



ສາທາລະນະລັດ ປະຊາທິປະໄຕ ປະຊາຊົນລາວ  
ສັນຕິພາບ ເອກະລາດ ປະຊາທິປະໄຕ ເອກະພາບ ວັດທະນະຖາວອນ

ກະຊວງອຸດສາຫະກຳ ແລະ ການຄ້າ  
ກົມການນຳເຂົ້າ ແລະ ສົ່ງອອກ

4477 - - -  
ເລກທີ...../ກຂອ.ພອຄ

ນະຄອນຫຼວງວຽງຈັນ, ວັນທີ 06 ກັນຍາ 2019

- ຮຽນ: - ທ່ານ ລັດຖະມົນຕີ ກະຊວງອຸດສາຫະກຳ ແລະ ການຄ້າ (ປະທານຄະນະຊີ້ນຳແຜນງານ ໂຄງການຊ່ວຍເຫຼືອລ້າຫຼາຍຝ່າຍເພື່ອຜັດທະນາການຄ້າ PEC);
- ທ່ານ ຮອງລັດຖະມົນຕີ ກະຊວງອຸດສາຫະກຳ ແລະ ການຄ້າ;
  - ໂດຍຜ່ານ ທ່ານ ຫົວໜ້າ ກົມແຜນການ ແລະ ການຮ່ວມມື.
- ເລື່ອງ: ຂໍອະນຸມັດນຳໃຊ້ທຶນສະໜັບສະໜູນໂຄງການຍ່ອຍ (Challenge Facility) ຂອງ LCT ເພື່ອຈັດຕັ້ງປະຕິບັດໂຄງການທີ່ສະເໜີໂດຍກົມອາຫານ ແລະ ຢາ, ກະຊວງ ສາທາລະນະສຸກ

- ອີງຕາມຂໍ້ຕົກລົງວ່າດ້ວຍການແຕ່ງຕັ້ງຄະນະຄຸ້ມຄອງ ແລະ ຈັດຕັ້ງປະຕິບັດໂຄງການສົ່ງເສີມຄວາມສາມາດໃນ ການແຂ່ງຂັນ ແລະ ການຄ້າ ຂອງ ສປປ ລາວ ສະບັບເລກທີ 0358/ອຄ.ກຜຮ, ລົງວັນທີ 26 ມີນາ 2018;
- ອີງຕາມຂໍ້ຕົກລົງວ່າດ້ວຍການຄຸ້ມຄອງ ແລະ ນຳໃຊ້ການຊ່ວຍເຫຼືອທາງການ ເພື່ອຜັດທະນາໃນຂະແໜງອຸດສາ ຫະກຳ-ການຄ້າ ແລະ ພາກເອກະຊົນ (ODA) ສະບັບເລກທີ 1998/ອຄ.ກຜຮ, ລົງວັນທີ 31 ຕຸລາ 2016;
- ອີງຕາມສັນຍາໂຄງການສົ່ງເສີມຄວາມສາມາດໃນການແຂ່ງຂັນ ແລະ ການຄ້າ ຂອງ ສປປ ລາວ ສະບັບເລກທີ 6318 – LA, ລົງວັນທີ 31 ຕຸລາ 2018.
- ອີງຕາມການຄົ້ນຄວ້າເຫັນດີຂອງກົມອາຫານ ແລະ ຢາ ຮ່ວມກັບຜູ້ໃຫ້ທຶນ;

ກົມການນຳເຂົ້າ ແລະ ສົ່ງອອກ ໃນນາມເປັນຜູ້ຈັດຕັ້ງປະຕິບັດ ເສົາຄ້າທີ B1 ແລະ B2 ຂອງໂຄງການສົ່ງເສີມ ຄວາມສາມາດໃນການແຂ່ງຂັນ ແລະ ການຄ້າ, ຂໍຖືເປັນກຽດຮຽນມາຍັງທ່ານ ເພື່ອພິຈາລະນາອະນຸມັດທຶນສະໜັບສະ ໜູນໂຄງການຍ່ອຍ (Challenge Facility-CF) ຈຳນວນ 01 ໂຄງການ ທີ່ກົມອາຫານ ແລະ ຢາ ໄດ້ສະເໜີມາ ຊຶ່ງໄດ້ ຜ່ານການປຶກສາຫາລືຮ່ວມກັນ ແລະ ໄດ້ຮັບການເຫັນດີຈາກ ບັນດາຜູ້ໃຫ້ທຶນແລ້ວ, ລາຍລະອຽດມີດັ່ງນີ້:

**ຊື່ໂຄງການ:** Developing risk-based inspection capacity for border clearance and establishing Post-Clearance Audit for strengthening regulatory compliance in food safety

**ເປົ້າໝາຍຂອງໂຄງການ:** ມີ 2 ເປົ້າໝາຍຫຼັກຄື: 1) ການບໍລິຫານຄວາມສ່ຽງ ແລະ ການຮ່ວມມືຂອງຂະແໜງ ການທີ່ ກ່ຽວຂ້ອງປະຈຳດ່ານ; 2) ການສ້າງຄວາມເຂັ້ມແຂງໃນການກວດສອບຄືນຫຼັງ.

ກິດຈະກຳຫຼັກຂອງໂຄງການ:

1. ການພັດທະນາໂຄງສ້າງການບໍລິຫານຄວາມສ່ຽງ ໂດຍສົມທົບກັບຂະແໜງພາສີ ເພື່ອໃຫ້ການກວດປ່ອຍສິນຄ້າຢູ່ດ່ານ ຢູ່ບົນຜືນຖານການບໍລິຫານຄວາມສ່ຽງ ໃຫ້ມີຄວາມສົມດຸນກັນ ລະຫວ່າງ ການຄວບຄຸມຄວາມປອດໄພຂອງອາຫານ ແລະ ການອຳນວຍຄວາມສະດວກທາງດ້ານການຄ້າ.
2. ການສ້າງຂີດຄວາມສາມາດ ໃຫ້ດຳເນີນການກວດສອບຄົນຫຼັງ ເພື່ອເພີ່ມທະວີການຈັດຕັ້ງປະຕິບັດບັນດາກົດໝາຍ ແລະ ລະບຽບການ ກ່ຽວກັບຄວາມປອດໄພຂອງອາຫານ.
3. ຈັດຈ້າງຊ່ຽວຊານຕ່າງປະເທດ 02 ທ່ານ ແລະ ຊ່ຽວຊານພາຍໃນ 01 ທ່ານ ເພື່ອຊ່ວຍວຽກກົມອາຫານ ແລະ ຢາ ຕໍ່ກັບກິດຈະກຳຂ້າງເທິງ.
4. ຈັດຊື້ອຸປະກອນໄອທິຊີ ແລະ ທົດສອບຄຸນນະພາບ ສຳລັບການຈັດຕັ້ງປະຕິບັດວຽກງານຂອງເຈົ້າໜ້າທີ່ຢູ່ດ່ານ ແລະ ເຈົ້າໜ້າທີ່ກວດສອບຄົນຫຼັງ.

ພາກສ່ວນຈັດຕັ້ງປະຕິບັດ: ກົມອາຫານ ແລະ ຢາ, ກະຊວງການເງິນ

ໄລຍະເວລາ: 01 ຕຸລາ 2019 – 31 ທັນວາ 2020

ງົບປະມານ: 452,000 ໂດລາສະຫະລັດ

ດັ່ງນັ້ນ, ຈຶ່ງຮຽນລາຍງານມາຍັງທ່ານເພື່ອ ໃຫ້ທິດຊີ້ນຳ ແລະ ອະນຸມັດຕາມທາງຄວນດ້ວຍ.ຯ

ອະນຸມັດ:

ທ່ານ ລັດຖະມົນຕີ ກະຊວງ ອຄ



*[Handwritten signature]*

**ນ ເຂັມມະນີ ພິນເສນາ**

ຍັງຍືນ:

ທ່ານ ຮອງລັດຖະມົນຕີ (ຜູ້ຊີ້ນຳກົມ ຜຮ), ກະຊວງ ອຄ

*[Handwritten signature]*

ຍັງຍືນ:

ທ່ານ ຫົວໜ້າກົມແຜນການ ແລະ ການຮ່ວມມື, ກະຊວງ ອຄ

*[Handwritten signature]*

ຫົວໜ້າກົມ



*[Handwritten signature]*

**ສຸລິຍິນ ພິລາວິງ**

## FDD Proposal for Challenge Facility Funding on Risk Management and Post-Clearance Audit

<b>Section 1: Summary Page</b>	
<b><i>Project title:</i></b>	Developing risk-based inspection capacity for border clearance and establishing Post-Clearance Audit for strengthening regulatory compliance in food safety
<b><i>Implementing agency:</i></b>	Department of Import & Export (Ministry of Industry & Commerce), Government of Lao PDR
<b><i>Beneficiary:</i></b>	Bureau of Food & Drug Inspection (BFDI <sup>1</sup> ) and Provincial Division of Food and Drug through Food & Drugs Department (FDD), Ministry of Public Health, Government of Lao PDR
<b><i>Location:</i></b>	Vientiane and other stations across Lao PDR
<b><i>Project duration:</i></b>	15 months (1 October 2019 - 31 December 2020), including the first 3 months for mobilization
<b><i>End of project:</i></b>	31 December 2020
<b><i>Total project cost:</i></b>	US\$ 452,000
<b><i>Challenge fund funding sought:</i></b>	US\$ 452,000
<b><i>Other sources of funding:</i></b>	None

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<sup>1</sup> BFDDI is a divisional bureau under the Food and Drug Department, Ministry of Public Health. While BFDDI has managerial control of the food safety inspectors at the borders, these inspectors are nominated and appointed by Provincial Public Health Department.

## Section 2: Project Description

***2.1 What are the main objectives of the proposed project?***

To reduce border clearance time for Bureau of Food and Drug Inspection (BFDI) by developing and using an integrated risk management framework in collaboration with Customs and Quarantine and by establishing a post-clearance audit framework to improve regulatory control on food safety.

***2.2 What are the specific issues to be addressed within those main objectives***

The TFA CF proposal will help Lao PDR to implement two significant provisions of the WTO-TFA that are under Category C that require longer time and technical support for implementation commitments. These are risk management and post clearance audit.

**Risk management.** FDD and BFDI do not currently have a risk management framework for selection of shipments to be inspected. Food safety inspectors from FDD/BFDI and its provincial departments still perform a 100-percent inspection of all shipments ranging from documentary checks to physical inspections of consignments at the borders, which strains their capacities. These inspections often utilize significant financial and staff resources, but they do not necessarily lead to effective detections of high-risk goods and ensure full compliance with regulatory control requirements.

To ensure an effective operation to target food safety risks in import and export shipments, FDD/BFDI's border clearance approach needs to follow the principles of risk management in selection of shipments for documentary checks and physical inspections. By using risk management, food safety inspectors can focus their efforts on high risk consignments, but facilitating low risk goods to be cleared quickly. In such processes, more resources will be used for making a log of risks, risk analysis, risk profiling and risk treatment into an integrated risk framework in collaboration with Customs and Quarantine.

With the use of an integrated risk management, FDD/BFDI inspectors will know in advance what percentage of high-risk goods is being targeted for examination at the borders. It is expected that the percentage of consignments subject to documentary checks and physical inspections will be reduced from the current level of 100 percent to 50 percent or even

less. Food safety inspectors at the borders can use their limited resources and time more efficiently and effectively to focus on examination of the remaining goods that constitute high risk. Through rapid detections by inspections of high-risk goods, food safety inspectors can follow their FDD/BFDI sampling approach and principles to extract samples from high risk goods for further laboratory testing and proofing. This initiative will not only reduce the processing time but will also enhance food-safety control for consumers. At the beginning of risk management use, border processing time should be reduced by at least 10 percent.

A risk management approach will use the Selectivity Module in Customs' automated system, ASYCUDA. Past experience by the Lao Customs Department in use of the system has shown that it could reduce its examination percentage at the border. In alignment with Lao Customs Department, FDD and BFDI, in collaboration with Customs, aims to gather and provide risk inputs for generating composite risk profiles in the ASYCUDA selectivity operation for border inspection. This will allow scaling down of the examination percentage in border clearance. By granting food safety inspectors' access to the ASYCUDA selectivity, they can also join Customs inspectors and Quarantine to conduct joint examinations of shipments. It is proposed to rollout the risk management system in FDD and BFDI in the first half of 2020.

**Post Clearance Audit.** FDD/BFDI's system of regular post-market inspections of the firms importing or exporting food, drugs and cosmetics is functioning, but it needs to be strengthened to ensure compliance with regulatory control for food safety. An effective system of Post-Clearance Audit is complementary and will help close some loopholes that the regular post market inspections cannot cover. More importantly, it will help reduce significant regulatory control that is currently applied at the border by FDD/BFDI. Post Clearance Audit is an essential tool to support risk management as it acts as a safety net for those consignments which may escape the expedited checks at the border. It helps in compliance enhancement of the risk management through a structured scrutiny of the traders' own business documents, like sales contracts, remittances, accounting records and the physical assets. Thus, by examining the records and documents of the trader with the stock of goods, PCA can detect any false declaration or violation of the food safety &

drug laws, rules and regulations or any conditionality attached to the applicable NTMs.

FDD/BFDI conduct regular post-market inspections of the firms importing or exporting food, drugs and cosmetics. However, these inspections are not well structured and fail to exercise an effective compliance management. This is despite the fact that there are as many as 40 plus personnel in BFDI HQ, who are engaged in conducting post-market inspections in Vientiane capital. They are supplemented by more staff in the provinces for this purpose. The existing system of post-market inspection by BFDI and provincial offices of the food & drugs department for imported goods and exporting businesses can be converted into post-clearance audit with checklists and operational guidance for a risk-based system of compliance management, in collaboration with the PCA division of the Lao Customs Department. The inspection staff needs to be trained in post-clearance audit to enhance compliance, especially by incorporating a risk management approach. It is expected that FDD and BFDI will establish a post-clearance system in the second semester of 2020.

In addition, the use of risk management approach at the border and post clearance audit for high risk food items will be complemented by a revision of risk categories of food safety emergencies. Risks for food safety emergencies should be well-defined to enable rapid and consistent risk management decisions for a given type of hazard (e.g. chemical, microbiological, physical), and the scale and/or severity (e.g. high, medium, low) in food items at pre-import stage, in border clearance as well as at post-market inspection. The revision should lead to possible removal of non-tariff measures and/or a reduction in documentary requirements for product registration, import permit and certification. In addition, this will also reduce unnecessary interventions of food safety inspectors on low and medium risk goods at the borders.

These two measures are prioritized for LCTP's support in order to strengthen the risk-based food safety inspection capacity in border clearance. It also recommends aligning food safety risk management with Customs' risk management to allow joint physical examination and border clearance. Further, the project document also supports strengthening regulatory compliance at the post-entry stage through a robust PCA mechanism. Hence, by developing a risk management

	<p>framework for border clearance and a robust mechanism of post-clearance audit, this CF proposal will directly address the priority areas flagged under the LCT project for the Food &amp; Drug Department (FDD) and the Bureau of Food &amp; Drug Inspection (BFDI).</p>
<p><i>2.3 What activities exactly is the Challenge Facility being asked to fund?</i></p>	<p>The CF proposal plans to cover following activities:</p> <p><b>(A) Developing an integrated Risk Management framework in collaboration with Customs</b> for allowing risk-based border clearance to balance food-safety control and trade facilitation</p> <ul style="list-style-type: none"> <li>(i) To revise technical regulations, guidelines &amp; SOPs under Lao PDR’s Food Law, Drug Law and Cosmetics Regulations for introducing risk management principles in enforcement and border controls;</li> <li>(ii) To establish an integrated risk management framework with customs &amp; other agencies for border controls, including a collaboration mechanism for sharing FDD/BFDI risk inputs and profiles in customs’ selectivity module</li> <li>(iii) To develop an operation manual for introducing risk management in FDD and BFDI, especially to develop an import inspection program, involving examination techniques and sampling methodology based on the risk potential of the consignment (such as, risk to human health posed by the product or its packaging, likelihood of non-compliance with regulatory requirements, history of conformity of the processor, manufacturer &amp; exporter etc.)</li> <li>(iv) To organize 5 training workshops for FDD/BFDI staff on sharing of their risk inputs for building an integrated risk framework with customs; and, for Food &amp; Drug inspectors posted at the border check posts, in using the ASYCUDA system and its selectivity module for joint examination and reporting of the results of border checks. Trainees to include a minimum of 30% lady officers;</li> <li>(v) TA required for Risk Management <ul style="list-style-type: none"> <li>- - One International TA for 5 months</li> <li>- - One National TA for 6 months for assisting the international TA in above functions</li> </ul> </li> </ul>

- (vi) To support provision of ASYCUDA terminals at the border posts (one set at each border site)
- (vii) To provide testing equipment\*, like bio-sensors etc. for border officials to detect contaminants
- (viii) To support field visits of officials to borders and provincial offices for implementing RM related activities. Field visits to include a minimum of 30% lady officers

\* Testing equipment to be procured towards the end of the project after completion of the training of border staff

**(B) Establishing Post-Clearance Audit to enhance compliance of food-safety laws & regulations**

The CF proposal aims to conduct following activities:

- (i) To conduct a gap assessment and preparation of draft revision of the rules and regulations for BFDI & FDD to incorporate post-clearance audit (PCA) for strengthening regulatory controls without affecting the pace of clearance. The gap assessment will include a revision of Lao PDR's risk categories of food safety emergencies in which most food emergency responses are not necessarily performed at the border but more often conducted in the domestic market.
- (ii) To prepare an Operation Manual on Post-Clearance Audit for FDD/BFDI and to explore the avenues of collaboration with customs for strengthening its audit functions.
- (iii) To organize 4 training workshops on post-clearance audit for the FDD/BFDI staff for conducting effective post-clearance audit in order to address non-compliance of food safety and health regulations at the post-entry stage. Trainees to include a minimum of 30% lady officers
- (iv) To support field visit of a team of 7-8 officials (including, at least 3 lady officials) of FDD/BFDI Post-Marketing Inspection units to another ASEAN country (to be determined later) to study the PCA in operation.
- (v) To support provision of IT equipment and testing equipment for post-marketing inspection staff
- (vi) TA required for PCA
  - One International TA for 5 months
  - One National TA for 6 months for assisting the international TA in above functions



	<p>Thus, the CF proposal requires hiring of two international consultants for carrying out above activities, which aggregate to 10 months in total. It will also finance one national consultant for 12 months to support the international consultants.</p>
<p><b>2.4 What results can be expected and how to they relate to the objectives in point 2.1 above?</b></p> <p><i>List the specific outputs the project seeks to achieve, the expected outcomes to measure the achievement of project and expected impact produced by the project interventions</i></p>	<p><b>Specific Outputs</b></p> <p>A. <u>Developing an Integrated Risk Management Framework</u></p> <ul style="list-style-type: none"> <li>(i) Rules, regulations and procedures relating to inspection of food, drugs and cosmetics revised for risk management; development of Operation Manual on risk management for FDD/BFDI;</li> <li>(ii) Capacity building of FDD/BFDI personnel done in creating risk profiles for feeding in customs' ASYCUDA system in order to develop an integrated risk management framework in collaboration with customs</li> <li>(iii) Use of integrated risk profiles in the selectivity module of ASYCUDA started enabling release of low risk cargo without checks, thereby reducing the examination percentage from the current level of 100% to 50%</li> <li>(iv) Joint examination of red lane goods (high risk consignments) carried out along with customs</li> <li>(v) Improvement in the quality of FDD's border inspections achieved by focusing on high risk cargo by using high-tech testing equipment</li> <li>(vi) Capacity building of FDD personnel posted at the borders for using ASYCUDA system and uploading results of joint examination</li> </ul> <p>B. <u>Establishing Post-Clearance Audit</u></p> <ul style="list-style-type: none"> <li>(i) Revision of rules, regulations and procedures to strengthen the post-clearance inspection/audit and empowering FDD/BFDI to conduct post-market inspection of the food, drug and cosmetic firms and their facilities, in tandem with customs, in order to improve compliance of food safety and health regulations</li> <li>(ii) Revision of risk categories of food safety emergencies to ensure effective food safety emergency responses and an efficient use of scarce resources (staff and budget).</li> </ul>

	<p>(iii)Capacity building of the FDD/BFDI at the HQ office and of provincial food &amp; drugs staff done in implementing aforesaid measures to strengthen regulatory compliance with regard to food safety and health regulations, both at the entry and post-entry stages.</p> <p><b>Expected Outcomes &amp; Impact</b></p> <ul style="list-style-type: none"> <li>(i) Reduction in average border clearance time of food, drugs and cosmetics by 10%. This outcome can be measured through periodical Time Release Studies (TRS) in future.</li> <li>(ii) Another outcome indicator for RM could be the increase in the number of non-compliance detected the borders on account of intensive examination conducted by food &amp; drugs staff using high-tech testing equipment</li> <li>(iii) Strengthening of post-clearance inspection or audit can be measured through the number of non-compliance cases detected by FDD/BFDI at the post-clearance stage</li> <li>(iv) Increase in the number of Category C measures implemented by the department will provide the impact of these initiatives on the LCT project objectives as per its results framework</li> </ul>
<p><b><i>2.5 What is the Implementing Agency’s role in the area to be addressed by the proposed project?</i></b></p>	<p>As the secretariat of the TFS, DIMEX is the main entity steering the trade facilitation agenda in the country, which is mandated to develop and implement the trade facilitation strategy of the government. It works as the lead agency for the project and will channelize funds under the project.</p> <p>However, the actual implementation of the project activities proposed hereunder will be carried out by the Food &amp; Drugs Department (FDD), which is responsible for regulation of food &amp; drugs laws, including of cosmetics &amp; chemicals for import, export and transit. FDD will carry it out in association with the BFDI and in collaboration with the Lao Customs Department.</p>

<p><b>2.6 DTIS Update Trade Private Sector Development Roadmap context: is the project part of a broader strategy?</b></p>	<p>The project plays a crucial role in implementation of the TF Road Map which aims to improve the country's trade competitiveness, contributing to an increased trade and investment needed for a sustained and inclusive economic growth targeted under the 8<sup>th</sup> National Socio-Economic Development Plan.</p>
<p><b>2.7 Are there any efforts being undertaken by the Implementing Agency, other government agencies, domestic stakeholders, bilateral or multilateral development partners to address the issues identified in point 2.2 above? Are other sources of funding available?</b></p>	<p>TFA measures designated under Category C of the Trade Facilitation Agreement (TFA) are to be implemented by 2022 under the TF Road Map and all the concerned departments are striving to implement them to meet the country's obligations under the WTO Trade Facilitation Agreement.</p> <p>Some related areas like revision of laws and regulations for aligning them to international standards have already been covered by the support of WHO and ADB, and hence no support is being requested therein.</p> <p>The project support under this proposal is sought only for those activities which are not covered by any other donor and the only funding source available is through the Lao PDR's Competitiveness &amp; Trade Project.</p>

### Section 3: Project risks / obstacles and risk mitigation measures

<p><b>3.1 Describe the risks and obstacles during project preparation and implementation. Explain mitigating measures.</b></p>	<p><b>Risks #1:</b> A considerable risk is the lack of the trained staff in the FDD and BFDI department needed for implementation of various activities under the project. Mitigation: Training workshops will be organized for the FDD/BFDI personnel at Vientiane as well as in the provinces for those posted on border posts to develop the requisite capacity for implementing above activities in risk management and post-clearance audit.</p> <p><b>Risks #2:</b> Retention of the trained staff is another challenge with the low salaries in the Government. Mitigation: Adequate redundancies will be created by training larger number of staff so that there is no shortage of staff even if some of them leave the government job.</p> <p><b>Risks #3:</b> Customs department may not have surplus ASYCUDA terminals to spare for FDD/BFDI staff posted</p>
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	<p>at every border post and even if terminals are made available, it may not have license to provide access to so many new users.</p> <p>Mitigation: CF proposal is requesting for project support to provide IT equipment for the border staff of the food and drugs department for this purpose. Further, licensing fee for additional users is not an issue as Customs has a redundant capacity to take care of this additional requirement.</p>
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## Section 4: Monitoring and evaluation

<p><b>4.1 Identify indicators, outputs and outcomes which can be monitored before, during and after project implementation. eg:</b></p> <p><b>Outputs:</b>  <i># of research/studies conducted</i>  <i># of national sector strategies developed</i>  <i># of regulations/guidelines developed</i></p> <p><b>Outcomes:</b>  <i># of findings/recommendations implemented</i>  <i># of strategies approved</i>  <i># of regulations/guidelines approved</i></p>	<p><b>Output indicators</b></p> <p>CF proposal intends to develop an integrated risk management framework in FDD and BFDI using the Customs ASYCUDA system, which can be measured through following outputs.</p> <ul style="list-style-type: none"> <li>(a) Number of FDD/BFDI risk profiles uploaded on ASYCUDA system, and</li> <li>(b) Decrease in the examination percentage of the FDD/BFDI cases at the border from a baseline of 100% to at least 50% as a result of this initiative</li> </ul> <p>The second activity, i.e. strengthening of the post-clearance audit (PCA) can be reflected through following two outputs,</p> <ul style="list-style-type: none"> <li>(c) 100% availability of updated rules and regulations on the LTP for encouraging voluntary compliance</li> <li>(d) Number of officers trained in PCA</li> <li>(e) Number of firms audited by FDD/BFDI under PCA</li> </ul> <p><b>Outcome Indicators</b></p> <p>Introduction of Risk Management will impact on the faster clearance of the import &amp; export cargo, and greater detection of non-compliant cases due to focused efforts on checking high risk consignments by FDD/BFID at the border. Hence, the two indicators chosen for these activities under risk management component will be:</p> <ul style="list-style-type: none"> <li>(a) A reduction in average border clearance time of food and drugs by 10% per year. This is a key performance indicator for assessing the outcome, which can be measured through the regular Time Release Studies (TRS) in future covering the time taken by the food &amp; drugs staff</li> <li>(b) Increase in the number of the cases of non-compliance detected at the border through focused examination of high risk consignments using bio-sensors and other advanced testing equipment</li> </ul>
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	<p>Strengthening of the post-clearance audit will lead to detection of non-compliance of food safety and health regulations at the post-entry stage, which can be measured through following output indicator, i.e.</p> <p>(c) Increase in the number of non-compliance cases detected by FDD/BFDI at post-clearance stage in post-market inspections.</p>
<p><b>Section 5: Project implementation arrangements</b></p>	
<p><b><i>5.1 Describe project implementation entity</i></b></p>	<p>Project implementation in FDD and BFDI will be undertaken by the FDD TIU (Trade Facilitation Implementation Unit), which will be reporting to the DG FDD. Head of this TIU will be solely responsible for monitoring the implementation of FDD DAP, reporting its progress and conducting performance review, besides coordination with other line departments, private sector and other stakeholders.</p>
<p><b><i>5.2 Describe internal supervision arrangements</i></b></p>	<p>TIU will be calling for regular monthly reports from various divisions &amp; units, including BFDI seeking details on their key indicators. Performance of the divisions/units will also be assessed through frequent field visits &amp; inspections. On receipt of the information from the field formations, TIU will be consolidating and submitting its report to the DG for necessary direction. TIU will also be sharing this quarterly progress report with the DIMEX/TFS.</p>
<p><b><i>5.3 Describe reporting line</i></b></p>	<p>Head of TIU will be reporting to the DDG, who in turn will report to the DG FDD bringing out special issues impinging on the implementation of TFA's Category C measures.</p>

## Section 6: Timetable

Activity	Budget (US\$)	Expected start date	Expected completion date
Hiring of two international experts and two national consultants	Procurement process	1 October 2019	31 December 2019
Drafting of technical regulations, guidelines & SOP; capacity building of the staff; developing training manual for introducing risk management in FDD/BFDI; developing a combined risk management system with customs & other agencies for border controls, including a collaboration mechanism for sharing their risk inputs/profiles in customs' selectivity module; and, organizing capacity building workshops both at Vientiane and in provinces	90,000	1 January 2020	31 May 2020
Conducting gap assessment and preparation of draft revision of the rules and regulations to incorporate post-clearance audit to strengthen regulatory controls at the post-clearance stage; developing Operation Manual for Post-Clearance Audit to guide inspection staff for an effective and structured post-clearance audit; exploring collaboration with customs; and, to organize capacity building workshops for FDD/BFDI personnel	90,000	1 August 2020	31 December 2020
1 National Consultant for 12 months, to support the	30,000	1 January 2020	31 December 2020

international consultants in implementing the CF proposal.			
Organizing training workshops	40,000	1 October 2019	31 December 2020
Field visits of FDD/BFDI officials to borders and provincial offices for monitoring RM & PCA related activities	30,000	1 January 2020	31 December 2020
Provision of IT equipment for the border and PCA staff	32,000	1 February 2020	30 March 2020
Provision of testing equipment for border and post-marketing staff	120,000	1 February 2020	30 March 2020
Study visit of 7-8 officials to Thailand	20,000	1 November 2020	30 November 2020
<b>Total</b>	452,000	1 January 2020	31 December 2020
<b>Section 7: Implementation Plan</b>			
<b>Activity</b>	<b>Responsible Persons</b>	<b>Expected start date</b>	<b>Expected completion date</b>
<b>Risk Management</b>			
Developing a blueprint of an integrated risk management system with customs & FDD/BFDI for border controls, including a draft Memorandum of Understanding (MOU) between FDD and Lao Customs Department for setting out a comprehensive collaboration mechanism for an integrated risk management framework, including sharing of their risk inputs/profiles in customs'	International TA and National Consultant	1 January 2020	31 January 2020

selectivity module, provision of ASYCUDA access by customs to food & drugs officials at the border stations and holding joint examination etc.			
Drafting of technical regulations, guidelines & SOP	International TA and National Consultant	1 February 2020	28 February 2020
Signing of MOU between FDD/BFDI and Lao Customs Department on developing an integrated risk management framework for being used in ASYCUDA	DG FDD and DG Customs	1 February 2020	31 March 2020
Development of training manual for introducing risk management in FDD/BFDI	International TA and National Consultant	1 March 2020	31 March 2020
Setting up a Risk Management Committee in FDD and reconstituting the Customs' Risk Management Committee to include representatives of FDD/BFDI and Agriculture and holding its first meeting for approving composite risk profiles based on risk inputs received from FDD/BFDI	DG FDD, DG Customs and DG DOA	1 March 2020	30 April 2020
Organizing capacity building workshops at Vientiane for the staff at FDD/BFDI HQ and for border staff at Friendship Bridge-1 & Thanaleng and holding trial runs for officers in using ASYCUDA terminals	International TA and National Consultant	1 April 2020	30 April 2020
Organizing capacity building workshops in provinces and holding trial runs for provincial food & drugs officers posted at the borders, in using ASYCUDA terminals	International TA and National Consultant	1 May 2020	31 May 2020



Operationalizing integrated risk management framework for FDD/BFD with reduced examination percentage at the borders	DG FDD & Director BFDI	1 May 2020	30 June 2020
<b>Post-Clearance Audit</b>			
Conducting gap assessment and preparation of draft revision of the rules and regulations to incorporate post-clearance audit to strengthen regulatory controls at the post-clearance stage; developing draft Memorandum of Understanding (MOU) between FDD and Lao Customs Department for collaboration on post-clearance audit & post-marketing inspection	International TA and National Consultant	1 July 2020	31 August 2020
Approval of revised rules, regulations and instructions for conducting post-Clearance Audit	DG FDD/Director BFDI	1 September 2020	31 October 2020
Developing Operation Manual (including checklists and guidelines) for Post-Clearance Audit to guide inspection staff for an effective and structured post-clearance audit	International TA and National Consultant	1 September 2020	30 September 2020
Signing of MOU between FDD/BFDI and Customs for collaboration on PCA and holding the field study visit of FDD/BFDI officials to another ASEAN country	DG FDD and DG Customs	1 October 2020	31 October 2020
Organizing capacity building workshops for the FDD/BFDI staff and conducting trial runs of Post-Clearance Audit	International TA and National Consultant	1 October 2020	30 November 2020

Operationalizing Post-Clearance Audit for strengthening compliance of food safety laws across the country	DG FDD/Director BFDI	1 November 2020	31 December 2020
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