

Lao – German Development Cooperation

Regional Economic Integration of Laos into ASEAN Trade and Entrepreneurship Development Project (RELATED)

Documentation of the 08th Joint RELATED / COMPETE Project Review Committee Meeting

Crowne Plaza Hotel, Vientiane Capital, July 25th 2019



08th RELATED – COMPETE Project Review Committee (PRC) Meeting

Crowne Plaza Hotel, Vientiane Capital, Lao PDR, July 25th 2019

Agenda

08.00 - 08.30	Registration	All participants
08.30 - 09.00	Opening Remarks	Mr. Sirisamphanh Vorachith, Director General, Department of Planning and Cooperation (DPC), Ministry of Industry and Commerce (MOIC)
		Ms. Selma Ulrichs, Portfolio Manager, GIZ Laos
09.00 - 10.00	Presentations: <ul style="list-style-type: none">• Progress in the different areas of RELATED• Proposed Work Plan	RELATED Project
10.00 - 10.30	Discussion	All participants
10.30 - 10.45	<i>Coffee Break</i>	
10.45 - 11.30	Presentations: <ul style="list-style-type: none">• Progress in the different areas of COMPETE• Proposed Work Plan	COMPETE Project
11.30 – 12.00	Discussion	All participants
12.00 - 12.15	Closing Remarks	Ms. Selma Ulrichs, Portfolio Manager, GIZ Laos
		Mr. Sirisamphanh Vorachith, Director General, Department of Planning and Cooperation (DPC), Ministry of Industry and Commerce (MOIC)
12.15	<i>Lunch</i>	

Lao – German Development Cooperation

Regional Economic Integration of Laos into ASEAN
Trade and Entrepreneurship Development Project (RELATED)

Project Progress Report



January 01st to June 30th 2019

Presented at the 08th Joint RELATED / COMPETE
Project Review Committee Meeting

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1. Background of the RELATED Project

As a member of the Association of Southeast Asian Nations (ASEAN), the Lao People's Democratic Republic joined the deeply integrated and highly cohesive ASEAN market of the ASEAN Economic Community (AEC) as of 2015. The ASEAN market comprises amongst others the seamless movement of goods, services and investment in Southeast Asia. It is highly relevant for the development of the country. In 2015, trade with ASEAN Member States accounted for more than half of Laos' total foreign trade.

The AEC offers Laos many different opportunities. Measured by the size of the population (6.7 million) and purchasing power (annual per capita income of US-\$ 2.400), Laos is a relatively small country. Improved access to sales markets in neighbouring countries will enable companies to produce larger quantities, which cuts average production costs. In addition, the AEC will enable Lao enterprises to take greater part in regional value chains. Thanks to its specific competitive advantages (including low wage costs for less qualified labour, low energy costs), the production of basic components for more complex manufactured goods could be relocated to Laos. As a land-locked country, easier access to seaports will enable it to export more to third countries in the AEC as well as the rest of the world. Laos is also surrounded by ASEAN Member States. Especially the border regions profit from simplified cross-border trade. Easier cross-border exchange will enable it to trade more in some perishable goods. As a largely agrarian country, Laos could derive particular benefits from this. Finally, the AEC will make the ASEAN region as a whole more attractive for investors. Thanks to its special competitive advantages in ASEAN, Laos could attract a part of these additional investments.

However, the implementation of reforms as part of the AEC involves complex reform processes, which pose great challenges for the Lao legislation and administration. Due to the lack of awareness of the possible effects of the AEC, the private sector is not yet in the position to take full advantage of the improved framework for intraregional trade and investment. Even more, progressive market integration will bring about keener competition with other countries in the region, placing heavier demands on productivity and product quality of Lao enterprises.

1.1 Approach of the RELATED Project (Phase II)

The German Federal Ministry for Economic Cooperation and Development (BMZ) commissioned the second phase of the RELATED Project in its letter dated September 29th 2017. Since then, the new structure of the RELATED Project, which is based on the Project Progress Review and Planning Mission in Vientiane Capital in January 2017, has been applied.

Phase II of the RELATED Project initially covered the time period from August 01st 2017 until June 30th 2019 with an amount of 3.3 Mio Euro, financed by the BMZ. At the occasion of the negotiations on development cooperation between the Government of Lao PDR and the Government of the Federal Republic of Germany, held in Berlin (Germany) on September 03rd and 04th 2018, a new commitment regarding the RELATED

Project has been agreed upon between the two governments. In its letter dated June 12th 2019, the BMZ replenished RELATED with 2.0 Mio. Euro (additional funds without conceptual change) and extended the project until December 31st 2020.

During its second phase (08/2018 – 12/2020), the RELATED Project continues to support Lao PDR to make use of the opportunities and reduce the economic risks of regional economic integration in the ASEAN. The key driver of the RELATED Project is the ASEAN Economic Community (AEC) – which has become operational at the end of 2015.

1.2 Objectives and Indicators of the RELATED Project (Phase II)

The overall objective of RELATED is to “Improve the AEC-related policy framework conditions and the capacities of the business sector for sustainably using economic potentials arising from Laos’ integration into the AEC.” The second project phase covers three components:

Component 1 “AEC-related Policy Framework Conditions in the Areas of Trade in Goods, Trade in Services and Investments”

In component 1, “AEC-related policy framework conditions in the areas of trade in goods, trade in services and investments,” activities are planned to focus mainly on two elements. First, the RELATED Project conceptually advises the further development and regular update of the AEC 2025 Consolidated Strategic Action Plan for Laos in the areas of trade in goods, trade in services, and investments. In addition, RELATED supports the implementation of selected measures of the Consolidated Strategic Action Plan Laos 2018-2020. Second, RELATED technically advises relevant ministries and subordinate authorities to adapt national regulations, procedures and standards in line with AEC commitments in selected sectors (coffee, tourism, transport and logistics).

The first component has three indicators:

1. 18 measures of the Lao AEC 2025 Consolidated Action Plan in the areas of trade in goods, trade in services, investments, or SME development, are implemented.
2. 10 regulations and standards in two different sectors of trade in goods, trade in services or investments are adjusted in line with AEC agreements.
3. 1.000 companies in two sectors of trade in goods or services apply new laws, regulations or standards that are in line with ASEAN agreements.

Component 2 “AEC-related Services for the Private Sector”

In component 2, a particular focus will be given to the support of the recently established SME Service Center, which is jointly operated by LNCCI and DoSMEP. Demand-oriented AEC-related services include sector-specific information on major changes brought about by the AEC for Lao enterprises, their implications and measures to prepare for them. Sector-specific, practice-oriented toolkits for Lao exports to the ASEAN market will also be supported. They describe step-by-step the procedures for exporting selected Lao products to the ASEAN market. Training

courses and workshops help companies in Laos to meet standards for the ASEAN market, to integrate into regional value chains and to use e-commerce to access the ASEAN market. Finally, services aim at promoting contacts between Lao SMEs and exporting (multinational) companies in Laos as well as potential new business partners in other ASEAN Member States.

Consequently, the objective of component 2 is “Demand-oriented AEC-related services are available for the private sector”. The three indicators of the second component are:

1. 12 products (training courses, information material) are offered by the SME Service Center.
2. 80% of 1.750 Small and Medium-sized Enterprises (SMEs) confirm that the AEC-related services they used (e.g. through the ASEAN SME Service Centre, the Ministry of Industry and Commerce, the Chamber of Commerce and Industry or Associations) are satisfactory.
3. 250 companies that have used AEC-related services (e.g. through the SME Service Centre, the Ministry of Industry and Commerce, the Chamber of Commerce and Industry or Business Associations) have concluded new business deals.

Component 3 “Competitiveness of AEC-oriented Private Sector Companies”

In component 3, the RELATED Project mainly focuses on selected business sectors: coffee, tourism, handicraft and organic food (as part of the tourism value chain). It prepares practice-oriented instructions: manuals, posters and films. They describe step-by-step measures to increase competitiveness. The project also supports training courses on total quality management. Assistance to on-the-job advisory ensures that the content learnt during the training courses is implemented in the day-to-day practice of the companies. Demonstration farms allow smallholder farmers in the coffee sector to study best practices in total quality management at any time.

Thus, the objective of component 3 is formulated as follows: “The conditions for an increased competitiveness of AEC-oriented private enterprises in selected sectors are improved”.

The third component comprises of four indicators:

1. 10 new or improved AEC-related tourism products (offered in cooperation with other ASEAN Member States or with tourists from other ASEAN Member States as a target group) are offered on the market.
2. 300 out of 400 participants in AEC-related training courses for quality management in the areas of tourism, coffee, handicraft and organic food apply at least 3 of the measures / techniques learned.
3. 2.000 service providers or producers have received practice-oriented instructions and training materials to increase their competitiveness through 3 existing and 3 new distribution channels.
4. 67% of at least 600 supported AEC-oriented enterprises (of which 50% are women-led) in the areas of tourism, coffee, handicraft and organic food have increased their competitiveness (productivity, production costs and / or product quality) by 15%.

2. Implementation of the RELATED Project: January – June 2019

2.1 Component 1: AEC-related Policy Framework Conditions in the Areas of Trade in Goods, Trade in Services and Investments

2.1.1 Improving the Steering, Coordination, Communication and Monitoring of Lao PDR's AEC Integration (Phase I, Transition)

Outreach Program on the Implementation of the ASEAN Economic Community



The Foreign Trade Policy Department, supported by the RELATED Project, organized “the Outreach Program on the Implementation of the ASEAN Economic Community” from 28th – 29th January 2019 in Champasak Province. The meeting was co-

chaired by the Director General of the Foreign Trade Policy Department Mr. Saysana Sayakone and the RELATED Project Director Dr Hartmut Janus and attended by more than 50 representatives from the relevant public and private sector in the Southern Provinces (Salavan Province, Champasak Province, Attapeu Province and Sekong Province).

The purposes of the meeting were (i) to raise the awareness of the relevant structures on the integration of Laos into the ASEAN Economic Community and the implementation of the ASEAN Economic Community of Lao PDR, (ii) to encourage the public institutions to develop their strategic workplan, and (iii) to listen to the businesses in the South that are either negatively or positively affected by the ASEAN Economic Community.

On the first day, the presentations on Trade in Goods of Laos under ASEAN and ASEAN+ agreements, rules of origins (form D and self-certification system), success stories from the private sector and trade in services were comprehensively given. On the second day, there were the panel discussions on the policy to facilitate the integration of the ASEAN Economic Community and the impact of the ASEAN Economic Community for business sector and domestic market. The participants actively raised their questions and shared their remarkable interests, especially on the SMEs-related topics, such as access to finance, interest rate of bank and financial institutions, and the application of form D.

Before departing back to Vientiane Capital on 30th January 2019, the representatives from the public structures in Vientiane Capital visited the industrial production sites,

cross border check point and special economic zone in order to learn about the challenges and opportunities that these businesses are affected from the integration of Laos into ASEAN Economic Community.

Support to the Coordination Meetings in View of the SEOM 1-3/50 Meetings

The Foreign Trade Policy Department, supported by the RELATED Project, organized the half-day preparatory meeting for the Senior Economic Officials Meeting (SEOM) 3/50 on 18th June 2019. The meeting was chaired by the Director General of the Foreign Trade Policy Department Mr. Saysana Sayakone and attended by the representatives from the Departments implementing the selected annual priorities 2019. The meeting was proceeded with the report by the Regional Economic Integration Division on the results of the SEOM 2/50 and the remaining measures to be implemented.

The chairman later on invited the representatives from department by department to report on the progress of the implementation of remaining selected annual priorities. The mainly discussed topics were (i) the ratification of the protocol to amend the ATIGA, (ii) the implementation of transposed PSR 2017 and revised rules of origin, (iii) finalization of the MRA on type approval of automotive products, (iv) the adaptation of the ASEAN online business code of conducts, and ASEAN framework of cross-border cooperation on consumer protection, (v) commence and completion of the stock-stake on ASEAN STI current assets, (vi) endorsement of the Philippines' modified ACIA reservation list and development of database on investment related measure and so on.

At the end of the meeting, it was found that some selected annual priorities were delayed with the implementation because the officers in charge are usually rotated to other tasks after the meetings and negotiations. Some officers have inefficient English skills, so they could not fully understand the commitment and obligation after the meetings or missions abroad. The internal communication amongst officers within the departments as well as the ministries is relatively weak. Some departments do not understand to whom and how the formality of documents should be proceeded. Therefore, the Foreign Trade Policy Department is planning to develop the guideline on the endorsement and implementation of the ASEAN-related documents with the relevant structures stipulated.

Support to the Monitoring and Review of the Laos' National Workplan 2018 – 2020

Lao PDR, along with the other ASEAN Member States, has committed itself to better integration into the regional economic community. Therefore, the relevant line ministries in Lao PDR have adopted selected measures from the ASEAN Economic Community Blueprint (AECB) 2025 and formulated as the Laos' National Workplan 2018 – 2020. The Regional Economic Integration Division of the Foreign Trade Policy Department has been appointed as the coordinating and monitoring agency on the implementation of measures in the Laos' National Workplan 2018 – 2020 and required to periodically report the progress to the Minister of Industry and Commerce.

The Foreign Trade Policy Department, with the support of the RELATED Project, organized the half-day workshop on “the Review of the Implementation of the Laos’ National Workplan” on 22nd February 2019. This workshop was chaired by the Director General of the Foreign Trade Policy Department Mr. Saysana Sayakone and attended by representatives from the departments in charge of adopted measures in different areas. Impressively, over 70% of all measures are implemented with great success and high impact. The remaining measures can’t be implemented due to limited fund, specialized experts, and technology.

2.1.2 Support to the AEC Blueprint 2025 Consolidated Strategic Action Plan Laos 2018 - 2020

A Mission on the Export of Coffee to Thailand

The Foreign Trade Policy Department, supported by the RELATED Project, organized a mission on barriers for the export of Lao coffee to Thailand, to the South of Laos from 21st – 22nd March 2019. The mission team visited the Vangtao international border check-point and interviewed Lao and Thai custom officers. It identified key issues related to Thai import taxes on coffee from Lao PDR. Due to the Thai government policy, coffee beans imports from Laos with enclosed formal proven evidence of import quota using form D are subject of an import tax of 5% of the import value. In the contrary, coffee bean imports from Laos with no formal proven evidence of import quota enclosed is subject to an increased import tax of 90% of the total import value.

Study on the Utilization of Lao PDR’s Form D and Its Self-Certification System (on-going)

In the ASEAN Economic Community, Lao PDR can benefit from tariff exemptions or 0-5% tariff for import/export products under the ASEAN Trade in Goods Agreement (ATIGA). This allows Lao PDR to face less trade barriers and deeper economic linkages among ASEAN Member States, lower business costs, increased trade, a larger market and economies of scale for business. In order to receive preferential tariff treatment, Lao business is required to present the certificate of origin (Form D) to the Customs Authority of the importing country.

In addition, two pilot projects of the self-certification of origin have been launched for the businesses in Lao PDR to self-certify the originating status of their products by using Form D to declare their export. The self-certification system is expected to bring huge benefits to exporters, e.g. the reduction in time and costs for export. This will also help attracting more foreign investors to Lao PDR due to the convenience for export.

The Department of Import and Export, Ministry of Industry and Commerce, supported by the RELATED Project, will conduct a study to learn the status quo of the utilization as well as the non-utilization of form D and its self-certification system by the Lao business. The study will help Lao PDR to find its position to grasp benefit from the regional trade under ATIGA. Currently, the Department of Import and Export and the RELATED Project are jointly finalizing the terms of reference and will initiate the tender process for the consultancy service from the individual consultant.

Trade Analysis and Transposition of AHTN 2012 to 2017 Schedule (on-going)

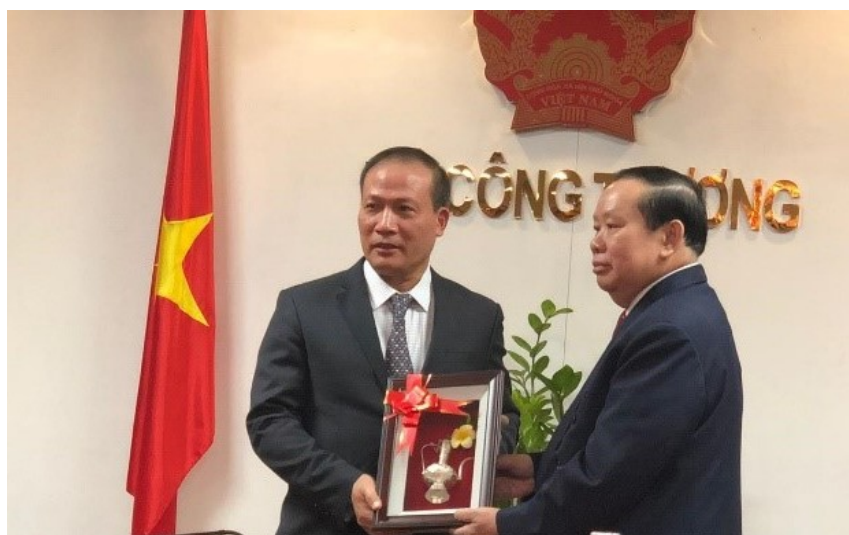
The RELATED Project supports the Foreign Trade Policy Department and the Department of Import and Export to implement some selected measures from the Laos' National Workplan 2018 – 2020. The Indonesia expert Mr. Ahmad Syaukat Romawi has been contracted and working closely with the Trade in Goods Division. The consultant is required to conduct a desk research or organize the consultation meetings facilitated by the Division of Trade in Goods to identify potential export products into Lao PDR's main trading partners in ASEAN focusing on Product Specific Rules and Non-Tariff Measures.

In addition, a consultant is expected to transpose the Product Specific Rules (PSR) and the Tariff Reduction Scheme (TRS) from 2012 to 2017 schedule under ASEAN and ASEAN+ agreements. As of May 2018, all ASEAN member states except Cambodia, Laos and Myanmar, had already completed the transposition of their TRS into HS 2017 nomenclature. In January 2018, all members agreed to update on all PSR line in HS 2017. Therefore, the transposition tasks are the priority on the Lao PDR's agenda.

Until September 2019, the transposition as well as the study on Lao PDR's potential export products and main trading partners in ASEAN are expected to be complete. After that, the outcome of the transposition and the study will be disseminated to the relevant public and private institutions.

2.1.3 Adaptation of National Regulations, Procedures and Standards in Line with AEC Agreements

Study Visit on Understanding the Regulatory Framework on E-Commerce to Hanoi, Vietnam



As a member of the Association of Southeast Asian Nations (ASEAN), Lao PDR has pledged its commitment to the AEC Blueprint 2025 and the ASEAN work programme on E-commerce. The current Lao regulatory framework on E-commerce, including laws on electronic transactions,

consumer protection, cyber security, national payment system and information technology, contains the basic elements necessary to support greater participation in the electronic trade. However, since Lao PDR participates in the ASEAN negotiations on Trade in Goods, on the future ASEAN Trade in Services Agreement (ATISA) and on-going negotiations in the Regional Comprehensive Economic Partnership (RCEP), the

existing regulatory framework on E-commerce shall be strengthened and updated to ensure consistency with global trends.

The RELATED Project supports the Foreign Trade Policy Department, Ministry of Industry and Commerce on the development of the domestic regulation on E-commerce. Since the E-commerce sector in Lao PDR is relatively at an early stage, Lao PDR organized the study visit to Vietnam from 07th – 08th January 2019. This study visit was led by the Vice Minister of Industry and Commerce Mr. Bounmy Manivong and attended by 16 representatives from the Ministry of Industry and Commerce, the Ministry of Justice, the Ministry of Post and Telecommunication, the Ministry of Science and Technology, the Bank of Laos, the Prime Minister's Office, the Lao National Chamber of Commerce and Industry and the RELATED project. The objectives of the study visit were to (i) understand the ecosystem and structures of public and private institutions involved in the development and implementation of E-commerce regulations, (ii) to identify the challenges and opportunities of the existing laws/regulations implemented by the relevant public institutions and how the private sector is affected by their implementation and (iii) to elaborate the draft regulations on E-commerce of Lao PDR with lessons learnt, information collected and regulations provided by relevant Vietnamese public institutions during the study visit.

After reflecting the outcomes of the study visit, the committee agreed to follow the direction of Vietnam to elaborate a decree on E-commerce. Considering that E-commerce activities change very rapidly due to continued technology development, the E-commerce legal and regulatory framework should allow regular updates, offer flexibility and fill the gaps of the existing laws and regulations.

1st Drafting Committee on the E-commerce Decree of Lao PDR

On 18th January 2019, the Minister of Industry and Commerce H.E. Madame Khemani Pholsena approved the appointment of the drafting committee on the development of the E-commerce decree of Lao PDR. The committee will set up and implement the work plan until the end of 2019 to realize the final version of the E-commerce decree before submitting it to the Prime Minister for endorsement.

The drafting committee is led and supervised by the Director General of the Foreign Trade Policy Department Mr. Saysana Sayakone. The committee consists of technical staff members from the Ministry of Industry and Commerce, the Ministry of Public Security, the Ministry of Science and Technology, the National Economic Research Institute, the Ministry of Finance, the Ministry of Public Works and Transport, the National University of Laos, the Lao National Chamber of Commerce and Industry, the Ministry of Justice, the Prime Minister's Office and the Bank of Laos. The drafting committee has the functions and responsibilities to set up the work plan and budget plan, to draft the structure and content of the decree, to organize the consultation meetings and technical meetings to collect the comments from public and private institutions, and to report the progress to the steering committee.

The 1st Drafting Committee Meeting was organized on the 12th February 2019 at the Settha Palace Hotel. The meeting aimed to notify (i) the missing elements of the existing laws and regulations relevant to E-commerce, (ii) the outcomes of the study visits

to Thailand and Vietnam and (iii) the future work plan on the development of the E-commerce decree. The meeting was attended by all drafting committee members, and the challenges and concerns of E-commerce activities in Laos were intensively discussed. Many committee members highlighted that the E-commerce decree of Lao PDR shall promote the business activities and collect the statistics rather than to control and penalise. In addition, the ICT infrastructure, post and communication system should be improved in order to promote the businesses and reduce unnecessary costs that may hold back the business growth. At the end of the meeting, all participants agreed on the work plan and the direction of the E-commerce decree.

Visit of Vietnamese Experts on the Draft E-commerce Decree to Laos

The Trade Rules and Compliance Division of the Foreign Trade Policy Department has been assigned to draft the E-commerce decree by using the lessons learnt from the two study visits and remarks from line ministries during the 1st drafting committee meeting. To benefit



from the experiences of Vietnam on the E-commerce decree, the Foreign Trade Policy Department, with the support of the RELATED Project, invited two Vietnamese experts from the E-Commerce Department, Ministry of Industry and Trade of Vietnam to Lao PDR from 3rd – 5th June 2019. The visit aimed to allow the Foreign Trade Policy Department to continue the exchange and get vibrant insights on E-commerce for the improvement of the draft E-commerce decree in order to ensure that the E-commerce decree is solid, inclusive and effective.

On 3rd June 2019, the two experts were briefed by the Trade Rules and Compliance Division on the current status of E-commerce activities in Lao PDR as well as the structure and content of the draft E-commerce decree. On 4th June 2019, technical sessions were organized and attended by the drafting committee. The two experts described and explained the challenges and opportunities of the Vietnamese Decree on E-commerce No. 52/2013/ND-CP and relevant E-commerce regulatory frameworks that are implemented in Vietnam. In addition, the ecosystem, stakeholders involved and detailed procedures on developing the E-commerce decree in Vietnam were further explained. On 5th June 2019, the experts helped re-structuring the draft E-commerce decree, identifying the missing elements, and recommending the elements to be added to the drafting committee for consideration.

After the visit, the Trade Rules and Compliance Division would revise the draft E-commerce decree taking the results of the visit into consideration. The drafting committee meeting will be organized in order to discuss and agree on the structure and content

before consultation meetings with the participation of the relevant private and public sector structures will be organized in order to exchange comments for further improvement.

Translation and Printing of the Prime Minister's Decree on SEZ

With the support of the RELATED Project, the decree on Special Economic Zones has been developed and endorsed by the Prime Minister. In addition, the Lao version of the decree on SEZs has been translated into English and for proofread by a law firm.

The RELATED Project extends its support to the printing of the decree on SEZ in order to be circulated amongst the relevant public and private institutions especially within the 12 special economic zones throughout the country.

This decree on Special Economic Zones is the guideline for businesses within special economic zones and potential investors to understand the attractiveness and restrictions of the government policy applied in these SEZs.



Development of Reform Action Plans on Ease of Doing Business (on-going)

It is essential for Lao PDR to have an investment climate without unnecessary administrative and regulatory burdens, with transparent rules and regulations, accountable and well-functioning public institutions in order to benefit from the opportunities offered by the AEC in the areas of trade and investment. In this reference, the Prime Minister of Lao PDR issued an executive order no. 02 on 1st February 2018, calling for a significant improvement in the Ease of Doing Business indicators. The Order aims to strengthen the reform momentum and tasks all relevant ministries to improve regulations and procedures with a view to diminish the ranking from 154th ranking in 2019 to 99th ranking in 2022 in the Ease of Doing Business indicators.

The Investment Promotion Department (IPD) of the Ministry of Planning and Investment has been appointed to regularly coordinate and monitor the improvement of procedures and regulations with the departments respectively in charge of the 10 indicators. By using the template without criteria used by the World Bank to assess the ranking and score of each indicator, the Investment Promotion Department was not able to see the progress and monitor if the relevant departments are reforming at the right spot in a timely manner or not. Therefore, the RELATED Project technically supports the development of the monitoring template, which can facilitate the Investment Promotion Department to monitor the implementation of reform action plans more effectively and timely. The representatives from the RELATED Project, the World Bank group and the Investment Promotion Department have had meetings with the concerned departments in order to introduce the template, explain its functions, and require to fill the template with the reform action plans which directly and substantially reduce the ranking and score of the Ease of Doing Business indicators.

In August 2019, the Investment Promotion Department, supported by the RELATED Project, will organize a workshop to finalize and validate the reform action plans for the improvement of the Ease of Doing Business indicators. The workshop is expected to be chaired by the Deputy Minister of Planning and Investment and attended by representatives of the concerned departments. The workshop will provide the opportunity for the participants to discuss, agree and commit on their reform action plans for the implementation until the end of 2022.

Development of Domestic Regulations on Dry Ports and Truck Terminals (ongoing)

The RELATED Project supports the Department of Transport, Ministry of Public Works and Transport, on the development of domestic regulations on dry ports and truck terminals. A national consultant has been contracted to draft and finalize the domestic regulations on dry ports and truck terminals together with the Department of Transport. Two study visits were organized to the dry port in Savan – Seno Special Economic Zone and to logistic facilities in Thailand to learn about the current regulations as well as the operation and management related to the competitiveness of existing operators.

The decree on dry ports and the ministerial decision on truck terminals have been drafted and being finalized through the internal committee meetings supported by the RELATED project. It is planned that a consultation meeting with the participation of the relevant public and private stakeholders, supported by the RELATED Project, will be organized in August 2019 in order to finalize the decree on dry ports. The final version of the decree on dry ports is expected to be submitted to the Prime Minister for endorsement and formalization by end of 2019.

Support to the Application of the ASEAN Sustainable Tourism Standards in Lao PDR: ASEAN Clean Tourist City Standard Dissemination Workshop in Viengxay District, Huaphanh Province

On March 25th - 26th 2019, the Ministry of Information, Culture and Tourism (MICT) together with the Department of Information, Culture and Tourism (DICT) of Huaphanh, supported by the RELATED-Luang Prabang Handle with Care Project, organized a two day workshop to disseminate the ASEAN



Clean Tourist City Standard to the respective stakeholders involved.

The workshop first introduced all criteria of the standard. This session was then followed by a site visit to several important areas that must be assessed in the future including public parks, tourist attractions, accommodations, public toilets, landfills, and wastewater treatment plants.

In the second day of the workshop, an action plan was elaborated. This plan was later proposed to the provincial authorities before starting the implementation to fulfill all criteria of the standard. The assessment will be conducted at the end of 2019.

2.1.4 Others

Visit of the Director General of the Asia and Pacific Department of the German Federal Foreign Office, Ms. Ina Lepel, and H.E. German Ambassador to VITA Park Industrial Zone

Ms. Ina Lepel, the Director General of the Asia Pacific Department (Germany's Federal Foreign Office), and H.E. German Ambassador Jens Peter Luetkenherm, visited the Vientiane Industry and Trade Area (VITA Park) SEZ on 4th April 2019. The distin-



guished guests were warmly welcomed by the President of the VITA Park SEZ Board, Dr. Souphanh Keokhamphet, and the Developer Mr. Jensen Chen.

The visit covered the factories of Mascot (from Denmark) and Dai-Ichi Denshi Lao (from Japan), where the delegation was gracefully welcomed, comprehensively briefed, and closely guided by the management during the tour of the facilities. Mascot exports workwear mainly to Germany with a plan to extend the workforce from

650 to 4000, and Dai-Ichi Denshi Lao employs 600 workers to produce cable harnesses for refrigerators, air conditioners, water heaters, cars.

The honoured guests were very interested and highly appreciated the well-prepared visit to VITA Park SEZ.

Visit of German Ambassador and French Ambassador to Savan-Seno SEZ on 9 April 2019

H.E. Madame Florence Jeanblanc-Risler the French Ambassador and H.E. Mr. Jens Peter Luetkenherm the German Ambassador have had a remarkable trip to Savan-nakhet, and now carry a very good impression of the Savan-Seno SEZ.



On the first day of the trip, the delegation visited the Special Economic Zone office in Savannakhet province. Together with the Director, it discussed extensively the schedule planned for the 9th April 2019 and reconfirmed the appointments.

On the second day, the delegation started its program with a series of presentations by the consultant of the special economic zone and Mr. Tee Savan-Seno SEZ developer alongside with the representatives of Savan Logistics. During the

presentation, an orientation was provided as to how SEZ functions in Savannakhet Province. In a lively discussion together with the ambassadors, multiple issues were discussed – ranging from treatments of workers to equitable payments, labor safety, uninterrupted power supply, waste management and reasons for investing in Savan-Seno. Following the presentation, Mr. Tee led the Ambassadors to a comprehensive field visit to the dry port, Celestica, Aeroworks and Essilor. All companies welcomed the delegation with utmost respect, and they started each visit with an extensive presentation of their facility and their respective offer in Lao PDR.

Both Ambassadors were quite engaging during this visit and thoroughly enjoyed the interactions with the private sector.

During the visit the German Ambassador has expressed an interest to look into the inter-connectivity of vocational education and special economic zones. He has also received from the partners high accolades in respect to the support of the RELATED Project with the decree on SEZ, the decree on dry ports, and the support for business community in general.

Contribution to the Workshop on “Ways Forward to Develop Industrial Parks and Special Economic Zones in Lao PDR”

On February 08th 2019, the RELATED Project participated in and contributed to the Workshop on “Ways Forward to Develop Industrial Parks and Special Economic Zones in Lao PDR”, which took place at the Crowne Plaza Hotel. The event has been organized by the Ministry of Industry and Commerce and the Economic Research Institute for ASEAN and East Asia (ERIA). At the beginning of the workshop, Dr Masahito Ambashi (ERIA) gave an introduction on “SEZs and Industrial Parks: What are they and What purpose to they serve”, while Mr. Sthabandith Insisienmay, NIER, gave a “Report on SEZs and Industrial Parks in Lao PDR”. Dr Hartmut Janus from RELATED added a contribution on “Designing Economic Zones for Effective Investment”. In the course of the event, practitioners shared their experiences on how to make SEZs and Industrial Parks work in Asia in general and in Lao PDR in particular.

2.1.5 Indicator Status for Component 1

Indicators	Complete	On-going	Additional Remarks
18 measures of the Lao AEC 2025 Consolidated Action Plan in the areas of trade in goods, trade in services, investments or SME development are implemented	4	8	On-going measures: 1. Study on potential export products and trading partners of Lao PDR. 2. Transposition of TRS from 2012-2017 schedule. 3. Transposition of PSR from 2012-2017 schedule. 4. Study on self-certification and amend relevant regulations, if any. 5. Study on form D and amend relevant regulations, if any. 6. Provide training on GMP for SMEs. 7. Establish the 3 ASEAN SSC networks. 8. Development of E-commerce decree.
10 regulations and standards in two different sectors of trade in goods, trade in services or investments are adjusted in line with AEC agreements.	1	5	On-going laws and standards: 1. Prime Ministerial Decree on Dry Ports. 2. Ministerial Decision on Truck Terminals. 3. Amend regulations related to self-certification. 4. Amend regulations related to form D. 5. Prime Ministerial Decree on E-commerce.
1,000 companies in two sectors of trade in goods or services apply new laws, regulations or standards that are in line with ASEAN agreements.	357	-	This indicator is the outcome of the indicator 2. Since other 9 regulations and standards are being developed, the measurement can only be done after the development is completed. 357 beneficiaries counted are the companies that apply and make use of the Prime Ministerial Decree on SEZ.

2.2 Component 2: AEC-related Services for the Private Sector

2.2.1 Organizational Development of CCIs and SME Service Centers

Support to the Annual Consultative Meeting of the Luang Prabang Chamber of Commerce and Industry on 14th February 2019

As a long-term strategic partner of the Luang Prabang Chamber of Commerce and Industry and in preparation of the official launch of the SME Service Center, the RELATED Project supported the Chamber to organize its Annual Consultative Meeting on 14th February 2019 – a meeting with the executive committee and the permanent staff. During the meeting, which was chaired by Mr. Bounthieng Soulivanh, President of the Luang Prabang Chamber, participants discussed 6 major topics, including (1) LPBCCI Vision, Internal Organization and Management, (2) Communication, (3) Network, Support and Membership Management, (4) SME Management, (5) Finance and (6) Executive Committee and Staff. The meeting followed a highly participative approach, with the ideas of the executive committee as well as permanent staff members being heard. Participants were divided into four groups and each group discussed and commented on the items raised by the chair using flipcharts and other forms of visualization. The representative of each group then summarized and proposed the group's main ideas. Priority topics that were discussed included stronger engagement and support by the Executive Board, more client/SME orientation and increased revenue generation to guarantee financial sustainability.

Grand Opening Ceremony of the SME Service Center in Luang Prabang on 28th February 2019



On Thursday, 28th February 2019, more than 100 Lao business men and women, government officials and representatives of development partners attended the Grand

Opening Ceremony of the new Provincial SME Service Center, which will be situated within the Luang Prabang Chamber of Commerce and Industry (LPBCCI). In addition to prominent attendants such as H.E. Mme. Khemmani Pholsena, Minister of Industry and Commerce, H.E. Mr. Khamkhan Chanthavisouk, Provincial Governor of Luang Prabang and Mr. Oudet Souvannavong, President of the Lao National Chamber of Commerce and Industry, this event was also graced by the presence of a high-ranking German delegation, headed by the Parliamentary State Secretary to the German Federal Ministry for Economic Development and Cooperation, Mr. Norbert Barthle.

Acknowledging and activating the still untapped potential of Lao SMEs, the Lao National Chamber of Commerce and Industry (LNCCI) as well as the Department of SME Promotion (DOSMEP) under the Ministry of Industry and Commerce (MOIC) had already jointly launched the first ever Lao SME Service Center (SSC) in Vientiane Capital on 17th February 2017. Since its opening two years ago, the national SME Service Center has been providing demand-oriented information, consulting and training services to MSMEs. The establishment of the national SME Service Center as a public-private venture was a crucial stepping stone in terms of pooling resources and jointly improving effective service provision to Lao SMEs.

The opening of its first provincial branch marks yet another milestone. The future vision is to expand this success model to the whole of Laos, with the goal to also strengthen the capacities of MSMEs outside the capital area. The new SME Service Center will seek to help SMEs address crucial challenges such as business planning and accounting, access to finance, product development and marketing, increasing competitiveness and improving quality management.

Preparations for the Launch of the SME Service Center in Champasak Province



Following the successful launch of the SME Service Center in Luang Prabang in February 2019, a series of meetings with key representatives from both the public and private sector in Champasak Province has been arranged to inform authorities about the plans to open the SSC, get relevant stakeholder buy-in and discuss the next logistical as well as strategic steps until the opening of the new SME Service Center in

Pakse. From 12th – 14th February 2019, RELATED supported a first set of stakeholder meetings with the Governor's Office, the Champasak Chamber of Commerce and Industry (CCCI) and other institutions, donors or private associations, including the Lao Coffee Association, the Champasak Hotel and Restaurant Association, the Champasak Handicraft Association, ILO, DGRV and Swisscontact. The objectives of these meetings were to (1) clarify content-related and logistical matters for the launch of the SSC and (2) collect and discuss existing services already offered and ideas for new services to be offered to SMEs through the SME Service Center. Another round of consultations followed on 18th June 2019, which resulted in the signing of an official agreement between the LNCCI and the Champasak CCI, and on 8th – 9th July 2019, which led to the finalization of key documents such as the CSSC concept note, launch event agenda, budget estimate and preliminary activity plan 2019. The Champasak SME Service Center Launch is now tentatively scheduled for 21st August 2019.

Support to a Meeting of Lao National Chamber of Commerce and Industry (LNCCI) and Five Provincial Chambers of Commerce and Industry (PCCIs) on 9th April 2019 in Paksan, Borlikhamxay Province

Following a special request by the Lao National Chamber of Commerce and Industry (LNCCI), the RELATED Project supported a meeting of the National Chamber and the five Provincial Chambers of Commerce and Industry (PCCIs) of Vientiane Capital, Vientiane Province, Khammouane Province, Savannakhet Province and Saysomboun Province. The meeting took place on 9th April 2019 at the Borlikhamxay CCI in Paksan, Borlikhamxay Province. The objective of the meeting was two-fold – first, Mr. Oudet Souvannavong, President of the Lao National Chamber of Commerce and Industry (LNCCI), gave a quick presentation on the new LNCCI strategy to develop Provincial CCIs, and second, participants discussed the relevance of the Prime Minister's Order 23 on Business Development Policy for rural economic development. Furthermore, the meeting was a useful platform to exchange updates regarding the capacities of the respective five PCCIs, their membership status, their member services as well as the key challenges faced in serving the needs of local SMEs. It therefore also provided crucial input related to the opening of the 3rd Provincial SME Service Center.

SSC Management Workshop and Retreat on 26 – 27 April 2019 at Nam Ngum View Resort in Thalath, Vientiane Province

On 26th and 27th April 2019, the RELATED Project supported the SME Service Center (SSC) Team, together with representatives from the Lao National Chamber of Commerce and Industry (LNCCI) and the Department of Small and Medium Enterprise Promotion (DoSMEP), to participate in a 2-Day Management Workshop and Retreat at Nam Ngum View Resort in Thalath. The Retreat focused on improving the delivery of services for Lao SMEs during



the current planning horizon till 2020. Using a highly interactive, discussion-based design thinking methodology to ensure maximum participation, the SSC Team engaged in strategic thinking and planning exercises, which included a brief discussion of the strategic framework on SME development in Laos, followed by SWOT analyses, briefings on client orientation and financial sustainability, brainstorming on existing and potential service offerings, prioritization exercises, smart goals etc. leading to a final training map until 2020. Throughout the two days, all participants were fully engaged, and all had an opportunity to have their viewpoints heard and appreciated. Based on the results of the retreat and the final summary report – including its 10+1 Key Recommendations – 4 follow-up coaching sessions will be held on a quarterly basis to further finetune results, to discuss challenges and bottlenecks, if necessary, and to guarantee the smooth implementation of the actions agreed upon.

Factsheets and Standard Operating Procedures (SOPs) to Strengthen Service Delivery Capacity

The establishment of the SME Service Center (SSC) in Vientiane Capital on 17th February 2017 and their provincial SSC branch in Luang Prabang on 28th February 2019 as a public-private venture of the Lao National Chamber of Commerce and Industry (LNCCI) and the Department of Small and Medium Enterprise Promotion (DOSMEP) have been key stepping stones in terms of pooling resources and jointly strengthening effective service provision to Lao SMEs. Since its opening two years ago, the national SME Service Center has been providing demand-oriented information, consulting and training services to micro, small and medium enterprises (MSMEs). A number of capacity building measures and other interventions have been implemented, which can now be adapted into a service format and made available for SMEs to book and attend through the SME Service Center structure. Details on the actual services available and on offer will be constantly updated in the training and event calendar of the SSC website.

In order to successfully transfer existing services from the national SME Service Center to the Luang Prabang SME Service Center and to support the delivery of a broader range of services, the RELATED Project has supported a consultant to develop and design Service Factsheets and SOPs for training, B2B matching and networking events. The SOPs as a set of step-by-step instructions compiled by the SSC will help its employees carry out complex routine operations. These guidelines aim to achieve increased efficiency, high-quality output and uniformity of performance within the SME Service Center structure, while reducing miscommunication and failure to comply with industry regulations. Moreover, the SOPs will contribute to the long-term sustainability of SSC service provision through preserving process knowledge from past service implementation, especially in case of high staff rotation and continuous vocational adjustments.

2.2.2 Development and Provision of AEC-related Services

SSC Breakfast Talk #2 on “Women in Business, Women in Trade – Women Inspiring Women” on 27th March 2019 at the Lao National Chamber of Commerce and Industry, Vientiane Capital

The SSC Breakfast Talk is a series of quarterly information and business networking events, which are organized by the SME Service Center (SSC) under the Lao National Chamber of Commerce and Industry (LNCCI) as well as the Department of Small and Medium Enterprise Promotion (DOSMEP) with the technical support of the RELATED Project. The Breakfast Talk is a new SSC signature event, where members and non-members alike can come for a meet-and-greet in the morning while listening to industry experts share their outlook, recommendations, opinions, as well as relevant updates on economic developments in Laos.



In the month of International Women’s Day, the SME Service Center used its Breakfast Talk to promote female entrepreneurship and celebrate key achievements of women-owned businesses. Prominent figures from the Lao business women community such as Ms. Pathana Panyathip, Founder and Chief Executive Officer of Panyathip International School, Ms. Kingkeo Douangsavanh, Chief Operating Officer at Datacom, Ms. Douangmani Heuangkhamse, Founder and Director of Her Works and Ms. Manoly Sisavanh, Founder and Director of MeuangXua Embroidery were invited to talk about their ideas and achievements, to reflect on their struggles and obstacles as female entrepreneurs, and to share what they have learned by starting their own companies in a rather challenging business environment. Prior to this panel discussion, representatives from BFL presented on their Banking on Women product, while the Women’s Entrepreneurial Center introduced their services for female businesses. More than 80 interested female entrepreneurs, government representatives and young students joined this event.



SSC Breakfast Talk #3 on “China’s Belt and Road Initiative and its Impact on Business in the Lao PDR” on 7 June 2019 at Luang Prabang View Hotel, Luang Prabang

The SSC Breakfast Talk gave its premiere in Luang Prabang on 7th June 2019, with a special edition that focused on discussing how the Lao-China Railway Project will turn Laos from a landlocked to a landlinked country. Experts from government, research

and private sector discussed how this infrastructure project will change the dynamics of cross-border trade, tourism and logistics, thereby also engaging the local audience in fruitful exchanges and critical reflections.

After the initial welcome remarks given by Mr. Bounthieng Soulivanh, President of the Luang Prabang Chamber of Commerce and Industry (LPBCCI) and Mr. Oudet Souvannavong, President of the Lao National Chamber of Commerce and Industry (LNCCI), Mr. Vanxay Sayavong, Chief of the Macroeconomic Monitoring and Forecasting Division, Center for Macroeconomic Policy and Restructuring Economy at the National Institute of Economic Research (NIER) gave an introductory presentation on the topic “Belt and Road Initiative (BRI) and the Sustainable Development Goals (SDGs) in Laos”. This was followed



by an expert panel discussion moderated by Dr. Phanphakit Onphanhdala, Deputy Director of the Center for Enterprise Development and International Integration Policy at the National Institute of Economic Research (NIER) and starring Dr. Laohua Cheuching, Director General, Economic Research Institute for Industry and Trade (ERIIT), Mr. Sa Siriphong, Deputy Director General, Department of SME Promotion (DOSMEP) under the Ministry of Industry and Commerce (MOIC), Mr. Vanxay Sayavong, Chief of Macroeconomic Monitoring and Forecasting Division, Center for Macroeconomic Policy and Restructuring Economy at the National Institute of Economic Research (NIER), Mr. Sakhone Philangam, Vice President of the Lao International Freight Forwarders Association (LIFFA) and Mr. Bounthieng Soulivanh, President of the Luang Prabang Chamber of Commerce and Industry (LPBCCI). Roughly 90 representatives of the local business community attended the networking event.

Validation Workshop of the Lao Value Chain Manual on 4 April 2019 at Lao Plaza Hotel, Vientiane Capital

In cooperation with the Department of Small and Medium Enterprise Promotion (DOSMEP), the RELATED Project organized a validation workshop for the Lao Value Chain Manual, which took place at the Lao Plaza Hotel on 4th April 2019. The manual outlines clear methods of and tools for analyzing a selected sector using the ValueLinks methodology, which had been developed by GIZ. 30 participants, primarily from the public sector but also including business development service providers, learned about strategies to upgrade sectors through applying this analytical tool. The English version of the manual is now endorsed, while the Lao version is expected to be updated and used in future trainings in Lao PDR. In addition, a Value Chain Brochure has recently been developed that summarizes the fundamentals of value chain analysis, including the concepts and methodology related to the ValueLinks approach, in a concise and intuitive manner for facilitators from government agencies, membership organizations as well as the private sector.

ABA Laos Information Cocktail on 25th June 2019 at the Settha Palace Hotel, Vientiane Capital

On 25th June 2019, the Lao National Chamber of Commerce and Industry (LNCCI), with the support of the RELATED Project, held an Information Cocktail at the Settha Palace Hotel in Vientiane Capital announcing the launch of the ASEAN Business



Awards Laos (ABAL) 2019 and the ASEAN Business Awards (ABA) 2019. The ABA Laos, which is a sub-initiative of the larger regional ABA competition, aims at recognizing outstanding Lao enterprises and uses them as champions to spread the knowledge of the ASEAN Economic Community. ABAL intends to inspire and rally Lao businesses to participate in the integration process and become key players in the ASEAN market.

In the bandwagon of growth and prosperity of the ASEAN Economic Community, the ABAL 2019 seeks to strengthen the competitiveness of Lao enterprises both domestically and regionally. For this year, a total of 25 awards will be up for grabs.

The information cocktail was solemnly opened with welcome remarks by Mr. Thanongsinh Kanlagna, Lao Representative of the ASEAN Business Advisory Council and Vice-President of the LNCCI. The German Ambassador Mr. Jens Luetkenherm, invited as an honorary guest, also gave some welcome remarks. This was followed by two panel discussions – the first one explaining the award background, procedures and relevant deadlines and the second one featuring former ABA winners reflecting on their experiences and essential benefits gained through participating in the ABA Laos competition. Approximately 90 representatives from the Lao business community and the ASEAN embassies graced the event and voiced their interest in applying for the ABA Laos 2019 contest.

Support to the Participation of Partners at the ASEAN SME Service Center Awareness Raising Workshop on 28th June 2019 in Pakse, Champasak Province

The RELATED Project supported the participation of two SSC staff at the ASEAN SME Service Center Awareness Raising Workshop, which took place in Pakse on 28th June 2019. The ASEAN SME Service Center is an online web portal that has been operational for more than 5 years. It is currently managed by the Office of Small and Medium Enterprise Promotion (OSMEP) in Thailand and maintained by the King Mongkut's Institute of Technology Ladkrabang. The project builds on the rationale that, with increased access to ASEAN-related information, SMEs will be better able to access regional markets. The awareness raising workshop aimed to spread knowledge about the existence of the platform to ASEAN SME, experts and service providers. In the future, the RELATED Project seeks to work more closely with the ASEAN SME Service Center, which is currently supported by German Development Cooperation through a regional SME Project implemented by GIZ. The goal is to exchange ASEAN-related

information and share best practices in the area of SME development and service provision.

MSME Day on 2nd July 2019 at Don Chan Palace, Vientiane Capital

The Department of Small and Medium Enterprise Promotion (DOSMEP) under the Ministry of Industry and Commerce (MOIC), supported by the RELATED Project of the Lao – German Development Cooperation, ADB and World Bank, organized the International MSME Day on 2nd July 2019 at Don Chan Palace, Vientiane Capital. The event was chaired by H.E. Mme. Khemmani Pholsena, Minister of Industry and Commerce, Mr. Thansamay Kommasith, Minister of Post, Telecommunications and Communications, and Mr. Daovone Phachanthavong, Vice President of the Lao National Chamber of Commerce and Industry (LNCCI).

The objectives of the event were to celebrate the International MSME Day, which took place on 27th June 2019, and to discuss how MSME can embrace digitalization. The focus was hereby on promoting digital technologies, the adoption of which would help MSMEs in Laos to obtain better market access, become more resilient and ultimately thrive in this digital age. The event featured approximately 20 booths and more than 200 participants attended, including senior leaders from relevant line ministries, the Prime Minister's Office, development partner organizations, the National Assembly, the Lao National Chamber of Commerce and Industry (LNCCI), business associations, entrepreneurs as well as representatives from foreign embassies in Laos.



Elaboration of Coffee Export Toolkit (on-going)

The Department of Small and Medium Enterprise Promotion (DOSMEP), the Lao National Chamber of Commerce and Industry (LNCCI) and the Lao Coffee Association (LCA) would like to support Lao Small and Medium Enterprises that are aspiring to export green coffee beans from Lao PDR to other ASEAN member states. In an effort to effectively facilitate this process, these entities have expressed a need to develop a simple and pragmatic manual and poster(s) on "the trade procedures of green coffee beans from Lao PDR to other ASEAN countries" (e.g. Singapore and Vietnam).

The manual and poster(s) are expected to be used by aspirant Lao SMEs to acquire knowledge about the procedures of trading green coffee beans. They will provide a step-by-step guidance to facilitate trade procedures and to strengthen a high degree of transparency to the process. The manual and poster(s) are currently in the process of being validated and endorsed by the Ministry of Industry and Commerce (MOIC) as a standard procedure for trading green coffee beans from Lao PDR to ASEAN markets. Once this process is finalized, this manual will be distributed via different channels, including the online learning center.

Made in Laos Seminar 2019 on “Preparing to Participate in International Trade Fairs for Lao SME” on 25th July 2019 at Lao-ITECC, Vientiane Capital

The SME Service Center (SSC), with the support of the RELATED Project, is organizing a seminar back to back to the Made in Laos Exhibition on “Preparing to Participate in International Trade Fairs for Lao SME” on 25th July 2019 at Lao-ITECC, Vientiane Capital. The seminar does not only explain market access and standard requirements but also provides information on trade policies and regulations in target markets such as ASEAN, China, Korea and Japan. Experienced companies such as Fatthawa Company, Her Works, Sinouk Coffee and Burapha Agro Forestry will share key take-aways and give advice on how to access international markets successfully in a panel discussion format.

Development of LNCCI Database and Knowledge Management System (on-going)

The Lao National Chamber of Commerce and Industry (LNCCI) puts a high priority on improving its online information services in order to help Lao businesses gain regular access to updates pertaining to doing business in Laos and international trade. Thus, in line with pillar 3 of its LNCCI Strategic Action Plan for Private Sector Development in Laos 2018 – 2020, the LNCCI, with the continuous support of the RELATED Project, is developing a database and information system that shall assist in the provision of demand-oriented services to Lao SMEs. The database and knowledge management system will certainly include an (1) enterprise directory, which encompasses the LNCCI membership directory, an import/export directory and a business development service provider directory, as well as a (2) central information and document repository to provide information on enterprise development, SME competitiveness, international trade agreements and import/export procedures in the Lao PDR.

Datacom has been selected as the IT consulting company to develop the primary database and information systems. So far, the process of developing the databases and knowledge management system is almost completed. Datacom is now finalizing the remaining tasks, such as the linkage of the PLaoSME database to the LNCCI database and the event calendar. Until August 2019, Datacom is required to finish all software development tasks, develop admin and user manuals and provide practical trainings to all relevant users.

2.2.3 Others

Participation in Events on “Development Cooperation and Private Sector Engagement” in Phnom Penh

On 17th June 2019, the RELATED Project – together with the European Chamber of Commerce and Industry in Laos (ECCIL) – joined a GIZ internal event on “Development Cooperation and Private Sector Development in the ASEAN Region”, which served to present the following 3 programs:

- 1. Global Business Network (GBN) Program.** The aim of the program is to enhance cooperation between local and German / European businesses and institutions in selected partner countries.
- 2. EZ-Scout Program.** This program places GIZ staff members in relevant German business membership organizations, such as the Bavarian Chamber of Industry and Commerce, the Association of the German Automotive Industry and the East Asia Association of the German Industry.
- 3. ExperTS Program.** This program places GIZ staff members in relevant international business membership organizations, such as the European Chambers in Laos, Myanmar and Thailand.

Moreover, the German Business Cambodia Working Group, the German Foreign Chamber of Trade in Myanmar, the GBN Program and GIZ, with the support of the EuroCham Cambodia, organized an event on “German Businesses and Development Cooperation in the Mekong”, which took place on 18th June 2019. RELATED used this project to build close ties with the GBN Program as well as the German Foreign Chamber of Trade in Myanmar, which has just recently received the jurisdiction and responsibility to analyze and monitor business potentials in the Lao market. The connections might lead to a German business delegation visit in the 2nd half of 2019.

2.2.4 Indicator Status for Component 2

Indicators	Target Value	Current Value	Additional Remarks
2.1 12 products (such as training courses, information material) are offered by the ASEAN SME Service Center.	12 Products	6 Products Completed 6 Products Ongoing	For a more detailed list of products that have been implemented and scaled, please see below.
<ol style="list-style-type: none"> 1. ASEAN Business Awards Laos (4x) 2. SSC Breakfast Talk Series (3x) 3. B2B and Exhibitions (ITB, ABIS & STSE) 4. Technical Training Series on the Application of Total Quality Management Techniques in Coffee Post-Harvest Processes and Advisory Services (10x) 5. Handicraft Product Development Trainings (LPB, VTE and PKZ) 6. Resource Efficiency in the Tourism Sector (LPB, VTE and PKZ) 			

2.2. 80% of 1,750 Small and Medium-sized Enterprises (SMEs) confirm that the AEC-related services they used (e.g. through the ASEAN SME Service Center, the Ministry of Industry and Commerce, the Chamber of Commerce and Industry or Associations) are satisfactory.	1,750 SMEs Reached Satisfaction Rate 80%	1401 SMEs Reached 56.5% Return Rate of Feedback Forms According to the current M&E progress status, in 89.5% of the feedback forms returned, SMEs indicated that the services used by them were satisfactory or highly satisfactory.	For a break-down of SMEs reached per product (service), please refer to the details below. Feedback Evaluation Ongoing
<ul style="list-style-type: none"> ▪ 324 SMEs in 3 provinces reached via ABA Laos. ▪ 191 SMEs joined SSC / LNCCI information and networking events. ▪ 77 companies received individualized exhibition-specific or B2B support for ITB, ABIS and STSE. ▪ 387 coffee farmers were trained in improving the quality of their coffee. ▪ 136 members of producer groups were trained in developing new handicraft products. ▪ 286 tourism SMEs participated in activities to increase resource efficiency. 			
2.3 250 companies that have used AEC-related services (e.g. through the SME Service Center, the Ministry of Industry and Commerce, the Chamber of Commerce and Industry or Business Associations) have concluded new business deals.	250 Companies	101 Companies	Participating SMEs have been supported in conducting roughly 911 B2B meetings. Final business deal conclusion outcomes are still being evaluated.

2.3 Component 3: Competitiveness of AEC-oriented Private Sector Companies

2.3.1 Cross-sectoral ASEAN-related Support

Study on the Competitiveness of Lao Enterprises in ASEAN (on-going)

Against the background of the AEC, Lao enterprises, mainly SMEs, need to improve their productivity as well as the quality of their products and services not only to meet domestic market demands but also to meet the international standards in order to better integrate into regional and international value chains. However, the context of Lao enterprise competitiveness is not clearly understood due to a lack of data at the firm level. Therefore, RELATED is commissioning a study to analyse the overall and firm level of competitiveness of Lao enterprise, and to investigate how Lao enterprises can compete effectively to make use of the AEC. Potential growth sectors will be studied at the firm level to assess the level of competitiveness of Lao enterprises. The Study on the Competitiveness of Lao Enterprises in ASEAN is carried out in close cooperation with the National Institute of Economic Research (NIER) at the Prime Minister's Office. The questionnaires have been finalised and the study samples are also identified. Therefore, the data collection will shortly be carried out.

Online Learning Centre

Apart from in-person trainings and coaching, good materials are a critical part of effective learning. The online learning centre (www.sustainability4laos.org) aims to provide a platform that offers learning materials and interactive modules in coffee, sustainable tourism practices, handicraft, and organic food. This platform does not only allow training participants to keep learning, but also offer self-paced learning opportunity to a larger group of beneficiaries.

2.3.2 Sector-specific Support to the Competitiveness of Lao Enterprises

2.3.2.1 Tourism

New and Improved Tourism Products

- *Design of the Souvenir Shop at Wat Phou Museum*

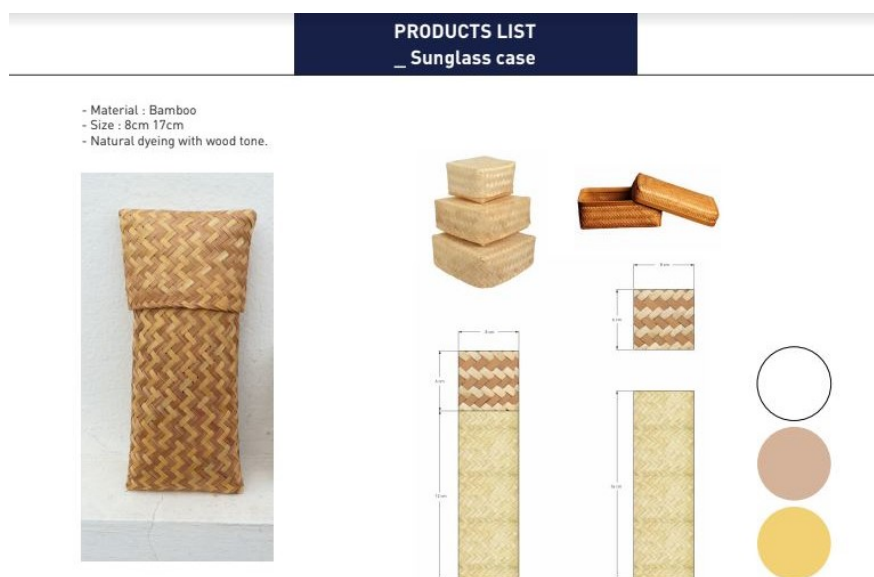
The Vat Phou Heritage Office would like to improve its current souvenir shop in order to attract more tourists, keep them stay longer at the Vat Phou museum and promote local handicraft. With the support of the RELATED Project, a design concept is produced by an international consulting design studio. The Vat Phou Heritage Office is now developing a business plan and looking for additional fund for the shop renovation.



- *Development of New Handicraft Products in Champasak*

The handicrafts of Laos, rooted in the country's culture and traditions, have been inherited and nurtured by generations. Villages like Nong Bueng or Na Gham in southern Laos have been making bamboo woven and wood carving for centuries. Nevertheless, these products are still not so popular with international tourists due to lack of innovative designs.

Recognising this, the RELATED project has supported the development and improvement of at least 10 handicraft products. These products include textile from Saphai village, wood carving from Nong Bueng village, bamboo products from Na Gham village, and coffee and tea from Bolaven Plateau. The next steps would be to provide trainings to handicraft producers to produce these products and promote them.



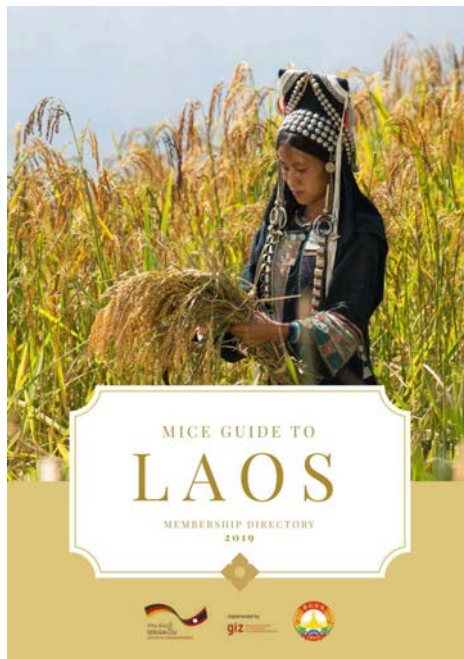
- *Travelife Elephant Camp Standard*

The objective of this intervention was to improve the sustainable management and work place conditions at elephant camps in Laos by introducing an industry standard through the support for a global initiative led by the Captive Elephant Working Group, the Association of British Travel Agents (ABTA) and Travelife for Tour Operators. Elephant camps are part of a largely unregulated tourism industry sub-sector that is increasingly facing global consumer pressure for meeting sustainability standards, with a particular focus on animal welfare and support for elephant handlers (“mahouts”), who are often recruited from disadvantaged backgrounds. The RELATED-Luang Prabang Handle with Care project worked on two intervention levels – firstly, on supporting Travelife for Tourism through dialogue with and participation of local SMEs (facilitated by LUTA) in developing and testing the standard. Secondly, the project started preparing local SMEs for meeting the proposed standard by providing an Elephant-friendly Mahout training with the international NGO Human Elephant Learning Programme (HELP) and with a workshop for camp managers addressing issues such as setting up an association to represent industry needs, marketing communication addressing global sustainable consumer demand and the advantages of certification. Communication is key for the issue of tourism and animal welfare. The project produced a few training videos for local mahouts that are available via the camp managers. The video “A Day in the life of a Mahout and his Elephant” and a well-edited Frequently Asked Question Document “FAQ about Elephant Camps” is available for DMCs and tour operators to enable them to better communicate with end-consumers about how elephant tourism can be a contribution to sustainable production and consumption as well as responsible tourism. Through this intervention the project was successful in improving the quality infrastructure for tourism SMEs by supporting the development and introduction of the Travelife for Tourism Animal Welfare Standard for Elephant Camps to Lao PDR.

- *MICE Guide to Laos*

Despite its range of stylish and unique hotels, Laos is still a new destination for meetings, incentives, conferences and events (MICE). As the country is relatively unspoiled by mass tourism, it can provide some amazing and unique MICE activities that are harder to find in more established markets. A host of impressive venues can handle any group size, while endless adventure activities make for perfect incentives.

Recognising this potential and the need for better promotion of Laos as a MICE destination, the Luang Prabang Travel Agents Association in collaboration with several hotels published a MICE Guide to Laos with the support of RELATED project. The Guide was also distributed at ITB Berlin 2019.



- *Bolaven Coffee Trail*

The Bolaven Plateau in Southern Laos is by far the most important coffee growing area in Laos. Although Champasak is the second most visited Province by tourists in Laos, coffee-related tourism is still a niche product and has not been adequately promoted yet by the local government.

At the workshop on Coffee-related Tourism Product Development in Pakse on September 26th 2018, organized by the Ministry of Information, Culture and Tourism, the participants identified several priority obstacles including the general lack of signages and awareness on coffee-related tourism products, the lack of trained coffee tour guides and the lack of processing facilities to showcase the process from cherry to cup.

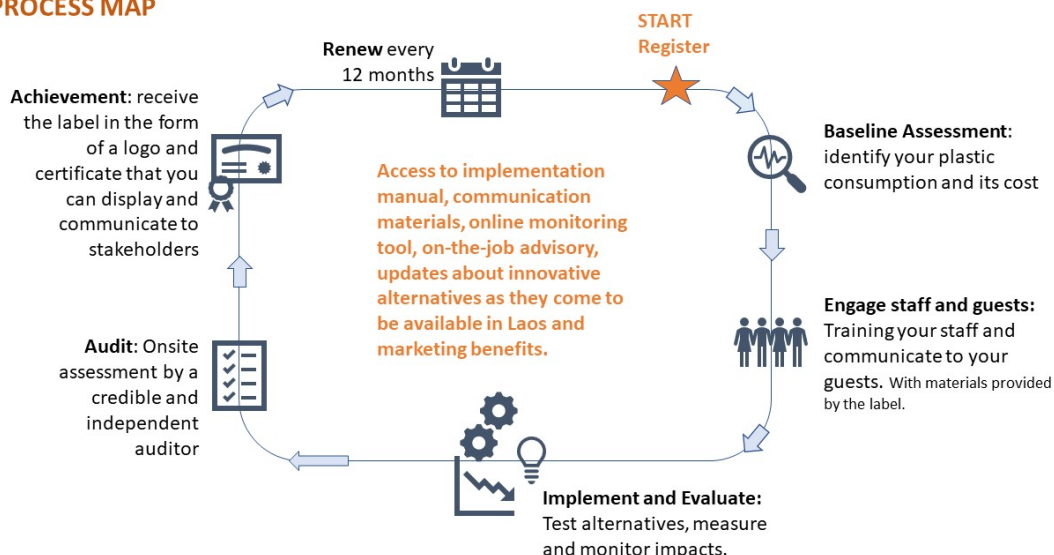
The RELATED project, therefore, supported a tourism consultant to develop the Bolaven Coffee Trail as a new tourism product in Southern Laos. Nevertheless, the project has later learned that Swisscontact was also working on developing the Bolaven Coffee Trail. Therefore, the project has decided to stop this initiative and prioritize its resources on other activities.

- *Single-use Plastic Free Label for Hotels and Restaurants*

Plastics have been used widely in our society due to its convenience, durability and low cost. Like any other changes, plastic reduction and elimination is challenging. For a tourism business in Laos, barriers to change include low awareness of plastics' negative impacts, health and safety concerns, lack of knowledge of alternatives, costs, lack of knowledge of staff and of customer engagement.

Therefore, the Lao Association of Travel Agents (LATA), the Lao Hotel and Restaurant Association (LHRA) and the SME Service Centre (SSC), with the support of the RE-LATED project, are develop a single use plastic free label for hotels and restaurants. This label serves as a guideline and an incentive to help businesses to eliminate most common single use plastics in a systematic and sustainable manner. The label will be launched by the end of August 2019.

PROCESS MAP



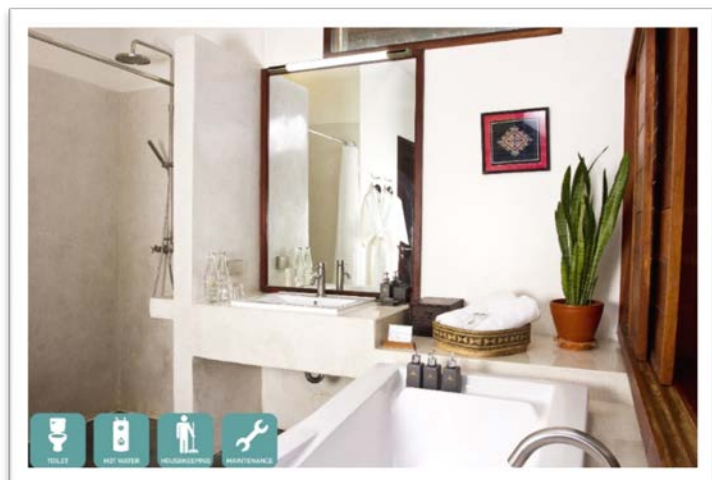
Application of resource efficiency measures in hotels, guesthouses and restaurants (on-going)

In November and December 2018, the project supported 28 hotels and restaurants to have a resource efficiency assessment by an experienced environmental and mechanical engineer. This assessment focused on identifying straightforward improvement measures that help accommodation businesses cut energy and water costs by 25% to 50%, thus boosting profits, reducing health and safety risks and improving the overall quality level of their hospitality services. These measures are not only relatively quick to implement, but typically offer a return of investment in the magnitude of 200% to 500%. The assessment was followed by on-the-job-advisory. A survey done in March 2019 has shown that 90% of the participating properties immediately implemented some of the recommendations right after the assessment and have seen a 10% to 20% reduction in energy and water costs.



Online Learning Centre Content

This section introduces interactive learning modules on how an accommodation can effectively reduce their energy and water consumption and minimize waste. The four modules include bathroom, guest room, kitchen and back of the house. Users can find out about practical measures that they can implement when they click on each element in the picture such as shower, tap, bathtub, toilet, etc.



The resource efficiency learning section also includes a sustainability manual that provides instructions on how a tourism business can integrate sustainability in their business in a structured and systematic manner.

Preparation of the Sustainable Tourism Solutions Expo 2019

One of the main obstacles to sustainability in the tourism industry is the lack of sustainable alternatives for traditional tourism and hospitality supplies such as green cleaning products and toiletries, plastic-free packaging alternatives, locally produced substitutes to imported food and beverages, etc. Many local businesses complain that

they do not know where to source sustainable products for their business or are sometimes not even aware of what is available.

At the same time, there exist local small businesses in Laos that offer sustainable products such as handicrafts, natural bath products, organic and locally produced food and beverages. These products hold strong potential value but are not yet part of the tourism supply chain. With little knowledge on how to approach the tourism sector, these local businesses are often restricted to selling directly to tourists and domestic customers at local markets.

As one of the ways to increase the supply of sustainable products and practices in the tourism supply chain, the (business-to-business) Sustainable Tourism Solutions Expo (STSE) was successfully organized in 2018 in Luang Prabang. Based on the success of the first STSE, the Ministry of Information, Culture and Tourism (MoICT) would like to host the second STSE in Vientiane in collaboration with the Lao Association of Travel Agents (LATA), the Lao Hotel and Restaurant Association (LHRA), the National University of Laos and the Ministry of Natural Resources and Environment (MONRE).

The event will take place on 27-28 September 2019 in Vientiane.

2.3.2.2 Coffee

On-the-Job-Advisory to Apply Quality Management Techniques for Coffee Stakeholders in the Southern Provinces of Lao PDR (November 2018 – February 2019)

On-the-job advisory activity is a monitoring and evaluation exercise designed to accompany the processes of the action plan implementation by the coffee stakeholders. In total 115 action plans have been elaborated and were implemented from November 2018 - February 2019. On-the-job advisory at the farm level will enable the coffee stakeholders to successfully implement the actions and apply the quality management techniques learned during the training. These actions will allow coffee stakeholders to optimize the coffee quality during coffee post-harvest processes, covering the initial stages of the coffee value chain starting from cherry picking through green bean to cupping.

The on-the-job-advisory activities were carried out by the Agriculture Research and Experimentation Centre in the South of Laos (ARCS), the local research institution with the needed technical skills and experiences in optimizing coffee quality during post-harvest processes. ARCS consultants, in close cooperation with DOSMEP, RELATED and LCA, provided advisory to all training participants at their respective premises while implementing the agreed actions from October 2018 to February 2019. Each participant has been visited twice for half a day to observe their day-to-day practices. If necessary, the consultant advised on how to improve and further optimise some of the procedures. A final evaluation of the on-the-job advisory has been conducted to fully understand effectiveness of the measure.

Coffee Table Book on the Lao Coffee Sector

Coffee, as an agricultural commodity product, is one of the most important agricultural export goods of Lao PDR. Due to the establishment of the ASEAN Economic Community (AEC) in 2015, envisioning ASEAN as a single market and production base, exporters of Lao coffee are not only facing new opportunities, but also new challenges. Access to a broader market with a total of 625 million consumers comes along with numerous new competitors from other ASEAN countries trying to sell their commodities to the same markets. In order to enable Lao coffee exporters to compete more effectively for their ASEAN market share, the Lao Coffee Association (LCA) is currently focusing on the improvement and promotion of high-quality Lao coffee.

To strengthen the marketability and promotion of Lao Coffee in both the ASEAN region and beyond, the Lao Coffee Association intends to develop an attractive Coffee Table Book showcasing the uniqueness of Lao Coffee.

The envisioned Coffee Table Book for the coffee sector will serve as exclusive memorabilia showcasing the uniqueness and development prospects of Lao coffee. At the same time, it is a business card of the Lao coffee sector, promoting business and investment opportunities in the Lao coffee sector on the Bolaven Plateau. The design of this book is being finalised, it is expected to be ready for printing in October 2019.

Coffee Production Certification

Coffee certifications and label inform consumers about the farming practices used to produce a certain coffee. Many certification systems provide guidelines on agricultural practices such as soil improvement techniques and adaptation to changing weather patterns for better crops and ultimately a better and more sustainable income for farmers.

The Lao Coffee Association (LCA), with the support of the RELATED project, has first started identifying what coffee certifications are being adopted in Laos and the interest in coffee certifications. Subsequently, a more detailed questionnaire was elaborated to find out about the official procedures of production certification. Based on this result, the project will support the introduction and implementation of one or more coffee certifications in this area, especially those that are more applicable for small producer group and cooperatives.

Online Learning Centre Content

The online learning content for coffee sector is still in the concept development process. The project has discussed it with relevant stakeholders and other international development partners and has identified what materials are available and what should be developed. Ultimately, the online learning centre would feature all these materials and serve as an aid to trainings and support carried out at the community level.

2.3.2.3 Handicrafts

Handicraft and Homestay Training in Ban Nayang, Luang Prabang

With the support of Luang Prabang-Handle with Care Project, the Department of Information, Culture and Tourism Luang Prabang organized a four-day training for homestay hosts and the textile production group in Ban Nayang Tai. The training aims to help homestays enhance their service quality and handicraft producers improve their natural textile dyeing techniques.

Topics included in homestay training are first aid, food safety and hygiene, and the use of locally available products in services. The training was conducted by teachers from different institutes like Lanith, Souphanouvong University, and the Vocational Training School.

Training for the textile production group includes introduction to the different kinds of natural dye techniques, and how to apply it practically. This training is provided by trainers from Ock Pop Tok Living Craft Centre.

Online Learning Centre Content

In handicraft learning section, users can find a do-it-yourself manual in Lao accompanied by tutorial videos of 20 textile products such as cup coaster, laptop bag, hat, stuffed elephant, apron, etc. This section will be extended to bamboo products later this year.



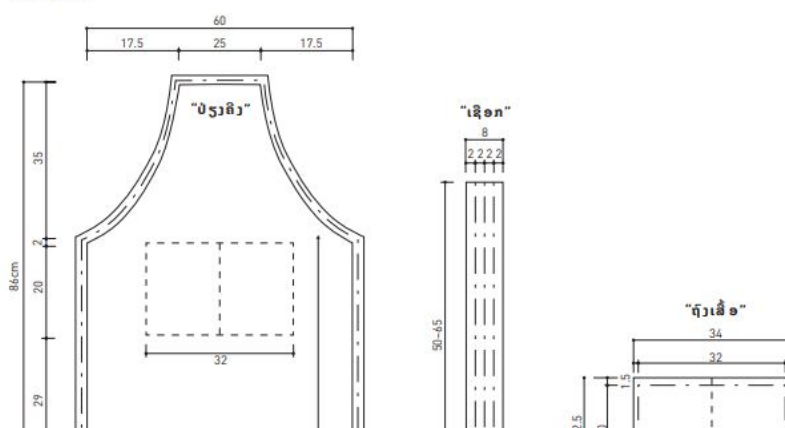
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2.3.3 Indicator Status for Component 3

Indicators	Current Value	Additional Remarks
1. 10 new or improved AEC-related tourism products (offered in cooperation with other ASEAN Member States or with tourists from other ASEAN Member States as a target group) are offered on the market.	7 complete and on-going (scaling up) products. 3 products will be developed in 2019-2020	2. Mekong river cruise tourism product improvement 3. Development and improvement of handi-craft products 4. Introduction of Travelife Elephant Camp Standard in Laos 5. Establishment of RefillMyBottle Initiative in Laos 6. Responsible Almsgiving and Temple Visit 7. MICE Guide to Laos 8. Single-use plastic free (label for) hotels and restaurants.
9. 300 out of 400 participants in AEC-related training courses for quality management in the areas of tourism, coffee and transport / logistics apply at least 3 of the measures / techniques learned.	301/300	These beneficiaries from the private companies that commit to apply at least 3 of the measures / techniques learned in their day-to-day works. <ul style="list-style-type: none"> • Tourism: 79 • Coffee: 182 • Transportation and Logistics: 40
10. 2,000 service providers or producers have received practice-oriented instructions and training materials to increase their competitiveness through 3 existing and 3 new distribution channels.	1146/2000	The beneficiaries who received practice-oriented instruction and training manual through the seminar. <ul style="list-style-type: none"> • Pictorial manual and posters on TQM of coffee post-harvest processes: 1095 • Sustainability manual and posters for hotels and guesthouse: 51
11. 67% of at least 600 supported AEC-oriented enterprises (of which 50% are women-led) in the areas of tourism, handi-craft, organic foods	72/400	35 tourism businesses have reduced their production costs by at least 15% from implementing sustainable practices such as replacing disposable plastic bottles by reusable glass bottles, energy saving, water conservation and waste minimisation measures.

and coffee have increased their competitiveness (productivity, production costs and / or product quality) by 15%.		<p>37 coffee farmers increased the productivity by at least 15%</p> <p>In other sectors, the RELATED project, counterparts and consultants (as necessary) will jointly conduct baseline and the results of the improved competitiveness of enterprises later 2019 and early 2020.</p>
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3. Financial Report

During its second phase, the RELATED project runs over a period of 41 months from August 2017 to December 2020. It has a volume of 5.3 Mio EUR. However, an amount of 355.019 EUR has been used as co-financing share of the German Development Cooperation for the Luang Prabang – Handle with Care Project, leaving 4.944.981 EUR for the RELATED core activities.

The RELATED project is on track as concerns its financial situation at the end of June 2019. During the 23 months from August 2017 until June 2019, RELATED spend 2.972.393 EUR, amounting to 129.234 EUR per month. In the last six months since the 07th RELATED – IAI Project Review Committee Meeting, the expenditures are 767.080 EUR, representing average spendings per month of 127.847 EUR.

There remain 1.972.588 EUR for the last 18 months, leading to an average spending of 109.588 EUR. At the same time, structural adjustments have been realized in RELATED to reduce the fixed costs, in particular the costs of personal, during the second half of the second phase.

The costs for internal and external experts (consultants), from the beginning of the RELATED II project until the end of June 2019 represent 63,66% of its overall expenditures, thus roughly two thirds of its overall budget. 14.69% of the overall spendings are explained by miscellaneous costs and 12.92% by administration costs.

During the last six months since the last PRC meeting, the costs for international and external experts (consultants) amount to 62.17%. At the same time, the overall spendings explained by miscellaneous costs represent 12.72% and those accounted for by administration costs are 13.08%.

During the first 23 months of the RELATED II project from August 2017 until June 2019, travel costs represent 4.38% of the entire expenditures and costs for tangible assets 2.23%. These expenditures amount to 6.06% of the overall spending for travel costs and 1,80% for costs for tangible assets during the last six months.

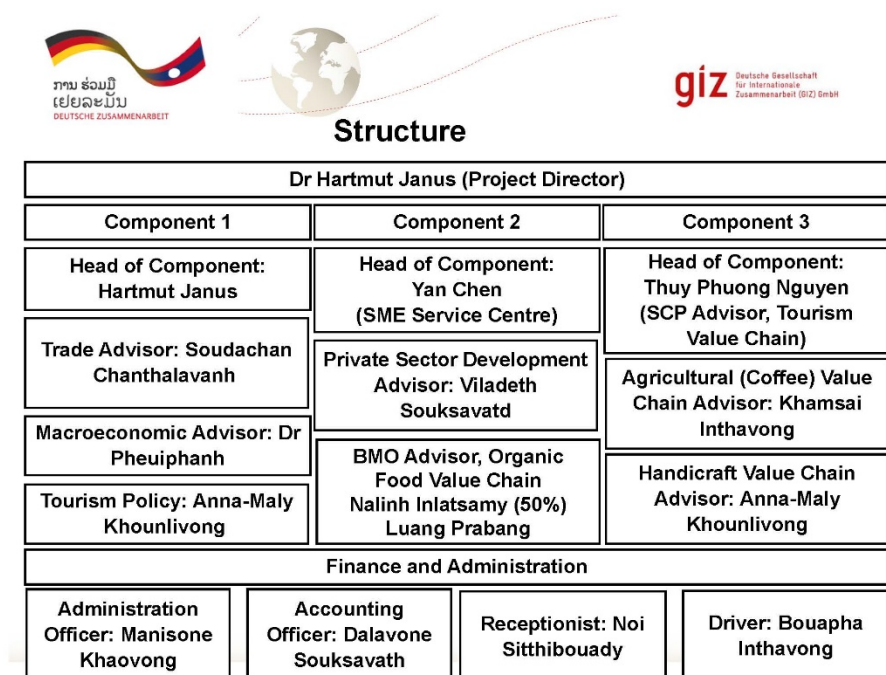
Financial Situation of the RELATED project as of June 30th 2019

In €	08/2017-06/2019	in %	01/2019-06/2019	in %
Labour costs (internal and external experts)	1.892.189	63,66	476.907	62,17
Travel costs	130.327	4,38	46.468	6,06
Costs for tangible assets and construction contracts	66.164	2,23	13.790	1,80
Financing	13.542	0,46	13.542	1,77
Human Capacity Develop.	49.410	1,66	18.489	2,41
Miscellaneous costs	436.709	14,69	97.557	12,72
Administration costs	384.053	12,92	100.328	13,08
Total costs	2.972.393	100	767.080	100

4. Outlook

4.1 Restructuring Process in the RELATED Project

In the first half of 2019, the RELATED Project went through a phase of restructuring. This process has been finalized at the end of June 2019. The new structure of the RELATED Project looks as follows:



In the course of the restructuring process, some of the focal points for our Lao partner structures have changed. From 01st July 2019 onwards, the RELATED Team Members are focal points for the following Lao partner structures:

RELATED Staff Member	Focal Point for
Hartmut Janus	GIZ Headquarters, GIZ Office in Lao PDR, other GIZ Offices, German Embassy
Soudachan Chanthavanh	FTPD, DIMEX, Secretariat Minister of Industry and Commerce, Department of Transport (MPWT)
Dr Pheuiphanh	IPD, SEZO, Secretariat Minister of Planning and Investment, NIER
Anna-Maly Khounlivong	MoICT, Provincial DoICTs, Handicraft Associations
Yan Chen	LNCCI, DoSMEP, SSC, Provincial SSCs
Nalinh Inlatsamy	Luang Prabang CCI, Organic Food Associations
Thuy Phuong	LHRA, LATA on national and provincial level
Khamsai Inthavong	MAF, LCA, CCCI
Nittaya	Department of Planning and Cooperation, Ministry of Industry and Commerce

4.2 Trends and Orientations Guiding the RELATED Project

The RELATED Project, in its planning process, is guided by a number of important political and economic processes, which have an important effect on its future orientation. In the following, the main factors are summarized:

- Regional Economic Integration Process (ASEAN, ASEAN+ and RCEP)
- 08th and upcoming 09th National Socio-Economic Development Plan
 - Diversified economic base
 - Improvement of business environment
 - Promotion of SME
 - Promote inclusive business
 - Sustainable consumption and production
 - Reduced poverty
- Green Growth Strategy (sustainability and inclusiveness of growth)
- East of Doing Business and Implementation of the Prime Minister's Order 002
- Belt and Road Initiative (How can Laos benefit from the Railroad PR China – Vientiane)
- Establishment of SME Service Centres on the central and provincial level

Against this background, during the second half of its second phase, the RELATED Project aims at contributing to the following key developments:

1. Improvement of the Quality of Economic Growth
Enhancing the sustainability, broadbasedness, inclusiveness and crisis-resilience of economic growth in Lao PDR
2. Support the Structural Transformation of the Lao Economy towards less resource-based sectors
3. Strengthen Economic Diversification towards a) agro-processing, b) manufacturing (particularly in Special Economic Zones) and c) selected services sectors (tourism)
4. Improve the Competitiveness of Lao Enterprises, in particular SMEs, on the national, sectoral and firm level
5. Strengthen the Integration of Lao PDR into Regional Value Chains.
6. Reduce Poverty, particularly among the Lao Rural Population (Coffee, Tourism, Handicraft and Organic Food Value Chain Development)

The above guidance and orientations, the time and financial constraints of the RELATED Project and its aim to fulfil all its indicators to 100% lead to some adjustments during the second half of its second phase:

- In the first half of the 02nd phase of the RELATED (and its affiliated Luang Prabang – Handle with Care) Project, a number of work plans, new services and products as well as new materials have been developed.
- In the second half of the 02nd phase, the focus of RELATED is NOT so much on developing more new services and products, but on further developing existing products and, in particular, on applying them resp. on upscaling their implementation.
- The relevance of the value chain approach in coffee, tourism, handicraft and organic food will be further strengthened.
- At the same time, the approach to strengthen these value chains will be further developed: Online Learning Centres and the local application of their content (farmer group resp. producer group approach with village-based agents), partly in rural areas, will gain in importance.
- The RELATED Project disposes of a strategic planning until the end of 2020. If all the measures included in the planning would be implemented, its indicators will be fulfilled to 100%.
- At the same time, due to time and budget limitations, there is a strong focus on activities that directly and substantially contribute to the indicators of the RELATED Project.
- Therefore, RELATED will further optimize its “value for money”, the effectiveness and efficiency of its operations, for example by digitalizing some of its services (Online Learning Centre) and by offering local training courses and on-the-job advisory for farmer and producer groups.
- At the same time, some activities that were rather expensive, but that did not substantially contribute to the indicators of the RELATED Project (e.g. ITB Berlin and ITB Asia, Dissemination Workshops on ASEAN Standards, Studies) will be reduced.

4.3 Planning Process in the RELATED Project

The identification and prioritization of activities supported by the RELATED project is based on three different criteria:

4.3.1 Objectives and Indicators of the RELATED Project

The objectives and indicators for the current phase of the RELATED Project have already been introduced in chapter 1.2 “Objectives and Indicators of the RELATED Project (Phase II)”. These indicators have to be fulfilled to 100% at the end of the project. The current degree of fulfilment of the different objectives and indicators at the time of the Project Review Committee meeting has an important effect on the selection and prioritization of measures to be implemented by the RELATED Project during the next six months.

The following steps are applied in the course of the selection and prioritization process:

- a. Analysis of the objectives and indicators as stated in the project documents for the RELATED Project.
- b. Analysis of the current degree of fulfilment of the objectives and indicators for the RELATED Project.
- c. Gap analysis: What needs to be done in order to fulfil the objectives and indicators of the RELATED Project to 100%.
- d. Selection and Prioritization of measures, which ensure that, at the end of the RELATED Project, all objectives and indicators are fulfilled to 100%.

4.3.2 OECD-DAC Criteria

Besides the objectives and indicators of the RELATED project, the achievement of the OECD-DAC Criteria is decisive for the success of RELATED. There are five OECD-DAC Criteria:

RELEVANCE

The extent to which the activity is suited to the priorities and policies of the target group, recipient and donor.

EFFECTIVENESS

The measure of the extent to which an activity attains its objectives.

EFFICIENCY

Efficiency measures the outputs in relation to the inputs. It is an economic term, which signifies that the aid uses the least costly resources possible in order to achieve the desired results.

IMPACT

The positive and negative changes produced by a development intervention, directly or indirectly, intended or unintended. This involves the main impacts and effects resulting from the activity on the local social, economic, environmental and other development indicators.

SUSTAINABILITY

Sustainability is concerned with measuring, whether the benefits of an activity are likely to continue after donor funding has been withdrawn. Projects need to be environmentally as well as financially sustainable.

4.3.3 RELATED Project Team Retreat

From June 11th to 13th 2019, the RELATED Project organized a Team Retreat in order to finalize its strategic planning until the end of its second phase (12/2020), based on the inputs from its Lao partners.

In summary, the strategic plan of the RELATED Project until the end of 2020 includes its support amongst others to the following measures:

Component 1:

- Implementation of selected measures of the AEC Blueprint 2016 – 2025 Consolidated Strategic Action Plan Laos 2018 – 2020, in particular in the area of trade in goods, amongst others:
 - Conduct a research study to identify potential export products into Lao PDR's main trading partners.
 - Amend legislation relating to certification of origin in order to facilitate MSME's participation in regional trade.
 - Conduct a research to identify the gaps of MSMEs' Form D utilization.
 - Reduce selected import and export procedures.
- Development of the Lao decree on E-commerce.
- Implementation of selected measures to improve the Ease of Doing Business in line with Prime Minister's Order 002 and in close coordination with other development partners.
- Improvement of the One-Stop-Shop Services in Special Economic Zones.
- Development of the Prime Minister's Decree on Dry Ports and of the Ministerial Decision on Truck Terminals.
- Finalization of the translation of four ASEAN Sustainable Tourism Standards (Green Hotel Standard, MICE Venue Standard, Community-based Tourism Standard, and Homestay Standard) into Lao national standards.

Component 2:

- Establishment and operation of the national SME Service Centre and three provincial SME Service Centres.
- Establishment of a network of the Lao SME Service Centre with the ASEAN SME Service Centre and SME Service Centres in other ASEAN Member States.
- Operation and further development of the LNCCI Database and Knowledge Management System.
- Pitch and Sales Training for B2B Preparation and Exhibition Support
- ASEAN Business Awards (ABA) and ASEAN Business Awards Laos.
- SME Service Centre Breakfast Talk Series.
- Business Development Service Provider (BDSP) and Access to Finance Referral.
- ValueLinks (toolbox for value chain development) Manual, Brochure, Training Courses and on-the-job Advisory.
- Coaching for SMEs, Startups & Entrepreneurs with a focus on inclusive and sustainable businesses.
- SME Business Clinic with a focus on inclusive and sustainable businesses.

Component 3:

- Finalization of the Study on the Competitiveness of Lao Enterprises in ASEAN.

- Elaboration of practice-oriented Instructions and Training Materials to Increase the Competitiveness of Lao SMEs
- Further Development of the “Sustainability4Laos.org” Online Learning Platform
- Tourism
 - Improvement of the Resource Efficiency of Hotels and Guesthouses
 - Introduction of a No Single-Use Plastic Label for Hotels and Restaurants
 - Sustainable Tourism Solutions Expo
 - Development of Materials for the Online Learning Centre
- Coffee
 - Collection and Development of Materials for the Online Learning Centre
 - Training of Trainers and Training of Farmer Groups
 - Continuous Farmer Group-based On-the-Job Advisory
 - Certification of Lao Coffee (e.g. Good Manufacturing Practices)
 - Manual on Export Procedures for Lao Coffee
 - Coffee Table Book for the Lao Coffee Sector
- Handicraft
 - Further Development of Existing Handicraft Products
 - Development of Materials for Online Learning Centre
 - Training and On-the-Job Advisory for Producer Groups
 - Further Development of Sales Points
 - Zoning of Luang Prabang Night Market
- Organic Food
 - Development of Materials for the Online Learning Centre
 - Farmer Group Training and On-the-Job Advisory
 - Business Matching with Hotels and Restaurants

4.4 Planned Activities July – December 2019

Based on the current status of activity planning, the following main activities might be supported by the RELATED Project during the time period from July – December 2019:

Component 1: AEC-related policy framework conditions in the areas of trade in goods, trade in services and investments			
No	Title	Lao Partner	Indicator
1	Research Study to identify potential export products into Lao PDR's main trading partners	FTPD (MoIC)	Indicator 1.1

2	Study on the Utilization of Lao PDR's Form D and Its Self-Certification System under ATIGA	FTPD (MoIC), DIMEX (MoIC)	Indicator 1.1
3	Reduction of selected import and export procedures.	FTPD (MoIC), DIMEX (MoIC)	Indicator 1.1
4	Development of the Lao Decree on E-commerce	FTPD (MoIC)	Indicators 1.1, 1.2, 1.3
5	Development of the Reform Action Plan to Implement PM's Order 002 on the Ease of Doing Business	IPD (MPI)	Indicator 1.2, 1.3
6	Improvement of the One-Stop-Shop Services in Special Economic Zones	SEZO (MPI)	Indicators 1.2, 1.3
7	Adoption of four National Sustainable Tourism Standards in line with ASEAN Sustainable Tourism Standards	Tourism Development Department (MoICT), Tourism Management Department (MoICT)	Indicators 1.2, 1.3
8	Elaboration of PM's Decree on Dry Ports	Department of Transport (MPWT)	Indicators 1.2, 1.3
Component 2: AEC-related services for the private sector			
No	Title	Lao Partner	Indicator
1	Establishment of the SME Service Centre in Champasak Province	SME Service Centre	Indicators 2.1, 2.2
2	Establishment of a Network with the ASEAN SME Service Centre and SME Service Centres in other ASEAN Member States	SME Service Centre	Indicators 2.1, 2.2
3	Operation and further Development of the LNCCI Database and Knowledge Management System	LNCCI	Indicators 2.1, 2.2
4	Support to ASEAN Business Awards and ASEAN Business Awards Laos	LNCCI, BAC	Indicators 2.1, 2.2
5	Support to SME Service Centre Breakfast Talk Series	SME Service Centre	Indicators 2.1, 2.2
6	Development of a BDSP Referral	SME Service Centre	Indicators 2.1, 2.2, 2.3
7	Elaboration of ValueLinks Brochure and Training Courses	SME Service Centre	Indicators 2.1, 2.2, 2.3

8	Coaching for SMEs, Startups & Entrepreneurs with a focus on inclusive and sustainable businesses	SME Service Centre	Indicators 2.1, 2.2, 2.3
9	Manual on Export Procedures for Lao Coffee	DIMEX (MoIC), LCA	Indicators 2.1, 2.2
Component 3: Competitiveness of AEC-oriented private sector companies			
No	Title	Lao Partner	Indicator
1	Finalization of the Study on the Competitiveness of Lao Enterprises in ASEAN	NIER	Baseline
2	Elaboration of practice-oriented Instructions and Training Materials to Increase the Competitiveness of Lao SMEs	DOSMEP	Indicators 2.2, 3.3, 3.4
3	Elaboration of Materials and further Development of the Sustainability4Laos.org Online Learning Platform	SSC	Indicators 2.2, 3.2, 3.3, 3.4
4	Improvement of the Resource Efficiency of Hotels and Guesthouses	LHRA	Indicators 2.2, 3.2, 3.4
5	Introduction of No Single-Use Plastic Label for Hotels and Restaurants	SSC, LHRA	Indicators 3.1, 3.4
6	Sustainable Tourism Solutions Expo	Tourism Development Department (MoICT)	Indicators 2.3, 3.4
7	Training of Trainers and Training of Coffee Farmer Groups	LCA	Indicators 2.2, 3.2, 3.4
8	Certification of Lao Coffee	LCA	Indicators 3.2, 3.4
9	Coffee Table Book for the Lao Coffee Sector	LCA	
10	Further Development of Existing Handicraft Products	LHA, LPB HA, CPS HA	Indicators 3.1, 3.4
11	Training and On-the-Job Advisory for Producer Groups	LHA, LPB HA, CPS HA	Indicators 2.2, 3.2, 3.4
12	Business Matching of Organic Farmers with Hotels and Restaurants	Organic Farmers' Association	Indicator 2.3

4.5 Outlook beyond December 2020

Based on the current commission, dated June 12th 2019, the RELATED Project is running until 31st December 2020. The question, whether there will be a third phase of RELATED, is - at the moment - open.

In the Summary Record of the Negotiations on Development Cooperation between the Government of Lao PDR and the Government of the Federal Republic of Germany, held in Berlin (Germany) on 03rd to 04th September 2018, both governments “reaffirmed their commitments to continue the RELATED project and emphasized that the RELATED project’s and development partners’ efforts should be intensified to further enable the Lao PDR to fulfil its commitments under the AEC Blueprint 2025.”

A potential new commitment for a third phase of RELATED would have to be agreed upon during the Intergovernmental Negotiations between the Government of Lao PDR and the Government of the Federal Republic of Germany in 2020.

Since this commitment would concern a new phase, not only a replenishment and extension of an on-going phase without conceptual change, an evaluation and planning mission would come to Lao PDR in 2020. The planning process for a potential third phase of the RELATED Project would have to take into consideration a large number of new or updated Lao and ASEAN strategies, such as the 09th National Socio-Economic Development Plan, the AEC Blueprint 2025 Consolidated Strategic Action Plan Laos 2021 – 2023, the Lao SME Development Plan 2021 – 2025 and the LNCCI Strategic Action Plan 2021 – 2025.

The objective for a potential third phase of RELATED could be to strengthen the integration of selected Lao value chains into the ASEAN+. In such a scenario, RELATED could, on the one hand, improve the policy framework conditions to facilitate the integration into regional value chain. On the other hand, the project could offer services and strengthen the competitiveness of Lao enterprises to successfully integrate into regional value chains in ASEAN+.

Appendix

Regional Economic Integration of Laos into ASEAN, Trade and Entrepreneurship Development (RELATED) Project

Lao – German Development Cooperation

08th RELATED – COMPETE Project Review Committee Meeting
Crowne Plaza Hotel, Vientiane Capital, 25th July 2019



Outline

1. Introduction: Background of RELATED, Objectives and Indicators
2. Component 1: AEC-related policy framework conditions
3. Component 2: AEC-related services for the private sector
4. Component 3: Competitiveness of AEC-oriented private sector companies
5. Financial situation
6. Outlook: Planned Activities for July to December 2019

Part 1: Introduction

Background of RELATED, Objectives and Indicators

Seite 3

Historical Background

01st Phase of RELATED

- February 2014 – July 2017
- 6.4 Mio Euro (1.2 Mio Euro to the TDF 2) financed by BMZ

02nd Phase of RELATED

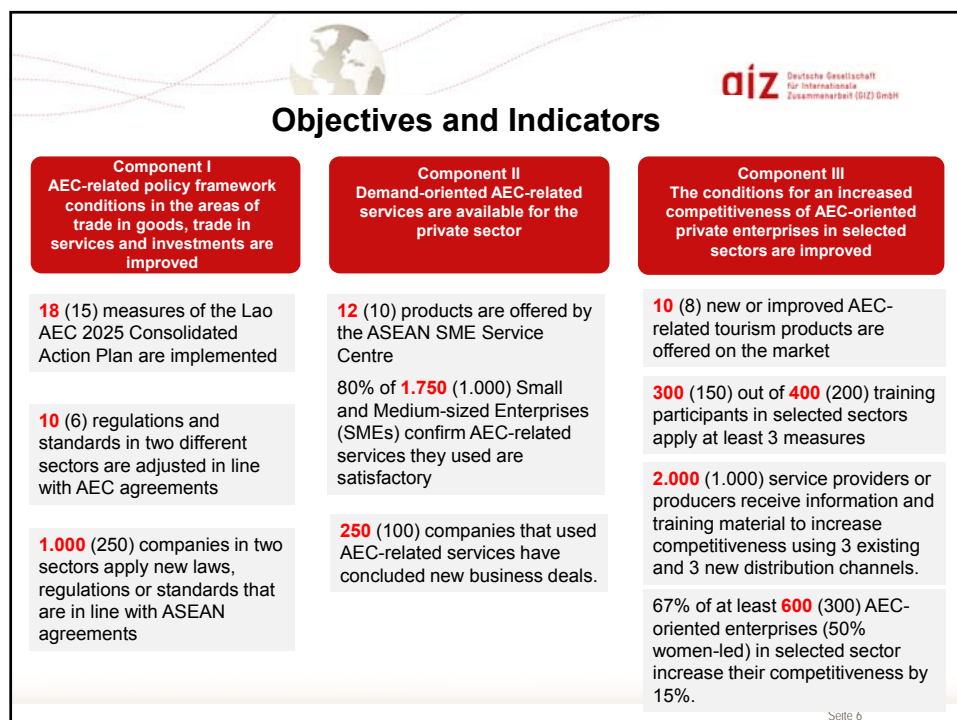
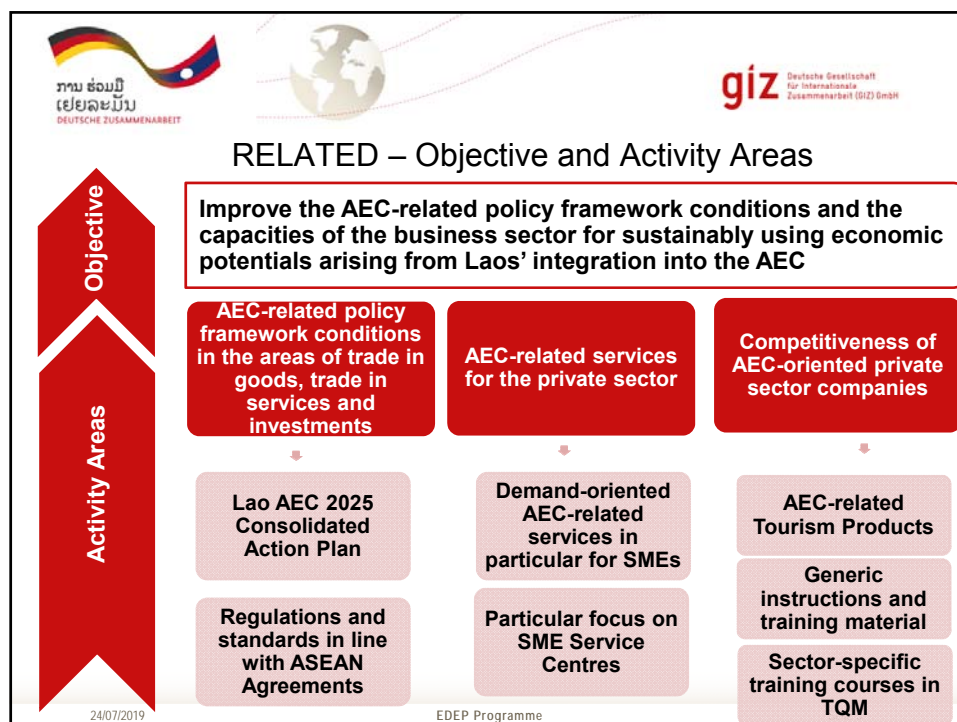
- Initially August 2017 – April 2019
- Extended until June 2019
- 3.3 Mio Euro financed by BMZ
- Additional 2.0 Mio Euro (financed by BMZ) and extension until December 2020 without conceptual change

Affiliated Luang Prabang – Handle with Care Project

- May 2016 – April 2019
- 1.8 Mio Euro (1.62 Mio financed by the EU SWITCH Asia II Program)
- Sustainable Tourism Development in Luang Prabang

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Seite 4



Part 2: Component 1

Improving Public Framework Conditions for the AEC

Seite 1

Component 1: “AEC-related policy framework conditions in the areas of
trade in goods, trade in services and investments”

Improving the
steering, coordination,
communication and
monitoring of Lao
PDR's AEC
Integration

Support to the
Implementation of
Selected Measures
of the Laos' National
Workplan 2018 -
2020

Adaptation of national
regulations, procedures
and standards in line with
AEC commitments in
selected sectors

Seite 2

Improving the **steering, coordination, communication and monitoring** of Lao PDR's AEC Integration (Phase II)

Partner	FTPD (MOIC)
Before	<ul style="list-style-type: none"> • Outreach Program on the Implementation of the ASEAN Economic Community in Sayabouly Province in 2017 and Savannakhet Province in 2018.
Recent Activities	<ul style="list-style-type: none"> • Outreach Program on the Implementation of the ASEAN Economic Community in Champasak Province from 28th – 29th January 2019.
Follow up	<p>No further activities.</p> <p>However, the Foreign Trade Policy Department will follow up with provincial public institutions on the development and implementation of AEC-related strategic workplan.</p>

Seite 3

Improving the **steering, coordination, communication and monitoring** of Lao PDR's AEC Integration (Phase II)

Partner	FTPD (MOIC)
Recent activities	<ul style="list-style-type: none"> • Support to the Coordination Meetings in View of the Senior Economic Officials Meeting (SEOM) 1-3/50
Follow-up	<ul style="list-style-type: none"> • Develop the guideline on national procedures for implementing trade agreements.

Seite 4

Support to the Laos' National Workplan 2018 - 2020

Partner	FTPD (MOIC)
Before	<ul style="list-style-type: none"> Finalization and printing of the Laos' National Workplan 2018 – 2020 in Lao language. Translation of the Laos' National Workplan 2018 – 2020 into English language
Recent activities	<ul style="list-style-type: none"> Support to the implementation of the Laos' National Workplan 2018 – 2020. Support to the Monitoring and Review of the Laos' National Workplan 2018 – 2020.
Follow-up	<ul style="list-style-type: none"> Support to the monitoring and review of the Laos' National Workplan 2018 – 2020 every 6 months. See next slides for the implementation of the Laos' National Workplan 2018 – 2020.

Seite 5

Support to the Laos' National Workplan 2018 - 2020

Partner	FTPD (MOIC)
Recent activities	<ul style="list-style-type: none"> Transposition of Tariff Reduction Schedule (TRS) from 2012 to 2017 schedule. Study on export products into Lao PDR's main trading partners in ASEAN focusing on Product Specific Rules and Non-Tariff Measures.
Follow-up	<ul style="list-style-type: none"> Dissemination of the Tariff Reduction Schedule (TRS) 2017. Dissemination of the outcome of study on export products into Lao PDR's main trading partners in ASEAN focusing on Product Specific Rules and Non-Tariff Measures. Study pros and cons of applying auto MFN for Lao PDR.

Seite 6

Support to the Laos' National Workplan 2018 - 2020

Partner	DIMEX (MOIC)
Recent activities	<ul style="list-style-type: none"> • Transposition of Product Specific Rules (PSR) Tariff schedule from 2012 to 2017. • Study the utilization of form D and its self-certification system.
Follow-up	<ul style="list-style-type: none"> • Dissemination of the transposed Product Specific Rules (PSR) 2017. • Dissemination of the outcome of study on the utilization of form D and its self-certification system. • Capacity building of DIMEX officials and members of the trade facilitation commission to enhance the realization of trade facilitation work plan implementation: utilization of SW, eCO and electronic systems of relevant agencies.

Seite 7

Support to the Laos' National Workplan 2018 - 2020

Partner	DOSMEP (MOIC)
Recent activities	<ul style="list-style-type: none"> • Concept note for the study visit to develop 3 ASEAN SME service centers network with 2 ASEAN member states (Malaysia and Indonesia).
Follow-up	<ul style="list-style-type: none"> • Study visit to develop 3 ASEAN SME service centers network with 2 ASEAN member states (Malaysia and Indonesia) • Seeking the agreements with other ASEAN institutions to regularly exchange the AEC-related information and relevant regulations for SMEs development. • Manuals and trainings on GMP for SMEs in specific sector in Laos.

Seite 8

Adaptation of national regulations, procedures and standards – Decree on E-commerce

Partner	FTPD (MOIC)
Before	<ul style="list-style-type: none"> 04th – 06th July 2018 a mission evaluating probable scenarios of developing an e-commerce regulatory framework for Lao PDR was carried out. Two technical staff of FTPD participated in a workshop on E-commerce organised by the ADB and UNESCAP on 27th - 28th August 2018 in Bangkok, Thailand. 24th - 27th October 2018, study trip to learn about the E-commerce landscape in Thailand.
Recent activities	<ul style="list-style-type: none"> 07th – 08th January 2019, study visit on understanding the regulatory framework on E-Commerce to Hanoi, Vietnam. 12th February 2019, 1st Drafting Committee on the E-commerce Decree of Lao PDR was organized. <p>(Continued next slide)</p>

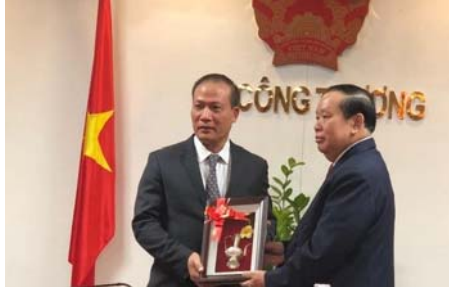
Seite 9

Adaptation of national regulations, procedures and standards – Decree on E-commerce (continued)

Partner	FTPD (MOIC)
Recent activities	<ul style="list-style-type: none"> Steering committee is appointed under the supervision of the Deputy Minister of Industry and Commerce Mr. Boumny Manivong. Drafting committee is appointed under the supervision of Director General of the Foreign Trade Policy Department Mr. Sayana Sayakone. 3rd – 5th June 2019, visit of Vietnamese experts to Lao PDR to improve the draft E-commerce decree.
Follow-up	<ul style="list-style-type: none"> Technical meetings with relevant line ministries. Consultation meetings with the participation of relevant public and private sector to improve the draft decree. Finalization of the E-commerce decree of Lao PDR. Capacity building for FTPD staff members to be able to disseminate the E-commerce decree of Lao PDR. Dissemination of the E-commerce decree of Lao PDR.

Seite 10

E-Commerce Activities



Study visit to Vietnam

Visit of Vietnamese Experts



Seite 11

Adaptation of national regulations, procedures and standards – Decree on SEZs and One-Stop Shop

Partner	SEZO (MPI)
Before	<ul style="list-style-type: none"> The Prime Minister's Decree 188 on SEZs has been endorsed and translated into English language.
Recent activities	<ul style="list-style-type: none"> The printing of the Prime Minister's Decree 188 on SEZs. Develop the workplan with SEZO on the development of domestic regulation on harmonization and digitalization of the procedures in 12 SEZs (one-stop shop service)
Follow-up	<ul style="list-style-type: none"> Finalize and implement the workplan with SEZO on the development of domestic regulation on harmonization and digitalization of the procedures in 12 SEZs (one-stop shop service)



Seite 12

Adaptation of national regulations, procedures and standards – Ease of Doing Business

Partner	IPD (MPI)
Recent activities	<ul style="list-style-type: none"> • Development of template to facilitate IPD to coordinate with concerned departments to fill with the reform action plans and monitor the progress of the implementation. • Series of meetings with departments concerned 10 indicators of Ease of Doing Business to introduce template, explain its functions and require to fill the template.
Follow-up	<ul style="list-style-type: none"> • Series of meetings to advise the departments concerned 10 indicators of Ease of Doing Business to use the template correctly and select the prioritized reform action plans that directly and substantially reduce the ranking and score of Ease of Doing Business indicators. • Support to the workshop to finalize and validate the reform action plans chaired by the Deputy Minister of Planning and Investment.

Seite 13

Adaptation of national regulations, procedures and standards – ASEAN Sustainable Tourism Standards

Partner	Tourism Development Department (MOICT)
Before	<ul style="list-style-type: none"> • Workshops in Champasak in September and Vientiane in November were held to support their qualification for ASEAN Clean Tourist City Standard
Recent activities	<ul style="list-style-type: none"> • On March 25th - 26th 2019, the Application of the ASEAN Sustainable Tourism Standards in Lao PDR: ASEAN Clean Tourist City Standard Dissemination Workshop was held in Viengxay District, Huaphanh Province
Follow-up	<p>Translation of 4 ASEAN standards into national standards as below:</p> <ul style="list-style-type: none"> • ASEAN Green hotel standard • ASEAN Community-based tourism standard • ASEAN MICE venue standard • ASEAN Home stay standard

Seite 14

Adaptation of national regulations, procedures and standards – Transport and Logistics

Partner	Department of Transport (MPWT)
Before	<ul style="list-style-type: none"> July 03rd – 06th 2018, study visit to Savan – Seno Special Economic Zone to understand existing rules and regulations on the operation and management of dry ports. August 22nd – 24th 2018, study visit to logistics facilities and regulators in Thailand to learn regional best practices from logistics facilities in Thailand. Elaboration the draft decree on dry ports and ministerial decision on truck terminals.
Recent activities	<ul style="list-style-type: none"> Finalization of the draft decree on dry ports and ministerial decision on truck terminals.
Follow-up	<ul style="list-style-type: none"> Support to the consultation workshop to finalize the draft decree on dry port and ministerial decision on truck terminals.

Other Relevant Contributions of the Project

On 4th April 2019, the visit of the Director General of the Asia and Pacific Department of the German Federal Foreign Office, Ms. Ina Lepel, and H.E. German Ambassador to VITA Park Industrial Zone.

The visit covered the factories of Mascot and Dai-Ichi Denshi Lao, where the delegation was gracefully welcomed. Mascot exports workwear mainly to Germany with a plan to extend the workforce from 650 to 4000, and Dai-Ichi Denshi Lao employs 600 workers to produce cable harnesses for refrigerators, air conditioners, water heaters, cars.

Visit of German Ambassador and French Ambassador to Savan-Seno SEZ on 9 April 2019.

During the visit the German Ambassador has expressed an interest to look into the inter-connectivity of vocational education and special economic zones. He has also received from the partners high accolades in respect to the support of the RELATED Project with the decree on SEZ, the decree on dry ports, and the support for business community in general.



Indicator Status for Component 1 “AEC-related Policy Framework Conditions in the Areas of Trade in Goods, Trade in Services and Investments”

Indicators	Target Value	Current Value	Additional Remarks
1.1 18 measures of the Lao AEC 2025 Consolidated Action Plan in the areas of: trade in goods, trade in services, investments, or SME development, are implemented.	18	4 Completed 8 On-going	2019 will focus on implementation of the measures in the Laos' National Workplan 2018 - 2020. Some pre-emptive measures currently implemented in the area of E-Commerce will also complement these measures in 2019.
1.2. A total of 10 regulations and standards in two different sectors of trade in goods, trade in services or investments are adjusted in line with AEC agreements.	10	1 Completed 5 On-going	Monitoring template to assist regulatory reforms to improve business and investment climate will support multiple regulatory aspects. Designing and strengthening One Stop Service in SEZ is foreseen to improve facilitation of investments. Nationalisation of 4 ASEAN tourism standards are also actively pursued, and results are anticipated in 2019. Two domestic regulations will be actively pursued in the areas of transport and logistics in line with ASEAN agreements
1.3 1,000 companies in two sectors of trade in goods or services apply new laws, regulations or standards that are in line with ASEAN agreements.	1,000	Ongoing	Engagement of private entities will be reflected, and the implementation monitored in all measures mentioned above.



Part 3: Component 2

AEC-Related Services for the Private Sector

Seite 1

Distribution Channels for Service Provision: Support to the Setup of 3 SME Service Centers at the Provincial Level

Partner	SSC / LNCCI, DOSMEP, Luang Prabang CCLs and DOIC
Previously	Series of Consultation Meetings with Government, LPBCCI and Associations as well as Activity Planning Workshops in Luang Prabang from Dec 2017 till October 2018
Recent Activities	Grand Opening Ceremony of the SSC in Luang Prabang on 28th February 2019
Follow-up	Capacity Building and Development of Services for Luang Prabang SME Community



Distribution Channels for Service Provision:
Support to the Setup of 3 SME Service Centers at the Provincial Level

Partner	SSC / LNCCI, DOSMEP, Champasak CCIs and DOIC
Previously	Series of Consultation Meetings with Government, LPBCCI and Associations
Recent Activities	Preparations for Grand Opening Ceremony of the SSC in Pakse on 21st August 2019
Follow-up	Capacity Building and Development of Services for Luang Prabang SME Community (e.g. Activity Planning Workshop with Champasak CCI and DOIC)

Distribution Channels for Service Provision:
Support to the Setup of 3 SME Service Centers at the Provincial Level

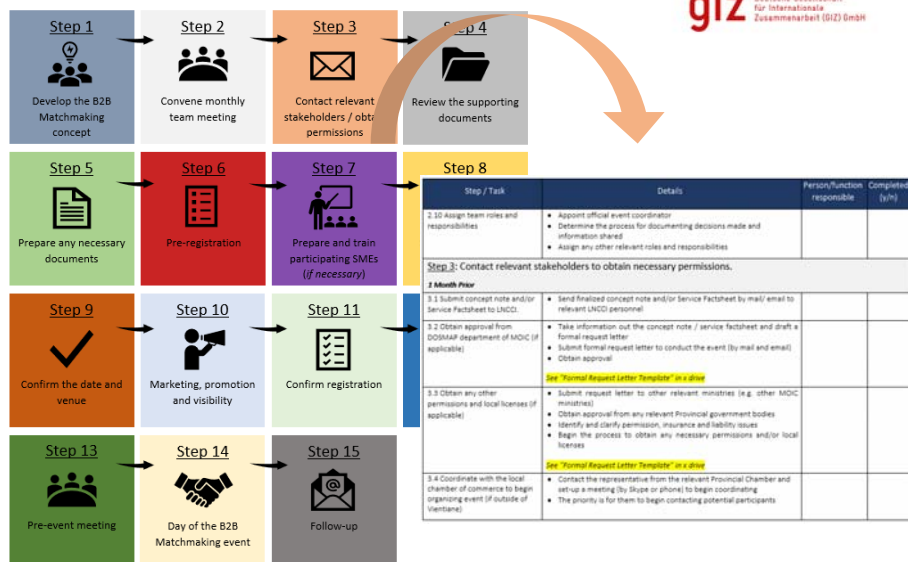
Partner	SSC / LNCCI, DOSMEP, Provincial CCIs and DOICs
Previously	Setup of SME Service Centers in Luang Prabang and Champasak Province
Recent Activities	SSC Management Workshop and Retreat on 26th – 27th April 2019 at Nam Ngum View Resort in Thalath, Vientiane Province
Follow-up	Quarterly Coaching Sessions with the SME Service Center in Vientiane Capital

Distribution Channels for Service Provision: Support to the Setup of 3 SME Service Centers at the Provincial Level

Partner	SSC / LNCCI, DOSMEP, Provincial CCI and DOICs
Previously	Setup of SME Service Centers in Luang Prabang and Champasak Province
Recent Activities	<p>Development of Factsheets and Standard Operational Procedures</p> <ul style="list-style-type: none"> - A set of step-by-step instructions to help the SSC carry out complex routine operations. - SOPs aim to achieve increased efficiency, high-quality output and uniformity of performance within the SME Service Center structure <p>SOPs are being developed for the following type / categories of services:</p> <ol style="list-style-type: none"> 1. Capacity Building Events (e.g. Trainings, Workshops, Seminars, etc.) 2. B2B Matchmaking Events (e.g. Trade Exhibitions) 3. Networking Events

Seite 5

PROCEDURAL FLOWCHART



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Seite 6

Development of AEC-Related Services: Support to the Organization of the SSC Breakfast Talk Series

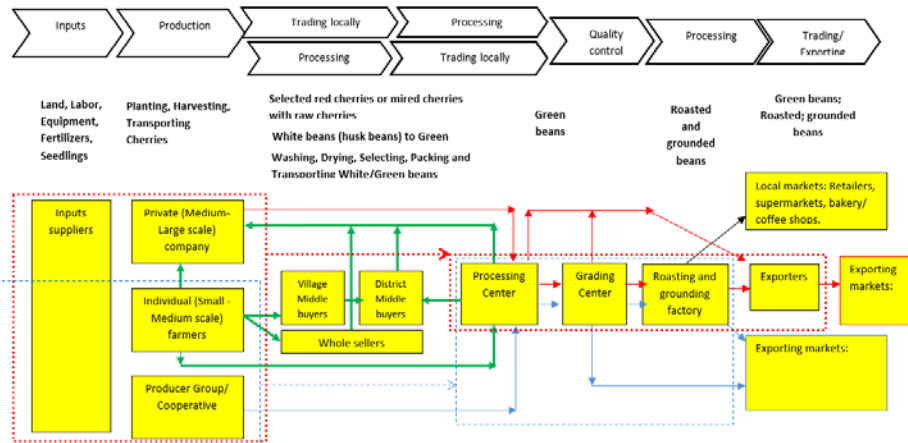
Partner	SSC / LNCCI
Previously	Launch of the SSC Breakfast Talk Series on October 30 th , 2018 in Vientiane Capital with Kick Off Theme "Lao Future Economic Outlook – What's in there for Startups and SMEs?"
Recent Activities	Establishing Breakfast Talks as Quarterly Signature Events of the SME Service Center <ul style="list-style-type: none"> - Breakfast Talk #2 on 27th March 2019 in Vientiane Capital on the Topic "Women in Business, Women in Trade – Women Inspiring Women" - Breakfast Talk #3 on 7th June 2019 in Luang Prabang on the Topic "China's Belt and Road Initiative and its Impact on Business in the Lao PDR"
Follow-up	Next SSC Breakfast Talk in August 2019



Development of AEC-Related Services: ValueLinks Manual, Brochure and Value Chain Training

Partner	DOSMEP
Previously	Finalization and Translation of ValueLinks Manual Draft Brochure on Application of ValueLinks Methodology
Recent Activities	Validation Workshop of the Lao Value Chain Manual on 4th April 2019 at Lao Plaza Hotel, Vientiane Capital <ul style="list-style-type: none"> - Manual outlines clear methods of and tools for analyzing and upgrading a selected sector / value chain using the GIZ ValueLinks methodology. - English version has already been endorsed through the workshop, the Lao translation is expected to be updated and used in future trainings in Lao PDR.
Follow-up	Finalization and Updating of Value Chain Manual + Brochure and Application to 4 Sectors: <ol style="list-style-type: none"> 1. Tourism 2. Handicraft 3. Organic Food 4. Coffee Training Courses on Sustainable Value Chain for Lao SMEs

Overview of the Lao Coffee Sector Value Chain



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Seite 9



Development of AEC-Related Services:

Support to the Organization of the ASEAN Business Awards (ABA) Laos

Partner	LNCCI / ASEAN-BAC and Provincial CCIs
Previously	ASEAN Business Awards (ABA) Laos 2016, 2017 and 2018
Recent Activity	<p>ASEAN Business Awards (ABA) Laos Information Cocktail on 25th June 2019 at Settha Palace Hotel, Vientiane Capital</p> <ul style="list-style-type: none"> - The entire ABA Laos process is now aligned with the regional criteria and guiding principles as outlined by the ASEAN Business Awards (ABA) in Thailand. - Companies may apply for the following 9 categories and 23 awards this year: <ol style="list-style-type: none"> 1. Lao Priority Integration Sector Award: 12 Sub-Sectors 2. SME Excellence Award: 4 Sub-Sectors 3. Special Awards: Friends of Laos, Women Entrepreneur and Young Entrepreneur 4. Family Business 5. Sustainable Social Enterprise 6. Green Enterprise 7. Startup and Innovation-Driven Enterprise (IDE)
Follow-up	ASEAN Business Awards (ABA) Laos Gala Night on 6 th September 2019 in Vientiane Capital ASEAN Business Awards (ABA) Laos 2020

Seite 10



21 November 2018 – Vientiane Times (Issue 273, P 8)

Lao companies enjoy success at Asean Business Awards

Advertorial Desk

The 12th Asean Business Awards (ABA) Gala Dinner took place on the night of November 12 last week, sharing a spotlight on some of the many successful enterprises from a variety of industry sectors from across the region.

Distinguished entrepreneurs, businessmen and women as well as high-ranking government representatives jointly celebrated the spirit of fair competition and extraordinary entrepreneurial ability at the dinner, which was held at the Ritz-Carlton Hotel in Singapore.



Six Lao ABA award winners proudly pose with their 10 awards.

The ABA Awards also provide an opportunity for businesses to garner greater exposure and to expand their network within the Asean business community.

Saythirath Group Co., Ltd (Young Entrepreneur, SME Excellence – Growth), Panyathip International School (Women Entrepreneur, SME Excellence – Employment) respective industries to the future. He said the reputation of all will grow as a result of the ABA awards and that the networking and access to new technologies are



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Seite 11



giz Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

Development of AEC-Related Services: Dissemination of AEC-Related Information Services

Partner	SSC / LNCI, DOSMEP and ASEAN SME Service Center
Previously	Study Visit to ASEAN SME Service Center (OSMEP) in June 2018
Recent Activity	<p>Support to the Participation of Partners at the ASEAN SME Service Center Awareness Raising Workshop on 28th June 2019 in Pakse, Champasak Province</p> <ul style="list-style-type: none"> - Linking the SME Service Center Website to the ASEAN SME Service Center. - Exchange of AEC-Related Information and Joint Promotion of Lao SMEs.



Seite 12

Development of AEC-Related Services: Dissemination of AEC-Related Information Services

Partner	SSC / LNCCI, DOSMEP and ASEAN SME Service Center
Previously	Study Visit to ASEAN SME Service Center (OSMEP) in June 2018
Recent Activity	<p>Support to the MSME Day on 2nd July 2019 at Don Chan Palace, Vientiane Capital</p> <ul style="list-style-type: none"> - SME promotion through promoting digital technologies. - The event featured approximately 20 SME booths and more than 200 participants attended.




Seite 13

Development of AEC-Related Services: Export Toolkit for Lao Coffee


Partner	SSC, DOSMEP and DIMEX
Recent Activity	<p>Development of Export Toolkit for Lao Coffee (ongoing)</p> <ul style="list-style-type: none"> - Design of Pictorial Manual and Posters on Lao Export Procedures and Import Procedures for selected ASEAN Countries (e.g. Thailand and Vietnam) - Currently waiting for endorsement by Ministry of Industry and Commerce (MOIC)
Follow-up	Development and Design of Export Toolkit for 1 other Lao Export Product or Export Market Training on How to Export Lao Coffee for Lao SMEs



Seite 14


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STAGE 05 **CERTIFICATE OF ORIGIN**



Department of Industry and Commerce


Document required

1. Commercial Invoice and Packing List
2. Farm Registration Certificate
3. Tax License
4. Enterprise Registration Certificate
5. Coffee Movement Tax (for LCA member only)
6. Phytohealth Certificate
7. Form SD for ASEAN

Location:
Address: Department of Industry and Commerce
Rakae district, Champasak province
Opening hours: 09:00 - 16:00
Contact Number: 123 456789
Email: info@nicd.com

Duration: 1 hour

Fee:
Less than 10,000 USD value fee: 40,000 LAK
Less than 10,000 USD value fee: 80,000 LAK
Less than 60,000 USD value fee: 80,000 LAK
Greater than 60,000 USD value fee: 100,000 LAK



Let's get started!

INTRODUCTION

We inform a coffee farmer from Pakxeng District, Champasak Province on the border of Thailand who's the farm produced 200 kg of Arabica Topica Green Coffee Beans this year.

Last week a buyer from Thailand agreed to buy all Arabica green beans for 60,000 LAK/kg in 100kg bag and asked the entrepreneur to arrange the export papers by end of the week.

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Seite 15



ການ ຮ່ວມມື
ເຢຍລະມັນ
DEUTSCHE ZUSAMMENARBEIT




 Deutsche Gesellschaft
für Internationale
Zusammenarbeit (GIZ) GmbH

Development of AEC-Related Services:

Development of the LNCCI Database and Information System (on-going)

Partner	SSC / LNCCI
Previously	Retreat on Database and Information System on May 04 th 2018 in Vientiane Capital Study Visit on Databases and Information Systems from June 18 th – 20 th 2018 in Bangkok
Recent Activities	<p>Development of the LNCCI Database and Information System (until 2020)</p> <ul style="list-style-type: none"> - Enterprise Database (including Import / Export & BDSP Database) - Central Information and Document Repository
Follow-up	SME Data Entry (on-going)





Seite 16

Development of AEC-Related Services: Improving the Competitiveness of Lao Companies

Partner	SSC / LNCCI, DOSMEP and Relevant Business Associations
Component 3 Activities	<ul style="list-style-type: none"> ✓ Practice-oriented instructions, training material and courses for Enhancing the Competitiveness of Lao SMEs (on-going) ✓ Technical Training Series on the Application of Total Quality Management Techniques in Coffee Post-Harvest Processes and Advisory Services (10x) ✓ Advanced Handicraft Skills Training in the Context New Handicraft Product Development (LPB, VTE and PKZ) ✓ Resource Efficiency in the Tourism Sector (LPB, VTE and PKZ)

Seite 17

Indicators	Target Value	Current Value	Additional Remarks
2.1 12 products (such as training courses, information material) are offered by the ASEAN SME Service Center.	12 Products	6 Products Completed 6 Products Ongoing	Ongoing products will be finalized till December 2020.
2.2 80% of 1,0750 Small and Medium-sized Enterprises (SMEs) confirm that the AEC-related services they used (e.g. through the ASEAN SME Service Center, the Ministry of Industry and Commerce, the Chamber of Commerce and Industry or Associations) are satisfactory.	1,750 SMEs Reached 80% Satisfactory Rate	1401 SMEs Reached 56.5% Return Rate of Feedback Forms According to the current M&E progress status, in 89.5% of the feedback forms returned, SMEs indicated that the services used by them were satisfactory or highly satisfactory.	324 SMEs in 3 provinces reached via ABA Laos. 191 SMEs joined information and networking events. 77 companies received individual exhibition-specific or B2B support for ITB, ABIS and STSE. 387 coffee farmers were trained in improving coffee quality. 136 members of producer groups were trained in developing new handicraft products. 286 participated in activities to increase resource efficiency.
2.3 250 companies that have used AEC-related services (e.g. through the SME Service Center, the Ministry of Industry and Commerce, the Chamber of Commerce and Industry or Business Associations) have concluded new business deals.	250 Companies	101 Companies Feedback Evaluation Ongoing	Participating SMEs have been supported in conducting 911 B2B meetings. Business deal conclusion outcomes are still being evaluated.

Part 4: Component 3

Competitiveness of AEC-oriented private sector companies

Seite 1

Intervention Levels in the Area of Competitiveness

Systemic Level

- Study on competitiveness

Cross-Sectoral Level

Online Learning Centre

Sector-Specific Level

Work stream on enhancing
competitiveness in the:

- Tourism sector
- Coffee sector
- Handicrafts sector
- Organic food sector

Seite 2

Systemic Level

Study on the Competitiveness of Lao Enterprises

Partner	National Institute for Economic Research
Previously	N/A
Recent activities	<p>Study on the Competitiveness of Lao Enterprises in ASEAN (on-going)</p> <ul style="list-style-type: none"> Analyze the competitiveness of Lao enterprises at the firm level Selected sectors include: <ol style="list-style-type: none"> Agriculture sectors: coffee and maize Agro-processing sectors: cassava and rice Manufacturing sectors: textile factories and handicrafts; wooden products and electronic parts Services sectors: tourism services (hotels, restaurants, travel agencies), wholesale, retail and repair as well as transport and logistics.
Follow-up	<ul style="list-style-type: none"> Finalize the Study on the Competitiveness of Lao Enterprises Technical workshop on and publication of the Study on the Competitiveness of Enterprises in ASEAN Support the implementation of the recommendations of the study to improve the competitiveness of Lao enterprises

Seite 3

Cross-sectoral level:

Online Learning Centre

www.sustainability4laos.org

Partner	SME Service Centre, LHRA, LATA, LCA, Laos Handicraft Association, Organic Farmer's Association
Previously	N/A
Recent activities/ What it is	<ul style="list-style-type: none"> A platform that offers learning materials and interactive modules in coffee, sustainable tourism practices, handicraft, and organic food. Allow training participants to keep learning on their own Offer self-paced learning opportunities to a larger group of beneficiaries
Follow-up	<ul style="list-style-type: none"> Develop content for coffee and organic food. Improve and further develop content for tourism and handicrafts Promote the website and measure its effectiveness

Seite 4

Sector-Specific Level: **Competitiveness in the Tourism Sector**



Seite 5

Sector-Specific Level: **Development of new or improved AEC-related Tourism Products (1)**

Partner	Vat Phou World Heritage Office, DICT in Champasak Province
Previously	N/A
Recent activities	<p>Design of the Souvenir Shop at Wat Phou Museum</p> <ul style="list-style-type: none"> The Wat Phou World Heritage Office aims to keep visitors longer at the museum and this souvenir shop was intended to contribute to a longer stay of visitors. A design concept, including storyboard and brochures are produced by an international design studio.
Follow-up	The Wat Phou World Heritage Office is developing a business plan & looking for additional fund for the shop renovation

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<div> </div>	
<div> <div>Sector-Specific Level:</div> <div>Development of new or improved AEC-related Tourism Products (2)</div> </div>	
Partner	DICT in Champasak Province, Wat Phou Heritage Office
Previously	
Recent activities	<p>Development of New Handicrafts Products in Champasak</p> <p>Support the development and improvement of at least 10 handicraft products in:</p> <ul style="list-style-type: none"> Ban Nong Bueng: wood carving products Ban Saphai: textile products Ban Napham: bamboo products <p>Innovative designs of home décor items and accessories that are attractive to international tourists such as: sunglasses case, tea towels, cup coasters, etc.</p>
Follow-up	<ul style="list-style-type: none"> Provide trainings to handicraft producers to make these new products and promote them

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PRODUCTS LIST
 _ Sunglass case

- Material : Bamboo
- Size : 8cm 17cm
- Natural dyeing with wood tone.







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**Sector-Specific
Level:**

Development of new or improved AEC-related Tourism Products (3)

Partner	DICT in Luang Prabang Province, LUTA, LPCCI
Previously	Luang Prabang-Handle with Care Project
Recent activities	<p style="color: red; margin: 0;">Travelife Elephant Camp Standard – Luang Prabang</p> <p style="margin: 5px 0 0 20px;">Improve the sustainable management and work place conditions at elephant camps in Laos by introducing an industry standard. It focuses on welfare of elephants and mahouts</p> <ul style="list-style-type: none"> Consultation workshop with tourism SMEs to develop and test the standard Provide elephant-friendly mahout training Produce videos and brochures to promote the standard
Follow-up	<ul style="list-style-type: none"> Finalise the videos and other promotional materials -> Disseminate Establishment of an Elephant Camp Association

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**Sector-Specific
Level:**

**Development of new or improved AEC-related
Tourism Products (4)**


Partner	LUTA, LHRA
Previously	
Recent activities	Launch of MICE Guide to Laos Promote Laos as a new (boutique) MICE destination. <ul style="list-style-type: none"> Features 16 hotels with MICE facilities Showcase MICE activities in Laos Promoted at ITB Berlin 2019
Follow-up	<ul style="list-style-type: none"> Update with new hotel and activity options



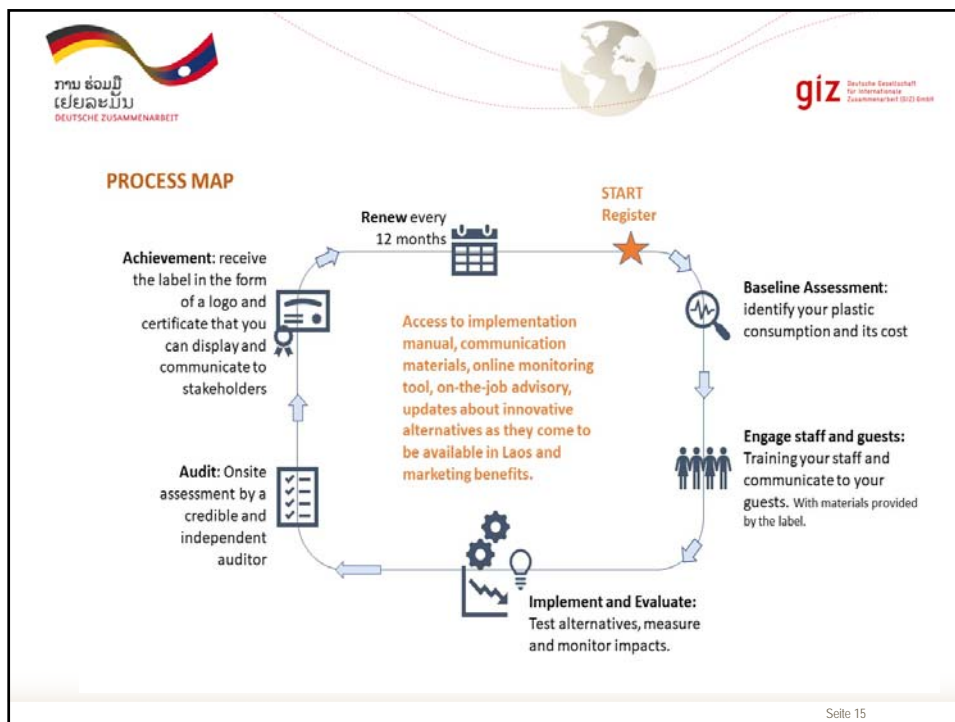
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Sector-Specific Level: Development of new or improved AEC-related Tourism Products (5)	
Partner	MICT, DICT in Champasak Province, Salavan Province, Xekong Province
Previously	Workshop on Development of Coffee-Related Tourism Product in Pakse, September 26th 2018
Recent activities	Development of the Bolaven Coffee Trail <ul style="list-style-type: none"> Develop the Bolaven Coffee Trail comprised of outstanding coffee-related tourism attractions in Southern Laos. A field trip to survey and interview stakeholders were complete Learn that another development organisation has been working on the same topic
Follow-up	The activity is terminated due to duplication

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Sector-Specific Level: Development of new or improved AEC-related Tourism Products (6)	
Partner	LHRA, LATA, SSC
Previously	Series of trainings, workshops and activities implemented in close cooperation with the EU-funded Luang Prabang – Handle with Care Project
Recent activities	Single-use Plastic Free Label for Hotels and Restaurants (Plastic Free Laos) <ul style="list-style-type: none"> The label serves as a guideline and an incentive to help businesses eliminate most common single-use plastics in a systematic and sustainable fashion.
Follow-up	<ul style="list-style-type: none"> Finalise the label's criteria, implementation handbook, communication materials Conduct training of trainers and auditors Launch the label

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Sector-Specific Level: **Application of resource efficiency measures in hotels, guesthouses and restaurants**

Partner	Luang Prabang DICT, LHRA, SSC
Previously	
Recent activities	<p>In November and December 2018, the project supported 28 hotels and restaurants to have a resource efficiency assessment.</p> <p>Focus on identifying straightforward improvement measures that help accommodation businesses cut energy and water costs by 25% to 50%, thus boosting profits, reducing health and safety risks and improving the overall quality level of their hospitality services</p> <p>90% of the participating properties immediately implemented some of the recommendations right after the assessment and have seen a 10% to 20% reduction in energy and water costs.</p>
Follow-up	<ul style="list-style-type: none"> • Training of local engineers/consultants to do resource efficiency assessment • Offer the assessment to hotels and guesthouses in Vientiane and Champasak • Monitor and measure the impacts

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Sector-Specific
Level:

Online Learning Centre Content



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Sector-Specific
Level:

Preparation of the Sustainable Tourism Solutions
Expo 2019

Partner	MICT, LHRA, LATA, MONRE
Previously	Sustainable Tourism Solutions Expo 2018 in Luang Prabang
Recent activities	<ul style="list-style-type: none"> • Increase the awareness of and access to sustainable alternatives and innovations in the tourism industry for local (and regional) tourism businesses such as hotels, guesthouses, restaurants, travel companies and agents and so on. • Offer a platform, where local and regional businesses and industry experts can showcase and exchange practical tips and creative approaches for a better and more sustainable tourism business. • Promote Laos as a sustainable tourism destination. • Set an example for organizing sustainable events.
Follow-up	The expo will take place on 27-28 September 2019

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Sector-Specific Level: Competitiveness in the Coffee Sector





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Sector-Specific Level: Enhancing Competitiveness in the Coffee Sector (1)

Partner	DOSMEP, LCA
Previously	Series of TQM Trainings and On-the-Job-Advisory to apply Quality Management Techniques for coffee stakeholders in the South of Laos
Recent activities	<p>On-the-Job-Advisory to apply Quality Management Techniques for Coffee Sector Stakeholders in the Southern Provinces of Lao PDR (November 2018 – February 2019)</p> <ul style="list-style-type: none"> • In total 115 action plans have been elaborated and implemented until end of February 2019. • These actions allowed coffee stakeholders to optimize the coffee quality during coffee post-harvest processes from cherry picking through green bean to cupping. • Each participant has been visited twice for half a day to observe their day-to-day practices. If necessary, the consultant advised on how to improve and further optimize some of the procedures. A final evaluation of the on-the-job advisory has been conducted to fully understand effectiveness of the measure
Follow-up	N/A



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Sector-Specific
Level:

Enhancing Competitiveness in the Coffee Sector (4)

Partner	LCA
Previously	
Recent activities	<p>Development of Online Learning Centre Content</p> <ul style="list-style-type: none"> • Feature learning materials in the area of coffee production and export to serve as a visual aid to trainings & support carried out at the community level • Meet and discuss the concept with relevant stakeholders and other international development partners • Identify what materials are available and what should be developed.
Follow-up	<ul style="list-style-type: none"> • Finalise the concept for content of the online learning centre • Develop materials and upload on the website • Monitor and measure the effectiveness

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Sector-Specific
Level:

Enhancing Competitiveness in the Coffee Sector (3)

Partner	LCA
Previously	
Recent activities	<p>Coffee Production Certification</p> <ul style="list-style-type: none"> Identify which coffee certifications are being adopted in Laos and, which interest in coffee certifications exists. Elaborate a more detailed questionnaire to find out about the official procedures of production certification.
Follow-up	<ul style="list-style-type: none"> Support the introduction and implementation of one or more coffee certifications on the Bolaven Plateau, especially those that are more applicable for small producer groups and cooperatives.

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Sector-Specific
Level:

Enhancing Competitiveness in the Coffee Sector (2)

Partner	LCA
Previously	
Recent activities	<p>Coffee Table Book on the Lao Coffee Sector</p> <ul style="list-style-type: none"> Serve as an exclusive memorabilia showcasing the uniqueness and development prospects of Lao coffee. Promote business and investment opportunities in the Lao coffee sector on the Bolaven Plateau
Follow-up	<ul style="list-style-type: none"> Finalise the design Print and distribute

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Sector-Specific Level:

Competitiveness in the Handicraft Sector



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Sector-Specific
Level:

Competitiveness in the Handicraft Sector

Partner	Luang Prabang DICT
Previously	
Recent activities	<p>Handicraft and Homestay Training in Ban Nayang, Luang Prabang</p> <p>A four-day training for homestay hosts and textile production group in ban Nayang Tai to enhance service quality and natural dying techniques</p> <ul style="list-style-type: none"> • Introduce different kinds of natural dye • Hands-on session on how to apply it
Follow-up	Monitor and measure the effectiveness of the training

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Sector-Specific Level:

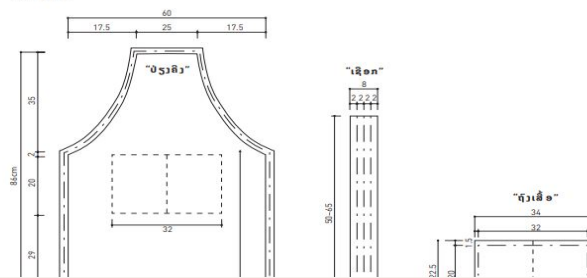
Online Learning Centre Content



#03 ຜ້າກັນເປື້ອນ P.20

ສ່ວນປະກອບ ແຜ່ນ, ແບັງຂີດ, ປຶກ, ໄມ້ປັ້ນທັດ, ເຊືອກແມັດ, ມິດຕັດ, ໄໝ້ຫຍິບ, ເຂັມມຸດ

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Indicator Status for Component 3:

"Competitiveness of AEC-oriented Private Sector Companies" (1)

Indicators	Current Value	Additional Remarks
1. 10 new or improved AEC-related tourism products (offered in co-operation with other ASEAN Member States or with tourists from other ASEAN Member States as a target group) are offered on the market.	Ongoing <ul style="list-style-type: none"> 7 complete and on-going (scaling up) products. 3 products will be developed in 2019-2020 	<ol style="list-style-type: none"> 1. Mekong river cruise tourism product improvement 2. Development and improvement of handi-craft products 3. Introduction of Travelife Elephant Camp Standard in Laos 4. Establishment of RefillMyBottle Initiative in Laos 5. Responsible Almsgiving and Temple Visit 6. MICE Guide to Laos 7. Single-use plastic free (label for) hotels and restaurants.
(2) 300 out of 400 participants in AEC-related training courses for quality management in the areas of tourism, coffee and transport / logistics apply at least 3 of the measures / techniques learned.	301/300	<p>These beneficiaries from the private companies that commit to apply at least 3 of the measures / techniques learned in their day-to-day works.</p> <ul style="list-style-type: none"> • Tourism: 79 • Coffee: 182 • Transportation and Logistics: 40

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Indicator Status for Component 3:

Competitiveness of AEC-oriented Private Sector Companies" (2)

Indicators	Current Value	Additional Remarks
(3) 2000 service providers or producers have received practice-oriented instructions and training materials to increase their competitiveness through 3 existing and 3 new distribution channels.	1146/2000	The beneficiaries who received practice-oriented instruction and training manual through the seminar. • Pictorial manual and posters on TQM of coffee post-harvest processes: 1095 • Sustainability manual and posters for hotels and guesthouse: 51
(4) 67% of at least 600 supported AEC-oriented enterprises (of which 50% are women-led) in the areas of tourism, handicraft, organic foods and coffee have increased their competitiveness (productivity, production costs and / or product quality) by 15%.	72/400	35 tourism businesses have reduced their production costs by at least 15% from implementing sustainable practices such as re-placing disposable plastic bottles by reusable glass bottles, energy saving, water conservation and waste minimisation measures. 37 coffee farmers increased the productivity by at least 15%. In other sectors, the RELATED project, counterparts and consultants (as necessary) will jointly conduct baseline and the results of the improved competitiveness of enterprises later 2019 and early 2020.

Financial Report 30th June 2019

In €	08/2017-06/2019	in %	01/2019-06/2019	in %
Labour costs (internal and external experts)	1.892.189	63,66	476.907	62,17
Travel costs	130.327	4,38	46.468	6,06
Costs for tangible assets and construction contracts	66.164	2,23	13.790	1,80
Financing	13.542	0,46	13.542	1,77
Human Capacity Develop.	49.410	1,66	18.489	2,41
Miscellaneous costs	436.709	14,69	97.557	12,72
Administration costs	384.053	12,92	100.328	13,08
Total costs	2.972.393	100	767.080	100

Part 6:

Regional Economic Integration of Laos into ASEAN, Trade and Entrepreneurship Development (RELATED) Project

The Way Forward




**08th RELATED – COMPETE Project Review Committee Meeting
Crowne Plaza Hotel, Vientiane Capital, July 25th 2018**

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Table of Content




1. Restructuring Process in the RELATED Project
2. Trends and Orientations Guiding the RELATED Project
3. Planning Process in the RELATED Project
 - Objectives and Indicators of the RELATED Project
 - OECD-DAC Criteria
4. Planned Activities July – December 2019
5. Outlook beyond December 2020

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Structure

Dr Hartmut Janus (Project Director)			
Component 1	Component 2	Component 3	
Head of Component: Hartmut Janus	Head of Component: Yan Chen (SME Service Centre)	Head of Component: Thuy Phuong Nguyen (SCP Advisor, Tourism Value Chain)	
Trade Advisor: Soudachan Chanthavanh	Private Sector Development Advisor: Viladeth Souksavatd	Agricultural (Coffee) Value Chain Advisor: Khamsai Inthavong	
Macroeconomic Advisor: Dr Pheuiphanh	BMO Advisor, Organic Food Value Chain Nalinh Inlatsamy (50%) Luang Prabang	Handicraft Value Chain Advisor: Anna-Maly Khounlivong	
Tourism Policy: Anna-Maly Khounlivong			
Finance and Administration			
Administration Officer: Manisone Khaovong	Accounting Officer: Dalavone Souksavath	Receptionist: Noi Sitthibouady	Driver: Bouapha Inthavong

  	
Focal Points	
RELATED Staff Member	Focal Point for
Hartmut Janus	GIZ Headquarters, GIZ Office in Lao PDR, other GIZ Offices, German Embassy
Soudachan Chanthavanh	FTPD, DIMEX, Secretariat Minister of Industry and Commerce, Department of Transport (MPWT)
Dr Pheuiphanh	IPD, SEZO, Secretariat Minister of Planning and Investment, NIER
Anna-Maly Khounlivong	MoICT, Provincial DoICTs, Handicraft Associations
Yan Chen	LNCCI, DoSMEP, SSC, Provincial SSCs
Nalinh Inlatsamy	Luang Prabang CCI, Organic Food Associations
Thuy Phuong	LHRA, LATA on national and provincial level
Khamsai Inthavong	MAF, LCA, CCCI
Nittaya	Department of Planning and Cooperation, Ministry of Industry and Commerce

Trends and Orientations Guiding the RELATED Project

1. Regional Economic Integration Process (ASEAN, ASEAN+ and RCEP)
2. 08th and upcoming 09th National Socio-Economic Development Plan
 - Diversified economic base
 - Improvement of business environment
 - Promotion of SME
 - Promote inclusive business
 - Sustainable consumption and production
 - Reduced poverty
3. Green Growth Strategy (sustainability and inclusiveness of growth)

Trends and Orientations Guiding the RELATED Project

4. Ease of Doing Business and Implementation of the Prime Minister's Order 002
5. Belt and Road Initiative (How can Laos benefit from the Railroad PR China – Vientiane)
6. Establishment of SME Service Centres on the central and provincial level

RELATED aims to contribute to the following developments:

1. Improvement of the Quality of Economic Growth
Enhancing the sustainability, broadbasedness, inclusiveness and crisis-resilience of economic growth in Lao PDR
2. Support the Structural Transformation of the Lao Economy towards less resource-based sectors
3. Strengthen Economic Diversification towards a) agro-processing, b) manufacturing (particularly in Special Economic Zones) and c) selected services sectors (tourism)
4. Improve the competitiveness of Lao enterprises, in particular SMEs, on the national, sectoral and firm level
5. Strengthen the Integration of Lao PDR into Regional Value Chains
6. Reduce poverty, particularly among the Lao Rural Population (Coffee, Tourism, Handicraft and Organic Food Value Chain Development)

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Adjustments in the RELATED Project

- In the first half of the 02nd phase of RELATED and in the Luang Prabang – Handle with Care Project, a number of new services and products as well as new materials have been developed
- The focus in the second half of the 02nd phase of RELATED is NOT so much on developing more new services and new products, but on further developing existing services and products and in particular on applying them resp. upscaling their implementation
- The relevance of the value chain approach in coffee, tourism, handicraft and organic food will be further strengthened
- The approach to strengthen these value chains will be further developed: Online Learning Centres and the local application of their content (farmer group resp. producer group approach with village-based agents), partly in rural areas, will gain in importance

Seite 8

Adjustments in the RELATED Project

- RELATED disposes of a strategic planning until the end of 2020; if all the measures included in the planning would be implemented, its indicators will be fulfilled by 100%
- Due to time and budget limitations, there is a strong focus on activities that directly and substantially contribute to the indicators of the RELATED Project.
- Therefore, RELATED will further optimize its “value for money”, the effectiveness and efficiency of its operations, for example by digitalizing some of its services (Online Learning Centre) and by offering local training courses and on-the-job advisory for farmer and producer groups.
- Some activities that were rather expensive, but that did not substantially contribute to the indicators of the RELATED Project (e.g. ITB Berlin and ITB Asia, Studies) will be reduced.

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Criteria to Identify and Prioritize RELATED Activities

2. Objectives and Indicators of the RELATED Project

- Analysis of objectives and indicators as stated in RELATED project documents.
- Analysis of the current degree of fulfilment of objectives and indicators.
- Gap analysis: What needs to be done in order to fulfil the objectives and indicators to 100%.
- Selection and Prioritization of measures, which ensure that, at the end of the RELATED Project, all objectives and indicators are fulfilled to 100%.

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Criteria to Identify and Prioritize RELATED Activities

3. OECD-DAC Criteria

- Relevance
- Effectiveness
- Impact
- Efficiency
- Sustainability

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Prioritized Activities July - December 2019

Component 1: AEC-related policy framework conditions in the areas of trade in goods, trade in services and investments


No	Title	Lao Partner	Indicator
1	Research Study to identify potential export products into Lao PDR's main trading partners	FTPD (MoIC)	Indicator 1.1
2	Study on the Utilization of Lao PDR's Form D and Its Self-Certification System under ATIGA	FTPD (MoIC), DIMEX (MoIC)	Indicator 1.1
3	Reduction of selected import and export procedures.	FTPD (MoIC), DIMEX (MoIC)	Indicator 1.1
4	Development of the Lao Decree on E-commerce	FTPD (MoIC)	Indicators 1.1, 1.2, 1.3

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Prioritized Activities July - December 2019			
Component 1: AEC-related policy framework conditions in the areas of trade in goods, trade in services and investments			
No	Title	Lao Partner	Indicator
5	Development of the Reform Action Plan to Implement PM's Order 002 on the Ease of Doing Business	IPD (MPI)	Indicator 1.2, 1.3
6	Improvement of the One-Stop-Shop Services in Special Economic Zones	SEZO (MPI)	Indicators 1.2, 1.3
7	Adoption of four National Sustainable Tourism Standards in line with ASEAN Sustainable Tourism Standards	MoICT	Indicators 1.2, 1.3
8	Elaboration of PM's Decree on Dry Ports	Department of Transport (MPWT)	Indicators 1.2, 1.3

			
Prioritized Activities July - December 2019			
Component 2: AEC-related services for the private sector			
No	Title	Lao Partner	Indicator
1	Establishment of the SME Service Centre in Champasak Province	SME Service Centre	Indicators 2.1, 2.2
2	Establishment of a Network with the ASEAN SME Service Centre and SME Service Centres in other ASEAN Member States	SME Service Centre	Indicators 2.1, 2.2
3	Operation and further Development of the LNCCI Database and Knowledge Management System	LNCCI	Indicators 2.1, 2.2
4	Support to ASEAN Business Awards and ASEAN Business Awards Laos	LNCCI, BAC	Indicators 2.1, 2.2
5	Support to SME Service Centre Breakfast Talk Series	SME Service Centre	Indicators 2.1, 2.2

			
Prioritized Activities July - December 2019			
Component 2: AEC-related services for the private sector			
No	Title	Lao Partner	Indicator
6	Development of a BDSP Referral	SME Service Centre	Indicators 2.1, 2.2, 2.3
7	Elaboration of ValueLinks Brochure and Training Courses	SME Service Centre	Indicators 2.1, 2.2, 2.3
8	Coaching for SMEs, Startups & Entrepreneurs with a focus on inclusive and sustainable businesses	SME Service Centre	Indicators 2.1, 2.2, 2.3
9	Manual on Export Procedures for Lao Coffee	DIMEX (MoIC), LCA	Indicators 2.1, 2.2
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Prioritized Activities July - December 2019			
Component 3: Competitiveness of AEC-oriented private sector companies			
No	Title	Lao Partner	Indicator
1	Finalization of the Study on the Competitiveness of Lao Enterprises in ASEAN	NIER	Baseline
2	Elaboration of practice-oriented Instructions and Training Materials to Increase the Competitiveness of Lao SMEs	DOSMEP	Indicators 2.2, 3.3, 3.4
3	Elaboration of Materials and further Development of the Sustainability4Laos.org Online Learning Platform	SSC	Indicators 2.2, 3.2, 3.3, 3.4
4	Improvement of the Resource Efficiency of Hotels and Guesthouses	LHRA	Indicators 2.2, 3.2, 3.4
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Prioritized Activities July - December 2019			
Component 3: Competitiveness of AEC-oriented private sector companies			
No	Title	Lao Partner	Indicator
5	Introduction of No Single-Use Plastic Label for Hotels and Restaurants	SSC, LHRA	Indicators 3.1, 3.4
6	Sustainable Tourism Solutions Expo	Tourism Development Department (MoICT)	Indicators 2.3, 3.4
7	Training of Trainers and Training of Coffee Farmer Groups	LCA	Indicators 2.2, 3.2, 3.4
8	Certification of Lao Coffee	LCA	Indicators 3.2, 3.4
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Prioritized Activities July - December 2019			
Component 3: Competitiveness of AEC-oriented private sector companies			
No	Title	Lao Partner	Indicator
9	Coffee Table Book for the Lao Coffee Sector	LCA	
10	Further Development of Existing Handicraft Products	LHA, LPB HA, CPS HA	Indicators 3.1, 3.4
11	Training and On-the-Job Advisory for Producer Groups	LHA, LPB HA, CPS HA	Indicators 2.2, 3.2, 3.4
12	Business Matching of Organic Farmers with Hotels and Restaurants	Organic Farmers' Association	Indicator 2.3
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Outlook beyond December 2020

- Current phase of RELATED until December 31st 2020.
- New commitment for a potential third phase of RELATED would have to be agreed upon during Intergovernmental Negotiations in 2020
- Commitment would concern a new phase, not only a replenishment and extension of an on-going phase without conceptual change.
- Therefore, an evaluation and planning mission would come to Lao PDR in 2020
- Planning process for potential third phase would have to take into consideration new or updated Lao and ASEAN strategies
- One idea for potential third phase: Strengthen integration of selected Lao value chains into ASEAN+