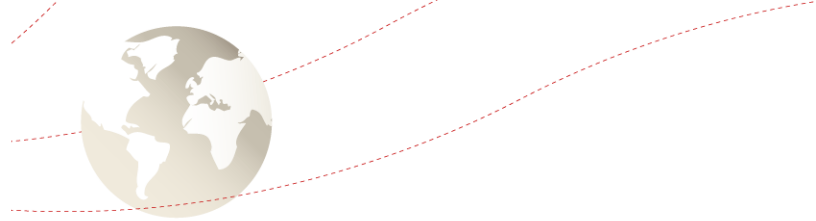




# Regional Economic Integration of Laos into ASEAN, Trade and Entrepreneurship Development (RELATED) Project

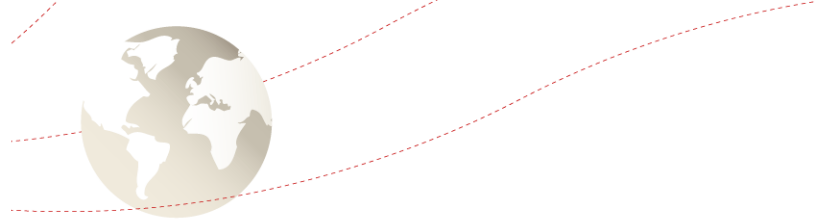
Lao – German Development Cooperation

**Program Executive Committee (PEC) Meeting,  
Crowne Plaza Hotel, Vientiane Capital, December 12<sup>th</sup> 2019**



## The Quality of Growth (I)

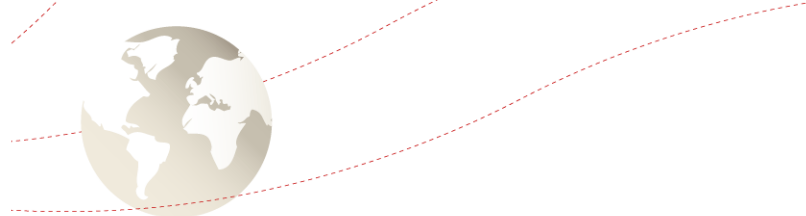
- Since several years, Lao economy experiences **high economic growth rates**
- While maintaining **level of growth**, **quality of growth** might be further improved



## The Quality of Growth (II)

### Dimensions to improve **Quality of Growth**

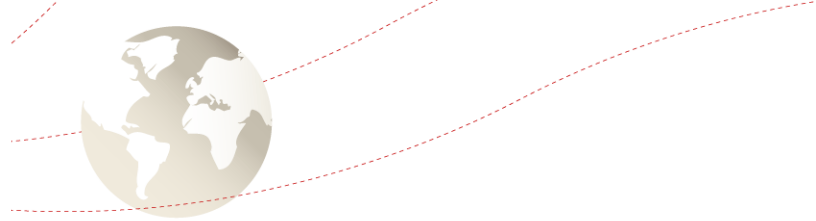
- **Inclusiveness of Growth**  
Inclusion of more Lao people into productive processes
- **Sustainability of Growth**  
Non-resource sectors, sustainable consumption and production
- **Smartness of Growth**  
Strengthening productivity, use of human skills, technology and innovation;
- **Resilience of Growth**  
Diversifying economic and export structure, climate change adaptation



## Regional Economic Integration and the Quality of Growth (I)

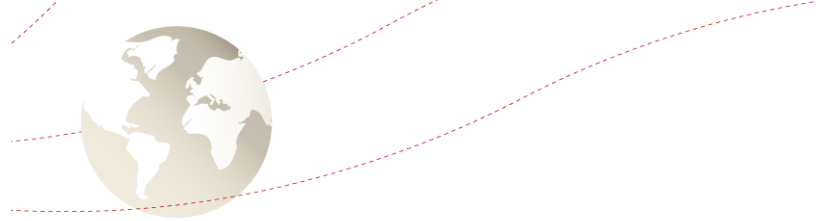
Regional economic integration processes, including improved connectivity, as **opportunity to improve quality of growth**

	Inclusiveness	Sustainability	Smartness	Resilience
Tightness of domestic market overcome	X	X		X
Integration into regional (industrial) value chains	X	X	X	X
Trade with perishable goods enabled	X	X		
Attractiveness (of the whole region) for foreign investments improved		X	X	X



## Regional Economic Integration and the Quality of Growth (II)

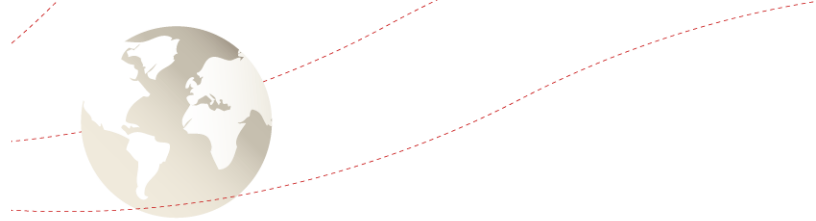
- **Potentials for Laos in**
  - **Agro- and Wood-Processing**
  - **Manufacturing** as part of **regional value chains**
  - Selected **services sectors** (such as **tourism, transport and logistics**)
- **Economic Diversification, Structural Transformation**



## Selected Challenges for Economic Transition (I)

### Challenges in

- **Business and investment climate**
- **Entrepreneurship**
- **Sector-specific services**
- **Competitiveness, technology transfer and innovation**



## Selected Challenges for Economic Transition (II)

### Challenges in

- **Market access** due to transport and logistics costs, lack of certification and branding
- **Access to finance** (in particular for small and medium enterprises)
- Level of **highly qualified workers** in key qualifications
- **Climate Change**



## RELATED – Objective and Activity Areas

**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**

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

**AEC-related services for the private sector**

**Competitiveness of AEC-oriented private sector companies**

**Laos AEC 2025 National Work Plans**

**Demand-oriented AEC-related services in particular for SMEs**

**AEC-related Tourism Products**

**Regulations and standards in line with ASEAN Agreements**

**Particular focus on SME Service Centres**

**Generic instructions and training material**

**Sector-specific training courses in TQM**

**Objective**

**Activity Areas**





## **Part 2: Component 1**

# Improving Public Framework Conditions for the AEC



## Support to the Laos' National Workplan 2018 - 2020 to Implement the ASEAN Economic Community Blueprint 2025

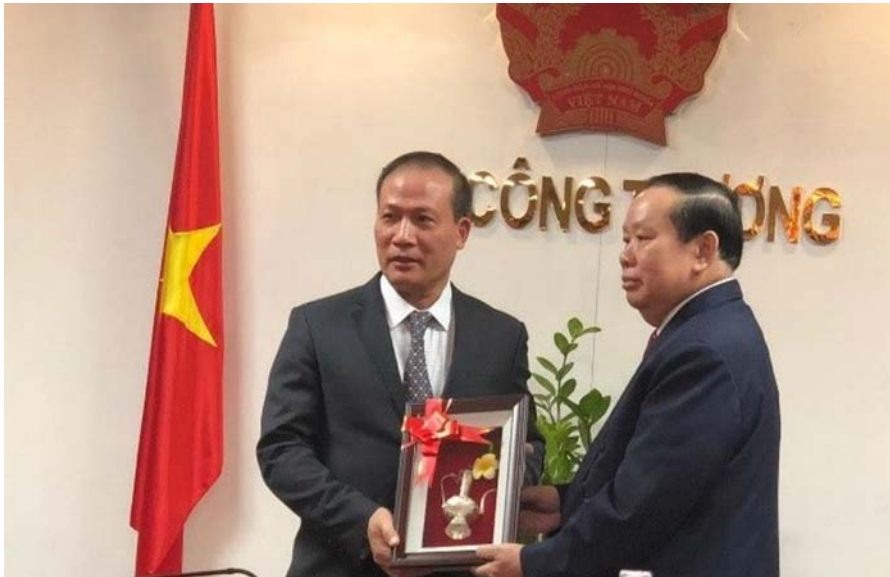
- **Reduce barriers to and facilitate intra-regional trade in goods**



- **Reduce barriers to and promote intra-regional investments**



## PM Decree on E-Commerce



**Drafting Committee on  
Decree on E-commerce**

**Consultation Meeting with  
Line Ministries, Private  
Sector and in Provinces**

**Legal Gap Analysis**

**Study Visits to Thailand  
and Vietnam**





## Simplification and Harmonization of Procedures of One-Stop Services in Special Economic Zones



**Analysis of  
current One-  
Stop Services  
in SEZ in Laos**



**Regional and  
International  
Practices**

**Meetings with  
relevant Lao  
Structures**



**Identification of  
Simplification  
Reforms**



## Elaboration of Reform Action Plans to Implement PM Order 002 on the Ease of Doing Business



**For each of the 10 Indicators of  
the Ease of Doing Business:**

- **Identification of criteria for score**
- **Elaboration and approval of ambitious, yet realistic measures that directly and substantially increase the score**





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

### Prime Ministers Decree on Dry Ports almost finalized



### Ministerial Decision on Truck Terminals On-going



## Part 3: Component 2 AEC-Related Services for the Private Sector

## 1. Supporting Partners in the Development of SME Promotion Strategies



Technical Assistance to  
the Development of  
LNCCI Private Sector  
Development Strategy  
2021 – 2025



## 2. Developing and Upscaling Demand-Oriented Services for the Lao Private Sector: 4<sup>th</sup> Year Organizing the ASEAN Business Awards Laos

Vientiane

### Asean Business Awards Laos promote outstanding entrepreneurs

Times Reporters

The 18 winners of the Asean Business Awards (ABA) Laos 2019 were officially acknowledged as talented economic players with great potential for domestic business expansion as well as within the Asean business community.

Deputy Prime Minister and Minister of Finance Mr Somdy Duangdy, Minister of Industry and Commerce Mrs Khemumani Pholsena, and



Deputy Prime Minister and Minister of Finance Mr Somdy Duangdy (left) hands an award to one of the 18 winners of the Asean Business Awards (ABA) Laos 2019 at the Crowne Plaza Hotel in Vientiane last Friday.

Sector Excellence for food & based/agricul handicraft and retail business: SME Excellence for growth innovation & social respons Special for young entrepreneur Laos, family sustainable & green enterpri driven enterpr

### 18 Companies Received the ABA Laos 2018

- ABA Laos application forms and procedures now fully aligned with the regional standards and requirements.
- 4 new categories were introduced this year.

8 Lao Enterprises were honored with 9 ABA Awards in at the ABA Gala Night 2019 in Bangkok, Thailand

LOCA Ride Hailing Service is honored with the ABA in the Category Startup and Innovation-Driven Enterprise



## 2. Developing and Upscaling Demand-Oriented Services for the Lao Private Sector: 4<sup>th</sup> Edition of the SSC Breakfast Talk

Breakfast Talk #4 on “Towards a Plastic Free Laos: Reducing Single-Use Plastics in the Tourism Industry” on September 16th 2019 at the Lao National Chamber of Commerce and Industry, Vientiane Capital



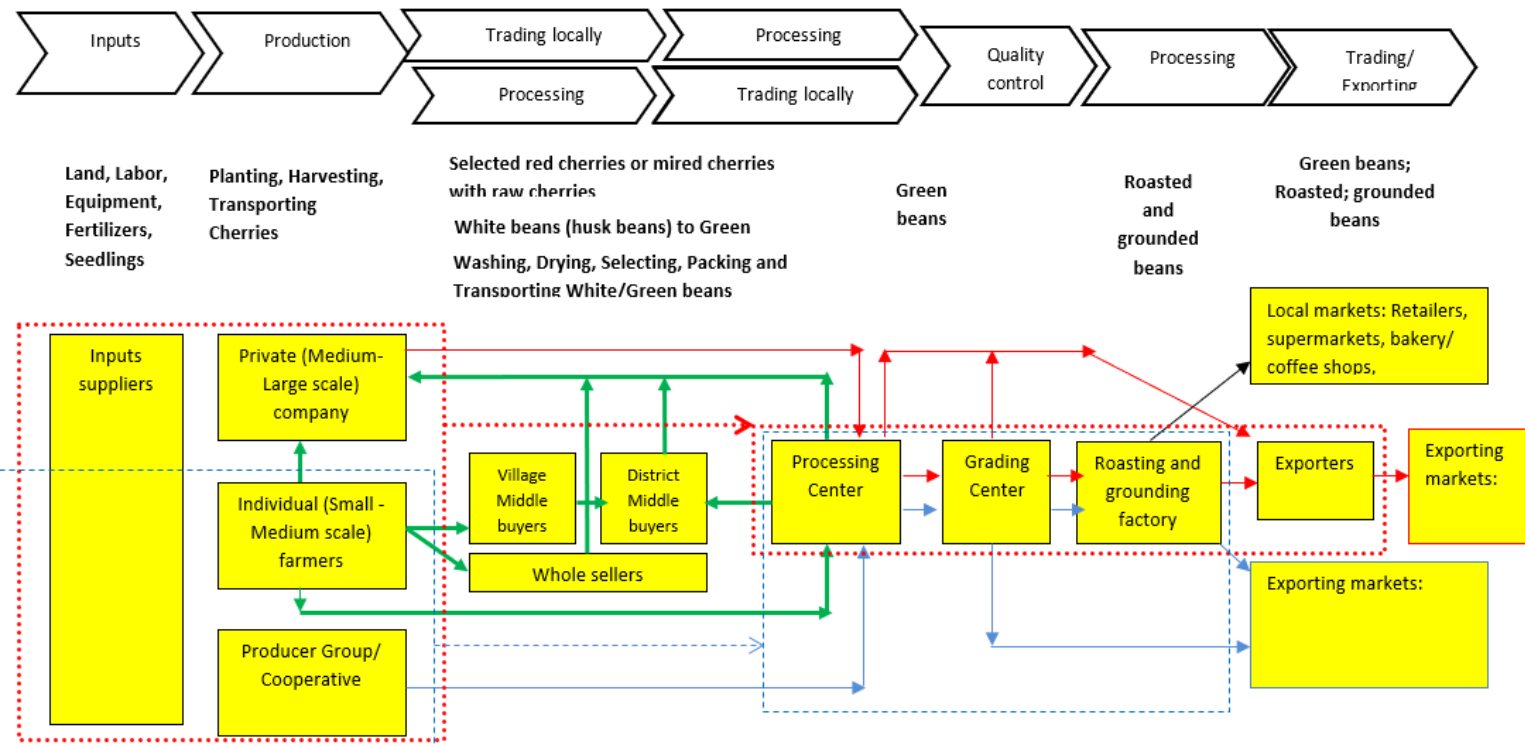
### Previous SSC Breakfast Talk Topics Included

- Lao Future Economic Outlook
- Women in Business
- The Belt and Road Initiative and Its Impact on Laos



## 2. Developing and Upscaling Demand-Oriented Services for the Lao Private Sector: Support to Lao Value Chain Manual , Brochure and Trainings

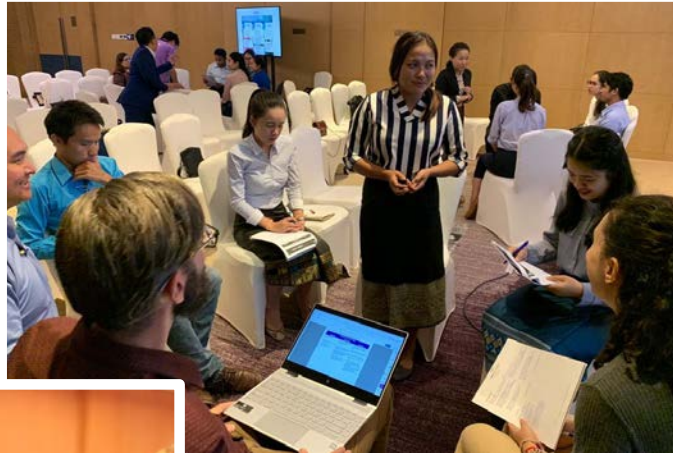
### Overview of the Lao Coffee Sector Value Chain



Finalization and Translation of ValueLinks Manual Draft Brochure on Application of ValueLinks Methodology

## 2. Developing and Upscaling Demand-Oriented Services for the Lao Private Sector: B2B Preparation and Exhibitions (ITB, ABIS and STSE)

Sales Pitch and Trade Show  
Preparation Training for 30+  
STSE Exhibitors  
on 26<sup>th</sup> September 2019

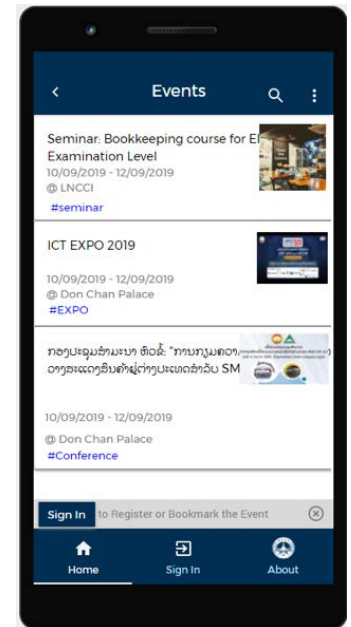
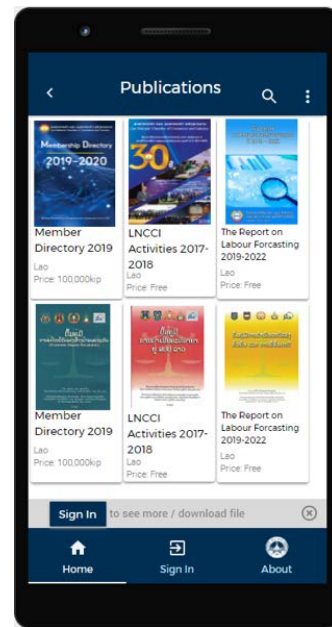
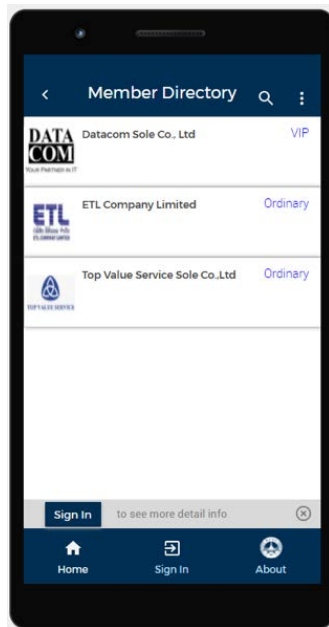
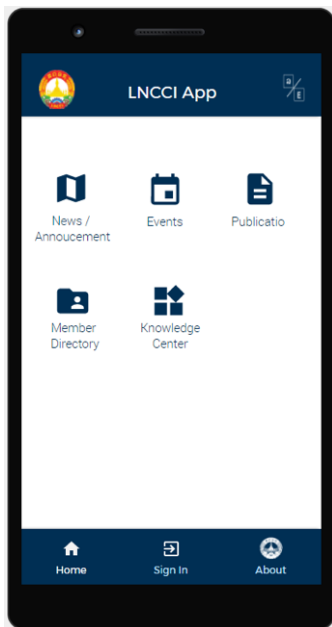
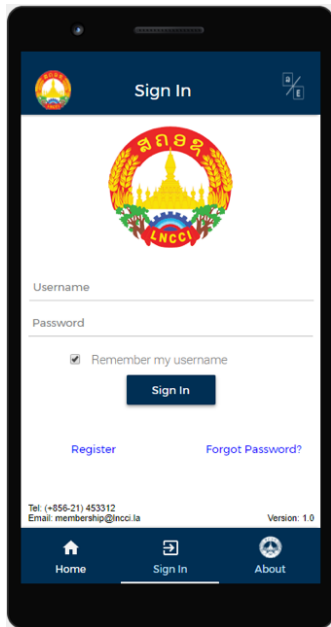


ASEAN Business and Investment Summit 2018 in  
Singapore with 7 Lao Companies

### 3. Supporting Distribution Channels for Service Provision: Opening of two Provincial SME Service Center



### 3. Supporting Distribution Channels for Service Provision: LNCCI Database, Knowledge Management System and Mobile App





Part 4: Component 3  
Competitiveness of AEC-Oriented Private Sector Companies



# Coffee Sector Competitiveness

## Phase 1 Quality Management Approach

- Post-Harvest Processing Training + Advisory
- Coffee Demonstration Farm

## Phase 2 Quality Management Approach

- Including Pre-Harvest Management into Training
- Online Learning and Knowledge Repository
- Coffee Demonstration Farm Enhancement
- Sustainable Coffee Certifications
- Training of Trainers with Village-Based Agents




# Access to Markets: Coffee Export Toolkit, Coffee Film, Coffee Table Book

## STAGE 07 COFFEE MOVEMENT TAX

Mr. Kham submitted the necessary documents (commercial invoice and packing list) to LCA and paid the Coffee Movement Tax as per 300 kg is 3,000 LAK.

Lao Coffee Association (LCA)



**Document required:** Commercial Invoice and Packing List

**Location:** Lao Coffee Association (LCA)  
**Address:** Paksane district, Champassak province  
**Operating hours:** 09:00 - 05:00  
**Contact number:** 723 456789  
**Email:** mail@web.com

**Duration:** 30 minutes

**Fee:** 15 LAK/kg


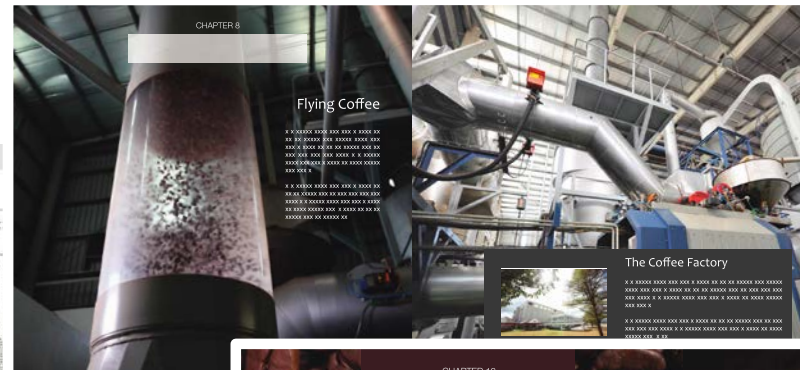
**Document obtained:** Receipt for Coffee Movement Tax

Commercial Invoice & Packing List - sample

Purchase Contract - sample

Receipt - sample for Coffee Movement Tax

Mr. Kham got the receipt after paying the Coffee Movement Tax.

# Tourism Sector Competitiveness

## Resource Efficiency in Hotels and Restaurants



ໃສ່ໃຈ - ຫຼວງພະບາງ  
Luang Prabang - Handle with Care

### WHAT CAN GO IN THE COMPOST BIN?

**YES**

- ✓ VEGETABLE WASTE
- ✓ FRUIT WASTE
- ✓ EGG SHELLS
- ✓ COFFEE GROUND AND TEABAGS
- ✓ COOKED RICE
- ✓ STALE BREAD AND BAKED GOODS
- ✓ USED PAPER NAPKIN AND PAPER TOWELS

**NO**

- ✗ MEAT AND FISH
- ✗ FATS AND OILS
- ✗ PLASTIC OF ALL KINDS (PLEASE REMOVE ALL PLASTIC WRAPPING, TIES AND RUBBER BANDS FROM VEGETABLES)
- ✗ DAIRY
- ✗ LIQUID





# Tourism Sector Competitiveness

## Support to the Sustainable Tourism Solutions Expo 2019



# Handicraft Sector Competitiveness

## Phase 1 Handicraft Product Development Approach

- Trainings on Design, Tailoring and Natural Dyeing
- DIY Learning Videos and Manual
- Handmade in Luang Prabang (Night Market)

## Phase 2 Sustainable Improvement of Handicraft Product Development Approach

- Expansion of Target Provinces
- Community-Based Skills Development Approach
- New Textiles and Bamboo Handicraft Products





How to use it

It's very easy. Download the manual below (available in Lao and English). Pick a product. Study the printed manual about what materials and equipment you need. Study the measurements carefully. Watch the training video for a step by step guide, and then try to do it yourself!

- [Do It Yourself Tailoring Manual \(Lao\).pdf](#)
- [Do It Yourself Tailoring Manual \(English\).pdf](#)



How to make a blanket



How to make a hat

# Online Learning Centre

[www.sustainability4laos.org](http://www.sustainability4laos.org)

A platform that offers learning materials and interactive modules in coffee, sustainable tourism practices, handicraft, and organic food.



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

## The Way Forward





## Orientations Guiding the RELATED Project (I)

1. 08<sup>th</sup> and upcoming 09<sup>th</sup> **National Socio-Economic Development Plan**
  - **Diversified** economic base
  - **Trade, production chain**
  - Improvement of **business environment**
  - Development of **MSMEs**
  - **Productivity**
  - **Employment** generation
  - **Responsible consumption and production**
  - **Regional** and international **cooperation**



## Orientations Guiding the RELATED Project (II)

- 2. Green Growth Strategy**
- 3. Ease of Doing Business and Implementation of PM Order 002**
- 4. Belt and Road Initiative** (How can Laos benefit from the Railroad PR China – Vientiane)
- 5. Regional Economic Integration Process** (ASEAN, ASEAN+ and RCEP)



## Prioritized Activities 2020

### 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	Build Capacity on and Disseminate E-commerce Decree	FTPD (MoIC)	Indicator 1.1
2	Amend Regulation related to Certification of Origin	DIMEX (MoIC)	Indicators 1.1, 1.2, 1.3
3	Support Coordination and Monitoring of Reform Action Plans to Implement PM's Order 002	IPD (MPI)	Indicator 1.2, 1.3
4	<b>Support Implementation of selected measures of Reform Action Plans to Implement PM's Order 002</b>	<b>IPD (MPI)</b>	<b>Indicator 1.2, 1.3</b>



## Prioritized Activities 2020

### 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	Improve of One-Stop-Shop Services in Special Economic Zones	SEZO (MPI)	Indicators 1.2, 1.3
6	Develop National Standards in line with ASEAN Mutual Arrangement on Automotive Parts	DIMEX (MoIC)	Indicators 1.2, 1.3
7	Elaboration of Ministerial Decision on Truck Terminals	Department of Transport (MPWT)	Indicators 1.2, 1.3



# Prioritized Activities 2020

## Component 2: AEC-related services for the private sector

No	Title	Lao Partner	Indicator
1	Development of LNCCI Lao Private Sector Development Strategic Plan for 2021 - 2025	LNCCI	
2	Establishment of SME Service Centre in Savannakhet Province	SME Service Centre	Indicators 2.1, 2.2
3	Finalization of LNCCI Mobile Application	LNCCI	Indicators 2.1, 2.2
4	Support to ASEAN Business Awards and ASEAN Business Awards Laos	LNCCI, BAC	Indicators 2.1, 2.2



# Prioritized Activities 2020

## Component 2: AEC-related services for the private sector

No	Title	Lao Partner	Indicator
5	Development of BDSP and Access to Finance Referral	SME Service Centre	Indicators 2.1, 2.2, 2.3
6	Elaboration of ValueLinks Brochure and Training Courses	SME Service Centre	Indicators 2.1, 2.2, 2.3
7	<b>SME Clinic for SMEs, Startups &amp; Entrepreneurs with focus on inclusive and sustainable businesses</b>	<b>SME Service Centre</b>	<b>Indicators 2.1, 2.2, 2.3</b>
8	<b>Support to Digital Skills for SME Growth</b>	<b>SME Service Centre</b>	<b>Indicators 2.1, 2.2, 2.3</b>



# Prioritized Activities 2020

## Component 3: Competitiveness of AEC-oriented private sector companies

No	Title	Lao Partner	Indicator
1	Finalization of Study on Competitiveness of Lao Enterprises in ASEAN	NIER	Baseline
2	Elaboration of practice-oriented Instructions and Training Materials to increase Competitiveness of Lao SMEs	DOSMEP	Indicators 2.2, 3.3, 3.4
3	<b>Elaboration of Materials and further Development of Sustainability4Laos.org Online Learning Platform</b>	<b>SSC</b>	<b>Indicators 2.2, 3.2, 3.3, 3.4</b>
4	<b>Improvement of Resource Efficiency of Hotels and Guesthouses</b>	<b>LHRA</b>	<b>Indicators 2.2, 3.2, 3.4</b>



## Prioritized Activities 2020

### Component 3: Competitiveness of AEC-oriented private sector companies

No	Title	Lao Partner	Indicator
5	Up-scaling of No Single-Use Plastic Label for Hotels and Restaurants	SSC, LHRA	Indicators 3.1, 3.4
6	<b>Sustainable Tourism Solutions Expo</b>	<b>Tourism Development Department (MoICT)</b>	<b>Indicators 2.3, 3.4</b>
7	<b>Training of Trainers. Training and Coaching of Coffee Farmer Groups</b>	LCA	<b>Indicators 2.2, 3.2, 3.4</b>
8	Sustainable Certification of Lao Coffee	LCA	Indicators 3.2, 3.4





## Prioritized Activities 2020

### Component 3: Competitiveness of AEC-oriented private sector companies

No	Title	Lao Partner	Indicator
9	Further Development of Existing Handicraft Products	LHA, LPB HA, CPS HA	Indicators 3.1, 3.4
10	<b>Training and On-the-Job Coaching for Handicraft Producer Groups</b>	<b>LHA, LPB HA, CPS HA</b>	<b>Indicators 2.2, 3.2, 3.4</b>
11	Further Development of Organic Food Value Chain to intensify Linkages with Tourism Value Chain	<b>Organic Farmers' Association</b>	<b>Indicator 2.3</b>



## Outlook beyond 2020

- Current phase of RELATED until December 31<sup>st</sup> 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
- Therefore, evaluation and planning mission would come to Lao PDR in 2020