis.

Longer Term (6-12+ months)

- *Create a Foreign Investors’ Council of Lao PDR.* Foreign investor associations in Lao PDR lack cohesion and do not have a unified voice when engaging with Lao government authorities on business environment issues. LNCCI should engage with leading foreign investor associations in the country to explore the feasibility of setting up an integrated business council focused on representing the unified interests of the private sector in Lao PDR (or enhancing the capacity of an existing entity that has assumed that role).

II. Review of Current LBF Setup and Proposed Streamlining

1. Introduction and Approach

The previous section of the report focused on conducting an as-is assessment of the LBF to gauge the extent to which it reflects the perspectives of women-owned businesses, microenterprises, provincial businesses and foreign investors. This section takes a deeper dive into the internal set up and operations of the LBF to determine how it can operate more efficiently. A key focus is to review the issue filtering and

prioritization process and determine whether it accurately identifies critical actionable private sector priorities. International benchmarks are examined with a view towards identifying approaches that could be adapted for Lao PDR. Finally, this section identifies an effective follow-up mechanism for LBF, a critical requirement to ensure that LBF's recommendations can be properly implemented and progress can be tracked.

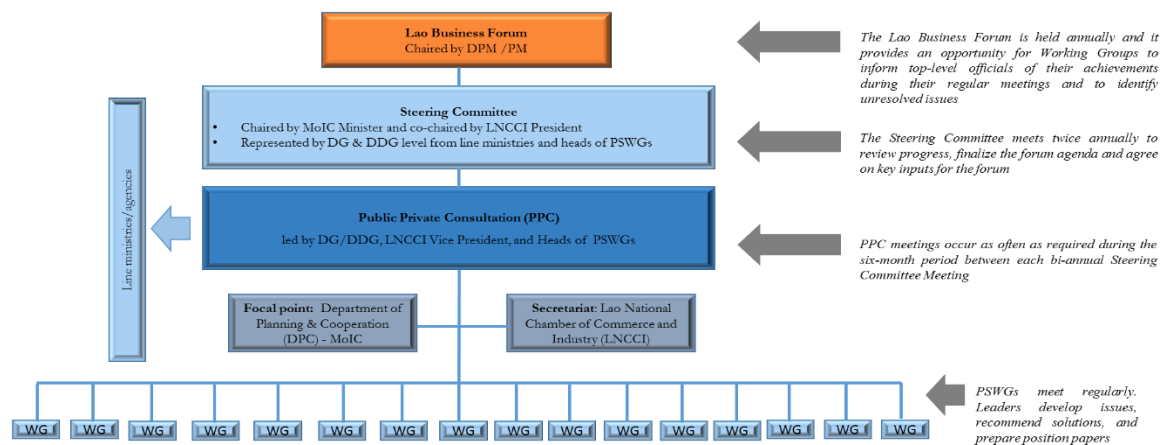
The tasks undertaken by the consultant to review the current LBF set up as well as propose mechanisms to increase its effectiveness are detailed below.

- **Review the structure and internal procedures of the LBF**
 - Reviewed the LBF organizational structure from the Working Group level to the Annual Forum
- **Conduct desktop research and benchmark analysis of regional and global PPD platforms similar to LBF**
 - Reviewed international good practice in PPD organizational structure and processes as well as 4 international PPD platforms in order to identify themes and lessons that could be applied in the LBF context
- **Propose recommendations to revise specific aspects of LBF's structure and procedures**
 - Based on a review of the LBF's structure and internal processes as well as benchmark research and analysis, proposed specific changes to LBF's internal structure and processes, including the development of a provincial PPD framework and identified next steps

2. Current LBF Setup and Processes

The consultant reviewed the current LBF setup and processes from the PS Working Group Level to the Annual Forum and developed the organizational structure detailed in *Figure 1* below

Figure 1: LBF Organizational Structure



There are 16 operational or recently-formed working groups in the LBF: ICT, Manufacturing, Trade, Services, Agriculture, Handicrafts, Transportation, Construction, Mining, Tourism, Banking & Insurance, Hydropower, State-owned Enterprises (SoEs), Small & Medium Enterprises (SMEs), Businesswomen, Cross-Cutting

3. Key Operational Issues Related to the LBF

Discussions with stakeholders and LBF staff members, a review of LBF’s internal structure, and observations during several PSWG meetings highlighted several key issues detailed in the table below.

Illustrative interviewee comments and views on LBF’s structure and operations
✓ Large number of Working Groups with varying levels of effectiveness
✓ Recurrent issues on LBF agenda from previous years
✓ Time management: PSWG presentations tend to be lengthy; lack clarity and focus and often digress from core issues
✓ LBF should assist presenters/speakers in preparing clear and succinct summaries of their key issues
✓ Issues should be thoroughly vetted for discussion and consideration
✓ Lack of rigorous cost-benefit and economic impact analysis
✓ LBF should ensure that line ministers and provincial governments participate in LBF (not their deputies or more junior designees)
✓ LBF requires enhanced strategic and analytical capacity
✓ The Lao Government (Prime Minister’s Office) should have a full-time designated staff member to follow up directly on LBF outputs
✓ Follow up on LBF issues should be a priority

4. Benchmark Analysis and Synthesis

After gathering insights from stakeholders regarding the LBF’s structural and operational challenges, the project team reviewed several PPD comparators – both regional and global – to identify any consistent themes or key takeaways that would be relevant to LBF. An overview of each of the reviewed benchmarks is provided below, followed by a synthesis of their key characteristics and relevance to LBF (*Figure 2*).

- **Vietnam Business Forum (VBF).** The Vietnam Business Forum (VBF) was formed in 1997 during the annual Consultative Group meeting between the Vietnamese Government and its donor partners. It was established as a not-for-profit, non-political channel for facilitating public-private dialogue to create a more attractive business environment for domestic and foreign investors. This is achieved through high profile bi-annual Forums between the business community and the Vietnamese Government and via specialized cross-sectoral Working Groups. The Consortium is led by five principal Members and supported by 11 Associate Members which are foreign and local business associations and chambers of commerce in Vietnam.²²
- **Cambodia Government-Private Sector Forum.** The Cambodia Government-Private Sector Forum (G-PSF), was formed in 1999 by the Prime Minister to provide a structured mechanism for consultation between the government and the private sector on a variety of investment climate-related matters. The Council of Development of Cambodia (CDC) serves as the secretariat of the G-PSF. CDC facilitates dialogue within and among the joint government/private sector Working Groups, and broadly between the Government and the business community. During the year, ten private sector working groups (PSWGs) meet regularly to identify and prioritize common issues and concerns, and negotiate solutions with their Government counterparts. These PSWGs include the following: Agriculture & Agroindustry; Tourism; Manufacturing and Small and Medium Enterprises and Services; Law, Tax and Governance; Banking and Financial Services; Transport

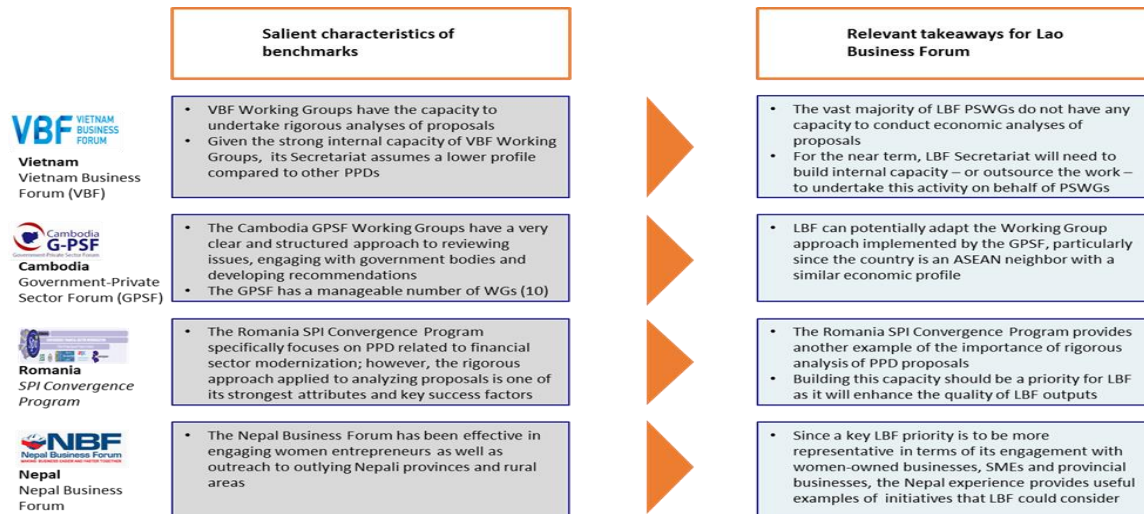
²² Vietnam Business Forum website

and Infrastructure; Export Processing and Trade Facilitation; Industrial Relations; Unhusked Rice; Power and Mining Resources.²³

- **Nepal Business Forum (NBF).** The government of Nepal established the Nepal Business Forum (NBF) in May 2010 via an Executive Order with the objective of creating job opportunities by improving the country’s business environment. It convenes bi-annual High-Level Business Forum meetings and includes 10 working groups. The NBF has made gender and provincial business inclusiveness a key focus of its efforts. The Women Entrepreneurship Development Working Group has helped raise the profile of women entrepreneurs in Nepal while simultaneously assuming a key leadership role within the NBF. In addition, the NBF’s Eastern Regional Business Forum is focused on promoting inclusive development and growth in 16 districts east of the Kathmandu Valley. It is now collaborating with development and private sector partners to create another regional forum that focuses on businesses in the mid- and far-western regions of Nepal.²⁴
- **Romania SPI Convergence Program (Financial Sector Modernization).** In 2006, the National Bank of Romania, the Romanian Banking Association and the Ministry of Public Finance launched a financial sector modernization program with support from the World Bank-administered Convergence Program. The National Authority for Consumer Protection joined the partnership in October 2006. The program was overseen by a five-person high-level committee (the SPI Committee) and managed by a two-person secretariat (the SPI Secretariat), with the support of the Convergence Program. In May 2007, the Romanian stakeholders assumed full operational and financial responsibility for the program beginning in January 2008.²⁵ The program has four key characteristics:

 - prior agreement among public and private stakeholders on issues requiring reform
 - quantification of the economic impact of the proposed changes for each stakeholder
 - extensive analytical and consensus-building discussions within public-private working groups supported by expert advice if required
 - ongoing focus on enactment

Figure 2: LBF Benchmark Analysis



²³ Cambodia Federation of Employers and Business Associations

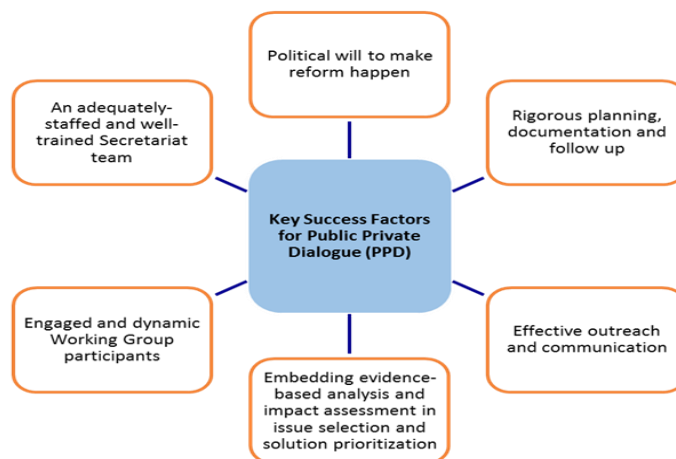
²⁴ Nepal Business Forum website and World Bank

²⁵ SPI Romania website

5. Key Success Factors for Public-Private Dialogue

The consultant reviewed international best practice in PPD and identified several key success factors. These key success factors are highlighted in **Figure 3** below.²⁶ The consultant reviewed LBF’s performance relative to these factors and provided a general assessment. The data for the assessment was obtained from discussions with LBF Secretariat staff members as well as a review of LBF operations during LBF10 in March 2017.

Figure 3: Key Success Factors for PPD and Assessment of the LBF



Key Success Factor	LBF Assessment
Political will to make reform happen	Good
An adequately staffed and well-trained secretariat team	Room for Improvement
Engaged and dynamic working groups	Room for Improvement
Embedding evidence-based analysis and impact assessment in issue selection and prioritization	Weak
Effective outreach and communication	Weak
Rigorous planning, documentation and follow up	Room for Improvement

6. Proposed LBF Setup

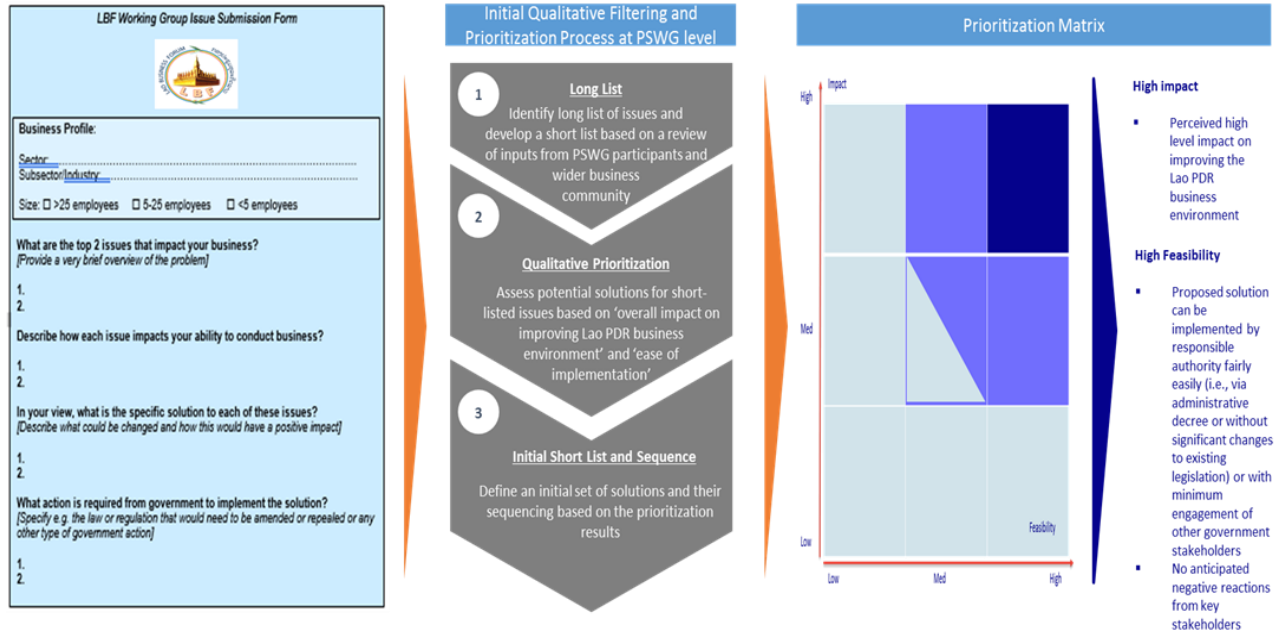
Since the Working Group is generally the “engine” of any public-private dialogue platform, its internal processes should be well-structured and rigorous to ensure outputs of the highest quality. **Figure 4** below details a potential issue filtering and solution prioritization process that could be adapted by the LBF.

The proposed process is not very different from the current process which allows Working Group participants to vote on priority initiatives; however, the proposed approach offers a more robust – albeit

²⁶ *Review of World Bank Group Support to Structured Public-Private Dialogue for Private and Financial Sector Development*, World Bank, April 2009.

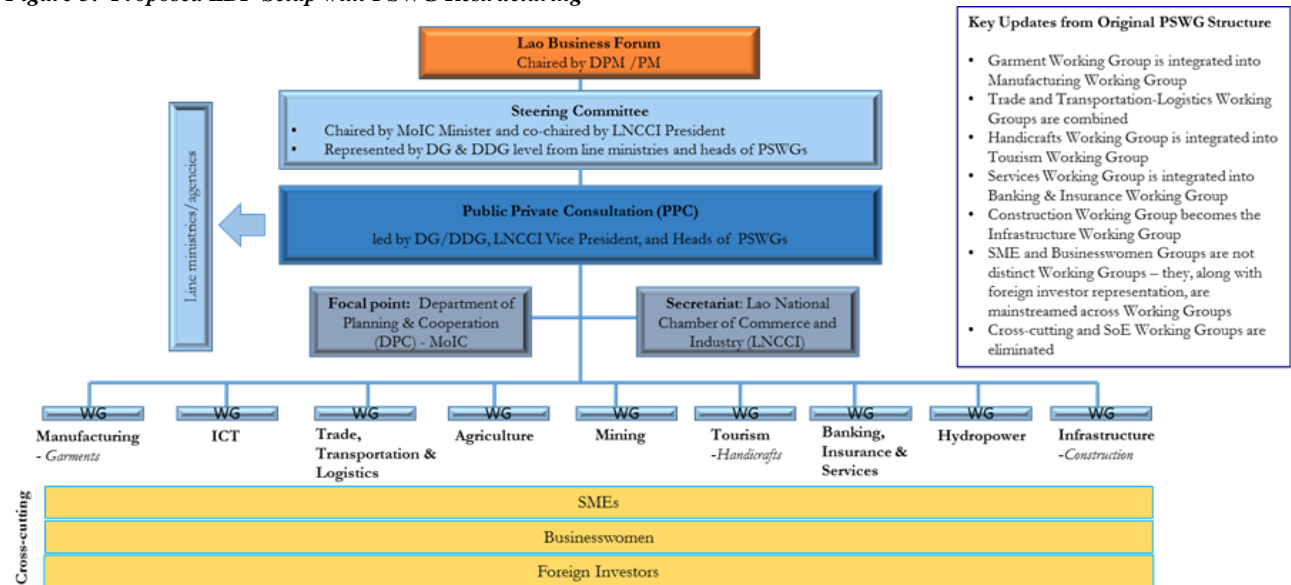
qualitative – basis for filtering issues and prioritizing solutions based on the perceived “overall impact on improving the Lao PDR business environment” and “ease of implementation.”

Figure 4: Proposed PSWG Issue Filtering and Prioritization Process



The other key issue is the inordinately large number of working groups. The LBF Secretariat and the consultant reviewed the activities and operational effectiveness of the various Working Groups during the most recent LBF and determined that of the 16 PSWGs, several could be consolidated or integrated to reduce the overall number to 9. Figure 5 illustrates a revamped structure for the LBF PSWGs.

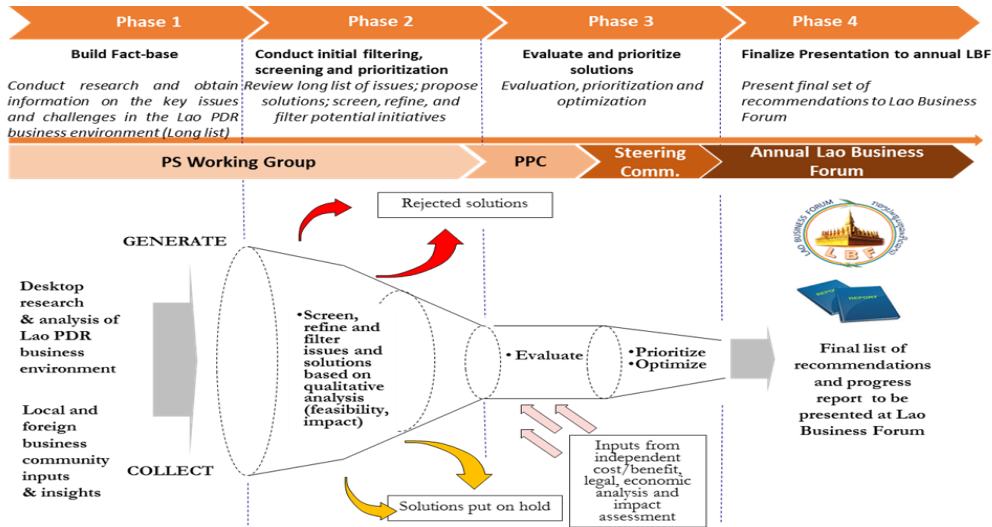
Figure 5: Proposed LBF Setup with PSWG Restructuring



7. Proposed Overall LBF Filtering and Prioritization Process

Figure 6 below provides a bird’s eye view of the overall revised LBF process. Key updates to the current process include the addition of a more rigorous issue filtering and solution prioritization process as well as the integration of an independent cost-benefit analysis/impact assessment during Phase 3, when shortlisted solutions are being evaluated by the Public Private Consultation (PPC) group.

Figure 6: Proposed Overall LBF Filtering and Solution Prioritization Process



8. Overview of Proposed Provincial PPD Structure

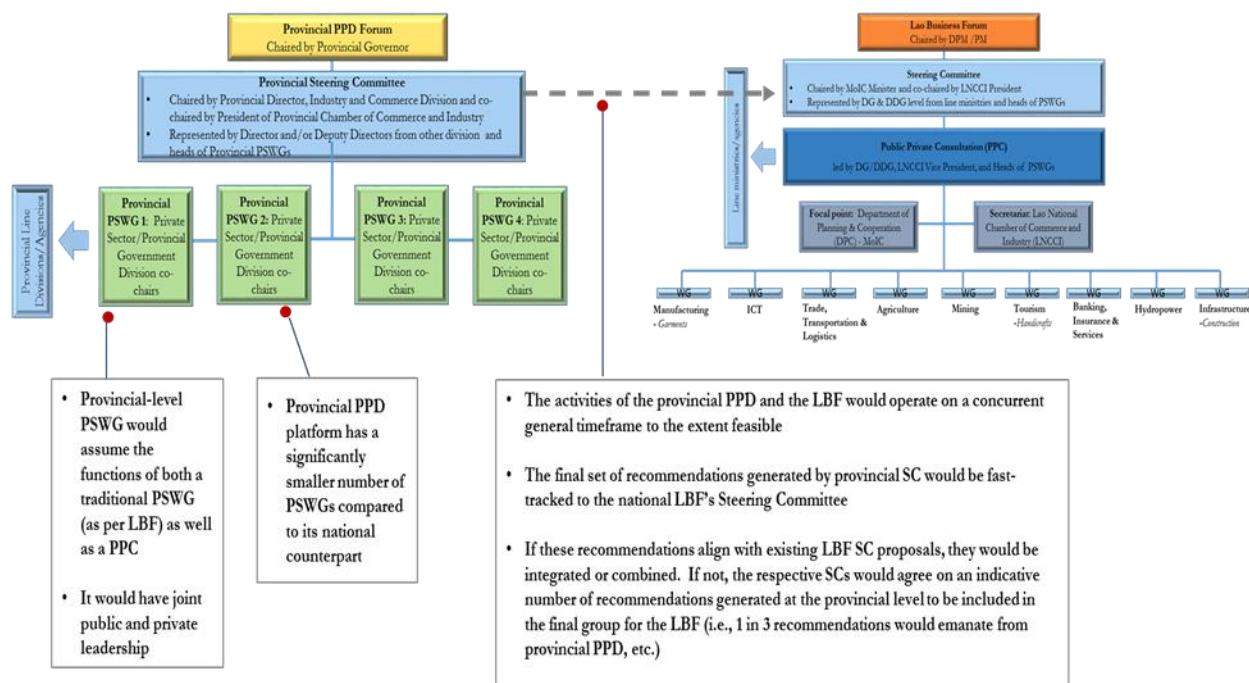
Expanding the LBF’s outreach to provincial authorities is a key project priority. Donor agencies in Lao PDR – particularly GIZ – have previously attempted to launch provincial PPD platforms in the country; however, one of the principal impediments to implementation has been a lack of capacity of provincial chambers to launch, let alone sustain a PPD.

The consultant recommends a more organic, phased approach that focuses initially on those provincial chambers which are currently best equipped to benefit from a targeted and sustained program of PPD capacity building.

The proposed Lao PDR provincial PPD platforms – as outlined in the first section of this paper – will be developed on a pilot basis, with the initial phases focused on Luang Prabang and Champasak, two provinces with fairly active and engaged chambers of commerce. These PPD platforms will be based in their respective provincial chambers and they will be the focus of intensive capacity building and technical support. They will eventually become regional PPD platforms that will assist other chambers in their regions (North in the case of Luang Prabang and South in the case of Champasak).

As noted in **Figure 7**, the provincial PPD structure will be more streamlined than the national LBF, with fewer working groups. Issue filtering and solution prioritization will operate in a manner similar to LBF; an additional filter will highlight issues that require resolution at the national level as opposed to the provincial level. The provincial PPD outputs will be disseminated directly to the national LBF’s Steering Committee via a fast-track mechanism.

Figure 7: Proposed Provincial PPD Structure



III. LBF Follow Up, M&E and Sustainability

1. Developing a LBF Follow-up Mechanism

This section of the report builds on the analysis of the internal setup and operations of the LBF to focus on its effectiveness in working with line ministries to follow up on LBF recommendations; monitoring & evaluation; and its long-term operational and financial sustainability. During stakeholder meetings, the lack of follow up on key business issues was highlighted as a key weakness of the LBF. In addition, LBF lacks a formal M&E system to track and measure the impact of its reform proposals. Finally, LBF continues to rely on donor financing and it has yet to implement a phased plan to achieve operational and financial independence.

2. Methodology

The consultant applied the following approach for this section.

- Reviewed current post-LBF processes
- Met with LBF Secretariat team to review existing post-LBF procedures and identify areas for improvement
- Participated in LBF PSWG meetings for SMEs and transportation/logistics firms to gain insights on post-LBF issues

- Reviewed international benchmarks and good practice in PPD reform implementation, M&E and sustainability
 - Conducted detailed research on international good practice in PPD implementation, communication & outreach and monitoring & evaluation
 - Reviewed regional PPD benchmarks in Vietnam and Cambodia to identify potential initiatives that could be adapted for Lao PDR
- Detailed potential initiatives for LBF related to PPD follow up, M&E and sustainability
 - Based on a review of existing post-LBF processes and an analysis of regional and international benchmarks, identified potential initiatives that would be feasible in the Lao PDR context

3. Context

In conjunction with the post-LBF follow up process and pursuant to the issuance of Prime Minister’s Office (PMO) Notification No. 1052 dated July 21, 2017, the LBF Secretariat met with 7 ministries and 15 government departments to review the plan for addressing issues presented during LBF 10 in March 2017. A follow up report was prepared and shared with key stakeholders and issue owners.

Based on a review of the LBF follow-up process to date, there are two important areas for consideration:

- **Greater capacity building.** It is not clear that stakeholders and issue owners fully understand their roles and responsibilities in the follow up process; therefore, an enhanced focus on the fundamentals of managing and implementing PPD reforms is necessary. Potential topics might include: 1) action plan drafting; 2) progress report preparation; 3) status update preparation and distribution to the public.
- **Leveraging technology to monitor post-LBF progress.** The LBF Secretariat and issue owners need to more effectively leverage technology to monitor the status of LBF outputs as well as improve outreach to the general public.

4. Recommendations

- LBF should consider developing post-Forum “reform teams that would become issue owners with the responsibility for developing and monitoring a reform implementation plan (*Figure 8*)
- LBF should adapt an online platform tool – the Reform Inventory Initiative which is currently being used in Cambodia – that will facilitate the work of the LBF Reform Teams (*Figure 9*)

Figure 8: LBF Reform Teams

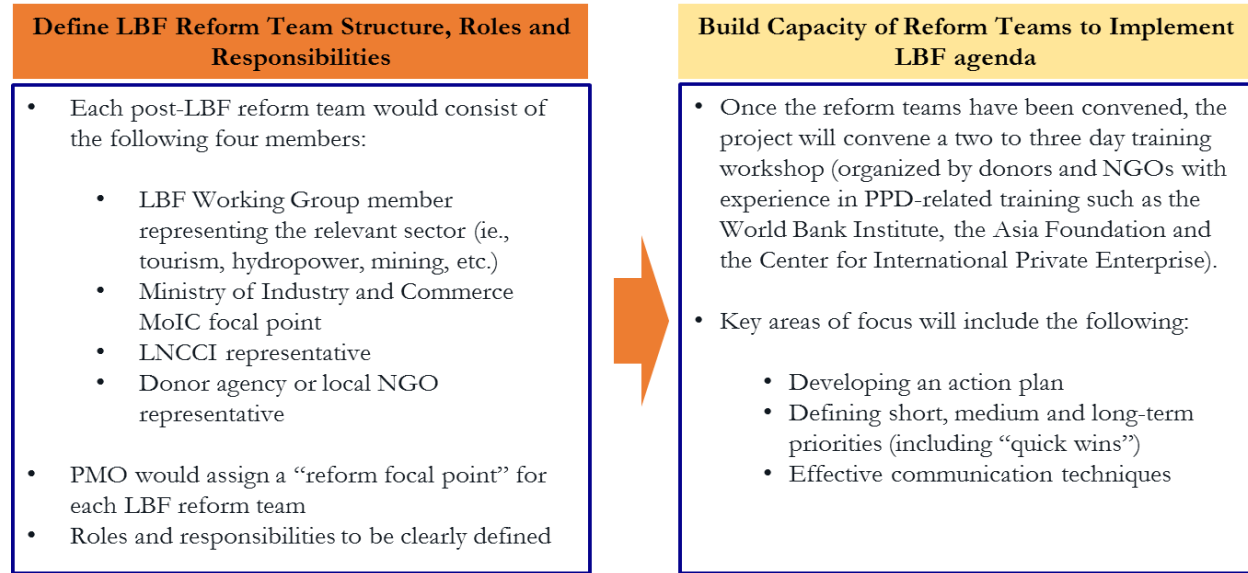
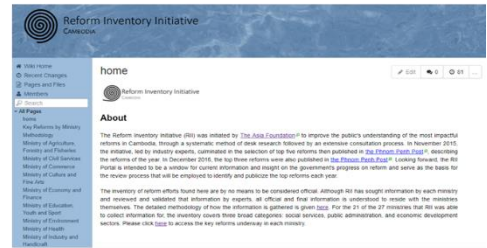


Figure 9: Overview of Cambodia's Reform Inventory Initiative

- The Reform Inventory Initiative (RII) was launched by The Asia Foundation as a public information portal to monitor legal and regulatory reforms across Cambodia. The initiative involves 17 Cambodian government ministries along with an expert advisory group with representation from the private sector, civil society groups, donor agencies and academia.
- The initiative invites stakeholders in the reform process to provide a regular series of updates and data to increase the public's awareness of the reform process and improve overall government transparency.
- Information on reforms across government ministries is provided in both Khmer and English.
- In the future, the Reform Inventory Initiative Portal is intended to serve as a clearinghouse for up-to-date information, insights and perspectives on the Cambodian government's progress in reform implementation and serve as the basis for an annual review process to identify and highlight priority reforms.



អំពីគំនិតផ្តួចផ្តើមចងក្រងបញ្ជីកែទម្រង់

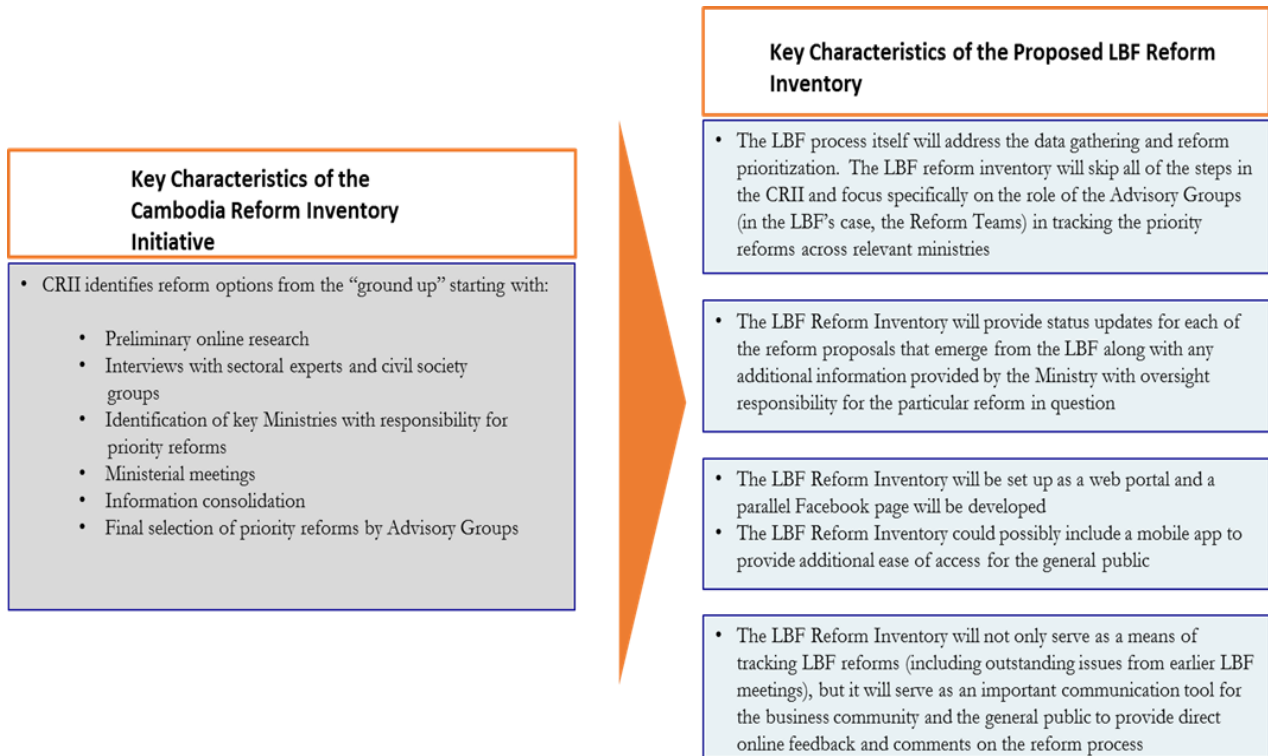
គំនិតផ្តួចផ្តើមចងក្រងបញ្ជីកែទម្រង់ (ដែលគេហៅថា គំនិតផ្តួចផ្តើម) ត្រូវបានបង្កើតឡើងដើម្បីបង្កើតការយល់ដឹងសាមញ្ញអំពីការកែទម្រង់ដែលបានកំណត់ដោយរដ្ឋាភិបាលកម្ពុជា ដោយប្រើប្រាស់ព័ត៌មានដែលបានប្រើប្រាស់ក្នុងការងាររបស់រដ្ឋាភិបាល។ គំនិតផ្តួចផ្តើមនេះត្រូវបានបង្កើតឡើងដើម្បីជួយឱ្យអ្នកប្រើប្រាស់អាចទទួលបានព័ត៌មានអំពីការកែទម្រង់ដែលបានកំណត់ដោយរដ្ឋាភិបាលកម្ពុជា និងជួយឱ្យអ្នកប្រើប្រាស់អាចទទួលបានព័ត៌មានអំពីការកែទម្រង់ដែលបានកំណត់ដោយរដ្ឋាភិបាលកម្ពុជា។

បញ្ជីកែទម្រង់នេះត្រូវបានបង្កើតឡើងដើម្បីជួយឱ្យអ្នកប្រើប្រាស់អាចទទួលបានព័ត៌មានអំពីការកែទម្រង់ដែលបានកំណត់ដោយរដ្ឋាភិបាលកម្ពុជា និងជួយឱ្យអ្នកប្រើប្រាស់អាចទទួលបានព័ត៌មានអំពីការកែទម្រង់ដែលបានកំណត់ដោយរដ្ឋាភិបាលកម្ពុជា។

Sources: Asia Foundation; Cambodia Reform Inventory Initiative website

The Reform Inventory Initiative in Cambodia has a strong track record. Its success in a neighboring ASEAN country with an economic profile similar to Lao PDR suggests that it has good potential for success if properly implemented. However, while the proposed LBF Reform Inventory would have a similar look and feel to the RII, it would have many distinguishing characteristics as described in **Figure 10**.

Figure 10: Comparison of Cambodia’s Reform Inventory Initiative with the Proposed LBF Reform Inventory



5. Potential LBF M&E Tools

M&E is an essential function for any PPD and there are several simple and easily implementable tools that LBF could use to embed M&E into its operations. The PPD can be implemented immediately while the Online Issue Tracker is more of a medium- to long-term initiative given the fact that it is more an IT-based solution which will require considerable development and testing prior to deployment.

Figure 10: Short- and Medium-term M&E Options for LBF

Short Term – PPD Scorecard

- The PPD scorecard can be adopted immediately by the LBF Secretariat to assess the general level of PPD activity at the working group, public private consultation, steering committee and plenary levels
- Provides a high-level view of the quality of proposals developed
- Gauges effectiveness of dialogue at Working Group level as well as issue filtering and prioritization
- Provides a general assessment of the overall effectiveness of a PPD program

Period	Outputs					
	# of WG meetings held	# of plenary meetings held	# of reforms proposed in all WGs	# of reforms recommended for enactment by Government	# of reforms enacted	# of reforms implemented
Current 6 months	10	2	20	12	7	5
Current 6 months				60%	58%	71%
Previous 6 months	8	2	16	12	9	5
Previous 6 months				75%	75%	55%

Sources: Toland, Malcolm. *Basics of M&E: PPD M&E Tools*, World Bank

Medium to Long Term – Online Issue Tracker

- The online issue tracker is a real-time, web-based software platform developed by the Asia Foundation that monitors PPD and Working Group Activities
- It provides data on each PPD issue; defines issue-specific objectives with indicators; tracks PPD activities and progress achieved; and captures data to be used for M&E related activities
- It is a repository for gathering and disseminating data and insights related to PPD
- The issue tracker would be used internally by the LBF Secretariat team and it would cover both the LBF and provincial public-private dialogue initiatives in Luang Prabang and Champasak.

Sources: Toland, Malcolm. *Baies of M&E: PPD M&E Tools*; World Bank

SN	Issue Title	Date Issue Raised	Economic Sector	Raised By	Status	Last Modified	Option
5-24-138	Access to Credit of Pottery Makers in Minotube	2011-06-15	Activities auxiliary to financial intermediation	Business Association	Ongoing	2012-05-22	Edit Delete View
5-19-132	Cat Flower Workers Access to Business Development Services	2012-05-20	Retail trade, except of motor vehicles and motorcycles; repair of personal and household goods	Business Association	Ongoing	2012-05-20	Edit Delete View
5-18-137	Inconsistent power supply in Mamar district	2011-07-15	Electricity, gas and water supply	Business Association	Ongoing	2012-05-22	Edit Delete View
5-18-136	Inconsistent power supply in Mamar district	2011-07-15	Electricity, gas and water supply	Business Association	Ongoing	2012-05-22	Edit Delete View
5-13-158	Access to finance	2012-08-15	Construction	Business Association	Ongoing	2012-08-15	Edit Delete View
3-7-110	Access to finance	2012-04-16	Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods	Business Association	Ongoing	2012-04-27	Edit Delete View
2-4-131	Promotion of agriculture/farming	2011-02-20	Agriculture, hunting and forestry	Farmers	Resolved	2012-05-09	Edit Delete View
2-4-130	Initial Environmental Examination (IEE)	2011-02-14	Manufacturing	Business Association	Resolved	2012-05-08	Edit Delete View
2-4-129	Management of stray oxides	2011-01-05	Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods	Individual Business	Resolved	2012-05-08	Edit Delete View
2-4-128	Management of garbage and electricity	2011-01-07	Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods	Business Association	Resolved	2012-05-08	Edit Delete View
2-4-127	Capacity/skill development of Kuml community	2011-01-03	Other community, social and personal service activities	Individual Business	Resolved	2012-05-08	Edit Delete View
2-4-126	Registration/renewal of the Horse pulling	2010-10-10	Transport, storage and communications	Business Association	Ongoing	2012-05-20	Edit Delete View

6. Setting the Stage for LBF’s Operational and Financial Sustainability

Although the LBF will continue to receive support for the remainder of the TDF2 project and beyond, LNCCI should take proactive steps now to lay the groundwork for the inevitable date when donor support will end. LNCCI should therefore take the opportunity to test and refine potential revenue-generating and staff development initiatives that will prepare LBF for a smooth transition once donor funding ends. **Table 2** below highlights a set of practical operational and financial sustainability initiatives that LNCCI could consider implementing.

Table 2: Potential Sustainability Initiatives for LBF

Potential Sustainability Initiative	Description
Set up PPD research funding facility	<ul style="list-style-type: none"> • Launch research funding facility (to be supplemented by TDF 2 successor project) to support preparation of LBF issue/technical papers and legal/economic review of LBF reform proposals) • LBF could use this research funding facility to build a robust pipeline of technical work for local economic consulting firms, law firms, universities and think tanks, thereby developing local advisory/consulting capacity
Organize networking events and receptions throughout the year	<ul style="list-style-type: none"> • LNCCI to host a regular series of fee-based activities such as LBF-related roundtables, networking events and briefings by key government officials and visiting international dignitaries • LNCCI members will obtain a discounted fee while non-LNCCI members would pay a regular fee
Launch LBF sponsorship packages	<ul style="list-style-type: none"> • LBF annual meeting can include a tiered funding/sponsorship package (Platinum, Gold, Silver, etc.) • The Vietnam Business Forum has effectively used similar sponsorship programs to finance the activities of its secretariat as well as to reinforce a sense of ownership of the public private dialogue process on the part of the Vietnamese business community
Increase the number of LNCCI staff seconded to the LBF Secretariat	<ul style="list-style-type: none"> • 2-3 current LNCCI staff can be assigned to LBF to shadow the current Secretariat team, with an initial allocation of 20% of their time to LBF-related activities, or 1 day per week • LNCCI should develop a LBF-specific staffing plan focused on recruiting bilingual (Lao and English) legal and economic research analysts; social media marketing & communications specialists, etc. • Seconded and new LNCCI staff will be trained to transition to full-time roles with LBF within 3 years

IV. Conclusion

Following a successful annual forum, LBF is at a critical crossroads. It can take a “business as usual” approach and run the risk of squandering the results of a widely-acclaimed LBF 10. Alternatively, it can proactively build on the LBF 10 momentum by strengthening its current partnerships and building new relationships; piloting financial and operational sustainability initiatives before donor support ends; and developing creative, practical and cost-effective strategies to engage women-owned businesses; microenterprises and start ups; provincial businesses and foreign investors.

Key points for LNCCI and LBF to consider going forward are as follows:

- Although enhancing PPD in Laos will continue to require donor support for at least the next 2-3 years, there is ample scope to leverage the work of existing projects that have synergies with the LBF – particularly with regard to the inclusiveness agenda - as well as obtain “in-kind” contributions from delivery partners in terms of financial, human resource and technical support.
- PPD capacity building support should be a key focus of remaining TDF 2-funding – as well as the successor project - as this has the potential of creating the broadest and deepest impact. Streamlining and strengthening the Private Sector Working Groups will be a sound investment as any PPD platform is only as strong as the outputs it produces. A “train-the-trainer” strategy for the LBF would also be highly effective as the LBF secretariat staff will be able to provide initial PPD capacity building support to the proposed pilot provincial business associations (Luang Prabang and Champasak) who, in turn, can conduct similar training exercises with the remaining provincial business associations.
- Developing and deploying tools to improve LBF follow up, monitoring and evaluation and communication and outreach should be considered critical priorities. Not only are such tools readily available and practical, they have produced tangible results in the countries where they have been used.
- Applying market-based approaches to PPD-related capacity building should be considered if they prove to be more cost-effective and easier to implement. For instance, instead of hiring in-house technical resources such as economists or lawyers for business associations or the LBF Secretariat, it might be more beneficial to commission independent economic or legal analysis from local think tanks, consulting firms or universities. There is also an ancillary benefit in terms of strengthening the local market for PPD-related advocacy and consultancy.