



REPORT OF THE ARISE + LAO PDR PROJECT

(JAN 2020 – JUN 2020)

To be presented during the

Project Review Committee meeting # 2

Thursday 16 July 2020



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Acronyms

AEC	ASEAN Economic Community
ARISE+	ASEAN Regional Integration Support from the EU
ASEAN	Association of South East Asian Nations
ATIGA	ASEAN Trade in Goods Agreement
DFTP	Department of Foreign Trade Policy
DIMEX	Department for Import and Export
DoA	Department of Agriculture
DoF	Department of Forestry
DoIH	Department of Industry and Handicraft
DPC	Department of Planning and Cooperation
DTP	Department for Trade Promotion
EBA	Everything But Arms
ER	Expected Result
EU	European Union
FLEGT	Forest Law Enforcement, Governance and Trade
GIZ	Deutsche Gesellschaft für International Zusammenarbeit
GoL	Government of Lao PDR
ITC	International Trade Centre
Lao PDR	Lao People's Democratic Republic
LDC	Least developed country
LNCCI	Lao National Chamber of Commerce
MoIC	Ministry of Industry and Commerce
NIU	National Implementation Unit
PCO	Project Coordination Office
PRC	Project Review Committee
QCs	Quality Champions
SME	Small and Medium-sized enterprise
SPS	Sanitary and phytosanitary measures
TBT	Technical barriers to trade
UN	United Nations
WTO	World Trade Organization

II. Introduction

Adapting to the global outbreak of COVID-19

The beginning of 2020 was dominated by the outbreak of the global COVID-19 pandemic. In the Lao People's Democratic Republic (Lao PDR) the first COVID-19 positive case was reported in mid-March which led Prime Minister Thongloun Sisoulith to order a 'lock down'¹ from April 1st to 19th, which was then extended to May 3rd, 2020. Until June 2020, there were officially only 19 COVID-19 positive cases in Lao PDR, with all patients discharged from hospital and no death reported. This is a great achievement for the Government of Lao PDR overall and needs to be congratulated.

Acknowledging that Lao PDR has so far avoided a health crisis, it has not been immune from the global economic downturn. The COVID-19 induced economic downturn has affected the Lao economy through multiple channels including tourism, trade and investment, commodity prices, exchange rates and lower remittances.²

It is against this background that the EU funded ARISE Plus Lao PDR (The ASEAN Regional Integration Support from the EU Plus – Lao PDR) project has adapted and adjusted its mode of delivery in order to ensure a smooth implementation despite the restrictions on travel, meetings and working from the office. Online and collaborative tools were introduced to continue the dialogue with stakeholders. Individual activities were adjusted in order to respond to the 'new normal' due to the COVID-19 pandemic. ITC-wide actions to respond to the crisis have been made available to project stakeholders. Going forward the team continues to respond in a flexible manner, addressing the needs of the Lao stakeholders within the scope and agreed objectives of the ARISE+ Lao PDR project.

ARISE+ Lao PDR

Over the past decade Lao PDR has strengthened economic ties to global and regional partners. It joined the World Trade Organization (WTO) in 2013 and committed to regional integration in form of the ASEAN Economic Community (AEC) that entered into force in 2015 and the AEC Blueprint 2025. Resource-intensive exports, however, result in only limited gains for small and medium sized enterprises (SMEs). Existing opportunities from economic integration are not fully seized and compliance with sectoral market requirements, such as the EU's Forest Law Enforcement, Governance and Trade (FLEGT) that prevents EU-bound imports of illegally sourced wood-based products, remains inadequate. The economy also suffers from complex regulatory procedures and a narrow product range. Thus an integrated effort is needed to diversify economic activity to ensure inclusive economic growth and sustainable job creation in the future.

In order to assist the Government of Laos to promote inclusive economic growth, increased climate change resilience, mitigation of vulnerability and job creation in Lao PDR, the ARISE Plus Lao PDR (The ASEAN Regional Integration Support from the EU Plus – Lao PDR) was launched with funding from the European Union (EU). The project is implemented by the International Trade Centre (ITC) and is oriented towards the improvement of the overall business environment and the increased participation in global value chains for two selected sectors: wood processing and coffee.

As described in the Description of the Action, the project has three Expected Results (ER):

1. ER 1. Increased regional economic integration by addressing specific constraints in targeted sectors through support for the implementation of measures contained in the ASEAN Trade in Goods

¹ Prime Minister Order No.6

² WB (2020) Lao Economic Monitor, May 2020

Agreement (ATIGA) and other commitments under the ASEAN Economic Community Blueprint 2025.

2. ER 2. Increased awareness on trade preferences for exports, including to the European Union, with greater use of Everything But Arms (EBA), and on the requirements for placing products on the EU market; advanced preparation of Lao PDR to shift to a new trade preference scheme (post-EBA).
3. ER 3. Strengthened support services (especially for smallholders and SMEs, with a focus on women), reduction of supply-side constraints, and trade and investment promotion in targeted sectors (e.g. wood processing and agro-based products) .

The Lao PDR ARISE Plus project started in Q3 2019 (official start on 1 November 2018 and official signature on 4 July 2019). The inception phase ended on 4 January 2020. The official duration of the project (as per the Contribution Agreement) follows the retroactive start date of the project. Hence, the key dates of the project are as follows:

- **Inception phase:** 1 November 2018 – 4 January 2020
- **Year 1:** 5 January 2020 – 31 December 2020
- **Year 2:** 1 January 2021 – 31 December 2021
- **Year 3:** 1 January 2021 – 31 October 2022

This report presents the activities covering the period from **5 January 2020 to 30 June 2020**. It summarizes key achievements, reflects on challenges encountered, including due to the global COVID19 pandemic, and highlights priorities for the upcoming months (1 July to 31 December 2020).

III. Achievements during January to June 2020: overview

Budget performance

The overall budget performance of the ARISE+ Lao project reached approximately 61% of the available budget from its inception until 30 June 2020.

Expenditures by Expected Results between November 2018 and June 2020

Expected Results	Actual expenditures	Released budget	Difference	% of budget spent
E.R. 1 Regional Economic Integration	196,571	418,333	221,762	47%
E.R. 2 Trade Preferences for Exports	107,441	307,155	199,714	35%
E.R. 3 Value Chain Development	483,497	571,034	87,537	85%
Project Management, Partnerships and Coordination	343,768	567,067	223,298	61%
Total	1,131,277	1,863,589	732,312	61%

Source: ITC calculations, based on ITC Project Portal – July 2020. Released budget includes the budget for the inception phase plus 50% of the budget received for Year 2.

Summary of key achievements for the period of January to June 2020

During the first six months of 2020, 11 out of the 15 activities as per the Description of the Action were kicked off or continued. The work plan approved as a result of the first PRC meeting (24 January 2020) was implemented as much as possible, adapting to the challenges caused by the global COVID-19 pandemic. The objectives of this first semester of Year 1 of implementation were fulfilled: most of the desk research needed to kick-off some of the activities has started or was completed; a series of consultations were held in order to engage with key stakeholders from the private and public sector; 4 events were organized, including 1 important consultative meeting online; 1 study was published.

In terms of achievements, the final draft of the Foreign Trade Negotiation Roadmap was prepared and shared with ARISE+ team members for comments and feedback; the conformity assessment of Laos' quality and sanitary and phytosanitary (SPS) infrastructure was finalized; the quality champions application process was successfully launched and qualified candidates will soon be selected in order to start with the program; the technical paper on *Trade implications of Lao PDR's graduation from LDC status* was released (an updated version will be available soon); the two sector exports roadmaps are reaching the final stages and their finalized version will be shared in Summer 2020.

Summary of activities completed during the reporting period

Expected Results	workshops and events	consultations	publications
E.R. 1 Regional Economic Integration	1	24	
E.R. 2 Trade Preferences for Exports		13	1
E.R. 3 Value Chain Development	2	43	
Project Management, Partnerships and Coordination	1		
Total	4	80	1

Source: ITC, July 2020

Summary of key project set-up and management results

In terms of Project Governance and Management, the project has carried out a number of critical actions during the past six months:

- The Project Coordination Office (PCO) is now fully operational at MoIC premises. All three staff members of the PCO have been hired and have started their work (National Administrative Assistant in October 2019, Senior Programme Coordinator in January 2020, and National Project Officer in April 2020). All three staff members have been very active and their role has been instrumental in organizing the activities and remote meetings over the past six months.
- A first Project Review Committee (PRC) was organised on 24 January 2020, followed by the endorsement and approval by H.E. Minister Khemmani Pholsena of the ARISE+ Lao work plan for January to June 2020.³
- This endorsement of the work plan also confirmed the responsibility by department for each expected result area of the ARISE+ Lao project, namely Department of Import and Export (DIMEX) for ER1, Department of Foreign Trade Policy (DFTP) for ER2, and Department of Trade Promotion for ER3.
- In addition, the main focal points by sub-activity have been confirmed, for example Department of Industry and Handicraft (DoIH) for the coffee export roadmap (activity 3.1) and the Lao Chamber of Commerce (LNCCI) for the Quality Champions (activity 2.4) and the e-learning course on cross-border procedures for Lao exporters (activity 2.5)
- Due to COVID-19 related travel and meeting restrictions, the last in person mission to Vientiane was the 2nd stakeholder consultation for the wood processing sectoral export roadmap from 24 to 28 February 2020. Since then, the ITC team and Lao stakeholders have adapted meeting modalities via online platforms (e.g. Zoom) in order to ensure continued implementation of project activities.
- A continuity plan has been prepared during the early stages of the COVID-19 outbreak. Covering March – April, the objectives of this document were to detail the project mitigation measures to face the COVID 19-related challenges, and to present the specific COVID 19-related activities and potential new efforts. This continuity plan was shared with relevant stakeholders and summarized into a 2-pager, which has been regularly updated since April.
- A progress report and work plan for the past and upcoming six months has been prepared, to be presented during the second meeting of the Project Review Committee.
- Data has been collected in order to confirm the project targets, as per the logical framework of the project (the baseline information and data, and suggestions for confirmations and / or revisions of the logical framework will be inserted in the annual report, as spelled out in the General Conditions of the project).

These actions allowed to provide a solid structure for a smooth implementation of the project despite restrictions due to the global COVID-19 pandemic.

³ <http://www.t4dlaos.org/2020/01/28/the-first-project-review-committee-prc-meeting-for-arise-plus-lao-pdr-project/>

IV. Achievements January to June 2020: Expected Result 1

ER1: Increased regional economic integration by addressing specific constraints in targeted sectors through support for the implementation of measures contained in the ASEAN Trade in Goods Agreement (ATIGA) and other commitments under the ASEAN Economic Community Blueprint 2025.

Activity 1.1 - Gap analysis of ATIGA implementation in Lao PDR

The activity is to conduct a diagnostic assessment of the current level of implementation, in Lao PDR, of the ATIGA and related AEC Blueprint 2025 commitments.

Upon the endorsement and approval of the work plan (January to June 2020), discussions were held with the Department of Foreign Trade Policy (DFTP), kick-starting the activity. Currently, desk research is underway to conduct a preliminary assessment of the progress made since ATIGA entered into force and the AEC Blueprint 2025 commitments were adopted. In addition, questionnaires are being drafted for stakeholder consultations with government departments, private sector, academia and others; along with a list of organisations to consult, bibliography of laws, regulations and documents to be requested from relevant stakeholders.

Methodology and Results:

The initial desk research will be used to develop a draft 'commitments matrix' setting out the specific obligations, related responsible agencies, questions, preliminary gaps assessment and comments.

Thereafter, a workshop will be organised for public and private stakeholders, in collaboration with the DFTP. The workshop is tentatively planned for July 2020, subject to further discussions with the DFTP in this regard. The objective of the workshop is to explain the ATIGA and related ASEAN frameworks, and underline the importance of addressing ATIGA and related gaps to facilitate trade; and provide some ASEAN perspective on ATIGA implementation (for instance, the engagements at the regional level). The workshop will also address best practices for ATIGA implementation, and discuss some of the gaps identified through desk research.

ITC will then proceed to disseminate the questionnaires prepared and conduct bilateral consultations will be conducted with stakeholders, to better understand the scope and pace of implementation, constraints faced and means of facilitating responses.

Based on the assessment of the information obtained through desk research, workshop and bilateral consultations, a study will be developed on the gaps in implementation of the ATIGA and related commitments, by addressing the 11 ATIGA chapters and other relevant elements of the AEC Blueprint 2025, and provide recommendations for the way forward. The study will particularly focus on aspects relating to transparency, technical barriers to trade, sanitary and phytosanitary measures, customs, and trade facilitation.

The recommendations developed in the study will also include an executable roadmap for the structured and coordinated implementation of reforms (Refer Activity 1.2). In addition, the recommendations set out in the report, will also form the basis for designing further technical assistance under the ARISE+ Lao PDR project in order to accelerate the implementation of the ATIGA and related commitments, and reduce the related gaps. (to be decided under Activity 1.3, after the study is finalized).

The objective of this exercise is to better position Lao PDR to leverage the process of economic integration to improve the business environment and participation in regional and international value chains.

Challenges and adaptations due to COVID-19:

The desk research was to be followed up with a fact-finding mission in Lao PDR, whereby ITC's experts would conduct the workshop for officials on the ground, and engage in face-to-face bilateral consultations for the study. However, given the restrictions on international travel as a result of the COVID-19 outbreak, it will not be possible to conduct this initial fact-finding mission in Lao PDR. Instead, the workshop will be delivered over a video conferencing tool, with ITC's National Consultant who is based in Lao PDR and the country office team members being present at the location of the workshop. Further, the National

Consultant will also lead the bilateral consultations in Lao PDR with strong guidance and direction from ITC. ITC will participate in the bilateral consultations over a video platform where appropriate.

Next Steps:

The submission of the first draft of the diagnostic assessment to MoIC for review is tentatively scheduled for October 2020, following which a public-private dialogue (PPD) will be organized to present and discuss the findings with relevant government departments, private sector stakeholders and partners. The comments/feedback received from the PPD and further consultations will be incorporated into the final report, and an executable roadmap for implementation of the ATIGA and for the setting-up of a monitoring system will be finalized. (Refer Activity 1.2).

Activity 1.2 - Review of the gap analysis results with GoL and the private sector and agree specific trade measures to be addressed (with a focus on targeted sectors).

This activity will realize a strategic roadmap for a structured and coordinated implementation of reforms. It is closely linked to completion of Activity 1.1: the roadmap derives from the gap analysis. Therefore, the activities undertaken in 1.1 will feed into 1.2.

Methodology and Results:

Upon completion of the diagnostic assessment, the results will be reviewed with the Government, private sector and relevant development partners. The study will include an executable roadmap for structured and coordinated implementation of reforms and measures addressing gaps identified in each potential area, and clearly outlining roles and responsibilities of the various line Ministries and institutions. The PPD referred to in Activity 1.1, will be a forum to present the draft roadmap and discuss with relevant stakeholders. Thereafter, further consultations may be held to finalize the roadmap. This will also help define the setting-up of a monitoring system to align with the ATIGA and related AEC Blueprint 2025 commitments.

Next Steps:

Submission of draft study (referred to in Activity 1.1) to MoIC for review is tentatively scheduled for October 2020, and the PPD will be organised thereafter, along with further consultations with relevant stakeholders, in October – November 2020. Following these activities, the executable roadmap for structured and coordinated implementation of reforms addressing the identified ATIGA gaps will be finalized for adoption.

The mode of delivery of the PPD and further consultations will be determined depending on situation and the resumption of international travel.

Activity 1.3 - Technical assistance and capacity building in the area of policy definition, regulations and procedures, product and environmental standard adoption

This activity consists of several sub-activities:

Sub-activity: Lao PDR's Foreign Trade Negotiation Roadmap

This sub-activity aims at developing an integrated roadmap for foreign trade negotiations.

Following background research and consultations with stakeholders from government bodies, private sector, academia and other partners conducted in December 2019, a consultative workshop was organised on 23 January 2020, in collaboration with DFTP and the Lao National Chamber of Commerce and Industry (LNCCI). The aim of the workshop was to discuss initial research and perspectives on the trade negotiation roadmap with a broad range of stakeholders representing public and private sector interests. The stakeholder workshop was attended by 51 participants (out of which 15 were women), including 25 private sector and academia stakeholders. The workshop demonstrated the relevance of the

negotiation roadmap in order to enhance current trade agreements; consider successor arrangements for unilateral preference regimes following Lao PDR's graduation from least developed country (LDC) status; guide Lao PDR's role in the context of WTO negotiations; and enhance the institutional structures, procedures and coordination for negotiation and implementation of free trade agreements (FTAs).

The feedback and comments from the workshop, together with further research were incorporated into the Roadmap, and the first draft of the study is currently undergoing internal review.

Methodology and Results:

Desk research, bilateral consultations and the consultative workshop formed the basis for the in-depth analysis and drafting of the Roadmap study. The study is to comprise an analysis of the important current and future export markets for Lao PDR in geographical and product terms; assessment of the ease of, and existing barriers, to access identified key export markets; review of FTAs concluded by identified trading partners with third countries; an analysis of the institutional structure in Lao PDR for FTA negotiations and implementation. The Roadmap study will be finalized following review from the DFTP and other related partners, and a validation workshop is to be organized to validate the findings of the study. (The mode of delivering the validation workshop is further discussed below).

The objective of this activity is to ensure coherence and the promotion of Lao PDR's economic interests in the ASEAN economic integration process, RCEP related discussions and the negotiation of trade agreements at large, including the country's role in multilateral trade negotiations. The roadmap will set out the priorities for negotiations both in geographical and technical terms.

Challenges and adaptations due to COVID-19:

The initial plan was to conduct a validation workshop in Lao PDR whereby the results of the Roadmap will be presented to and discussed with key stakeholders from the public and private sector. However, given the restrictions on international travel, it will not be possible for ITC to deliver this validation workshop in person. Instead, upon submitting the first draft of the Roadmap to DFTP for review, ITC will discuss with DFTP on sharing the Roadmap with key stakeholders, both within the MoIC and beyond, and then organizing an online focus group discussion with these key stakeholders to invite feedback/comments which can build into the final version of the Roadmap. The exact dates for this discussion will be confirmed following discussions with the DFTP.

Furthermore the 'new normal' and related challenges of COVID-19 have been incorporated and addressed in the draft Roadmap study.

Next Steps:

The Roadmap will be submitted to DFTP for review in July 2020, following which a discussion will be held with DFTP on conducting an online focus group meeting with key stakeholders, preceding the finalization and dissemination of the Roadmap.

Sub-activity: Tailor-made training on trade negotiations for policymakers

This sub-activity aims to develop tailor-made training courses for policymakers on matters relating to trade policy and trade negotiations.

DFTP and the Economic Research Institute for Industry and Trade (ERIIT) were approached and consulted for topics to be the focus of these training courses. Follow-up discussions were held with DFTP and ERIIT in May 2020 to further discuss the topics identified and discuss the methodology for development and delivery of the courses, and the next steps. The topic identified so far is 'Understanding the principles and utilization of multilateral trading agreements (WTO, EBA and ATIGA).'

Methodology and Results:

The first step is to formulate the methodology for implementing a training course on the identified topic. The goal in this respect is two-fold: (i) to enhance the knowledge and understanding of policy makers on the subject matter; and (ii) to build up the capacity and skills of these selected officials to be able to

conduct further trainings on the relevant topic for others. Accordingly, the tentative structure proposed is to select participants from different categories of stakeholders (i.e. Government departments at a central and provincial/regional level, private sector, academia, research centres/think tanks), and to conduct a 'training of trainers' capacity building workshop. In addition, providing an in-depth training on the subject matter, selected participants will be trained to reframe the subject matter to lead the delivery of training on the subject matter themselves.

The objective of this exercise is to strengthen institutional capacities to develop and coordinate design and implementation of coherent domestic regulatory reforms, trade policies and trade negotiations.

Next Steps:

The initial meetings held with DFTP and ERIIT were conducted in person and then continued online. In order to further clarify and frame the structure of the training course, a concept note will be submitted to DFTP and ERIIT with proposed structure/methodology to be adopted for the training course on the above-mentioned topic, which can form the basis for further discussions and fine-tuning of the sub-activity. Upon finalizing this step, ITC will develop the curriculum for the course, and the course materials, following which in-person training will be conducted in Lao PDR.

The specific modalities with respect to conducting in-person training will need to be decided depending on the prevalent situation at the time, and the ability to engage in international travel.

Scope for other sub-activities e.g. Trade in Services, E-commerce

Under activity 1.3, there is further scope to design sub-activities to support necessary reforms in Lao PDR in relation to the activities and sub-activities mentioned above, as well as other trade-related topics, through inclusive consultations with public and private stakeholders and evidence-based research, advisory services, and targeted capacity building initiatives.

In this respect, ITC is currently conducting initial discussions and background research into developing activities to support Lao PDR in the following areas:

(a) Trade in Services

Initial discussions were held with DFTP and the Investment Promotion Department (IPD) of the Ministry of Planning and Investment (MPI) on the need to conduct regulatory assessments on services trade and investment for Lao PDR, as well as the need for regulatory assessment on specific service sectors.

These discussions were held in the context of the shift from the ASEAN Framework Agreement on Services (AFAS) to the ASEAN Trade in Services Agreement (ATISA), resulting in the adoption of a 'negative' listing approach – which in turn would require Lao PDR to conduct an assessment of the regulatory framework of its services sectors to better prepare for the shift from the positive to the negative list, by determining which services should be maintained in the latter, as well as to identify the regulatory reforms to be undertaken to strengthen the competitiveness of Lao PDR's domestic services sector and further facilitate regional integration. (The need for an updated regulatory assessment of the service sector was also proposed in the draft Lao PDR Foreign Trade Negotiations Roadmap which will be submitted to the DFTP for comments). In the initial discussions with DFTP, suggestions were also made for sector specific regulatory assessments for the transport and insurance sectors. ITC also held initial discussions with the Trade in Services Division of DFTP to better understand and conceptualize the support to be delivered for Lao PDR in this regard.

ITC is currently developing a concept note focusing on support in the context of (i) updating the regulatory assessment of the services sector, as well as conducting sector specific regulatory assessments for key service areas. The concept note will be further refined following the further discussions with DFTP and then shared with the relevant Departments to form the basis for formulating the activities in this regard.

ITC also held an initial discussion with GIZ and IFC in this regard to ensure there is effective coordination between the development partners in the implementation of sub-activities relating to trade in services and investment in Lao PDR.

(b) E-commerce

Following preliminary requests for support in the area of E-commerce, ITC followed up with DFTP on the assistance that may be required in respect of regulatory aspects of E-commerce. In this context, ITC also explained that activities to develop and modernize the regulatory framework for E-commerce are currently underway in other countries such as Bhutan and Sri Lanka, as well as Myanmar in the ASEAN context. In addition, E-commerce has also taken on an important role in coping with and recovering from the COVID-19 pandemic situation, and accordingly, ITC has responded to specific requests received from these countries for E-commerce related support required in the context of dealing with the effects of the pandemic.

Since then, discussions have been held among the ITC sections to coordinate and define the synergies and linkages in the E-commerce support that can be designed for Lao PDR, and further background research has been undertaken to conceptualize the potential regulatory support.

For the next steps, ITC will share a portfolio of potential support that can be designed to support for E-commerce regulatory reforms in Lao PDR to MoIC, and closely work with the relevant government departments to move forward in implementing activities in this regard.

Sub-activity: Conformity Assessment

This activity comprises an analysis of Laos' conformity assessment system and its quality and sanitary and phytosanitary infrastructure (SPS) and subsequently development of a detailed plan of action for technical assistance and capacity building, including validation with stakeholders.

For successfully competing in export markets, it is necessary to create confidence among potential buyers that the products they buy would meet the applicable legislations and relevant specifications and would fulfil the intended purpose. 'Conformity assessment' covers all such activities such as inspection, certification, testing, which are performed either at the supplier's end or at the buyer's end or by regulators to check whether the product meets the requirements of the interested parties.

Methodology and Results:

A mission to Vientiane was organised from 20 to 27 January 2020, holding a series of bilateral meetings (about 20) with key stakeholders in order to conduct an assessment of the quality – related institutions and SPS related infrastructure in Lao PDR. Based on the findings from the mission and desk research a comprehensive report was drafted. In order to validate the 17 identified recommendations, the field mission was followed up with online meetings with the respective stakeholders over the following months during the COVID-19 lockdown.

The recommendations with the highest priority with impact also to ARISE+ Lao priority sectors (wood and coffee) are highlighted below:

- **Recommendation (No. 1) – Technical Barriers to Trade (TBT) Enquiry Point:** Currently all notifications relating to technical regulations issued by line Ministries, while sent to WTO database, do not reach the TBT Enquiry Point (EP). Technical assistance may be provided to the Department of Standardization and Metrology (DOSM), as the national TBT EP, for updating knowledge of EP operations to all stakeholders and developing a mutually acceptable Standards Operating Procedure (SOP) on updating EP database, for implementation by all.
 - **Action:** Fielding of a TBT expert for gap analysis of the current EP database management system, holding a workshop with all stakeholders (line ministries) and developing a mutually acceptable SOP.

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- **Recommendation (No. 2) - Standardization:** International Organization for Standardization (ISO) is supporting participation of DOSM officials in relevant technical committees of ISO. Due to shortage of funds, DOSM is not able to participate in ISO General Assembly (GA) meetings. TA and sponsorship may be provided to DOSM for participation in ISO GA meetings held once a year. This will provide opportunity to DOSM to remain updated on ISO future plans and also participate in important technical workshops/meetings held during GA.
 - **Action:** Project may support preparation and sponsor DOSM participation in two forthcoming ISO GA meetings and prepare for its participation (virtual session for ISO members on 24 September 2020 since the GA in Abu Dhabi has been cancelled; 23-24 September 2021 London, United Kingdom).

 - **Recommendation (No. 3) - Standardization:** DOSM should form two new Central Technical Committees (CTC), one each for Management Systems Standards (ISO 9001, 14001, 22000, 45001 etc.) and one for Conformity Assessment Standards (ISO/IEC 17011, 17020, 17021, 17025, 17065 etc.) for adopting these standards as national standards.
 - **Action:** DOSM may consider implementing this recommendation. DOSM requested support from ARISE + project to facilitate preparation and delivery

 - **Recommendation (No. 6) - Training on ISO standards:** Information and Training Centre of DOSM has plans to provide awareness and implementation training on ISO 9001 Quality Management Systems (QMS) to the industry in Lao on regular basis. For this purpose, they require an expert for conducting training of trainer (TOT) and providing a training pack to them. For this purpose, TA may be provided to DOSM.
 - **Action:** Introductory training on ISO9001 will be part of the Quality Champions programme (see activity 2.3 and 2.4). Interested DOSM staff are encouraged to join this programme. Alternatively, interested DOSM staff will be invited to join the ISO9001 part of the Quality Champions programme. Those that successfully complete the introductory part will be invited to join the subsequent in depth training and related enterprise support/pilot applications.

 - **Recommendation (No.7) - System Certification Services:** DOSM has a plan to be a future certification body (CB) for providing ISO 9001:2015 QMS certification services to Lao industry and eventually for other management systems, for this purpose TA may be provided to DOSM for capacity building of its officials for implementation of certification system as per ISO/IEC 17021 for obtaining its accreditation
 - **Action:** After evaluating the response from the awareness trainings (Rec N. 07) and the need for DOSM to be a future CB an expert for designing the certification scheme as per ISO/IEC 17021 can be fielded. Expert fielded for recommendation at 6 above may be assigned the task for assessing the need for DOSM to be CB.

 - **Recommendation (No.10):** From the proceedings of the first Coffee stakeholders' consultations held on 22/01/2020 at Vientiane it appears that Lao coffee producers/exporters were not aware that DOSM has developed **Lao national standard for green coffee and for roasted coffee**. These standards, if required, can be harmonized with ASEAN and other international standards, in consultation with coffee stakeholders.
 - **Action:** DOSM may hold a meeting with coffee stakeholders reviewing and harmonizing both standards with ASEAN and international standards. Project may support resource for moderating discussions on revision of the standards and also meet the logistics cost for the meeting with coffee stakeholders

 - **Recommendation (No.12) - Accreditation of Food lab:** The laboratory of Food and Drug Department (FDD) of Ministry of Health has obtained accreditation to ISO/IEC 17025 for a limited scope within its food microbiology lab, it requires support for extending the scope of accreditation covering all chemical and microbiological parameters for various food matrices including training on development of SOPs, method validation and measurement uncertainty for which TA may be provided to FDD.
 - **Action:** An expert may be fielded to carry out gap analysis against ISO/IEC 17025:2017 for FDD lab to suggest the infrastructure and human resource that need to be provided by the

lab and that can be provided from project support. Gap analysis may also be done for the Lao Coffee Association lab and for PCC and university labs in synergies with SYMST project.

A common training for FDD and other labs together on implementation of ISO/IEC 17025:2017 may be conducted. During this training the consultant can also firm up the scope of accreditation of each lab depending upon the facilities and human resource available with them. Support for the design of the lab management system (LMS) for extending scope of accreditation of FDD lab and for establishing LMS for other labs may be considered and provided by the project. This action has linkages with SYMST project and action related to strengthening pesticides and plant health lab at DOA. Resources can be shared between two projects for fielding experts and joint training

- **Recommendation (No.15) - Organic and GAP Certification:** Division of Standards of DOA, MAF has developed Standards on Organic Production and Lao GAP (Good Agricultural Practices) and is being providing voluntary certification services.
 - **Action:** An expert may be fielded first to carry out gap assessment in the certification system developed by DOA and suggest corrective actions for closing the gaps, if any. The expert then can carry out awareness training for the inspectors/assessors of DOA. For the future accreditation scheme of DOA, the expert may also provide his/her assessment on the possibility of the scheme entering into MLA through ILAC route. Support for harmonizing DOA Standards on Organic Production and Lao GAP with ASEAN standards may also be provided. Any action would be linked with Arise+ Activity 3.7 “Promote increased adoption of environmental and social standards to SMEs in targeted sectors” and with T4SD Hub on supporting organic certification and with SYMST on implementation of GAP and organic practices
- **Recommendation (No.16):** Local facilities for consultancy support and certification to popular Private Standards such as Organic certification, Fair Trade Practices certification, Global GAP certification, FSC certification, Social Accountability (e.g. Child Labour Free Factory) Certification etc. are not available in Lao PDR, causing difficulties and high costs for obtaining it from foreign countries, especially for SMEs. Foreign buyers, especially from EU give preference to such farms/producers which have achieved these certifications. Chambers of Commerce in Lao both national and European should take lead in developing private consultants and liaising with CBs in Thailand and Vietnam for opening their nucleus office in Lao PDR. Once the numbers of companies seeking such certifications increase, foreign CBs will start operating fully from Lao PDR as well.
 - **Action:** Both LNCCI and ECCIL may consider exploring action on this suggestion. ITC can assist them to connect with Chambers of other countries which are providing such support to their local industry.

Challenges and adaptations due to COVID-19:

As international travel and gatherings were restricted due to the global COVID19 pandemic, the validation of the report was moved online and resulted in a series of bilateral meetings (approx. 20) with key stakeholders.

Next steps:

Based on the identified and validated recommendations and priorities, the team will circulate the final report on conformity assessment to respective counterparts and propose the plan of actions of the technical assistance and capacity building for the activities that can be accommodated under the ARISE+ Lao PDR project (activities 1.3, 2.3, 2.4, 3.1, 3.4, 3.5, 3.7), the Systematic Mechanism for Safer Trade (SYMST) project, or other.

V. Achievements January to June 2020: Expected Result 2

ER2: Increased awareness on trade preferences for exports, including to the European Union, with greater use of Everything But Arms (EBA), and on the requirements for placing products on the EU market; advanced preparation of Lao PDR to shift to a new trade preference scheme (post-EBA).

Activity 2.1 - Review of export potential and existing trade with the EU and the regional market

This activity was completed in 2019. The findings will be extended through actions in 2020 under activity 2.2.2 and 3.6 - Assessment of the impact of tariff changes on Lao PDR's trade opportunities / Assessment of sectors with investment potential.

The study is available at <https://exportpotential.intracen.org/en/resources/learning/publications>

Activity 2.2 - Awareness raising about EBA preferences

This activity comprises several sub-activities.

Sub-activity 2.2.1 and 2.2.4 – EU EBA Business Guide and Awareness Raising Campaign for businesses explaining the EBA scheme and findings of the research

This activity concerns the development of a consolidated business guide on Lao PDR's preference market access to the EU under the Everything But Arms initiative (EBA) specifying the presentation of the scheme, preferences, rules of origin and other market access requirements, and related opportunities, with a view to improve export performance to the EU.

The Guide will detail procedures/steps to export under the scheme, with a focus on specific sectors covering products which have significant potential in the EU market.

Background research has commenced into identifying the specific sectors to be focused on in the Guide, based on export potential and existing trade with EU and the regional markets. In this respect, a meeting with the Department of Trade Promotion (DTP) was held, in which the criteria to be considered in determining the sectors were discussed.

Methodology and Results:

A proposal setting out the layout of the Guide and the specific sectors to be covered is to be prepared and shared with the relevant departments. Consultations will be organized with relevant stakeholders to understand obstacles faced and concerns raised by traders, identify relevant procedures, and frequently asked questions on the part of Lao traders in relation to such exports; and documentation on regulations, processes and measures on export processes, and related material will be collected – for the development of the Guide. The Guide will be a clear and simple guidebook to enable Lao exporters to make use of the EBA scheme in their trade with EU.

In order to increase awareness among Lao exporters, the finalized Guide will be disseminated at a launch event, and a series of training/awareness raising workshops will be organized in Vientiane and other provinces for the private sector on using the EU EBA scheme.

Next Steps:

The proposal on the specific sectors to be focused on in the Guide will be submitted to the relevant departments, i.e. DTP, DFTP, Department of Import and Export (DIMEX) and the Department of SME Promotion (DoSMEP). The first draft of the Guide will be submitted to the relevant departments for review by early August 2020, and finalized within three weeks of receipt of feedback/comments from all the departments. The launch event and related awareness raising workshops are tentatively scheduled to be organized in Lao PDR in November 2020.

Subactivity 2.2.2: Assessment of the impact of tariff changes on Lao PDR's trade opportunities

This activity aims to identify sectors and products where trade potential at current market access conditions remain unexhausted. Results were matched with a review of utilization rates of existing preferences in the EU at the sector level to infer whether the untapped export potential is associated with a low utilization rate of preferences and thus, whether rules of origin and related processes play a role in the foregone trade opportunities under the EBA scheme.

Methodology and Results:

ITC in consultation with UNDESA and other stakeholders in Lao PDR conducted this assessment over the past months. ITC's export potential methodology was applied in combination with a partial equilibrium model to assess the impact of tariff changes on projected trade.

As a result, it is estimated that Lao PDR could face a trade loss of \$108 million with its anticipated graduation from the status of least developed country (LDC) in 2024. The paper suggests three strategies for Laotian exporters to mitigate the trade losses: first, moving to the EU + UK's Generalized System of Preferences Plus (GSP+) rather than the standard GSP could reduce the trade loss by 70%. Second, targeted trade promotion to remove market frictions will help sectors that currently do not exhaust their export potential in certain markets – this is the case for apparel exports to Canada and rice exports to the EU + UK markets. Third, product and market diversification could help focusing resources on alternative products and markets that will not see a change in tariffs. The report is available for download at <https://exportpotential.intracen.org/en/resources/learning/publications>

Challenges and adaptations due to COVID-19:

The pandemic has worsened the global outlook for GDP and trade with possible impacts on the outcome of LDC graduation and compensation strategies. To provide Lao PDR with robust results, the study will be updated based on revised export potential results. This update will furthermore include the recently released post-Brexit MFN tariff schedule of the UK.

Next steps:

UK tariffs have been integrated and new export potential results are already available. The next step is to integrate these two new elements with the partial equilibrium model developed to measure the trade impact of Lao PDR's LDC graduation and to update all figures, tables and text of the report. As the topic is complex and requires hands-on exercises, it would be best to wait until the related capacity building programme under 2.2.3 can be delivered in person. Should this not be possible soon, we could foresee to conduct the introductory course virtually and only deliver the advanced course face-to-face.

Activity 2.3: Development of awareness raising materials and online tools on EU quality related mandatory market requirements, standards and other market driven requirements for the coffee and wood processing sector and related dissemination.

This activity will involve the development of an online tool (Lao Quality Compass) displaying requirements in an easy-to-understand manner for priority product-market combinations.

Methodology and Results:

A series of consultations were held over the course of the past months, including with LNCCI, ECCIL, BAF, DOSM, DTP, LCA, PPC. The purpose of these meetings was the identification of existing related services, tools and potential links and synergies. The outcome was the identification of priority quality-related challenges and issues in Lao PDR. Ongoing engagements with experts, development of ToRs and work plan are currently being drafted.

Challenges and adaptations due to COVID-19:

Due to the COVID-19 related travel restrictions, the in person mission initially planned for early 2020, could not go ahead as planned. Alternative ways to consult with stakeholders were applied and resulted

in a series of online, bilateral meetings and remote participation in the conformity assessment validation meetings (activity 1.3) in order to assess the situation in Lao PDR and to identify the needs in this area.

Next steps:

Based on the comprehensive desk research and findings from the bilateral stakeholder consultations, relevant IT elements are being developed and a complete first part of the research will soon be available online for distribution and use by Lao stakeholders.

Activity 2.4: Development and qualification of pool of national quality champions and sensitization events organized in co-operation with local institutions

This activity is tailored towards individuals who are interested in quality, are working in the wood processing or/and specialty agriculture (e.g. coffee) sectors, and have a keen interest to support Lao business on a long terms basis. These individuals have the opportunity to join a 12 months intensive programme on quality related issues and to become certified *Quality Champions*. Through an open application process around 15 candidates will be selected. These will become trainers and advisers on quality related issues, on a long-term basis through national institutions. LNCCI is the main focal point for this activity and is supporting the application process and upcoming training sessions.

Methodology and results:

A series of bilateral stakeholder consultations were conducted, among others with LNCCI, ECCIL, BAF, DOSM, DTP, LCA, PPC, T4SD Hub team in order to assess the current situation in Lao PDR and better understand the existing quality related services and trainings which are being offered. These meetings also aimed at identifying collaboration and potential synergies with other ongoing efforts in country. In depth discussions with LNCCI and agreement that LNCCI will serves as host and hub for the Quality Champions programme was achieved.

The application process for the Quality Champions was launched and is still in process (to be completed mid-July). Currently the team is working on the identification of priority quality-related challenges and training needs for the Lao context. This entails engagement with experts, development of ToRs and related work planning.

Challenges and adaptations due to COVID-19:

Due to the COVID-19 related travel restrictions, the in person mission initially planned for early 2020, could not take place. Alternative ways to consult with stakeholders were applied and resulted in a series of online, bilateral meetings and remote participation in the conformity assessment validation meetings (activity 1.3) in order to assess the situation in Lao PDR and to identify the needs in this area.

Next steps:

During the next phase the team will continue with the promotion of the Quality Champion program, the identification and selection of suitable candidates, and to organize the first technical workshops.

Activity 2.5 - Development of a practical online export curriculum to support private sector exports

Over the past months, initial discussions were held with LNCCI on the development of an e-learning course on cross border procedures for Lao PDR exporters (during a mission in January 2020, and subsequently online, in May 2020).

ITC approached LNCCI as the potential local partner in the development and delivery of the e-learning course, and eventually to take ownership of the e-learning course after the project concludes. Following the initial discussions, a concept note was developed setting out the proposed subject matter to be covered in the course, the methodology to be adopted in developing the course (particularly, setting out the division of responsibilities), means of ensuring sustainability of the programme, and the key milestones in the way forward.

Discussions were also held with DTP, DIMEX and DoSMEP in this regard in June 2020, to obtain insights into the subject matter to be covered in the curriculum. These departments will be engaged in the development of the subject matters and formulation of the modules of the e-learning course.

Methodology and Results:

Upon formalizing the arrangement with the local partner, a scoping mission needs to be conducted in Lao PDR to consult relevant private and public sector stakeholders to discuss, refine and validate the key issues/aspects to be covered in the e-learning course. Thereafter, research will be undertaken to develop the content for the course, and the modules will be designed and converted into an online course. The plan is for the course content to be made available in English and Lao languages in order to increase the reach of the course.

Parallel to the activities to research and design the course modules, ITC will also be working with the local partner to:

- determine the mode of delivery of the course;
- conduct a needs assessment with potential users of the e-learning course to determine IT needs and capacity to follow an online interactive training programme; and
- work out aspects relating to ensuring the sustainability of the course (i.e. financial structure, developing promotional materials, and training partners to update/revise the course to ensure that content continues to remain up-to-date).

The proposed e-learning course will be designed to address specific export management related issues based on needs outlined by relevant public and private sector stakeholders. In this context, the course can provide, inter alia, a detailed overview of compliance, both with Laotian national export regulations, as well as requirements in place in destination markets, and address packaging and labelling, as well as transport and logistics. The course will also cover aspects pertaining to exports of certain key products from Lao PDR.

The e-learning course is expected to benefit primarily exporting enterprises and businesses currently considering exporting products; and may also be useful to government officials, as well as academia, students and other stakeholders interested in international trade.

Challenges and adaptations due to COVID-19:

If the restrictions on international travel continue to be in place over the next months, this can make it challenging to conduct the scoping mission, and engage with the local partner to work out and agree on key issues such as the mode of delivery of the course and aspects related to sustainability. As a first step, the local partner will be required to play an important role in helping to connect with relevant stakeholders for the scoping mission, and a National Consultant will be recruited to conduct stakeholder meetings in this regard. In the meantime, ITC will liaise with the local partner and the above-mentioned MoIC Departments over video conferencing tools on the other matters, and ensure that the local partner in particular is closely involved and supported through each step of the development process.

Next Steps:

The next steps in this exercise are to formulate and finalize arrangements with the local partner, following which ITC will (i) commence the scoping mission; and (ii) conduct a needs assessment with potential participants on IT capacity, and work with local partner on the mode of delivery of course, and aspects pertaining to sustainability of the course.

Upon finalizing the arrangements for a local partnership, the development of the e-learning course is expected to be completed over a period of 5 - 6 months.

VI. Achievements January to June 2020: Expected Result 3

ER3: Strengthened support services (especially for smallholders and SMEs, with a focus on women), reduction of supply-side constraints, and trade and investment promotion in targeted sectors (e.g. wood processing and agro-based products)

Activity 3.1 - Development of sectoral export strategies to identify supply-side constraints and remedial actions

This activity is composed of two sub-activities:

Sub-activity 3.1.1. Confirm targeted sectors (such as processed-wood and specialty agro-food products)

Completed in 2019, see publication at <https://exportpotential.intracen.org/en/resources/learning/publications>. The identified priority sectors are coffee and wood processing.

Sub-activity 3.1.2. Develop in a participative approach sectoral export strategies and set-up an implementation monitoring mechanism

This activity aimed to develop (in a participative approach) sector roadmaps that identify supply-side (production and processing capacity) constraints and remedial actions, to be implemented with support under the project and from other development stakeholders, with a balance of men- and women-led firms.

Priority sector: Coffee

Methodology and Results:

A first consultative workshop was held on 22 January 2020 in Vientiane with about 50 representatives from the private and public sector, of which were 20 women. Preceding the workshop, a series of bilateral meetings with sector stakeholders were held, complemented with field visits on the Bolavean Plateau (coffee production hub). The main objective was to build consensus and momentum on current sector performance and competitiveness constraints faced. The results were the refinement and validation of the value chain analysis, consensus built on sector's current performance, including trade support institutions mapping, target markets list, and constraints faced.

Based on the findings from the bilateral meetings, the field visit, the first consultation meeting, and in depth research on the subject matter, a draft plan of action was prepared. Thereupon on 14 May 2020, a review of the draft plan of action was organised (via online platform) in order to discuss the draft among government representatives. As a result, the draft plan of action was prepared and further refined ahead of the second stakeholder consultation (July 2020)

Challenges and adaptations due to COVID19:

While representatives of the private sector participated in the first consultation in January, and stakeholders from the province were met with during a pre-consultation visit to Pakse, holding the meeting in Vientiane made it challenging to bring all stakeholders together in one place. This will be compensated with holding the second consultation in Pakse and on the Bolavean Plateau.

A meeting on the draft roadmap was held online (approx. 12 participants, of which 6 were women), with ITC experts attending and facilitating the meeting remotely, as a result of COVID-19. Only the ITC Project Office staff could attend in person. The meeting provided an opportunity to test ways of facilitating discussion and interpretation that provided lessons learned for future events.

Originally the second stakeholder consultation was planned for March/April 2020, but due to international travel and meeting restrictions, had to be postponed (to July 2020). Consolidation of the findings from the first consultation and desk research could continue as anticipated.

In order to take into account the changes the coffee sector is experiencing due to the global COVID-19 pandemic, the ITC team is contacting sector associations and individual private sector representatives in order to assess the impact.

The ITC team will help with analysing the data emerging from the assessment and will elaborate meaningful recommendations on how to weather the impact of COVID-19 on MSME, in particular for the coffee sector. The findings of the COVID-19 specific assessment will inform the ARISE+ Lao project overall, and will also feed into the respective sector export roadmaps.

Next steps:

The second stakeholder consultation is scheduled for 2 July 2020 in Pakse, followed by a high-level meeting on 3 July 2020 on the Bolavean Plateau. These meetings will lead towards the finalization of the coffee sector export roadmap.

Once the findings from the sectoral COVID-19 assessment are incorporated and the roadmap is approved by MoIC, it will be translated into Lao and professionally laid out.

The potential launch event of the roadmap will be led by MOIC, following advisory support from DTP on implementation management, attended by the participants of the consultations, including MAF and the DoA.

Priority sector: Wood processing

Methodology and results:

Following the successful first stakeholder consultation in December 2019, a SME Competitiveness Survey was conducted among 30 wood manufacturers from January to February 2020. The ITC SME Competitiveness Survey (SMECS) is designed to assess the strengths and weaknesses of enterprises and their business ecosystem. The SMECS was tailored to the context of Lao PDR and to the needs of the wood processing sector.

The results were manifold, informing the design of the wood processing sector export roadmap with empirical evidence on the strengths and weaknesses of wood manufacturing SMEs. Initial results and highlights were presented during the second consultation and incorporated into the draft sector roadmap.

Following the SMECS, from 24 to 28 February 2020 a mission of ITC experts was organised in Vientiane and to Khammouane province. The aim of the mission was to conduct the second sector public and private stakeholders' consultation for the Wood Processing Sector, to hold bilateral meetings with public and private sector stakeholders and development partners and conduct production and processing site visits in Khammouane province. The visit to the province helped to carry out supply chain assessments and collect further knowledge on key issues, such as quality procedures, technical skills and capacity levels, access to market, among others. On 27 February 2020, the second stakeholder consultation was then held in Vientiane with approx. 69 participants, out of which 17 were female. The objective was to revise, refine and validate the plan of action plan with different sector stakeholders from the private, public sector but also development partners.

At the consultation, initial results emerging from the SMECS conducted earlier among wood manufacturers were presented. In depth group discussions were held and participants reached consensus on the proposed activities for the plan of action. The main and supporting implementing partners and implementation timeframe was agreed. Initial discussions on an implementation management framework of the roadmap, including coordination mechanisms that could be put in place to lead, coordinate and track implementation were held.

Based on the findings from the bilateral meetings, the stakeholder consultations, the SMECs and further in depth research of the subject matter, the plan of action was consolidated and the draft wood processing sector roadmap for Lao PDR was finalised for submission to MoIC. A pre-final version of the document was shared with MoIC – DTP and MAF- DoF.

Challenges and adaptations due to COVID19:

In order to take into account the changes the wood processing sector is experiencing due to the global COVID-19 pandemic, the ITC team is contacting sector associations and individual private sector representatives (via phone) in order to assess the impact. For the wood processing sector, the survey was conducted in June 2020 amongst the same respondents who participated in the SME competitiveness survey (SMECS) carried out in February 2020.

The ITC team will help with analysing the data emerging from the assessment and will elaborate meaningful recommendations on how to weather the impact of COVID-19 on MSME, in particular for the wood processing sector. The findings of the COVID-19 specific assessment will inform the ARISE+ Lao project overall, and will also feed into the respective sector export roadmaps currently being designed with ITC technical support.

Next steps:

Once the findings from the sectoral COVID-19 assessment are incorporated and the roadmap is approved by MoIC, it will be translated into Lao and professionally layouted.

The potential launch event of the roadmap will be led by MOIC, following advisory support from DOIH on implementation management, attended by the participants of the consultations, including MAF and the DoF.

Below some impressions from the 2nd sectoral stakeholder consultation meeting in Vientiane (27 February 2020)



Activity 3.2 - Review of quality and availability of statistical data (trade and investment statistics, including gender indicators) and work with the relevant authorities (e.g. MOIC ICT) to strengthen data collection and statistical production capacities.

This activity aims to train government officials from the customs, Lao Statistics Bureau and other departments and institutions on: the basics of R programming applied to raw customs data; trade data characteristics and quality checks; various indices that can be computed in the field of international trade.

Challenges and adaptations due to COVID-19:

A first successful training was organized in November 2019 and a subsequent training was scheduled for March 2020. However, due to COVID-19 this training was postponed until further notice. Given the complexity of the subject matter, and the feedback received after the first training, in person training remains so far the preferred way of delivering this activity.

Next steps:

Once travel restrictions are lifted, the ITC technical experts will be travelling to Vientiane and conduct the training. However, in order to advance the training a bit despite the ongoing restrictions, the team is currently proposing to remotely deliver the first workshop on Excel in October 2020. Some exercises will be distributed at the end of the workshop and participants will need to do them within the following 2 weeks to get their certificate. The workshop on SQL will be delivered in November 2020. Depending on the evaluation of the Excel workshop, the SQL workshop will be delivered remotely or in country.

Activity 3.6 – Investment Promotion in the targeted sectors (Tasks 1 to 3)

This activity includes the development and dissemination of sector-specific investment profiles, with the objective of promoting investment into targeted areas.

Currently, activities are underway to develop investment profiles for two sectors, namely (i) coffee, and (ii) wood processing. For each of these sectors, ITC will develop:

- an Investment Profile (25 – 30 pages);
- a Summary brochure (approximately 4 pages) – which is a snapshot of the Investment Profile.

ITC has conducted initial discussions with the Department of Planning and Cooperation (DPC) and DTP, and IPD of MPI regarding the investment profiles. In addition, ITC has reached out to the Department of Industry and Handicraft (DoIH) in this regard as well. These departments will be consulted throughout the development of these investment profiles.

Methodology and Results:

The investment profiles comprise of two segments: (i) Country analysis, identifying the favourable factors that highlight Lao PDR as a solid investment destination; and (ii) Sector-specific analysis, with information on investment opportunities in relevant segments of the value chains.

In addition to an in-depth desk review of relevant legislation, regulations, policy documents and studies at the relevant horizontal level and on the wood processing and coffee sectors, bilateral consultations will be held with stakeholders from the relevant government departments, the private sector and relevant partners. Stakeholders identified for consultations will be on the basis of understanding general investment aspects for Lao PDR, as well as to consult on aspects specific to the identified sectors. The investment profiles will be presented at a PPD, and comments/feedback from the PPD will be incorporated into the Profiles.

The objective of the investment profiles are to enable foreign investors to identify investment opportunities, understand the investment climate, and obtain access to the latest research and market insights. In addition, the materials developed will be a tool for public and private representatives to promote investment within the target sectors of the Lao economy. A brief document detailing policy recommendations for the two selected sectors will also be provided to the government departments.

Challenges and adaptations due to COVID19:

Due to COVID-19 all bilateral stakeholder consultations so far were held online via online platforms. Changes due to COVID-19 related to investment behaviour or other investment climate issues will be adequately reflected in the investment profiles. Adequate response measure, for example 'fast track' investment or other will be proposed.

Next Steps:

The first drafts of the investment profiles will be submitted to the relevant departments for review in October 2020, following which the PPD will be organized to present the draft profiles to relevant stakeholders. The comments and feedback received from the PPD will be incorporated into the final version of the investment profiles, and the summary brochures will be produced by November 2020. This material will be made available for dissemination.

Sub-activity: Assessment of sectors with investment potential

Methodology and Results:

ITC is conducting an assessment of market access-seeking and resource-seeking investment opportunities through different trade- and tariff-related indicators. As a result investment opportunities by product and country of origin for the project's priority sectors, coffee and processed wood, will be identified. It will distinguish different motives for investment, such as improved access to certain markets and resources.

Results will be summarized in an investment potential brief for the use of Lao PDR's investment promotion agency and others. This activity may among others also inform the selection for the 2 additional sectors to be priorities for the investment profiles (see above).

Challenges and adaptations due to COVID-19:

Due to COVID-19, the GDP forecast for Lao PDR had to be revised. Those updated figures regarding GDP and export potential projections will be incorporated into the calculations.

Next steps:

The methodology was finalized and its application to the Lao PDR context has started. The paper is being drafted – including graphs and tables – and it will be ready by the end of July. The best way to present the results (dedicated online event, presentation during trade-related event, etc.) will be discussed with the Project Coordination Office.

VII. Cross-cutting activities

During the first half of 2020, several activities directly related to the project coordination component of the project were undertaken and successfully achieved.

- **Participation in ARISE+ regional meetings**
ITC representatives, including the Senior Programme Coordinator of the ARISE+ Lao PDR project, attended and participated in the ARISE+ informal Coordination Meeting for EUDs Project Managers and Team Leaders which was held online on 24 June 2020. Synergies between project activities and country developments were identified in order to further strengthen implementation efforts of the ARISE+ programs in the region.
- **Participation in informal TPSWG meetings**
The Senior Programme Coordinator participated in the informal meeting of the Trade and Private Sector Working Group, highlighting the ongoing efforts supporting GoL, in particular MoIC and LNCCI in times of COVID-19.
- **Meetings with other project representatives to ensure coherence in Lao PDR**
A series of meetings with representatives from other projects currently implemented in the trade and private sector in Lao PDR were conducted in order to identify synergies, collaboration and to avoid possible overlap of individual activities. Among others meetings were held with representatives from the German development cooperation (GIZ) in particular RELATED, COMPETE, and ProFLEGT project directors, the USAID funded LBE project, and the World Bank lead LCT project.

Furthermore the team coordinated with UNDESA and the WTO EIF secretariat on ongoing efforts related to Laos' LDC graduation efforts; and also with UNCTAD regarding their ongoing work on a coffee value chain study for Lao PDR and efforts on voluntary sustainability standards.

Furthermore a series of meetings and exchanges with representatives from the European Chamber of Commerce (ECCIL) related to COVID-19 and beyond took place throughout the first half of 2020.

- **#OneITC approach**
The ARISE+ Lao PDR team is in close contact with the other ITC implemented projects in Lao PDR, namely the Systematic Mechanism for Safer Trade (SYMST) and the Trade for Development (T4SD) Hub at LNCCI. This close collaboration enables to identify synergies and adapt a coherent approach most suitable to the Lao context. Information and experience sharing with the other ARISE+ project managed by ITC – ARISE+ Myanmar – is also ongoing.
- **Participation and active engagement in the UN Country Team meetings and UN lead COVID-19 response efforts.**
The ARISE+ Lao representative took part in, at some point weekly, UNCT team meetings in order to closely follow and coordinate the responses to COVID-19 in Lao PDR.

Individual outputs of the ARISE+ Lao project will be contributing to these efforts, e.g. the revised study on trade implications of Lao PDR's graduation from LDC status. (Available at <https://exportpotential.intracen.org/en/resources/learning/publications>) In addition the COVID-19 specific assessments (wood processing and coffee) may contribute to the UNDP lead Socio-Economic Impact Assessment which will be feeding into the socio-economic response framework of the UN for Lao PDR. Both outputs will be supporting the Lao government and the MPI lead COVID-19 national task force to come up with concrete response measures to weather the impact of COVID-19 on the Lao economy. ITC is also contributing to the NSEDP Recalibration TaskForce with the UN Resident Coordinator Office.

VIII. Communication and visibility

The implementation of the Communication and Visibility plan has started, with:

- the design of a website (to be hosted by ITC corporate website);
 - the draft of a customized communication strategy;
 - the regular updates to the project flyer and its translation in Laotian;
 - the regular updates of the component flyers;
 - the design and printing of two project banner.
- **Project flyer**

The project flyer has been continuously updated and was shared with participants of all meetings over the past six months, including at the stakeholder consultations, during bilateral meetings, with participants of the 1st PRC meeting and other. The Project flyer aims to communicate in a concise manner the overall and specific objectives, as well as the expected results of the project. Some of the key activities are highlighted. Contact details of the project coordination team in ITC HQ and Vientiane has been added in order to facilitate communication.
 - **Project Powerpoint presentation**

A series of project ppts were delivered at the various meetings over the past six months, including adaptations depending on the respective activity beneficiaries (e.g. wood processing export roadmap, conformity assessment, ATIGA analysis etc.). This served to ensure common communication messages are delivered by all project partners and received by project beneficiaries.
 - **ARISE+ Lao PDR project website**

The preparations for the ARISE+ Lao PDR website are in full swing, including drafting the website content, collecting relevant documents, media links, and relevant communication material. The launch of the website can be expected over the next weeks.
 - **Communication consultant**

Preparations for hiring a communications expert to support delivering key messages to Lao stakeholders are under way. Over the next weeks an individual will be hired and will support the ARISE+ Lao PDR team to engage even more proactively.
 - **Social media**

The facebook account of the ARISE+ Lao PDR project has already been set up and will soon go online, also supported among others by the communication consultant.
In the meantime the LinkedIn accounts of key ARISE+ Lao PDR team members have been used to communicate key outcomes of the project, which resulted in approx. 1300+ post views and related online engagements.
 - **Attendance in meetings**

The ARISE+ team members have been engaging with a series of key stakeholders working in the trade and private sector in Lao PDR. Among others the co-chairs of the Trade and Private Sector Working Group, EU and Australia, the UN Country Team members, including UNRCO, UNDP, UNCTAD, WB and others such as GIZ, AFD, ProFLEGT, EFI.
ITC has been participating in the joint communication efforts of the UN Country Team in Lao PDR (e.g. contributing to situation report, informing on ITC Global efforts, etc.).
Furthermore during the COVID-19 lockdown period, LNCCI had approached ITC ARISE+ Lao team members to support with their ongoing Business Impact Survey which resulted in a number of online meetings and critical support to the Chamber.
 - The 2nd **wood processing stakeholder consultation** was picked up from global media outlets:
 - <https://www.eglobaltravelmedia.com.au/lao-pdr-to-design-a-way-forward-for-the-wood-processing-sector-under-export-roadmap/>

- <http://la.one.un.org/media-center/news-and-features/566-lao-pdr-to-design-a-way-forward-for-the-wood-processing-sector-under-export-roadmap>
- <https://destinationthailandnews.com/destination/destination-mekong/lao-pdr-to-design-a-way-forward-for-the-wood-processing-sector-under-export-roadmap.html>
- <http://www.t4dlaos.org/2020/02/28/lao-pdr-to-design-a-way-forward-for-the-wood-processing-sector-under-export-roadmap/>
- <http://annx.asianews.network/content/export-roadmap-carves-out-direction-lao-wood-processing-sector-114721>
- The **1st coffee stakeholder consultation** was captured via
 - <https://www.intracen.org/news/Lao-Peoples-Democratic-Republic-set-to-embark-on-design-of-coffee-sector-roadmap/>
 - <https://www.comunicaffe.com/coffee-stakeholder-meet-in-vientiane-laos-to-plan-a-five-year-export-roadmap/>

IX. Other matters

As the only international organization fully dedicated to supporting the competitiveness of micro, small and medium-sized enterprises (MSMEs), ITC has been dedicating its work to supporting MSMEs throughout the crisis. The set of actions developed include:

- A [corporate survey for micro, mall and medium-sized enterprises](#) (MSMEs – available also in Lao language [here](#)) has been launched, giving MSMEs an opportunity to say how they are affected and what they need in the recovery phase. The results of this survey gave rich data to guide policy interventions. The survey was translated into Lao and is available at <https://itcsurvey.itc-cci.net/fs.aspx?surveyid=ea3235602d24ef7b0fc78b17607c398>
- A dedicated website to share insights, advices, blog posts, statistics and policy papers: <https://www.intracen.org/covid19/>
- A 15-points action plan on supporting small business through the COVID-19 crisis has been published, targeting MSMEs in developing and transition economies that are reliant on international trade flows and are therefore particularly vulnerable to the repercussions of the crisis: <https://www.intracen.org/covid19/15-Points-Action-Plan/>
- The tracking of COVID-19 Temporary Trade Measures via [ITC's Market Access Map](#): <https://macmap.org/en/covid19>
- The publication the SME Competitiveness Outlook 2020, on the [Great Lockdown and its Effects of Small Business](#): <https://www.intracen.org/publication/smeco2020/>

In the context of the project, the overview of new COVID-19 specific activities includes:

- 2 rapid sectoral COVID-19 Business Impact Assessments (coffee, wood processing).
- Specific COVID-19 adjustments to sectoral export roadmaps in coffee and wood processing, focused on enhanced resilience, including risk management, foster digitalization and e-commerce tools.
- Specific COVID-19 interventions in trade policy, including on e-commerce (e.g. regulatory review of e-commerce framework).
- COVID-19 specific responses included into conformity assessment discussions and design of action plan.
- Updating study "[Trade implications of Lao PDR's graduation from LDC status](#)" reflecting the drastic changes in GDP growth due to COVID-19
- Support to LNCCI with COVID-19 Business Impact Survey report.
- Global [ITC COVID-19 Business Impact Survey](#), available also in Lao language (here: <https://itcsurvey.itc-cci.net/fs.aspx?surveyid=ea3235602d24ef7b0fc78b17607c398>)

The below new COVID-19 specific activities could be discussed for further implementation:

- Supporting LNCCI to conduct a second Business Impact Survey, with a possible roll out of a full-fledged SME Competitiveness Survey, providing data for an economic recovery (under discussion with LNCCI).
- Supporting SMEs in Lao PDR to adopt e-Commerce in response to the COVID-19 pandemic and economic recovery (eComConnect) (under discussion with LNCCI).
- Enabling Laos to navigate trade disturbances such as export bans, uncertain trade relations and shifts in production capacity with a trade recovery strategy.
- Global Value Chain Analysis, possibly including Lao PDR: Evaluating the downward pressure on industrial exports caused by the supply side disruption in the three largest trading hubs due to the COVID-19 pandemic.
- Summary of COVID-19 impact on trade in Lao PDR.

X. Conclusion: challenges and next steps for the second half of 2020

The Year 1 of implementation, starting on 5 January 2020, was certainly disturbed by the outbreak of COVID-19. The impact on project implementation was kept to a minimum, through a constant adjustment of delivery methods and methodologies, and a permanent dialogue with project stakeholders.

All stakeholders involved in the implementation of the ARISE+ Lao PDR project successfully adapted to the 'new normal'. This includes representatives from the Government of Lao, from the Lao private sector, the EU, and the ITC team alike. It was and is for all an unprecedented time and despite all the challenges and restrictions, the implementation of the ARISE+ Lao PDR project could go ahead with almost no delays. The ITC team adjusted and adapted in a flexible manner, by organising meetings and consultations online, working remotely from home and handling requests specific to COVID-19 in a most responsive and flexible way.

Yet there are still some challenges to overcome, but also lessons learned to be shared.

One of the key take-aways of the COVID-19 project adaptation is the need for the coordination between national and international development partners. For instance, a series of surveys were launched almost at the same time to assess the COVID.19 impact on businesses. Taking this into account, ITC delayed the release of its own sector assessments and privileged alternative surveying methods (dissemination during coffee consultation; phone interviews; etc.). Coordination and communication will be also needed at the time of recovery: when travel will be authorized again, project components and development agencies would need to make sure that not all activities are organized at the same time

Another interesting output is the e-readiness of project stakeholders. Many meetings and consultations moved online, thanks to the purchase of a professional Zoom license by ITC. While face-to-face meetings are still needed, intermediate consultations and bilateral conversations are perfectly fitted to online tools. Yet this strategy has limits: technical training such as the ones planed on trade data quality (activity 3.2) would be difficult to move online, given the complexity of the subject matter and the need for tailored coaching in order to reach full understanding of the concepts.

Regarding project implementation, the main challenge is the difference induced by the crisis between activity delivery rate and budget delivery rate. While the activity delivery rate is quite high, given the number of activities having kicked-off or being almost completed, the budget delivery rate is lower, given that usual typical expenditures – room rental for workshops, travel, etc. – were not relevant. This is very different from one activity to another, given the nature of activities (research and publications; training seminars; etc.). It may be too early to assess the consequences on the project timespan; but the situation needs to be closely monitored.

Other challenges (COVID-19 or non-COVID-19 related) may arise during the discussion of the PRC meeting. The tentative work plan for July to December 2020 is in the ANNEX of this progress report. It will be discussed during the PRC meeting, scheduled for Thursday, 16 July 2020.

XI. ANNEX: Work Plan ARISE Plus Lao PDR – July to December 2020 (tentative)

ER 1. Increased regional economic integration by addressing specific constraints in targeted sectors through support for the implementation of measures contained in the ASEAN Trade in Goods Agreement (ATIGA) and other commitments under the ASEAN Economic Community Blueprint 2025

MolC focal point for ER1: DIMEX

ACTIVITIES	Jul	Aug	Sept	Oct	Nov	Dec
Activity 1.1 Gap analysis of ATIGA implementation in Lao PDR						
Activity 1.2 Review of the gap analysis results with GoL and the private sector and agree specific trade measures to be addressed (with a focus on targeted sectors).						
Task 1: Undertake desk research (review laws, regulations etc.) to ascertain what developments have taken place in terms of implementation. Based on research, prepare questionnaire. Draft a 'commitments matrix'	■					
Task 2: Guided by the questionnaire, conduct a series of consultations with relevant stakeholders aimed at collecting information and providing an in-depth assessment of the gaps.	■	■	■			
Task 3: Draft and submit the first draft ATIGA gap analysis				■	■	
Task 4: Workshop to discuss the ATIGA gap analysis					■	
Task 5: Task 5: Finalization of ATIGA gap analysis, including the executable roadmap						■
Activity 1.3 Technical assistance and capacity building in the area of policy definition, regulations and procedures, product and environmental standard adoption and conformity assessment capacities.						
Sub-activity: Lao PDR's Foreign Trade Negotiation Roadmap						
Task 1: Organization of a public-private dialogue to inform the formulation of Lao PDR's Foreign Trade Negotiation Roadmap						
Task 2: Production and submission of the first draft of Lao PDR's Foreign Trade Negotiation Roadmap study, building on the findings from the public-private dialogue and other consultations						
Task 3: Incorporate feedbacks and comments, conduct further consultations, as well as produce and submit the revised draft of Lao PDR's Foreign Trade Negotiation Roadmap	■	■				
Task 4: Organisation of a validation workshop		■	■			
Task 5: Incorporate possible final feedbacks and comments made at the workshop, possibly conduct final consultations with the key relevant government departments, as well as produce the final draft and complete the editing, publication and dissemination process			■			
Sub-activity: Tailor-made training on trade negotiations for policymakers (possibly two sessions on different topics)				■	■	■

ACTIVITIES	Jul	Aug	Sept	Oct	Nov	Dec
Task 1: Develop, submit and agree on the detailed curriculum structure	■	■				
Task 2: Develop and submit course materials for review		■	■			
Task 3: Produce final version of course materials, which will incorporate the feedbacks and comments				■	■	
Task 4: Delivery of the in-person training					■	■
Sub-activity: National Quality Infrastructure	■	■	■	■	■	■
Task 1: Assessment of the national standards body, metrology institute and SPS related infrastructure						
Task 2: Development of detailed action plan & validation with stakeholders						
Task 3: Implementation of identified priorities in training and capacity building in the area of standardization, certification, testing, metrology, inspection	■	■	■	■	■	■

ER 2. Increased awareness on trade preferences for exports, including to the European Union, with greater use of Every-thing But Arms (EBA), and on the requirements for placing products on the EU market; advanced preparation of Lao PDR to shift to a new trade preference scheme (post-EBA)

MolC focal point for ER 2: DFTP

ACTIVITIES	Jul	Aug	Sept	Oct	Nov	Dec
Activity 2.2. Awareness raising about EBA preferences						
Sub-activity 2.2.1 EBA business guide						
Task 1: Preparation of a concept note and collection of relevant documentation/information	■					
Task 2: Development and submission of the first draft EBA Business Guide	■	■	■			
Task 3: Incorporation of feedbacks/comments, production and submission of final draft EBA Business Guide			■	■		
Task 4: Publication and dissemination of the EBA Business Guide, which will include the organisation of a launching event					■	
Sub-activity 2.2.2 Background study: analysis of current and future potential exports to the EU and regional markets to enable Lao to take informed trade policy decisions (e.g. graduation from LDC status)						
Task 1 Analysis of trade implications of Lao PDR's graduation from LDC status						
Task 2 Presentation of findings				■	■	
Sub-activity 2.2.3 Capacity-building for officials						
Task 1 First workshop on export potential analysis and intro to trade policy modelling				■	■	
Task 2 Remote guidance on preparation of sector factsheets					■	■
Task 3 Second workshop on advanced trade policy modeling						
Sub-activity 2.2.4 Organisation of awareness raising campaign for businesses presenting and explaining the EBA scheme and findings of the foregone research						■
Task 1: Recycling the Guide into sensitization/training materials			■	■		
Task 2: Organise sensitization/training workshops for the businesses both in Vientiane and in provinces					■	
Sub-activity 2.2.5 Organisation of awareness-raising activities for the preparation of Lao PDR's graduation from LDC status						■
Task 1: Development of sensitization/training materials		■	■			
Task 2: Organise sensitization/training workshops for the representatives of GoL, in particular MolC				■	■	

ACTIVITIES	Jul	Aug	Sept	Oct	Nov	Dec
Activity 2.3. Development of awareness raising materials and tools on EU quality-related mandatory and market based requirements including voluntary industrial standards for the priority sectors						
Task 1: Stakeholder consultations, identification of priorities, research, mapping, development and preparation of technical materials and online tools						
Task 2: Review, pilot testing, dissemination and outreach activities						
Activity 2.4 Development of a pool of national Quality Champions and sensitization events organised in cooperation with local institutions						
Task 1: Stakeholder engagement, planning, identification and selection of at least 15 Quality Champions from public and private sectors						
Task 2: Development and qualification of above Quality Champions						
Activity 2.5 Development of a practical online export curriculum to support private sector exports						
Task 1: Agree with the partner on the modalities of the development, the delivery, the further related support to businesses, as well as for ensuring the sustainability of the programme						
Task 2: Develop, submit and agree on the detailed curriculum structure						
Task 3: Develop and submit course materials for review						
Task 4: Incorporate the feedbacks and comments, and produce final version of course materials in an appropriate format for the online delivery to businesses (which will include the translation into Lao)						
Task 5: Pilot training delivered						

* Travel permitting

ER 3. Strengthened support services (especially for smallholders and SMEs, with a focus on women), reduction of supply-side constraints, and trade and investment promotion in targeted sectors (e.g. wood processing and agro-based products)

Main focal point for ER 3: DTP

ACTIVITIES	Jul	Aug	Sept	Oct	Nov	Dec
Activity 3.1. Development of sectoral export strategies to identify supply-side constraints and remedial actions						
Sub-activity 3.1.2. Develop in a participative approach sectoral export road maps and set-up an implementation monitoring mechanism						
Task 1: Finalize preliminary analysis and VC diagnostics (policy/reg-legal/trade competitiveness/distance VC mapping)						
Task 2: Conduct field assessment and first P&P multi-stakeholder consultations to reach consensus on main competitiveness issues and strategic orientations						
Task 3: Finalize value chain diagnostic and related analysis. Initiate drafting of market-led roadmaps' plan of action						
Task 4: Conduct second P&P multi-stakeholder consultations to review/refine and prioritize roadmaps' plans of action	Coffee					
Task 5: Consolidate, finalize and translate roadmap documents + Submission						
Activity 3.2. Review of quality and availability of statistical data (trade and investment statistics, including gender indicators) and work with the relevant authorities (e.g. MOIC ICT) to strength-en data collection and statistical production capacities.						
Task 1: Training on SQL and EXCEL for data processing						
Task 2: Training on advanced EXCEL for data processing				Laos*		
Activity 3.3. Promotion of predictable legal timber supply to incentivize sustainable land management and establish a clear rule set						
Activity 3.4. Technical assistance to SMEs in targeted sectors to enhance production and develop market linkages with regional and European markets, including trade fair participation, market missions and B2B activities						
Activity 3.5 National training and advisory support capacities in quality management						

ACTIVITIES	Jul	Aug	Sept	Oct	Nov	Dec
Task 1: Engagement with beneficiaries and implementation of first round of quality improvement projects in enterprises (by the Quality Champions developed under 2.4) aimed at meeting the required quality related market requirements of the target markets					Laos*	
Activity 3.6. Investment promotion in the targeted sectors						
Task 1: Conduct interviews with key relevant stakeholders and undertake detailed research on existing literature, country analysis to identify favourable factors that highlight the country as a solid investment destination, and assessment of the specific value chain; develop recommendations for most bankable investment opportunities for the sector						
Task 2: Produce and submit for review a draft report capturing the country analysis, value chain analysis and the recommendations for very precise investment opportunities						
Task 3: Incorporate feedbacks and comments, produce the final draft, and complete the editing, publication and dissemination process, which will include the organisation of a launching event						
Activity 3.7 Promote increased adoption of environmental and social standards to SMEs in targeted sectors						

* Travel permitting