

TERMS OF REFERENCE

TRADE AND PRIVATE SECTOR WORKING GROUP (TPSWG)

1 PURPOSE AND RATIONALE

Consultative structures and processes of the Trade and Private Sector Working Group are intended to promote implementation of the principles of the Vientiane Declaration on Aid Effectiveness in Lao PDR. The mechanism aims to support the NSEDP objective of promoting sustainable and inclusive growth and poverty reduction, through stronger, private sector development, regional integration and trade promotion.

Facilitation of trade and private sector development, particularly in relation to small and medium enterprises (SMEs) must play a key role in progressing the overall Lao economic growth and integration objectives. The commitment to the ASEAN Free Trade Area – ASEAN Economic Community and WTO membership will create both opportunities and challenges for the Lao Private Sector, of which 98% are SMEs. The ultimate benefits will only be properly realised if the two areas, trade and private sector development, are fully integrated to manage the necessary changes and explore opportunities.

The TPSWG is established within the framework of the Round Table Process and is intended to ensure links with the ongoing dialogue taking place in other fora. These include the Macroeconomic Sector Working Group, the Trade for Development (T4D) Secretariat, and Public-Private Dialogues (Lao Business Forum, Provincial Public Private Dialogues). The TPSWG is intended to integrate strategic discussion and consultation on Trade and PSD policy and NSEDP implementation within the SWG mechanism.

2 OBJECTIVE

The objective of the TPSWG is to promote trade and private sector development in a most effective and efficient manner by:

- Providing a forum for dialogue and coordination between the Government of Lao PDR and Development Partners and other stakeholders on sectoral or thematic development matters or cross-cutting issues
- Promoting the development of the concerned sectors including policy and priority setting, domestic and external resources' mobilization, result-oriented management and monitoring of progress and achievements
- Facilitating the implementation of sector-related actions and targets embodied in the VDCAP (2012-2013), and
- Ensuring coherence and linkage between the Round Table Meetings as overall coordination forums and coordination at the sectoral level.

3 ROLES AND RESPONSIBILITIES

The key roles and responsibilities of the TPSWG in support of the above objectives are:

1. Promoting internal **coherence and improving the linkages** and synergy between trade and private sector development. This will include:
 - Contributing actively to the formulation of sector strategy and associated sector, costed plans and programmes through the Trade and Private Sector Development Programme, as well as to annual work plans, through inclusive participation of all the stakeholders of the sector with a view to achieving consensus and full alignment between government policies, plans and programmes and development partner support;
 - Promoting the mobilization of resources, both domestic and external (notably ODA but also other resource flows including climate change finance, foreign direct investment, and international private sector and non profit association contributions), their allocation to sector priorities, and monitoring and reporting on use of resources in a transparent and predictable manner in close collaboration with core ministries (MPI, MOF and MOFA) and concerned DPs and in line with the principles of the Paris and the Vientiane Declarations on Aid Effectiveness;
 - Monitoring progress towards key national development goals and results especially the MDGs as reflected in sector plans and programmes, as well as contribute to annual and mid-term NSEDP reviews, annual budgeting and PIP exercises; and sector and programmatic evaluations;
2. Ensuring trade and private sector development progress in the **NSEDP**, including:
 - Monitoring progress towards key national development goals and results especially the MDGs as reflected in sector plans and programmes, as well as contribute to annual and mid-term NSEDP reviews, annual budgeting and PIP exercises; and sector and programmatic evaluations;
 - Developing and using indicators in the Trade and Private Sector Development Programme to monitor progress and achievements of the working group activities and results, to report on progress to the RT meetings, and to promote mutual accountability;
3. Ensuring **government leadership and ownership** over strategic issues and providing a common policy and programming framework for GoL and DPs by:
 - Integrating and harmonizing trade, regional integration and private sector development policies, as well as monitoring the implementation and impact of policies and strategies e.g. related to the MOIC Five-Year-Plan, Strategies, Vision and others.
 - Promoting the sharing of information between GOL, DPs and PS and improving the availability and consistency of information in the areas of trade and private sector development.
4. Encouraging **harmonisation and simplification** by:

- Aligning Government and Development Partner support through the Programme for Trade and Private Sector Development.
- Assessing the needs of the country in terms of private sector development, SME development and trade-related assistance and promoting a harmonized delivery of donor assistance to the country in an optimal and responsive manner.
- Encouraging the efficient use of combined GOL and external resources, including through program based approaches (PBAs) and related funding instruments such as multi-donor trust funds, parallel financing and more effective coordination mechanisms.
- Providing a forum for the Programme Executive Committee as a joint projects steering committee structure¹. This will improve transparency and predictability of DPs' assistance across the areas of trade and private sector development.
- Ensuring high quality program planning, implementation, monitoring and evaluation including, where applicable, adhering to agreed principles and standards for operation and joint agreements on common administrative structures (such as adherence to the principles of the Program Executive Committee).

5. Cross Cutting

- Enhancing incorporation of a gender perspective in actions recommended by the group in order to contribute to women's empowerment in trade and private sector development
- Encouraging transparency and ethics in business operations
- Facilitating cross-sectoral coordination, south-south cooperation and integration of cross-cutting issues, especially mainstreaming gender issues, and assessing capacity development needs in sector programmes;

4. EXPECTED OUTPUTS

Related outputs envisaged are:

1. Strengthened government leadership and ownership of strategic issues in the area of trade and private sector development as evidenced by a common policy and programming framework provided for GoL and DPs.
2. Enhanced coordination and simplification of management of trade and private sector development projects and programs leading to more efficient use of human and financial resources.
3. Strengthened dialogue between the GOL and DPs on aspects of trade and private sector development policy and the impact of trade and private sector development on poverty and growth.

¹ TOR for PEC is defined in the addendum.

5. ORGANIZATION AND OPERATIONS

a. Internal organization

Chairing

The Working-Group shall be chaired by the Ministry of Industry and Commerce, and supported by two co-chairs from the Development Partners, to be agreed by the Chair in consultation with MPI. Normally the TPSDWG should have one bilateral and one multi-lateral Co-Chair², unless otherwise determined by the Chair and members of the group. These arrangements will be in place for three years but can be reviewed or amended as part of the RTIM process.

Secretariat

The Department of Planning and Cooperation (DPC) will be the Secretariat for the TPSWG. Any additional logistical, technical and financial facilities needed to implement the SWG annual work plan will be provided by the DP Co-Chairs or other DPs, including those supporting sub-sector working groups. The secretariat is important for:

- Integration of the SWG activities into the ministry's structure and work-stream (and other concerned institutions within the Group);
- Developing the sector programme and annual work-plans
- Ensuring Government ownership over the sector development process and the dialogue and cooperation with DPs; and
- Ensuring appropriate organization and servicing of SWG meetings, taking any necessary follow-up actions, and preparing documentation and sharing information, such as:
 - i. Drafting and circulating minutes, agenda, and record keeping of TPSWG related materials;
 - ii. Arranging the logistics for the TPSWG technical meetings. The official language of the TPSWG is Lao and thus this logistic support will include organizing translation and interpretation services.
 - iii. Minuting the meetings and circulating these to members within two weeks of the meeting.
 - iv. Maintaining an accurate set of records including the TPSWG terms of reference, membership details, agendas of meeting, minutes, annual plan and technical papers in both hard and soft format in both Lao and English.
 - v. Providing technical input in the preparation, monitoring and evaluation of annual work plans and updating of the Donor Assistance Matrix.

² As of July 2015, the two co-chairs were Germany and the European Union. New co-chairs will be selected through closed consultation between the chair, co-chairs and members.

Appropriate TOR, financing and staffing positions should be established in the Foreign Aid Division (FAD)/National Implementation Unit (NIU) to fulfill these secretariat functions.

Membership

The TPSWG will be composed of:

- Ministry of Planning and Investment (Director General of Planning Department and Director General of International Cooperation Department)
- Ministry of Finance (Director General of External Finance Department)
- Ministry of Foreign Affairs (Director General of International Organization Department)
- Representatives of all concerned Government line ministries and agencies
- Provincial representatives when appropriate
- Representatives of LNCCI and other BMOs ,
- Representatives of mass organizations and civil society, (the Lao Women Union, Lao Youth Union and Trade Federation),
- Interested Development Partners, INGOs and national non-profit associations

Members will be identified by the name of the institution, designated focal point, and respective contact information.

Guest speakers (for example other line ministries, development partners, representatives from private sector etc) will be invited to participate in selected meetings by the TPSWG Secretariat.

Operations

- The Secretariat of the Sector Working-Group under the guidance of the Chair shall inform the members of meetings at least two week in advance of the scheduled date and shall distribute the agenda for the meeting and documents for revision, when applicable.
- The Chair shall circulate a draft version of the minutes for comments no later than one week after the meeting has taken place. Participants shall submit their comments to the Chair no later than two business days after the draft has been circulated.
- The members shall analyze and discuss (if necessary) the comments and the Chair shall submit a final version of the minutes no later than one week after having circulated the draft version.
- In between meetings, members of the TPSWG as well as other stakeholders are encouraged to submit to the Chair any relevant documents or information that might be of the interest to the group as well as suggesting topics for discussion. The Chair shall coordinate with the proponent and circulate the information to the members.
- The operating principles and membership of TPSWG will be reviewed on an annual basis and changes will be made as necessary.

- Technical committees/sectoral working group may be set up as and when needed under the TPSWG. Participation by representatives from the business sector will be encouraged.
- There shall be a main theme for each SWG meeting ensuring that key aspects related to the varied aspects of trade and private sector development are adequately covered

b. Frequency of meetings:

- Except if agreed otherwise, the TPSWG will meet semi-annually at the executive level³. This should include a meeting prior to the Annual RTIM. Extraordinary meetings can be called by the Chair at any given moment.
- Further technical meetings may take place at the operational level⁴.

³ Executive level meeting will be chaired by the MoIC Minister and co-chaired by DPs.

⁴ Technical level meeting will be chaired by the Director General of Department of Planning and Cooperation (MoIC) and co-chaired by DPs.

