Lao – German Development Cooperation

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

Documentation of the 09th Joint RELATED - COMPETE
Project Review Committee Meeting

Settha Palace Hotel, Vientiane Capital, December 05th 2019
## 09th RELATED – COMPETE Project Review Committee (PRC) Meeting
Settha Palace Hotel, Vientiane Capital, Lao PDR, December 05th 2019
### Agenda

<table>
<thead>
<tr>
<th>Time</th>
<th>Activity</th>
<th>Participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>08.00 - 08.30</td>
<td>Registration</td>
<td>All participants</td>
</tr>
<tr>
<td>08.30 - 09.00</td>
<td>Opening Remarks</td>
<td>Mr. Phouvieng Phongs, Acting Director General, Department of Planning and Cooperation (DPC), Ministry of Industry and Commerce (MOIC) Dr Christina Seeberg-Elverfeldt, Head of German Development Cooperation in Lao PDR</td>
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<tr>
<td>09.00 - 09.45</td>
<td>Presentations:</td>
<td>RELATED Project</td>
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<td>- Progress in the different areas of RELATED</td>
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<td>- Proposed Work Plan</td>
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<td>09.45 – 10.10</td>
<td>Signing Ceremony of the Implementation Agreement for the Extension of the RELATED Project</td>
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<td>10.10 – 10.15</td>
<td>Group Picture</td>
<td>All participants</td>
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<tr>
<td>10.15 - 10.30</td>
<td>Coffee Break</td>
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<tr>
<td>10.30 - 11.00</td>
<td>Presentations:</td>
<td>COMPETE Project</td>
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<td>- Progress in the different areas of COMPETE</td>
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<td>- Proposed Work Plan</td>
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<td>11.00 – 11.45</td>
<td>Discussion on RELATED and COMPETE</td>
<td>All participants</td>
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<tr>
<td>11.45 - 12.00</td>
<td>Closing Remarks</td>
<td>Ms. Selma Ulrichs, Portfolio Manager, GIZ Laos</td>
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<td>Mr. Phouvieng Phongs, Acting Director General, Department of Planning and Cooperation (DPC), Ministry of Industry and Commerce (MOIC)</td>
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<td>12.00</td>
<td>Lunch</td>
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Lao – German Development Cooperation

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

Project Progress Report

July to December 2019

Presented at the 09th Joint RELATED - COMPETE
Project Review Committee Meeting

Settha Palace Hotel, Vientiane Capital, December 05th 2019
Table of Contents

1. Background of the RELATED Project ................................................................. 9
   1.1 Approach of the RELATED Project (Phase II) .................................................. 9
   1.2 Objectives and Indicators of the RELATED Project (Phase II) ..................... 10

2. Component 1: AEC-related Policy Framework Conditions in the Areas of Trade in Goods, Trade in Services and Investments .............................................. 12
   2.1.1 Support to the AEC Blueprint 2025 Consolidated Strategic Action Plan Laos 2018 - 2020 ....................................................................................................... 12
   2.1.2 Adaptation of National Regulations, Procedures and Standards in Line with AEC Agreements ............................................................................................... 16
   2.1.3 Indicator Status for Component 1 ............................................................. 20

2.2 Component 2: AEC-related Services for the Private Sector ......................... 22
   2.2.1 Organizational Development of CCIs and SME Service Centers ............. 22
   2.2.2 Development and Provision of AEC-related Services .................................. 27
   2.2.3 Others ....................................................................................................... 34
   2.2.4 Indicator Status for Component 2 ............................................................. 35

2.3 Component 3: Competitiveness of AEC-oriented Private Sector Companies 38
   2.3.1 Cross-sectoral ASEAN-related Support ....................................................... 38
   2.3.2 Sector-specific Support to the Competitiveness of Lao Enterprises .......... 39
   2.3.2.1 Tourism .................................................................................................. 39
   2.3.2.2 Coffee .................................................................................................... 44
   2.3.2.3 Handicrafts ............................................................................................ 46
   2.4. Organic Food .............................................................................................. 47
   2.3.3 Indicator Status for Component 3 ............................................................. 48

3. Financial Report ............................................................................................... 50

4. Outlook ............................................................................................................. 51
   4.1 Restructuring Process in the RELATED Project ............................................ 51
   4.2 Trends and Orientations Guiding the RELATED Project .............................. 52
   4.3 Planning Process in the RELATED Project .................................................... 54
4.3.1 Objectives and Indicators of the RELATED Project............................... 54
4.3.2 OECD-DAC Criteria........................................................................... 54
4.3.3 RELATED Project Team Retreat......................................................... 55

4.4 Planned Activities January – December 2020.............................................. 57

4.5 Outlook beyond December 2020................................................................. 59
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.

With its Note Verbale dated September 20th 2019, the Embassy of the Federal Republic of Germany informed the Lao government that the German government is prepared to provide additional funds for the 2019 budget year for measures under Technical Cooperation. 0.5 Mio. Euro of these additional funds have been allocated to the RELATED Project. This commitment made will lapse, if it is not implemented by December 31st 2019.

During its second phase (08/2017 – 12/2020), the RELATED Project continues to support Lao PDR to make use of the opportunities and reduce the economic risks of its 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 coaching 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%.

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

Assessment of Pros and Cons of Applying the Automatic Most Favoured Nation (MFN) Principle by Lao PDR under the ATIGA

The Foreign Trade Policy Department, as the negotiating body of Lao PDR in the ASEAN Trade in Goods meetings, undertook an assessment of the pros and cons of the application of the automatic MFN principle under Article 5 of the ASEAN Trade in Goods Agreement (ATIGA) by Lao PDR. The assessment aims to help the Foreign Trade Policy Department to profoundly analyse all possible negative and positive impacts on Lao PDR once the adoption is ratified.

Following Article 5 of the ATIGA, Lao PDR, along with other ASEAN Member States (AMS), may adopt the automatic MFN principle in order to treat other countries from the region in the most favourable way. It is specifically indicated that the preferential treatment regarding the Tariff Reduction Scheme (TRS) and Rules of Origins (ROO) provided by the Member State in question to its trading partner should automatically be applied to other AMS.

The assignment reviews the existing documents, agreements, and reports relevant to the automatic MFN principle, enumerates the tariff preferential treatments provided by Lao PDR and analyses the advantages and disadvantages if Lao PDR applies the automatic MFN principle under the ATIGA.

Findings from the assessment indicate that if the automatic MFN is applied Lao PDR would be the AMS to sacrifice more than other AMS: Lao PDR would have to eliminate 229 tariff lines, while the other nine AMS would have to eliminate only between 0 and 99 tariff lines. If the automatic MFN is applied to the non-GE (non-Schedule D) tariff lines, Lao PDR has to eliminate 156 tariff lines, while the other AMS have to eliminate a maximum of 57 tariff lines (between 0 and 57 tariff lines).

If the automatic MFN principle is applied, it could increase the intra-ASEAN trade in goods. However, the increase would not be significant because the tariff lines to be eliminated have quite small trade volumes.
Trade Analysis and Transposition of AHTN 2012 to 2017 Schedule

The RELATED Project cooperates with an experienced Indonesian expert, formerly a long-term officer for Trade in Goods at the ASEAN Secretariat, (i) to identify potential export products into Lao PDR’s main trading partners in ASEAN focusing on product specific rules (PSR) and non-tariff measures (NTMs), and (ii) to transpose the ASEAN Harmonized Tariff Nomenclature (AHTN) and Product Specific Rules (PSR) schedule from 2012 to 2017 under ASEAN and ASEAN+ agreements.

The transposition of the AHTN and PSR schedule from 2012 to 2017 has been completed by the end of September 2019. The transposition will be advantageous to Lao PDR as the transposed tariff schedule is implemented by all ASEAN member countries with the aim of further facilitating and promoting intra-ASEAN trade.

The results of the study to identify potential export products into Lao PDR’s main trading partners in ASEAN focusing on product specific rules (PSR) and non-tariff measures (NTMs) are awaited eagerly by the RELATED Project Team and its Lao partners.

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

An experienced national consultant from the National University of Laos is contracted to carry out a study on the utilization of Lao PDR’s form D and its self-certification system under the ATIGA. The study aims: (i) to realize the challenges and difficulties of applying for form D and self-certification by Lao exporters; (ii) to identify the solutions to those challenges; and (iii) to amend the relevant laws and regulations to facilitate public services on the issuance of form D and self-certification.

In October 2019, the survey team under the supervision of the consultant together with staff members from the Department of Import – Export (DIMEX) and the Department of Foreign Trade Policy conducted a survey with 250 Lao exporters in Sayabouly province, Savannakhet province, Khammouane province and Champasack province and two Special Economic Zones (Vita Park and Savan-Seno). These provinces and economic zones were chosen due to the high number of Lao exporters applying for form D and self-certification.

Exports under form D represent the most important utilization of preferential ASEAN trade in goods schemes. The total export volume under preferential tariffs was USD 552,5 Mio in 2018 compared to USD 701,4 Mio. in 2017, indicating a decrease by 21%. The economic recession of major Lao trading partners (Thailand, Vietnam and China) and the uncertainty of the regional economic situation are the main issues to explain the decline in intra-regional exports.
The major Lao export product under the utilization of preferential trade schemes (Form D) is Cassava (HS 0714) with a total export value of USD 79.11 million, accounting for 14.31% of total preferential exports. It is followed by refined copper and copper alloys (HS 7403) and electrical energy (HS 2716), which are accounting for 12.86% and 11.97% respectively in 2018.

The empirical results of enterprise survey indicate that the preferential utilization under form D is still relatively low, representing around 35% of all enterprises surveyed in the five provinces. The main reasons are: (i) export diversification and the competitive capacity of Lao exporting firms are still limited; (ii) the access to preferential tariff information of exporting firms is relatively low; (iii) high costs of preferential tariff utilization because some firms use broker services to apply for the certificate of origin; and (iv) some trading partners do not require to use preferential tariffs for exports.

Adoption of ASEAN Mutual Recognition Arrangements for Selected Standards

The RELATED Project supported the Foreign Trade Policy Department in the translation from English into Lao language and the printing of the ASEAN Mutual Recognition Arrangements on Type Approval for Automotive Products and the ASEAN Protocol on Enhanced Dispute Settlement Mechanism. The translated documents were reviewed by the relevant line ministries before the ASEAN Mutual Recognition Arrangements were adopted and signed by H.E. the Minister of Industry and Commerce Madame Khemmani Pholsena at the ASEAN Economic Ministerial Meeting in Bangkok (Thailand) on September 06th 2019.

Training of Trainers on the Application of Form D and Self-Certification for the Southern Provinces

From October 22nd – 24th 2019, DIMEX organized a training of trainers on trade facilitation with emphasis on the application of form D and the self-certification system in Champasack Province with the support of the RELATED Project.

The training course was attended by more than 70 representatives from provincial Chambers of Commerce and Industry, Departments of Industry and Commerce and selected exporters in Central and Southern provinces. The primary objectives of the event were: (i) to provide hands-on training with step-by-step instruction on how to apply for and issue form D and self-certification; (ii) to present the benefits of using form D and self-certification, when exporting; (iii) to listen to challenges of applying for and issuing form D and self-certification from both the public and private sector.
The training started with presentations on the ASEAN Free Trade Agreements, the benefits of certificates of origin for exporters and the implementation of electronic certificates of origin. Subsequently, the trainees were instructed to register as a certificate of origin applier or issuer as well as on how to correctly fill in information on different forms. The trainees proactively asked questions to the trainers and shared experiences on the challenges in applying for form D and self-certification. Most concerns raised were explained and resolved immediately by the trainers. In conclusion, the trainees expressed their appreciation to the knowledge and experiences shared, especially on how to fill-in the information correctly, which will help in facilitating Lao exports.

Training of Trainers on the Application of Form D and Self-Certification for the Northern Provinces

From November 19th – 24th 2019, DIMEX organized a training of trainers on trade facilitation with a focus on the application of electronic certificates of origin and the self-certification system in Luang Prabang Province. The training was chaired by the Deputy Director General of the Import and Export Department, Ms. Manivone Vongsay, and the Deputy Director of DIMEX in Luang Prabang Province.

The training course was attended by more than 60 representatives from provincial Chambers of Commerce and Industry, Departments of Industry and Commerce in Northern provinces as well as the special economic zone authorities from Luang Namtha province and Bokeo province. These governmental officials are expected to become trainers on electronic certificates of origin and self-certification after the training course. Moreover, selected Lao exporters from Luang Prabang province were also invited to share their experiences of applying the certificate of origin and self-certification.

Similar to the event in the South of Laos, the training began with presentations on the ASEAN Free Trade Agreements and the benefits of certificates of origin as well as the implementation of electronic certificates of origin, when exporting. Afterwards, the trainees were instructed on how to register as a certificate of origin applier or issuer as well as on how to correctly fill in information in different forms.

In the Northern provinces, there are less exporters. Therefore, less cases of certificate of origin issuance were discussed. Most trainees knew very little on how to use the system for applying for and issuing the electronic certificate of origin. During the training course, participants learnt how to register in the system as applier or issuer, understood different components of the forms and managed to fill-in the form in the correct
manner. The trainees believed that they could become the trainers and advise their colleagues on how to use electronic certificates of origin and self-certification.

**Update of the investment database on investment websites of Lao PDR**

The Investment Promotion Department, Ministry of Planning and Investment, aimed to build the capacity of its staff on information technology (IT) knowledge and press writing skills in English language for the improvement of Lao investment websites (e.g. www.investlaos.gov.la and www.erm.gov.la). These websites have been developed in 2012 and are used as gateway to provide up-to-date information such as relevant laws and regulations, news and analytical statistics for investments in Lao PDR.

The Investment Promotion Department needs technical staff, who is capable to write press releases (PRs), prepare webpage content in English language, and update the pictures and graphs on the websites. Taking into consideration that the development of human resource of the Lao government is very significant, the RELATED project organized two training courses to enhance capacity of IPD staff members as following:

- Training on how to write PR in English language was organized at the IPD’s office from 11th – 13th November 2019. Mr. Tony Campbell who has long term experience in business writing was contracted as the trainer. Fifteen (15) selected staff members from IPD attended in the training course which covered different modules such as: (i) meaning and purpose of press release; (ii) inverted pyramid principle of press release writing; (iii) style, length and vocabulary; and (iv) headline and website content considerations.
- From 06th – 25th November 2019, a two-hour training on IT skills was organized daily at the IPD’s office. Around nine (9) selected staff members from all divisions from IPD participated in the training course. A young Lao IT expert Mr. Billy was contracted as consultant to train on the use of different software with clear and simplified explanation. He also developed the administrative and user manual for different software in case that IPD staff may want to revisit the lessons in the future.

Additionally, the RELATED project supported the procurement of IT software necessary for the improvement of investment website. Those packages of software include Microsoft office 2016/2019, Anti-Virus, Kaspersky Internet Security, and Joomla website upgrade. The director of IT division of IPD expressed his gratitude towards the support of the RELATED project as his staff members gained significant knowledge useful for the augmentation of investment websites.

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

**Consultation Meeting on E-Commerce Decree in the Northern Provinces**

From 13th – 14th November 2019, the Foreign Trade Policy Department, supported by the RELATED Project, organized the consultation meeting on E-Commerce Decree at Sanakeo Boutique Hotel in Luang Prabang Province.

The meeting was chaired by Deputy Minister of Commerce and Industry Mr. Bounmy Manivong and Vice Governor Mr. Soukan Bounyong. More than 70 representatives
from relevant public institutions including Department of Industry and Commerce, Department of Finance, Department of Post and Telecommunication, and Department of Science and Technology in the Northern province. The meeting began with the presentation by Director General Saysana Syakone on the workplan on the development of E-Commerce decree and its status quo.

The presentation was followed by the Deputy Chief of Ministry of Industry and Commerce’s Secretariat Dr. Bounpheng Sibounheuang explaining about the main elements of the draft decree on E-Commerce and content of each article. The participants actively shared their opinions mostly on the terminologies, types of E-Commerce business, E-Commerce business registration and roles and responsibility of provincial public structures.

The meeting was productive and successful because the Foreign Trade Policy Department could collect lots of valuable thoughts that could improve the draft decree to be more inclusive, solid and effective as expected.

**Consultation Meeting on E-Commerce Decree in the Southern Provinces**

With the support from the RELATED project, the Foreign Trade Policy Department organized the consultation meeting on E-Commerce Decree at Riveria Riverside Hotel in Khammouane Province on 24th – 25th October 2019.

The meeting was chaired by Deputy Minister of Commerce and Industry Mr. Bounmy Manivong and Vice Governor of Khammouane Province. More than 60 representatives from relevant public institutions including Department of Industry and Commerce, Department of Finance, Department of Post and Telecommunication and Department of Science and Technology in the Southern provinces. Director General of Foreign Trade Policy Department Mr. Saysana Syakone presented the workplan on the development of E-Commerce decree and its progress.
The Director of Trade Rules and Compliance Division Mr. Sonethanou Singdara highlighted the draft decree on E-Commerce with the main elements following by the content of each article. The participants were eager to share their thoughts on the terminologies, E-Commerce business models, E-Commerce business registration procedures, and the roles and responsibilities of provincial public structures.

The meeting achieved its goal in aiding the Foreign Trade Policy Department to collect inputs and comments that will improve the draft E-Commerce Decree – making it more inclusive, resilient, and sustainable.

**Consultation Meeting on E-Commerce with Line Ministries**

On 6th December 2019, the Foreign Trade Policy Department (FTPD), supported by the RELATED Project, will organize the consultation meeting on E-Commerce with relevant line ministries at Landmark Hotel. The meeting will be shared by head of steering committee Deputy Minister of Industry and Commerce Mr. Bounmy Manivong, and approximately 50 participants from the Bank of Laos, Ministry of Post and Telecommunication, Ministry of Science and Technology, Ministry of Industry and Commerce and Ministry of Justice, Ministry of Finance and the Prime Minister’s Office, are invited to participate. The meeting aims to amend and improve the draft decree with the inputs from the discussions and thoughts shared during the meeting.

After this meeting, the FTPD will bring the final draft of E-Commerce decree to consult with legal team from Ministry of Justice and Prime Minister’s Office for the improvement before submitting it to Prime Minister for endorsement and signing.

**Development of National Standards in line with ASEAN Mutual Arrangement on Automotive Parts**

In September 2019, the RELATED project had the meeting with Department of Import and Export, Department of Industry and Handicraft and Department of Transport for the implementation of activities relevant to indicator 8 “trading across the border” of the Ease of Doing Business.

The RELATED project agreed to support the review and amendment of the national standards in line with ASEAN Mutual Arrangement on Automotive Parts, particularly on the import and export of automotive parts to ASEAN market in order to help Laos integrate better in the regional value chain. The Department of Industry and Handicraft and Department of Transport that are the implementing body will elaborate the workplan after the Minister of Industry and Commerce H.E. Madame Khemmani Pholsena adopted the ASEAN Mutual Arrangement on Automotive Parts during the ASEAN Economic Ministerial Meeting in 6th September 2019 in Bangkok.

**Study Visit to Special Economic Zone in Malaysia and Thailand**

Aiming for Lao PDR to be an attractive investment destination in the region, the RELATED Project supports the Office for the Management and Promotion of Special Economic Zones (SEZO) to develop the regulation on the harmonization and simplification of procedures in the one-stop service of the Special Economic Zones in Lao PDR.

The study visit was conducted on the 27th – 29th November 2019 with the objective to learn the best practices with regard to the one-stop service from other ASEAN member
The study visit brought together ten Lao delegates from the Ministry of Industry and Commerce, Ministry of Finance, Ministry of Labor and Social Welfare, Ministry of Public Works and Transport, Ministry of Natural Resources and Environment, and Ministry of Planning and Investment to learn through knowledge-sharing from regulators, implementors and businesses in the special economic zones in Malaysia and Thailand.

The delegates visited the Northern Corridor Investment Authority (NCIA) and InvestPenang in Penang, Malaysia and Board of Investment and Amata Special Economic Zone in Bangkok, Thailand. The activity managed to gather relevant inputs from the aforementioned institutions on the concept and structure of the one-stop shop.

NCIA presented the different federal and state government responsible for investment promotion in Malaysia, particularly in Penang. The various packages of incentives for different sectors and cities in Malaysia were also explained. It has been clarified that the one-stop service is still a concept and have yet to exist as physical office. NCIA also emphasized its role in facilitating investor’s paperwork in faster and more convenient by coordinating with relevant line agencies. However, the communication amongst ministries still needs numerous improvements. InvestPenang, on the other hand, underscored the importance of investment incentives that attract investors for instance, skills of labor, well-developed infrastructures, advanced technologies, and simplified procedures (Ease of Doing ranking).

The Board of Investment (BoI) presented its structure, marketing and promotions, and investment incentives and policies on how to attract potential investments in Thailand. Taking the lead in the promotion of investments, BoI assists local and foreign investors to venture and prosper in desirable areas of economic activities. In addition, the Lao delegates visited the Amata Special Economic Zone to see the facilities and discussed with the developers and investors to understand the actual practices of the one-stop service.

**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. 002 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 RELATED project develops the monitoring and coordinating mechanism to assist the departments coordinating 10 indicators of Ease of Doing Business of Lao PDR to develop the reform action plans. Series of meetings took place to help the relevant departments finalize the prioritized, ambitious and realistic reform action plans. Currently, reform action plans for 7 out of 10 indicators have been finalized, approved and committed for implementation until April 2021. The reform action plans of remaining 3 indicators are promised to be submitted to the Investment Promotion Department, Ministry of Planning and Investment by 15th December 2019.

It is likely that the reform action plans will be reformatted and printed as the booklet for dissemination amongst relevant implementing public structures and development partners for additional technical and financial assistance. In addition, the launch event for official reform action plan booklet will expected to be organized to raise awareness, boost the commitment, and gather together all possible support from international organizations.

2.1.3 Indicator Status for Component 1

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Complete</th>
<th>On-going</th>
<th>Additional Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>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</td>
<td>13</td>
<td>2</td>
<td>Recently Completed measures:</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>1. Assess Pros and Cons of applying auto MFN for Laos based on article 5 of ATIGA</td>
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<td></td>
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<td>2. Conduct a research study to identify potential export products into Lao PDR's main trading partners focusing on PSRs and NTMs</td>
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<td></td>
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<td>3. Transpose AHTN schedule from 2012 to 2017 under ASEAN and ASEAN+ agreements</td>
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<td></td>
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<td>4. Transpose PSRs Tariff schedule from 2012 to 2017</td>
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<td>5. Conduct a research to identify the gaps of MSMEs’ form D utilization</td>
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<td></td>
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<td></td>
<td>6. Develop the adoption of Mutual Recognition for Selected Standards</td>
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<td></td>
<td></td>
<td></td>
<td>7. Update investment database on investment website of Lao PDR</td>
</tr>
<tr>
<td>10 regulations and standards in two different sectors of trade in goods, trade in services or investments are adjusted in line with AEC agreements.</td>
<td>3</td>
<td>5</td>
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<tr>
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<td></td>
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<tr>
<td>On-going laws and standards:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Prime Ministerial Decree on Dry Ports.</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>2. Ministerial Decision on Truck Terminals.</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>3. Amend regulations related to self-certification.</td>
<td></td>
<td></td>
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<tr>
<td>4. Amend regulations related to form D.</td>
<td></td>
<td></td>
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<tr>
<td>5. Prime Ministerial Decree on E-commerce</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>6. Development of MRA automotive parts</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>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.</th>
<th>357</th>
<th>-</th>
</tr>
</thead>
<tbody>
<tr>
<td>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.</td>
<td></td>
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</tbody>
</table>

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

Grand Opening Ceremony of the SME Service Center in Pakse on August 21st 2019

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 jointly launched the first Lao SME Service Center (SSC) on February 17th 2017 in Vientiane Capital. Since its opening two years ago, this national SME Service Center has been providing demand-based information, consulting and training services to micro, small and medium enterprises. The 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. Therefore, on February 28th 2019, the first provincial branch of the SME Service Center was opened in the historical heart of Luang Prabang.

On Wednesday, August 21st 2019, the inauguration of the second provincial branch in Pakse marked yet another milestone. More than 100 respectable Lao business men and women, government officials and representatives of development partners gathered in front of the Champasak Chamber of Commerce and Industry (CCCI) to witness the Grand Opening Ceremony.

Ms. Boonheuang Litdang, President of the Champasak Chamber and hostess of this event, warmly welcomed a range of high-ranking local, national and international guests, including H.E. Mr. Bouasone Vongsongkhone, Vice Governor of Champasak Province, H.E. Mr. Somchit Inthamith, Vice Minister of Industry and Commerce, H.E. Dr. Kikeo Chanthaboury, Vice Minister of Planning and Investment, Mr. Daovone Phachanthavong, Vice President of the Lao National Chamber of Commerce and Industry, and H.E. Mr. Jens Peter Lütkenherm, Ambassador of the Federal Republic of Germany.
to Lao PDR. In his opening speech, Vice Governor Bouasone Vongsongkhone highlighted that the Champasak SME Service Center is a great new tool to actively support local businesses to better integrate into domestic, regional and global value chains, thereby also contributing to the achievement of the provincial socio-economic development plan. The Champasak Province as well as its neighbouring provinces have a great potential for economic development, particularly in the areas of processed agricultural goods (e.g. coffee), light manufacturing and services, such as tourism and F&B.

**Preparations for the Establishment of the SME Service Center in Savannakhet**

On April 09th 2019, following a special request by the Lao National Chamber of Commerce and Industry (LNCCI), the RELATED Project had 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 Saybou County in Pakse, Bolikhamxay Province. Among other objectives, the meeting served as a useful platform to exchange updates regarding the capacities of the respective five PCCIs, their membership status, existing member services as well as key challenges faced in serving the needs of local SMEs. The meeting provided crucial input related to the opening of the 03rd Provincial SME Service Center, as it quickly became clear that the Savannakhet CCI is most probably the best equipped PCCI to commit to and effectively manage the setup of a local SME Service Center.

This first assessment from the LNCCI side was echoed and further solidified during the SSC Board Meeting on October 02nd 2019. Under the direction of Mr. Siaosavath Savengsuksa, Chairman of the Board and Honorary President of the LNCCI, and Mr. Phutthasone Phomvisay, Director of the National SME Service Center in Vientiane, Board Members and Representatives from the Local SSC structures discussed key issues, such as the development of the SSCs in Luang Prabang and Champasak (progress report and update on legal requirements), the opening of the 03rd provincial branch and the activity planning for 2019/20.

Regarding the opening of the 03rd SME Service Center, discussions addressed the following three options: Luang Namtha, Oudomxay and Savannakhet. This is based on directions from both LNCCI and MOIC. In order to come to a final conclusion, basic information were collected for each target province:

1. Number of Registered Enterprises
2. Overview of Key Sectors and Types of Businesses
3. PCCI Member Base
4. PCCI Structure, Leadership and Resources (incl. Staff and Facilities)
5. Level of Cooperation between CCI and DOIC

Based on a compiled comparison table provided to the SSC Board, a final vote showed a clear preference for Savannakhet Province. Therefore, as a next step, a series of consultation meetings with CCI, DOIC and private sector representatives will soon take
Quarterly Coaching Sessions with the SME Service Center Team

Following the 2-Day SSC Management Workshop and Retreat in April 2019, which focused on strengthening the capacity of the SSC to effectively and efficiently deliver services to Lao SMEs during the current planning horizon till 2020 and beyond, the RELATED Project has continued its institutional capacity building support through regular, quarterly coaching sessions with the SME Service Center Team.

Based on the results of the retreat and the final summary report – including its 10+1 Key Recommendations – these coaching sessions aim at further fine-tuning results regarding the establishment of SSC signature services and the smooth implementation of those actions already agreed upon. Moreover, the coach also encourages the SSC Team to address and discuss continuous challenges or bottlenecks faced, when trying to achieve their long-term vision and goals. One of the key aspects in this regard is to build a realistic midterm strategy of how to gradually move away from its current donor-based model of offering services to Lao SMEs to an income-generating and therefore more financially sustainable approach.

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

The establishment of the SME Service Center (SSC) in Vientiane Capital and affiliated provincial branches in Luang Prabang, Champasak and Savannakhet 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. A number of service formats have been successfully implemented, which can now be adapted into regularly offered SSC signature services, 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 at https://smelaos.com.

In order to successfully transfer existing services and standards of operation from the national SME Service Center to the provincial branches and to support the delivery of a broader range of services, the RELATED Project is supporting the SSC in the development and design of Service Factsheets and Standard Operating Procedures (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 to 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 simultaneously reducing miscommunication and failure to comply with service standards and internal 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.
The Service Factsheets and SOPs for training, B2B matching and networking events have already been completed and are now under review by the SSC to ensure alignment with internal regulations and procedures of the LNCCI and MOIC.

**Study Visit to Exchange Best Practices and Strengthen Cooperation with Institutions for SME Service Provision and Promotion in Malaysia and Indonesia**

Preparing Lao businesses, in particular SMEs, to successfully integrate into the ASEAN market has been high on the agenda of the SME Service Center. However, the SSC is still in its early development phase. In responding to the pressing needs of the Lao private sector, it does not only need to build and improve its capacity to effectively deliver services that are tailored to target groups and specific to individual customers. It also needs to diversify the range of services offered to its members and non-members alike. Strengthening ties with other SME institutions in ASEAN-6 to promote mutual learning, encourage open information and experiences is crucial in this regard. Therefore, the RELATED Project has been organizing SSC study visits since 2016.

During the latest Study Visit to Exchange Best Practices and Strengthen Cooperation with Institutions for SME Service Provision and Promotion from November 10th till 16th 2019, key representatives from the SME Service Center, the Department of SME Promotion and the Lao National Chamber of Commerce and Industry visited Malaysia and Indonesia to exchange lessons learned and best practices related to SME development. A strong focus was put on studying new approaches in the area of technology transfer, design and innovation, green production and growth as well as startup promotion. Institutions visited included the SME Corporation Malaysia (SME Corp), the Malaysia External Trade Development Corporation (MATRADE), the Malaysia Productivity Corporation (MPC) and the SME International Trade Association of Malaysia (SMITA) as well as the Ministry of Cooperatives and SME, the Ministry of Communications and Informatics, SMESCO, the International Council for Small Business (ICBS), IDX Incubator, the Angel Investment Network Indonesia (ANGIN) and Indonesia’s first unicorn and super app Gojek.

Study visit participants will prepare a brief report on the outcomes of the study trip, including objectives and key elements, main observations and findings, lessons learned and implications for the SSC in terms of service development and provision for Lao SMEs.
Review and Development of the LNCCI Lao Private Sector Development Strategic Plan for 2021 - 2025

The Lao National Chamber of Commerce and Industry (LNCCI) was established in 1989 as an independent body, which represents the business community in Lao PDR. With this mandate, LNCCI does not only represent Lao businesses but also employer organizations, private sector associations and joint ventures across all sectors that have been established under the laws of Lao PDR. It currently counts more than 1,000 members represented through Chambers of Commerce and Industry and affiliated business associations in 17 provinces. That makes LNCCI the largest and most representative business community in Lao PDR.

The Lao National Chamber of Commerce and Industry fulfils a variety of functions. As nexus between the state and private enterprises, it develops approaches to address the needs of Lao businesses and facilitate them to operate in a friendly business environment. LNCCI’s primary responsibility is to identify the problems and concerns of its members and to make sure that these are presented to the government. By this means, business policies and legislations are developed and adjusted in order to improve the overall business environment in Lao PDR. Furthermore, LNCCI represents the Lao business community in preparing intergovernmental private sector-related negotiations, especially on trade and labour issues at both the regional and international level, with a view to expand trade with and investment in Lao PDR. In addition, LNCCI strengthens Provincial chambers of commerce and industry, business associations and groups by upgrading their capability to provide services to the Lao private sector and their internal management structures. As national economic development requires a pool of knowledge and skills, LNCCI seeks to build the capacity of the Lao private sector through seminars, trainings, business meetings and trade exhibitions, where views can be exchanged, experiences shared and skills transferred.

The current LNCCI Strategic Action Plan for Private Sector Development in the Lao PDR 2018 - 2020 has been instrumental in guiding, monitoring and steering the organization’s activity planning for the past three years, resulting in the realization of numerous positive outcomes based on its strategic directions. However, as the current strategy comes to a close, LNCCI takes this opportunity to reflect on its achievements and challenges in light of a constantly changing context, which turned out to be even more complex than when the organization rolled out initial activities three years ago. It is the aforementioned fast-moving environment that has consequently created the need for a thorough review of the current LNCCI Strategic Action Plan 2018 - 2020 and the development of a new strategy with the support of the RELATED Project as a long-term strategic partner.
SSC 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

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 an 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. Previous events focused on red-hot topics such as the Lao Future Economic Outlook, Women in Business as well as China’s Belt and Road Initiative and its Impact on Business in the Lao PDR.

On Monday, September 16th 2019, the SME Service Center – in cooperation with the Lao Hotel and Restaurant Association (LHRA) – organized the fourth edition of its Breakfast Talk around the theme “Towards a Plastic Free Laos: Reducing Single-Use Plastics in the Tourism Industry”. The aim, in line with the National Green Growth Strategy for 2030 endorsed in January 2019, was to inspire a vital industry-wide debate on the current plastic problem in Laos and to discuss strategies on how to reduce its use in hotels in restaurants. The event was also an opportunity to launch and promote one of the new SSC initiatives: The Plastic Free Laos Label for companies in the hospitality sector. Pioneers in the fight against plastic pollution in Laos, such as Ms. Alichith Phengsavanh, Learning and Sustainability Manager at the Maison Souvannaphoum Hotel in Luang Prabang, Ms. Phonesavanh Vilivong, Owner of Le Trio Coffee Roasting Boutique and Coco&Co Café in Vientiane Capital, and Ms. Coralie Baudet, Sustainability Coordinator of EXO Travel, have shared their stories and experiences of trying to reduce single-use plastics in the Lao tourism industry through private sector initiatives. More than 50 interested tourism and tourism-related businesses, government representatives and young students joined this event.
In the spirit of sustainable event management, the event aimed to be “plastic-free” and avoided the unnecessary use of plastic bottles, plastic banners, single-use plates, promotion material and other items.

**Entrepreneurship Day on December 06th 2019 at Champasak University of Laos in Pakse**

The RELATED Project supported the SME Service Center to organize the Entrepreneurship Day, which will take place on December 06th 2019 at the Champasak University in Pakse, Champasak Province.

Limited access to finance and lack of necessary skills in accounting, business management and writing of business plans are major challenges for aspiring and existing entrepreneurs in Lao PDR. It prevents business startup, business growth and business competitiveness. A large number of SMEs are also not registered and operate in the informal economy. Thus, the objective of the Entrepreneurship Day is to educate students about entrepreneurship as a potential career path, create the opportunities for students to learn from those, who are successful in doing business and to teach them some basics in the area of business ideation and planning as part of a business idea competition. The event is expected to host 300 students.

**Finalization of the Lao Value Chain Manual and Preparation of a Training of Trainers Approach with EDC**

In cooperation with the Department of Small and Medium Enterprise Promotion (DOSMEP), the RELATED Project had organized a validation workshop for the Lao Value Chain Manual at the Lao Plaza Hotel on April 04th 2019. The Value Chain Manual outlines clear methods of and tools for analyzing a selected sector using the Value Links methodology, which had been developed by GIZ. In addition, a Value Chain Brochure has been developed summarizing 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.

The English version of the manual is now endorsed, while the Lao version is currently updated by EDC for the use in future trainings in Lao PDR. Based on consultations with DOSMEP, the Value Chain Manual shall be used as a tool for a ToT approach to be implemented in 2020.

**Sales Pitch and Trade Show Preparation Training for STSE Exhibitors**

On September 26th 2019, the SME Service Center – in cooperation with RELATED – offered a sales pitch training entitled “How to Craft an Effective Sales Pitch for Your Next Trade Show” back to back to the Sustainable Tourism Solutions Expo (STSE) on September 27th and 28th 2019 – a business-to-business fair that seeks to increase access to sustainable alternatives to traditional tourism and hospitality supplies.
On-site selling at a live event with a trade show floor packed with prospective clients as well as potential competitors can be quite a challenging endeavour for sales representatives. At such events, attention spans are particularly short, as visitors are listening to sales pitches literally all day. If salespeople don’t make their approach stand out, booth visitors may quickly lose interest. This requires prior preparation and practice if exhibiting companies want to maximize returns on their respective investment in sending sales representatives to the STSE 2019. Lack of preparation may result in struggles to effectively connect, build relationships and ultimately realize sales.

More than 30 company sales representatives made use of the offer from the SSC and attended the training conducted by Katalyst Partners in cooperation with the well-known “Easy Speak” Trainer Mr. Thongdy Phommavongsa, former President of the Lao American College (LAC) Toastmaster Club and Founder of the Lao Public Speaking Club. 11 companies reported in their feedback forms to have received approximately 270 orders in total during the STSE. All trained companies combined made 779 new business contacts at the STSE that might turn into business deals and sales in the future.

**ASEAN Business Awards (ABA) Laos Gala Night on October 04th 2019 at the Crowne Plaza Hotel, Vientiane Capital**

The ASEAN Business Awards (ABA) Laos are a long-term cooperation project between the Lao National Chamber of Commerce and Industry (LNCCI) and the RELATED Project. It is a sub-initiative of the larger regional ABA competition, which aims at recognizing outstanding Lao enterprises and uses them as champions to spread the knowledge of the ASEAN Economic Community. ABA Laos 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, this award scheme seeks to strengthen the competitiveness of Lao enterprises both domestically and regionally.
The ABA Laos application forms and procedures are now fully aligned with the standards and requirements of the ASEAN Business Awards. Key mechanisms have been put in place to ensure that winners are selected by the panel of judges based on the guiding principles as outlined by the regional ASEAN Business Awards.

Tougher criteria and application forms, however, also mean that animating Lao businesses to apply and make the effort to go through the entire competition process is more challenging. During the ABA Laos Information Cocktail on June 25th 2019 at the Settha Palace Hotel, Vientiane Capital, the new application forms and categories were introduced.

At the final award ceremony – the annual ABA Laos Gala Dinner – hosted by LNCCI on October 04th 2019 in Vientiane Capital, 16 companies from across the country received 18 awards and were officially acknowledged as important economic players with great potential for business expansion regionally as well as within Laos. The award categories are as follows:

1. **Lao Priority Integration Sector Awards**: F&B, Agri-Based, Tourism, Handicraft, Wholesale and Retail,

2. **SME Excellence Awards**: Growth, Employment, Innovation and Corporate Social Responsibility,

3. **Special Awards**: Young Entrepreneur, Women Entrepreneur, Friends of Laos, Family Business, Sustainable Social Enterprise, Green Enterprise, Startup and Innovation-Driven Enterprise.

Mr Thanongsinh Kanlagna, Asean Business Advisory Council Member of Laos and the Executive Vice President of the Lao National Chamber of Commerce and Industry, opened the event and addressed more than 150 representatives from the private and
public sector. Special guests of honor included H.E. Deputy Prime Minister, Mr. Somdy Duangdy, and H.E. Minister of Industry and Commerce, Madame Khemmani Pholsena, who had the pleasure to hand over the trophies to the respective winners and certificates of appreciation to ABA Laos sponsors and members of the judge panel.

**ASEAN Business Awards (ABA) Gala Night on November 03rd 2019 in Bangkok, Thailand**

Distinguished entrepreneurs, businesswomen and men as well as high-ranking government representatives gathered at the Muong Thong Thani Impact Exhibition Center, Bangkok, Thailand on November 03rd 2019 to jointly celebrate the spirit of fair competition and extraordinary entrepreneurial ability.

At this year’s ASEAN Business Awards (ABA) Gala Night – an annual event initiated by the ASEAN Business Advisory Council in 2007 and held every year since to recognize outstanding enterprises across the whole ASEAN region that have contributed significantly to ASEAN’s economic growth and prosperity, while being role models in business growth, sustainability and innovation in their respective home countries – Lao companies impressed their peers with a strong outcome. The 2019 ABA Gala Night was a major triumph and a ray of hope for the Lao business world. In total, eight Lao enterprises were awarded nine ASEAN Business Awards in seven respective categories.

The winners include (i) BIZGITAL Company Limited (Most Promising Digitalized MSME), (ii) K&C Group (Women Entrepreneur), (iii) Khammany General Service (Young Entrepreneur), (iv) Phouvong Lao Retail Corporate Co., Ltd. (Family Business and SME Excellence Sector – Growth), (v) LOCA Ride Hailing Service (Start-up and Innovation-Driven Enterprise), (vi) Pakxong Agriculture Development Export-Import Co Ltd. (Priority Integration Sector Mid-Tier – Agri-Based), (vii) Lomakham Drinking Water and Ice Factory (SME Excellence Sector – Corporate Social Responsibility) and (viii)
ASEAN Contact Center (SME Excellence Sector – Employment). Laos can be especially proud that Phouvong Lao Retail Corporate Co., Ltd., Lomakham Drinking Water and Ice Factory and ASEAN Contact Center have been honored as ASEAN Winners in the categories Family Business as well as SME Excellence CSR and SME Excellence Employment.

The award ceremony was presided over by Deputy Prime Minister of the Kingdom of Thailand, H.E. Mr. Anutin Charnvirakul, with Chairman of The Joint Standing Committee on Commerce, Industry and Banking (JSCCIB), Mr. Kalin Sarasin, Chairman of The Federation of Thai Industries, Mr. Supant Mongkolsuthree, and Chairman of The Thai Bankers’ Association, Mr. Predee Daochai, in attendance as guests of honor.

**Participation of the Lao Delegation at the ASEAN Business and Investment Summit in Bangkok, Thailand**

Under the direction and leadership of the Lao National Chamber of Commerce and Industry (LNCCI) and supported by the Regional Economic Integration of Laos into ASEAN, Trade and Entrepreneurship Development (RELATED) Project of the German Development Cooperation, Lao business champions have successfully participated in the ASEAN Business and Investment Summit (ABIS) 2019, which was held on November 02nd and 03rd 2019 at the IMPACT Exhibition Center (Hall 6), Muang Thong Thani, Bangkok, Thailand. The Lao delegation was led by Mr. Thanongsinh Kanlagna, Executive Vice President of the Lao National Chamber of Commerce and Industry (LNCCI) and ASEAN Business Advisory Council (ABAC) Member of Lao PDR.

Parallel activities at the ABIS 2019 included the ASEAN Styles Exhibition Showcase with its various business matching and networking opportunities. It provided marketing opportunities for Thai and ASEAN entrepreneurs, especially in lifestyle products and export-quality OTOP items. ASEAN Styles also featured a Lao handicraft booth organized by the Embassy of the Lao PDR as well as a showcase booth organized by the LNCCI with food and coffee products displayed by Dao Heuang Group – one of the largest and rapidly expanding companies in Lao PDR known for developing high quality brands of international standard – to portray Laos as an emerging business, investment and tourism destination in ASEAN.

**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 to gain regular access to updates pertaining to doing business in Laos and international trade. Thus,
in line with pillar 3 of its 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 knowledge management system that shall assist in the provision of demand-oriented services to Lao SMEs. The database and knowledge management system will include (1) an enterprise directory, which encompasses the LNCCI membership directory, an import/export directory and a business development service provider directory, as well as (2) a 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 completed the first demo version of the LNCCI database and knowledge management system. All system features are fully developed, ready to be used and will be adjusted based on the initial trial period. As of now, more than 600 LNCCI members are already registered in the database and two functions are available to registered users: enterprise directory search and company profile generation. Datacom is now waiting for detailed feedback from LNCCI to further proceed with this assignment.

Following the completion of all software development tasks, Datacom is required to develop admin and user manuals to be used for providing practice-oriented trainings to all relevant LNCCI staff members.

**Development of LNCCI Mobile Application (on-going)**

Recently, LNCCI has started developing its Strategic Action Plan 2021 – 2025 as the new operational road map to achieve its goals more effectively. One of the four main pillars will continue to constitute the development of an information network to be used by enterprises of all sizes at national and international level. The information network comprises both a web- and a mobile-based application.

As part of the push to enshrine accountability, knowledge sharing, efficiency and trust-building, LNCCI aims to adopt this next generation platform by translating its web-based open platform, as well as other web resources, into a mobile platform. The proposed LNCCI platform will not only provide instant information of LNCCI projects/activities nationally but also give users access to all of the LNCCI services.

Currently more people are accessing websites from smartphones and tablets rather than PCs and notebooks combined. Because apps are installed on smartphones and tablets, they are more easily accessible, even if there is no internet connection available. Such a mobile application is expected to further enlarge LNCCI’s rich pool of online tools and bring news about latest achievements, the updated event calendar and other features instantly to the general public in a friendly and accessible manner.

As the developer requires a comprehensive understanding of all LNCCI systems, Datacom has been selected as a service provider to build this application. The company holds in-depth background knowledge in the LNCCI context, as it has developed all the systems for the organization.

**Development of a Business Development Service Provider (BDSP) and Access to Finance Referral System (on-going)**

The RELATED Project is currently supporting the SME Service Center to develop a BDSP and Access to Finance online database as well as a portable booklet in soft
copy form to be downloaded by or hard copy form to be distributed to SMEs. For both items, datasets are currently collected through the LNCCI.

These two referral systems seek to support the business development and banking service provider side through registering them, their service offer and conditions on a nation-wide publicly available database platform. At the same time, access to such information and a larger variety of service providers will help SMEs to find the right experts and access loans to further grow and expand their business.

2.2.3 Others

Visit of the Parliamentary Committee on Tourism of the German Bundestag to Lao PDR from October 05th to 08th 2019.

From October 05th to 08th 2019, the Parliamentary Committee on Tourism of the German Bundestag (German Parliament) visited Luang Prabang and Vientiane. The RELATED Project supported the preparation and realization of selected agenda items in order to introduce the delegates into private sector development in Lao PDR and to present its work.

On Saturday morning, October 05th 2019, the German Delegation visited the Luang Prabang View Hotel to observe resource efficiency in the Lao hospitality sector. The delegates learned more about saving energy and water, reducing (in particular single-use plastic) waste and turning food waste into compost.

In the afternoon, the German Delegation visited Ock Pop Tok’s Living Craft Centre to experience the uniqueness of Lao textiles. After being introduced into the history of silk in Lao PDR, the delegates followed practice-oriented demonstrations in silk spinning, batik and embroidery before having the opportunity to practice weaving and natural dyeing themselves.

In the evening, a joint dinner with tourism sector stakeholders from Luang Prabang allowed the delegates to exchange views and mutually ask questions about tourism development in Lao PDR.

On Tuesday morning, October 08th 2019, the Parliamentary Committee on Tourism of the German Bundestag visited the Lao National Chamber of Commerce and Industry. After talks with a high-ranking delegation from LNCCI, the delegates had the opportunity to visit an exhibition of Lao products, in particular in the area of sustainable tourism. The insightful exchange with Lao entrepreneurs has been highly appreciated.

In the afternoon, the German Delegation visited the Lao Textile Museum. The delegates experienced Lao culture and history through textiles. During a walk through a
“Lao village”, the delegates discovered other Lao handicrafts (goldsmithing, wood carving, bamboo weaving, pottery) through the works of Lao master artists. A mini fashion show was the final highlight of the visit.

Finally, during the visit of the Sinouk Coffee Pavilion, the German Delegation learnt that Lao PDR is the origin of highest quality coffee. The practice-oriented visit included coffee roasting, coffee cupping and barista demonstrations.

2.2.4 Indicator Status for Component 2

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Target Value</th>
<th>Current Value</th>
<th>Additional Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1 12 products (such as training courses, information material) are offered by the ASEAN SME Service Center (or other business membership organizations).</td>
<td>12 Products</td>
<td>8 Products Completed 4 Products Ongoing</td>
<td>For a more detailed list of completed (fully implemented and scaled) and on-going products (development stage), please see below.</td>
</tr>
<tr>
<td>1. ASEAN Business Awards Laos (4x)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. SSC Breakfast Talk Series (4x)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Handicraft Product Development Trainings (LPB, VTE and PKZ)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Resource Efficiency in the Tourism Sector (LPB, VTE and PKZ)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Plastic Free Laos Label</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
8. Enterprise Directory (Online Database)
9. Business Development Service Provider Referral (Online Database and Booklet)
10. Access to Finance Referral (Online Database and Booklet)
11. Online Learning Centre
12. Digital Skills for SME Growth

### 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.

<table>
<thead>
<tr>
<th>1.750 SMEs reached</th>
<th>2.471 SMEs reached</th>
<th>For a break-down of SMEs reached per product (service), please refer to the details below.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfication Rate 80% (scale 1-5)</td>
<td>According to the current M&amp;E progress status, in 92.75% of the feedback forms returned, SMEs indicated that the services used by them were satisfactory or highly satisfactory.</td>
<td></td>
</tr>
</tbody>
</table>

- 544 SMEs in 3 provinces reached via ABA Laos.
- 241 SMEs joined SSC / LNCCI information and networking events.
- 144 companies received individualized exhibition-specific and/or B2B preparation support for the following trade shows: ITB, ABIS and STSE.
- 1095 coffee farmers were trained in improving the quality of their coffee.
- 136 members of producer groups were trained in developing new handicraft products.
- 311 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.

<table>
<thead>
<tr>
<th>250 Companies</th>
<th>141 Companies</th>
<th>Participating SMEs have been supported in conducting roughly 3.290 B2B meetings. Participating companies concluded a total number of 1.249 business deals.</th>
</tr>
</thead>
</table>
Final business deal conclusion outcomes are constantly evaluated (some business deals are reported at later stages).
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 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 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 with the aim to identify measures to be taken at the firm level, but also by the public sector in order to improve the competitiveness of businesses. 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 be carried out in December 2019.

Practice-oriented instructions, training material and courses to improve the competitiveness of Lao SMEs (on-going)

The competitiveness of an enterprise can be defined as the position that a company holds, compared to other businesses in the same market (segment) regarding the costs of its inputs, its productivity, its product portfolio and the quality of its products offered. The economic integration of Laos into the ASEAN Economic Community brings opportunities and challenges. In a more competitive playground, Lao companies need to seek to become more competitive to retain or increase their market positions. Therefore, DOSMEP, with the support of the RELATED Project is currently seeking for the services of a consulting company to study and suggest suitable and applicable tools for SMEs in Laos to enhance competitiveness, and how these tools can be introduced in a sustainable manner. The tasks of the study are:

- to identify selected key areas of improvement of firm-level competitiveness (focusing on productivity (resource efficiency), product quality, product development and production costs) of Lao SMEs.
- Recommend prioritized practice-oriented solutions, measures and/or tools to help Lao SMEs address those areas to improve their firm-level competitiveness.
- Develop training materials to ensure the uptake of the identified measures and tools in an effective and sustainable way in the Lao context.
- Offer pilot training courses and on-the-job coaching to Lao SMEs from different sectors as well as a Training of Trainer course.
- Design an evaluation and monitoring tool to track the uptake of the developed measures and tools by Lao SMEs as well as their impact on the competitiveness of Lao SMEs.
The RELATED Project is currently in the process to realize the tender process in order to identify the most suitable service provider for these tasks.

**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](http://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.

RELATED has started the 02nd phase of this website development, which places a strong emphasis on the e-learning section, which should be easy to access and adaptable.

### 2.3.2 Sector-specific Support to the Competitiveness of Lao Enterprises

#### 2.3.2.1 Tourism

**New and Improved Tourism Products**

**Plastic Free Laos Label for Hotels and Restaurants**

Plastics have been used widely in our society due to their convenience, durability and low costs. 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 RELATED Project, have launched the Plastic Free Laos Label. Working as a certification scheme, the label offers guidelines and incentives to assist accommodation providers and F&B businesses to reduce their use of single-use plastics to protect the environment and to save money.

The label is managed by the SME Service Centre. All information about the label can be found on their website at [www.smelaos.com](http://www.smelaos.com). Up to now, there are two hotels, and three cafes/restaurants that have signed up for the label.
MICE Guide to Laos (02nd edition)

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 earlier this year with the support of the RELATED Project.

The 02nd edition of the MICE Guide to Laos will be published in early 2020 with a total of 24 featured businesses.

Resource Efficiency Assessment in Hotels and Guesthouses

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 to 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%. A survey done in March 2019 after a first series of resource efficiency assessments in the context of the “Luang Prabang – Handle with Care” Project has shown that 90% of the participating properties implemented some of the recommendations right after the assessment and have seen a 10% to 20% reduction in energy and water costs.

Based on the success of the last series, the resource efficiency assessments have been offered again this year in October and November. More than 20 properties have been inspected and provided with practical recommendations to reduce their energy and water consumption and to minimise waste. Most hotel owners and managers highly appreciate this support and have immediately implemented some measures. The first hotel that has been assessed has done an excellent job in improving its operation based on the recommendations of the consultant and enjoyed a reduction of 30% (an equivalence of ~2500 USD) in energy consumption over a month as a result.

This assessment will be offered again in 2020 to around 20 more hotels and guesthouses.

**Sustainable Tourism Solutions Expo 2019**

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) hosted 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) with the support of the RELATED Project.
Held on September 27th to 28th 2019, the expanded event welcomed more exhibitors and more visitors than the previous year. The STSE also offered additional workshops and presentations, thus securing the exposition as the leading event in tourism sustainability in the region.

The STSE hosted 54 local, regional and international exhibitors in five different categories: 1) eco-friendly hotel supplies, 2) handicrafts, 3) organic food, 4) responsible tours and accommodations and 5) initiatives and projects. The STSE 2019 has helped significantly to increase the awareness of and access to sustainable alternatives to traditional tourism and hospitality supplies in the tourism industry in Lao PDR.

The accomplishments can be summarized as follows:

- Exhibitors were very satisfied with the event, rating it 8.7 out of 10.
- Over 400 orders were placed at the expo itself.
- Over 1,600 new business contacts were made.
- Over 100 attendees to the symposia and product presentations were counted.
- Raised visibility and profile of the event and its organizers with increased visibility via advertising and media coverage.

**Workshop on Impact Assessment of ASEAN World Heritage Sites and ASEAN Heritage Parks in Luang Prabang, November 05th to 07th 2019**

More than 80 delegates from seven ASEAN Member Countries came together in Luang Prabang from November 05th to 07th 2019 to conduct an assessment of the positive and negative impacts created by tourism on ASEAN World Heritage Sites and ASEAN Heritage Parks. The workshop was organized by the Ministry of Information, Culture and Tourism in close cooperation with the UNESCO and supported by the Regional Economic Integration of Laos in ASEAN, Trade and Entrepreneurship Development (RELATED) Project of the German Development Cooperation.
The tourism sector has a particular relevance for the socio-economic development of most ASEAN Member States. In Lao PDR, no other sector has an equally positive combination of high GDP contribution, employment and income generation. At the same time, the rapidly growing tourism industry is expected to exert an increasing pressure on the environment, society and culture of destinations. There is a risk that uncontrolled development will lead to irreversible damage to the sites' unique natural and cultural resources. This is particularly true for World Heritage Sites and Heritage Parks, which attract a higher number of visitors than other tourism destinations.

Therefore, delegates from National Tourism and World Heritage Organisations, site managers and representatives from UNESCO offices met for three days in Luang Prabang to highlight regional lessons learnt and best practices for the creation of positive effects and the reduction of negative impacts of tourism on ASEAN World Heritage Sites and Heritage Parks. The event aimed at formulating recommendations for ASEAN Member States and identifying measures to mitigate adverse effects of tourism on ASEAN World Heritage Sites and ASEAN Heritage Parks.

Besides country overviews and case studies, the application of the Visitor & Tourism Management Assessment Tool (VT MAT) was a key element for the impact assessment during the event. This tool has been designed specifically to help tourism and heritage organizations as well as site managers to assess the degree to which existing visitor and tourism management protects heritage values of the sites and contributes to sustainable development.

**Implementation of the Pakse Declaration on ASEAN Roadmap for Strategic Development of Tourism Corridors and Ecotourism Clusters**

One of the eight deliverables of the Lao ASEAN Chairmanship 2016 was the “Pakse Declaration on ASEAN Roadmap for the Strategic Development of Ecotourism Clusters and Tourism Corridors”. The declaration has been adopted by the respective ASEAN Tourism Ministers during the ASEAN Ecotourism Forum in Pakse (Lao PDR) from June 22nd to 23rd 2016 and endorsed by ASEAN Leaders during the 28th – 29th ASEAN Summits in September 2016 in Vientiane Capital.

The aim of the Pakse Declaration is to foster the development of an ASEAN roadmap to integrate ecotourism sites within ASEAN through the development or enhancement of accessibility and connectivity between the designated ecotourism sites. The outcome shall contribute to intra-ASEAN travel and distribution of tourists and tourist revenues from urban tourist hubs to secondary cities and rural areas. Ecotourism helps to create jobs and improve the socio-economic well-being of local communities in rural areas as well as to safeguard the natural resources for tourism in rural and natural areas.

From June - November 2019, the RELATED Project supported the Lao Ministry of Information Culture and Tourism to operationalize the ASEAN Roadmap for the Strategic Development of Ecotourism Clusters and Tourism Corridors. The result should help to implement the Pakse Declaration and thus to lay the foundations and milestones for developing the seven proposed ecotourism clusters and tourism corridors in the ASEAN region.
The draft report will be circulated to ASEAN Member States to provide comments and feedback in order to refine and finalize the document.

2.3.2.2 Coffee

**Coffee Table Book on Lao Coffee**

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. 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 on Lao coffee 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 high-quality book is being finalised, and it is expected to be ready for printing at the beginning of 2020.

**Sustainable Certifications for Lao Coffee**

The potential of Lao coffee to achieve a high quality and to earn a premium as organic resp. speciality coffee is recognized and accepted in regional and international markets. Due to a low volume, the Lao coffee sector does not aim to compete with large coffee producers in terms of quantity. Quality is considered as key competitive edge of Lao coffee. In line with this strategy, the RELATED project aims to support various coffee stakeholders, including independent farmers, farmer cooperatives and coffee SMEs to be able to export high quality green beans to European, North American and ASEAN markets.

Sustainable coffee certifications are identified as one of the ways to improve coffee quality, prices realized by farmers and climate change adaptation and mitigation. Coffee certifications and labels inform consumers about the practices used along the entire value chain to produce, process, store, package and transport coffee. Thus, the RELATED Project supports the Lao Coffee Association in the following tasks:

- Identifying sustainable coffee certifications, especially those that promote fair trade principles and organic/clean coffee production, that are widely promoted and accepted in Europe, North America and ASEAN.
• Analysing the criteria, requirements, application and certification process of these identified certifications.

• Assessing the current status quo of Lao coffee farmers, farmer cooperatives, and coffee SMEs concerning the identified certifications’ criteria, requirements, application and certification process.

• Providing recommendations in terms of:
  - The adoption of which sustainable coffee certifications – if any – should be supported in Laos?
  - Which independent farmers, farmer cooperatives or coffee SMEs could in a reasonable time and with a reasonable support fulfil the criteria and requirements of and could thus qualify for relevant sustainable coffee certifications?
  - What kind of detailed support would these stakeholders need and how long would it take to qualify them to be certified? The support can include trainings, on-the-job coaching, access to information and learning materials, marketing, etc.

To this end, a field study mission was conducted in November 2019. A plan to support Lao coffee stakeholders to be certified by international coffee certifications will be elaborated and implemented based on its findings.

**Coffee Online Learning Centre**

In their pursuit of high quality coffee, different Lao coffee stakeholders have tested new approaches, introduced new technology and techniques and gained valuable experiences in terms of farmer training and engagement. What is missing is a joint platform for those in the coffee sector to communicate reliably – a joint initiative with various coffee sector stakeholders along the entire value chain with the collective vision to address sustainability and technical harvest or post-harvest issues faced by smallholder coffee producers, to organize transparent sharing of information in ways that truly benefit the farmer, and, by benefiting the farmer, ultimately increase the quality and reliability of production for roasters and traders.

For these reasons, having a digital platform and forum in place to keep an institutional memory, foster coffee-specific stakeholder interactions and make local voices heard might help to create an environment in which common challenges are recognized, and common visions for the Lao coffee sector are shared. With such a platform in place, all members will automatically have the potential to access news updates, shared tools and resources, which can influence the ability of smallholder coffee producers to grow, process and sell coffee in a way that is more beneficial to themselves, their communities, the environment, and the Lao economy.

Therefore, RELATED supported the development of a concept note for a Coffee Online Learning Platform for coffee farmers and other stakeholders. A consultation workshop has been organised on November 25th 2019, at the Champasak Chamber of Commerce and Industry in Pakse to discuss and finalize the concept note.
In parallel to the development of the concept for the Coffee Online Learning Platform, the RELATED project has also been compiling available technical materials from other businesses and development partners. Thereby, RELATED has identified gaps in existing materials that should be filled by developing new materials. Ultimately, the website www.sustainability4laos.org would feature all these materials and serve as an aid to trainings and coaching carried out at the community level.

Extension of the Coffee Processing Demonstration Centre

The Coffee Processing Demonstration Centre was established in November 2018 in Ban Phou Oy, Paksong District, Champasack Province. The centre aims to demonstrate and transfer good practices in coffee post-harvest processes - from cherry to green bean - to members of the Jhai Coffee Farmer Cooperative, other cooperatives and communities.

However, the pulping facility needed to expand its washing system to ensure the best processing quality possible. The RELATED project supports this extension that includes the constructing the water tanks, water in-let, out-let and drainage system. The extension was completed by the end of November 2019.

Coffee Export Toolkit

Since the end of 2017, the RELATED project, in collaboration with LCA and relevant public structures, such as the Department of Import and Export, Ministry of Industry and Commerce, has jointly worked on the elaboration of a Coffee Export Toolkit. The document is a guideline on legal procedures for exporting Lao coffee abroad. It is an illustrated manual with short explanatory paragraphs, copies of templates to be filled and required documents.

Finally, the Coffee Export Toolkit is verified on November 29th 2019. The final version is expected to be published and circulated amongst Lao coffee exporters at the beginning of 2020.

2.3.2.3 Handicrafts

Sustainable Improvement of Handicraft Products, Skills of Handicraft Producers, and Sales in Textiles and Bamboo Products

The RELATED Project, through its affiliated EU SWITCH Asia II Luang Prabang - Handle with Care Project, has previously provided support to textile producer groups in Luang Prabang (Ban Phonexay, Ban Phanom and Ban Nayang), the deaf and mute centre as well as local tailors in several Silk Weaving, Natural Dyeing, Product Development and Tailoring Trainings. In this context, the Luang Prabang - Handle with Care Project has developed numerous materials, including a do-it-yourself manual with detailed instructions for more than 20 handicraft products and tutorial videos serving as visual aids. All materials are available on the Sustainability4Laos.org learning platform.

In the current phase, RELATED would like to scale up the work of the Luang Prabang - Handle with Care Project in Vientiane Capital, Vientiane Province and Champasak
Province. Aiming at further developing the entire value chain, RELATED is supporting a comprehensive approach that includes the following components:

- Identify the target producers and/or producer groups to work with in each of the focused provinces (Vientiane Province, Luang Prabang Province, Champasak Province, and Vientiane Capital)
- (Further) develop (new) handicraft products and develop new relevant training materials.
- Identify a community-based coordinator approach. The idea is that it might be more sustainable and effective for each producer group to have a coordinator, who can help producers to access to training materials (online and offline) and be the contact person for buyers (take orders, control quality, etc.).
- Identify detailed training needs for each producer group in order to make the new products (i.e. which skills are needed, which trainer is suitable, how long should the training be etc.).
- Analyse the demand side and the distribution channels for locally produced handicraft products in order to sell them more successfully.
- Develop a system to evaluate and monitor the impacts (productivity, product diversity, product quality, distribution channels, and income) before and after the support by the RELATED Project.

The results are expected to be available in March 2020. To ensure broader uptake and share knowledge nationally, the RELATED Project cooperates with partners at the national level and provincial level like the Handicraft Associations, the Lao Women’s Union, the Chambers of Commerce and Industry as well as the SME Service Centres.

2.4. Organic Food

Study on increasing the consumption of local organic/clean agricultural produce in the tourism supply chain

The RELATED Project, through its affiliated Luang Prabang - Handle with Care Project, has previously collaborated with the Farmers’ Association in Luang Prabang to work on both the supply and demand end of the supply chain to facilitate a viable market interface between local organic farmers as well as hotels and restaurants.

In the next phase, the project would like to intensify its support to farmers in Luang Prabang Province and expand it to Champasak and Vientiane Province. The final goal of the project is to enhance the access of local organic agricultural producers to the tourism supply chain, thereby increasing their income.

In October 2019, a study was conducted to analyse relevant organic/clean agriculture value chains and potential linkages with the tourism sector. The exercise included interviews with farmers, hotels and restaurants, local and international actors in the area of clean agriculture in Vientiane and Luang Prabang. Based on the findings of this
study, an action plan is mapped out and will be implemented from January 2020 onwards.

### 2.3.3 Indicator Status for Component 3

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Current Value</th>
<th>Additional Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>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.</td>
<td>7 complete and on-going (scaling up) products. 3 products will be developed in 2020</td>
<td>1. Mekong river cruise tourism product improvement 2. Development and improvement of handicraft 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. Plastic Free Laos Label for hotels and restaurants.</td>
</tr>
</tbody>
</table>
| 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. | 326/300 | These beneficiaries from the private companies that commit to apply at least 3 of the measures/techniques learned in their day-to-day works.  
- Tourism: 104  
- Coffee: 182  
- Transportation and Logistics: 40 |
| 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. | 1,165/2,000 | The beneficiaries who received practice-oriented instruction and training manual through the seminar.  
- Pictorial manual and posters on TQM of coffee post-harvest processes: 1,095  
- Sustainability manual and posters for hotels and guesthouse: 70 |
| 4. 67% of at least 600 supported AEC-oriented enterprises (of 40 tourism businesses have reduced their production costs by at least 15% from imple-
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%.

Implementing sustainable practices such as replacing 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 in the 1st and 2nd quarter of 2020.
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 5.8 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 5.444.981 EUR for the RELATED core activities.

The RELATED project is on track as concerns its financial situation in December 2019. During the 29 months from August 2017 until December 2019, RELATED spend 4.322.333 EUR, amounting to 149.046 EUR per month. In the last twelve months since the beginning of the year 2019, the expenditures are 2.115.864.080 EUR. This includes the increase in the value of the commission for RELATED for 2019 in the amount of 0,5 Mio Euro that had to be spent until the end of 2019.

There remain 1.477.667 EUR for the last 12 months, leading to an average spending of 123.139 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 December 2019 represent 64,73% of its overall expenditures, thus roughly two thirds of its overall budget. 13.08% of the overall spendings are explained by miscellaneous costs and 13.83% by administration costs.

During the last twelve months since the beginning of the year 2019, the costs for international and external experts (consultants) amount to 65.30%. At the same time, the overall spendings explained by miscellaneous costs represent 10.70% and those accounted for by administration costs are 14.84%.

During the first 29 months of the RELATED II project from August 2017 until December 2019, travel costs represent 3.68% of the entire expenditures and costs for tangible assets 2.27%. These expenditures amount to 3.55% of the overall spending for travel costs and 2,16% for costs for tangible assets during the last twelve months.

**Financial Situation of the RELATED project as of December 05th 2019**

<table>
<thead>
<tr>
<th>In €</th>
<th>08/2017-12/2019</th>
<th>in %</th>
<th>01/2019-12/2019</th>
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<tbody>
<tr>
<td>Labour costs (internal and external experts)</td>
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<td>Travel costs</td>
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<td>Costs for tangible assets and construction contracts</td>
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<td>Financing</td>
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<td>1,12</td>
<td>48.563</td>
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</tr>
<tr>
<td>Human Capacity Develop.</td>
<td>55.318</td>
<td>1,28</td>
<td>24.398</td>
<td>1,15</td>
</tr>
<tr>
<td>Miscellaneous costs</td>
<td>565.568</td>
<td>13,08</td>
<td>226.383</td>
<td>10,70</td>
</tr>
<tr>
<td>Administration costs</td>
<td>597.865</td>
<td>13,83</td>
<td>314.009</td>
<td>14,84</td>
</tr>
<tr>
<td>Total costs</td>
<td>4.322.333</td>
<td>100</td>
<td>2.115.864</td>
<td>100</td>
</tr>
</tbody>
</table>
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. In addition, since October 01st 2019, a new Coordinator for the RELATED Project at the Department of Planning and Cooperation, Ministry of Industry and Commerce, has been assigned. The coordinator ensures – on a daily basis – the flow of information between the Trade and Private Sector Development Program of the Lao government and RELATED. It thus helps to coordinate interventions by different development partners in the areas of trade and private sector development, to identifies potentials for synergies and to reduce duplications.

In December 2019, the RELATED Team Members are focal points for the following partner structures:
4.2 Trends and Orientations Guiding the RELATED Project

The RELATED Project, in its strategic 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 Processes (ASEAN, ASEAN+ and RCEP)**
- **08th and upcoming 09th National Socio-Economic Development Plan**
  - Diversified economic base
  - Trade, production chain
  - Improvement of business environment
  - Development of MSMEs
  - Reduced poverty, inequality
  - Productivity
  - Employment generation
  - Green growth, responsible consumption and production
  - Regional and international cooperation
- **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 the second phase (mid-2019 until end-2020) of RELATED:

• 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 information and learning 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), particularly 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 elements:

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 identification and prioritization of measures to be implemented by the RELATED Project during the next twelve months.

The following steps are applied in the course of the identification 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. Identification 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, RELATED organized a Project 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.
  - Conduct a research to identify the gaps of MSMEs’ Form D utilization.
  - Amend legislation relating to the certification of origin in order to facilitate MSMEs’ participation in regional trade.
  - Reduce selected import and export procedures.
- Development of National Standards in line with ASEAN Mutual Arrangement on Automotive Parts
- Development of the Lao Prime Minister’s 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.

**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.
- 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 Coaching
  - Sustainable Certification of Lao Coffee (e.g. Organic/Clean Coffee Certification, Fair Trade Certification)
  - 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 the Online Learning Centre
  - Training and On-the-Job Coaching for Producer Groups
  - Further Development of Sales Points
  - Zoning of the Luang Prabang Night Market

- Organic Food
  - Development of Materials for the Online Learning Centre
  - Farmer Group Training and On-the-Job Coaching
  - Business Matching with Hotels and Restaurants

### 4.4 Planned Activities January – December 2020

Based on the current status of activity planning, the following main activities might be supported by the RELATED Project during the time period from January – December 2020:

<table>
<thead>
<tr>
<th>No</th>
<th>Title</th>
<th>Lao Partner</th>
<th>Indicator</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Build Capacity on and Disseminate the E-commerce Decree</td>
<td>FTPD (MoIC)</td>
<td>Indicator 1.1</td>
</tr>
<tr>
<td>2</td>
<td>Reduction of selected import and export procedures.</td>
<td>FTPD (MoIC), DIMEX (MoIC)</td>
<td>Indicator 1.1</td>
</tr>
<tr>
<td>3</td>
<td>Amend the Regulation related to the Certification of Origin</td>
<td>DIMEX (MoIC)</td>
<td>Indicators 1.1, 1.2, 1.3</td>
</tr>
<tr>
<td>4</td>
<td>Support the Implementation of Selected Measures of Reform Action Plans to Implement PM’s Order 002 on the Ease of Doing Business</td>
<td>IPD (MPI)</td>
<td>Indicator 1.2, 1.3</td>
</tr>
<tr>
<td>5</td>
<td>Support the Coordination and Monitoring of Reform Action Plans to Implement PM’s Order 002 on the Ease of Doing Business</td>
<td>IPD (MPI)</td>
<td>Indicator 1.2, 1.3</td>
</tr>
<tr>
<td>6</td>
<td>Improvement of the One-Stop-Shop Services in Special Economic Zones</td>
<td>SEZO (MPI)</td>
<td>Indicators 1.2, 1.3</td>
</tr>
</tbody>
</table>
7 Development of National Standards in line with the ASEAN Mutual Arrangement on Automotive Parts | DIMEX (MoIC) | Indicators 1.2, 1.3
8 Elaboration of Ministerial Decision on Truck Terminals | Department of Transport (MPWT) | Indicators 1.2, 1.3

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

<table>
<thead>
<tr>
<th>No</th>
<th>Title</th>
<th>Lao Partner</th>
<th>Indicator</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Development of the LNCCI Lao Private Sector Development Strategic Plan for 2021 - 2025</td>
<td>LNCCI</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Establishment of the SME Service Centre in Savannakhet Province</td>
<td>SME Service Centre</td>
<td>Indicators 2.1, 2.2</td>
</tr>
<tr>
<td>3</td>
<td>Finalization of the LNCCI Mobile Application</td>
<td>LNCCI</td>
<td>Indicators 2.1, 2.2</td>
</tr>
<tr>
<td>4</td>
<td>Support to ASEAN Business Awards and ASEAN Business Awards Laos</td>
<td>LNCCI, BAC</td>
<td>Indicators 2.1, 2.2</td>
</tr>
<tr>
<td>5</td>
<td>Support to SME Service Centre Breakfast Talk Series</td>
<td>SME Service Centre</td>
<td>Indicators 2.1, 2.2</td>
</tr>
<tr>
<td>6</td>
<td>Development of a BDSP and Access to Finance Referral</td>
<td>SME Service Centre</td>
<td>Indicators 2.1, 2.2, 2.3</td>
</tr>
<tr>
<td>7</td>
<td>Elaboration of ValueLinks Brochure and Training Courses</td>
<td>SME Service Centre</td>
<td>Indicators 2.1, 2.2, 2.3</td>
</tr>
<tr>
<td>8</td>
<td>SME Clinic for SMEs, Startups &amp; Entrepreneurs with a focus on inclusive and sustainable businesses</td>
<td>SME Service Centre</td>
<td>Indicators 2.1, 2.2, 2.3</td>
</tr>
<tr>
<td>9</td>
<td>Support to Digital Skills for SME Growth</td>
<td>SME Service Centre</td>
<td>Indicators 2.1, 2.2, 2.3</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>No</th>
<th>Title</th>
<th>Lao Partner</th>
<th>Indicator</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Finalization of the Study on the Competitiveness of Lao Enterprises in ASEAN</td>
<td>NIER</td>
<td>Baseline</td>
</tr>
<tr>
<td>2</td>
<td>Elaboration of practice-oriented Instructions and Training Materials to Increase the Competitiveness of Lao SMEs</td>
<td>DOSMEP</td>
<td>Indicators 2.2, 3.3, 3.4</td>
</tr>
</tbody>
</table>
### 4.5 Outlook beyond December 2020

Based on the current commission, dated June 12th 2019, the RELATED Project is currently running until December 31st 2020. It is very likely, however, that there will be a third phase of RELATED from 2021 onwards.

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 September 03rd to 04th 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 the second half of 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 is scheduled to 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 chains. 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+. 