



## Overview

The second Trade Development Facility (TDF-2) has been established to implement the government's trade and private sector development priorities outlined in the Diagnostic Trade Integration Study (DTIS) 2012 Update and the resulting roadmap. The TDF-2 is effective since April 2013 and succeeded the first TDF (active from August 2008 to March 2013).

### Objective

Key objective of the TDF-2 is to implement the DTIS 2012 Update roadmap. TDF-2 assists Lao PDR to fully take advantage of the opportunities provided by increased regional and global economic integration, while carefully managing the risks. Ultimate beneficiary of the program is the private sector that will benefit from a more conducive trading and investment environment, a more predictable and transparent trading regime, lower trade facilitation costs, and improved trade policy and regulations. This project aims to reach beneficiaries at multiple levels and through both direct and indirect means.

### Focus Areas

The TDF-2 supports activities in three main clusters:

#### *(A) Trade Facilitation, Trade Policy and Regulations*

- A1: Trade facilitation support
- A2: Nontariff measures review and rationalization
- A3: Trade in Services
- A4: Trade in Goods

#### *(B) Diversification and Competitiveness*

- B1: Business assistance facility
- B2: Labor standards and manufacturing productivity

#### *(C) Mainstreaming Aid-for-Trade*

- C1: National Implementation Unit, and Trade and Private Sector Development Working Group
- C2: DTIS action matrix/roadmap challenge facility
- C3: Research and policy analysis

#### *(A) Trade Facilitation, Trade Policy and Regulations*

This component builds on the success of trade facilitation and trade policy activities under TDF-1, and consists of a number of inter-related activities aimed at improving transparency, predictability and lowering associated compliance costs for traders. Trade facilitation activities focus primarily on improving inter-agency coordination and supporting the adoption of modern risk-based approaches to managing regulatory compliance in non-customs agencies, including reform of non-tariff measures. The trade policy aspect of the project focuses on the provision of essential and continued technical assistance in support of WTO accession related efforts, but progressively shifting to a “beyond WTO” agenda focused on effective implementation of goods and services commitments at both the WTO and ASEAN levels, with a strong emphasis on private sector engagement.

#### *(B) Diversification and Competitiveness*

This component aims at improving the productivity and competitiveness of private firms in international markets, focusing particularly on non-natural resources sectors (especially outside mining and hydropower). Activities promote a more active participation of SMEs in the international economy, better skills, and labor standards in the manufacturing sector, and support to women's economic empowerment.

#### *(C) Mainstreaming Aid-for-Trade*

This component provides support to the next generation of Lao PDR's Aid-for-Trade governance framework as part of efforts to move to a full program-based approach for trade and private sector development.

### Partners

The TDF-2 is a USD 14 million multi-donor trust fund with contributions from the Governments of Australia (A\$ 5.0 million), the European Union (EUR 3.9 million), Germany (USD 1.5 million), Ireland (EUR 0.1 million), the United States (USD 0.5 million), and the World Bank USD 4.0 million). Australia, the European Union, and Germany belong to the partners that have renewed, and in fact increased, their commitment from the first TDF (TDF-1). Due to the success of the TDF-1, Ireland, the United States, and the World Bank have joined the new TDF-2.

### Responsibilities during Project Implementation

The National Implementation Unit/Foreign Aid Division, within the MoIC's Department of Planning and Cooperation, is the core technical and fiduciary unit for TDF-2. The unit is executing agency and responsible for coordinating relevant implementing departments managing the work planning process, and coordinating progress and financial reporting at the project level. The NIU is responsible for providing financial management and procurement services to TDF-2 implementing agencies. Various technical departments within MoIC, other line ministries' departments and other business membership organizations are responsible for the technical implementation of activities and assist the NIU in financial and administrative tasks.

### Project Oversight and Governance

The Program Executive Committee (PEC) is the project steering committee for most trade-related assistance in Lao PDR, including for TDF-2. It approves the workplans and provides supervision, strategic advice, coordination, and common operating guidelines. By adopting a common reporting structure/framework the PEC ensures transparency for Development Partners and stakeholders. The meeting discusses relevant program/project management issues as well as monitoring, evaluation and impact assessments of the supported activities. Before each PEC meeting several working-level meetings with implementing agencies take place to prepare work plans, presentations, and other documentation.

### Further Resources

Further information can be found on the following websites:

- <http://www.laosoft.org>
- <http://www.worldbank.org>

## TDF-2 at a Glance

<b><u>Total size:</u></b>	USD 14.0 million
<b><u>Contributors:</u></b>	Australia European Union Germany Ireland United States World Bank
<b><u>Objective:</u></b>	Implementation of DTIS 2012 Update Roadmap to contribute to improved competitiveness and diversification of the non-resource sectors
<b><u>Focus areas:</u></b>	(A) Trade Facilitation, trade policy and regulations (B) Diversification and Competitiveness (C) Mainstreaming Aid for Trade
<b><u>Implementing Agency:</u></b>	- Various technical departments of MoIC and line ministries, and - Business Membership Organizations
<b><u>Executing Agency:</u></b>	National Implementation Unit (NIU), Department of Planning and Cooperation Ministry of Industry and Commerce
<b><u>Trust fund administrator:</u></b>	World Bank



## Become a Development Partner – Join the TDF!

**There are various benefits when joining the TDF. Here are a few:**

- **Low transaction costs for both the Development Partner and Government**
- **Full alignment of the assistance with Government priorities (full ownership)**
- **No overlap and duplication of activities**
- **Transparency through following World Bank guidelines in financial reporting and procurement**
- **Visibility of contributors**

## Contacts

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Ministry of Industry and Commerce  
Department of Planning and Cooperation

Second Trade Development Facility

# TDF-2

