

MOIC



**Ministry of Industry and Commerce
United Nations Development Programme**

In Partnership with Integrated Framework Core Agencies:

International Monetary Fund
International Trade Centre
United Nations Conference on Trade and Development
World Bank
World Trade Organization

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CAPACITY BUILDING FOR MOIC'S DEPARTMENT OF IMPORT AND EXPORT (DIMEX) IN RULES OF ORIGINS (ROO), PRODUCT SPECIFIC RULES (PSR) AND OPERATIONAL CERTIFICATION PROCEDURES (OCP)

Since joining the Association of Southeast Asian Nations (ASEAN) in July 1997, Lao PDR has emphasized the importance of full integration into ASEAN through active participation in economic, political, security and socio-culture affairs. Economic cooperation, in particular, and the inclusion in the ASEAN Free Trade Area (AFTA) is seen as crucial for the development of the country. Lao PDR has focused on implementation of trade agreements in the region as the key accelerator of the economic.

In 2004, the GOL decided to join the Integrated Framework (IF) initiative to push forward its trade agenda and boost the country's export competitiveness and growth. The Diagnostic Trade and Integration Study (DTIS), which identifies the key obstacles that exist in expanding trade and export opportunities and in using trade as an engine for growth and poverty reduction, was completed by the GOL in 2006. The DTIS has identified "Trade Policy, Trade Agreements, and Global opportunities" as one of the five key areas under the Action Matrix.

The purpose of the project is to promote the integration of Laos into the global economy through export growth and increased competitiveness. This will be achieved through the delivery of the following outcomes:

- To improve capacity of DIMEX to provide services to the private sector
- To improve capacity of the GOL to participate actively in the ASEAN
- Taskforce on Rules of Origin and export procedures including Product-Specific Rules and operational certificate procedures
- To improve efficiency at central and provincial level in administering ROO, PSR, and OCP

Acronyms

| | |
|---------|--|
| ADB | Asian Development Bank |
| AFAS: | ASEAN Framework Agreement on Services |
| AFTA: | ASEAN Free Trade Area |
| AM: | Action Matrix |
| ASEAN: | Association of Southeast Asian Nations |
| ASYCUDA | Automated System for Customs Data |
| CCCA | Coordinating Committee on the implementation of the CEPT Scheme for AFTA |
| CPI: | Committee for Planning and Investment |
| CEPT | Common Effective Preferential Tariff |
| DIMEX: | Import-Export Department |
| DRR: | Deputy Resident Representative |
| DP | Development Partners |
| DTIS: | Diagnostic Trade and Integration Study |
| EBA | Everything But Arms |
| EIF: | Enhanced Integrated Framework |
| EU | European Union |
| FTA | Free Trade Area |
| FTPD: | Foreign Trade Policy Department |
| GATT | General Agreement on Trade and Tariff |
| GMS | Greater Mekong Sub-region |
| GOL: | Government of Laos |
| GSP: | Generalized System of Preferences |
| GTZ | German Agency Technical Cooperation |
| IADB: | Inter-American Development Bank |
| IF: | Integrated Framework |
| IFFS: | IF Facilitator Specialist |
| LAP: | Legislative Action Plan |
| LDC: | Least Developed Country |
| LPAC: | Local Project Appraisal Committee |
| MAF: | Ministry of Agriculture and Forestry |
| MDGs: | Millennium Development Goals |
| MOF: | Ministry of Finance |
| MOIC: | Ministry of Industry and Commerce |
| NERI: | National Economic Research Institute |
| NEX: | National Execution |
| NHDR: | National Human Development Report |
| NIU: | National Implementation Unit |
| NPD: | National Project Director |
| NSC: | National Steering Committee |
| NSEDP: | National Socio-Economic Development Plan |
| OCP: | Operational certification procedure |
| OECD | Organization for Economic Co-Operation and Development |
| PM: | Project Manager |
| PMU: | Project Management Unit |
| PSR: | Product Specific Rules |
| PTPD: | Product and Trade Promotion Department |
| PU: | Project Unit |
| ROO: | Rules of Origin |
| RR: | Resident Representative |
| RTM: | Round Table Meeting |
| SME | Small and Medium Enterprises |
| SP: | Special Preferences |
| SPS: | Sanitary and Phytosanitary |
| TA: | Technical Assistance |
| TBT: | Technical Barriers to Trade |
| TDF: | Trade Development Fund |
| TEC: | Trade Executive Committee |

| | |
|---------|---|
| TF | Task Force |
| TRAINS: | TRade Analysis and INformation System |
| TRIPS: | Trade-Related Intellectual Property Rights |
| TRTA: | Trade-Related Technical Assistance |
| UNCCA: | United Nations Common Country Assessment |
| UNCTAD: | United Nations Conference on Trade and Development |
| UNDAF: | United Nation Development Assistance Framework |
| UNDP | United Nations Development Program |
| UNESCAP | United Nations Economic and Social Commission for Asia and the Pacific |
| WITS: | World Integrated Trade Solution |
| WCO | World Custom Organization |
| WP: | Working Party |
| WTO: | World Trade Organization |

Table of Content

| | | |
|-------------|---|----|
| Section I | Elaboration of the Narrative | 5 |
| | Part I Situation Analysis | 5 |
| | Part II Strategy | 8 |
| | Part III Management Arrangement | 14 |
| | Part IV Monitoring and Evaluation | 15 |
| | Part V Legal Context | 16 |
| Section II | Project Result and Resource Framework | 17 |
| Section III | Total Work Plan and Budget Plan | 25 |
| | Annex 1 Donor Funded Projects in the Area of Trade Facilitation | 30 |
| | Annex 2 Role and Mandate of DIMEX | 38 |
| | Annex 3 Organizational Chart of MOIC of Lao PDR | 40 |
| | Annex 4 List of Control and Prohibited import and exports | 41 |
| | Annex 5 Import and Export Procedures | 43 |
| | Annex 6 List of Certificate of Origin issues by DIMEX | 45 |
| | Annex 7 Roles and responsibilities of the CO division | 46 |
| | Annex 8 IADB RoO Software | 47 |
| | Annex 9 IF Governance Structure | 48 |
| | Annex 10 Details Structure | 49 |
| | Annex 11 ToRs of the NIU | 53 |
| | Annex 12 Action Matrix | 54 |
| | Annex 13 UNCTAD ToRs | 66 |

Section I – Elaboration of the Narrative

Part I Situation Analysis

IF PROCESS AND LINKAGE TO LAOS' NATIONAL DEVELOPMENT STRATEGY

In order to implement the Eighth Decision of the Lao People's Revolutionary Party, the Government of Laos (GOL) has elaborated the Sixth National Socio-Economic Development Plan (NSEDP), which is the main framework for national development in Laos for the next five years (2006-2010). The NSEDP paves the way for implementing the 11 programmes and 111 projects identified and adopted by the Government in May 2006. The objective of these programmes and projects is (i) to raise the country's per capita income by three folds, (ii) diversify production and export base, and (iii) improve social and human development.

To this end, Laos aims to sustain an average growth rate of around 7 percent per year and maintain equitable development among the three main sectors of the economy i.e. agriculture, industry and services. One of the main elements, expected to drive this growth process, is exports, which, in the NSEDP, are projected to grow at about 18 percent per year. The NSEDP recognizes the importance of trade as a tool for economic growth and poverty alleviation and acknowledges the private sector as a main partner for the country's socio-economic development.¹ Specific measures in the NSEPD to promote the private sector include the removal of legal, regulatory and administrative barriers to doing business, most notably in respect to business registration, licensing and issuing approvals for imports and exports. The Lao National Human Development Report confirms that under the right conditions, increasing international integration and trade in Laos could play a vital role in the realization of the Millennium Development Goals and in the country's graduation from of the Least Developed Country status by 2020. To achieve these goals, the Lao Government, led by the Ministry of Industry and Commerce (MOIC) is engaged in a two-pronged strategy aimed at:

- (a) Improving Laos' market access opportunities through bilateral, regional and multilateral trade agreements.
- (b) Expanding Laos' capacity to trade by engaging in multilateral initiatives such as 'The Integrated Framework' (IF) and trade related projects and programmes addressing key supply side constraints, improving export competitiveness and promoting trade and regional integration.

In this context, the Integrated Framework (IF)² is one of the main external assistance channels, which the GOL will use to push forward its trade agenda, boost export competitiveness and export growth. The IF is a multi-agency, multi-donor program, which aims at assisting Laos in expanding the country's participation in the global economy thereby enhancing its economic growth and poverty reduction strategies. The IF focuses on assisting Laos to integrate trade into its national development agenda and on coordinating the delivery of trade-related technical assistance in response to needs identified in the Diagnostic Trade Integration Study (DTIS) Action Matrix. The IF also fits into the wider context of the GOL trade liberalisation initiatives via bilateral, regional, and multilateral commitments. It is also consistent with the actions and expected outcomes outlined in the United Nations Development Framework (UNDAF), which focuses on strengthening negotiation skills and policy advice on trade and poverty. The UNDAF also supports countries engaged in negotiating and implementing global and regional agreements such as the ASEAN Free Trade Agreement (AFTA), accession to the World Trade Organization (WTO) and investment

¹ Strategy for Small and Medium Size Enterprise Development, Prepared by the Small and Medium Enterprise Promotion and Development Office with the assistance from GTZ Human Resource Development for Market Economy Programme, the Asian Development Bank – Private Sector Development Programme. Dec 2006

² www.Integratedframework.org

promotion, which are all aimed at promoting an enabling environment for growth with equity. It can therefore be concluded that the IF is consistent with the NSEDP and UN support programme, i.e. UNDAF.

The GOL has completed the DTIS, which identified the obstacles that exist in expanding trade opportunities and using trade as an engine for growth and poverty reduction. The DTIS and the Action Matrix were validated during the National Validation Workshop on 12 September 2006 following extensive stakeholder consultations. H.E. Dr. Nam Viyaketh, Minister of Industry and Commerce chaired the workshop, in the capacity of Deputy Chair of the WTO/IF National Steering Committee. The GOL supported policy recommendations emerging from the DTIS and Action Matrix, committing to move forward a complex reform process. The DTIS identified five priority areas where external assistance should be concentrated:

1. Export Competitiveness
2. Trade Facilitation
3. Business Environment
4. Trade Policy, Trade Agreements and Global Opportunities
5. Trade Opportunities for the Poor

Promoting the business sector, and particularly private enterprise, is a prerequisite for Laos to be able to take advantage of trade opportunities.

Laos is a beneficiary of a number of preferential trade arrangements, such as the EU's EBA and several countries' GSP. Other preferential arrangements include the ASEAN FTA. Preferential market access can be an important development tool for LDCs such as Laos. However, this is contingent on the preference-receiving country's capacity to utilize these preferences. The effectiveness of preferential market access schemes often depends not only on the operational aspects of the preferential scheme (e.g. rules of origin or product specific rules) but also on the country's own capacity to administer and use the preferences. The lack of capacity at both central government and provincial level as well as in the private sector to interpret and apply business and trade regulations and procedures is an important impediment to business development. The DTIS states:

'With the wide range of preferences given to Laos, especially given its least developed country status, market access should not be an issue. However, it turns out that Laos is not making full use of the preferences available to it—while a major part of the problem is certainly due to supply constraints³ in the country and lack of competitiveness in certain sectors, the other part of the problem is due **to complex rules of origin and difficulty in managing them**. Therefore, to understand and utilize the rules of origin of both public and private sector is very crucial for Lao exporters to be able to take advantage of those preferences.'

In Laos, donors have funded a number of projects (See Annex 1) which are addressing reforms in the area of simplification and harmonization of import procedures. Given the budget available under IF Window II for this project, the GOL has chosen to focus this project on building capacity of DIMEX⁴, which is a newly created department, and on strengthening technical capacity on export procedures, specifically on ROO, PSR⁵ and OCP. This project will provide technical assistance and capacity building to the GOL, in particular the MOIC, Department for Import and Export. The project will focus on capacity building to DIMEX and

³ Please refer to the Lao PDR Diagnostic Trade Integration Study for a full discussion of the supply side constraints faced by Lao PDR

⁴ See description of DIMEX's structure and mandate on the next page.

⁵ *Regime-wide rules*. These usually include: (i) a *de minimis* (or tolerance) criterion which stipulates a maximum percentage of non-originating materials that can be used without affecting the origin of the final product; (ii) cumulation; (iii) rollup; (iv) duty-drawback; (v) certification method. Whilst, Product-specific rules (PSR), besides regime-wide ROO, determine eligibility at the tariff-line level. Two basic criteria are used to determine origin: the "wholly obtained" and "substantial transformation" criteria.

technical assistance to the certificate of origin division on its various implementation commitments in ASEAN. In addition, the project will focus on developing a culture of customer service since one of DIMEX's central mandates is to provide service to the private sector. This project is especially designed to address behind-the-boarder constraints faced by companies.

The project is built on three main pillars:

- Building institutional and human capacity of DIMEX and strengthening inter ministry linkages and public and private sector dialogue
- Building technical capacity on export procedures and certification namely Certificates of Origin, Product Specific Rules (PSR), Operational Certification Procedure (OCP)
- Strengthening the administration of ROO, PSR and OCP⁶.

This project will be implemented by the Department of Import and Export (DIMEX) of the Ministry of Industry and Commerce and will be funded under the IF Window II. This project addresses the second, third and fourth priority area of the DTIS Action matrix i.e. Trade Facilitation, Business Environment and Trade Policy, Trade Agreements and Global Opportunities. The total amount requested under this proposal is 150,000 US\$ from Window II. This funding will span two years and will be nationally implemented by the DIMEX in collaboration with UNCTAD and other specialized agencies. It is designed as an UNCTAD preparatory assistance to support Laos' integration into multilateral and regional trade markets and will focus on improving the capacity of the GOL and the private sector, to take full advantage of market access opportunities.

The role of DIMEX and the Development Partners in Trade Facilitation

As Laos pursues its membership in the World Trade Organization and further integrates regionally in AFTA and other regional initiatives, the Government will need to improve the climate for investment and trade. Accession to the WTO will also require that Laos to undertake major reforms and commitments with respect to the elimination of non tariff barriers in line with its obligation under GATT Articles V, VIII and X in particular (trade facilitation and transit).

To prepare for this, MOIC, in April 2006 undertook an internal restructuring of its departments and set up a dedicated Department for Import and Export (DIMEX), with four divisions, namely Trade Facilitation, Certificate of Origins, Import and Export and Data and Statistics. The mandate of DIMEX is summarized as below (Annex 2 – Mandate and Responsibility of DIMEX and Annex 3 – Organization Chart for MOIC):

- Formulate policies, strategies and set up plans to improve the administration of all related imports and exports procedures and regulations.
- Administer import and export licensing based on the relevant Laws
- Provide support services to the business community with a view to facilitate imports and exports.
- Administer import and export procedures and issue trade documents.
- Coordinate trade facilitation across departments i.e. inter-departmental coordination.
- Serve as the focal point within the country and overseas for trade facilitation under different cooperation frameworks such as: Mekong sub-region, WTO, etc.
- Promote smooth and efficient border trade policies and procedures.
- Undertake technical discussion on ROO in ASEAN FTA and with dialogue partners.
- Administer and issue certificates of origin
- Provide technical support and supervision to provincial trade offices, industry and trade services in Vientiane, commercial counselors and commercial attachés.
- Collate, analyze and disseminate data and statistics related to the administration of imports and exports.

⁶ Rules of Origin for the CEPT Scheme for AFTA - <http://www.aseansec.org/17281.htm>

The work to be done in the area of Trade Facilitation is substantial and costly, this is recognized by both the GOL and the Development Partners (DP), who have identified the area of trade facilitation and business environment as high priority areas in the DTIS action matrix. The upcoming Trade Development Fund (TDF), which is currently under preparation, will focus largely on trade facilitation.

In this context the EU and the World Bank are undertaking a series of identification missions in the areas of customs, for the implementation of the ASYCUDA World Customs system. A comprehensive review of all import, export and transit systems, and procedures is currently underway, with a view to identify and document a range of new approaches based on compliance with internationally agreed standards and good practice approaches.

The ADB with co-financing from the Chinese Government is also actively involved in the implementation of the Strategic Framework for Action on Trade Facilitation and Investment in the GMS (SFA-TFI). Technical assistance in the areas of customs, inspection, and quarantine, strengthening of trade facilitation focal point and building linkages with relevant ministries, is being provided to DIMEX's Trade Facilitation Division. The ADB is also currently preparing a private sector development programme, which aims at enhancing the environment for trade and investment in Laos. Under this programme, substantial TA will be provided for (i) business registration and information management systems, (ii) reforming the import-export management mechanism, (iii) red tape review and (iv) strengthening the institutional framework for private sector/SME policy making.

More recently in May 2007, the European Commission gave the GOL a 3 million euros (US\$3.9 million) grant to support small and medium enterprise development. The programme will provide technical assistance to concerned agencies with a view to assist in simplifying regulations concerning business registration, licensing, trade, investment, and finance. Thus, over the next five years, domestic trade and business reforms will figure as a high priority for the GOL and its development partners but currently very little is being done in the area of ROO.

Part II. Strategy

RATIONALE AND CHALLENGE

The 2006 World Bank survey on the ease of 'Doing Business' ranked Laos 161⁷ out of 175 countries in terms of the costs and procedures for importing and exporting a standardized shipment. The table below shows how Laos compares with the region (Southeast Asia). Although this survey does not provide specific information on the time spent by traders on obtaining and clearing certificates of origin or the time spent on complying with other export procedures (e.g. products specific rules and operational certification procedures), these are likely to be important hurdles for importers and exporter in Laos.

| Indicator | Laos | Region | OECD |
|-------------------------------------|-------|--------|------|
| Documents for export (number) | 12 | 6.9 | 4.8 |
| Time for export (days) | 66 | 23.9 | 10.5 |
| Cost to export (US\$ per container) | 1,420 | 885 | 811 |
| Documents for import (number) | 16 | 9.3 | 5.9 |
| Time for import (days) | 78 | 25.9 | 12.2 |
| Cost to import (US\$ per container) | 1,690 | 1,037 | 883 |

World Bank Survey on Ease Doing Business - 2006

⁷ A rank of 1 would indicate the least cost and least procedures for trading across borders.

Trade documentation and related procedures help identify the import and export items in terms of product description, value and ownership for commercial as well as control purposes. Trade documents are important evidence of goods clearance and are used for financing and the payment - especially if payment is made under Letter of Credit (LC) terms.⁸ They also provide evidence of origin for purposes of qualifying for preferential tariff treatment under Preferential Trade Arrangements. Trade facilitation negotiations and measures aim to make these important documents simple and easy to comply with, so that they do not pose an obstacle to international trade. Below are some of the main hurdles⁹ faced by Lao traders.

➤ **Trade Documentation for Registration of Importers and Exporters and Import and Export Permits.**

Over the last few years, the GOL has initiated a number of reforms and simplification of import and export procedures with the twin objectives of making these WTO compatible and of improving the trading environment. Work in this area is still ongoing, as the government continues to strive to eliminate excessive and burdensome import and export procedures. Currently the list of goods subject to import and export controls has been reduced. Five categories of goods are subject to import prohibition and nine categories are subject to export prohibition (Annex 4 – List of Import and export control)

In an effort to streamline and simplify procedures, import and export licenses are no longer required unless the goods require a non-automatic import or export license. According to the Notification No 1376, 25 categories of goods are subject to import licensing and seven categories are subject to export licensing. The current list of controlled products is still quite lengthy and the MOIC is endeavoring to reduce it further¹⁰. (Annex 5 – Summary of Import and Export procedures)

➤ **Rules and Certificates of Origins and other Export Procedures**

Lao exporters receive MFN treatment or better from the markets of their major buyers. ASEAN members grant preferential access on a reciprocal basis, and most OECD countries unilaterally offer low or zero duty treatment on imports from Laos through programmes such as the Generalized System of Preferences (GSP) or, in the case of the EU, through the Everything But Arms initiative. It is worth noting that Laos does not currently have access to the US GSP scheme. This is an area, which Laos needs to explore with a view to identifying what are the conditions for eligibility and the potential benefits, which would accrue from such a scheme. Furthermore, developed country who are members of the WTO (and some developing country members) have committed to providing duty free and quota free market access to at least 97% of products originating from all LDC WTO members by 2008, following a decision at the Ministerial Conference in Hong Kong in December 2005.

However, accessing these preferences, depends on Lao exporters' ability meet the origin requirements as well as Product Specific Requirements (PSR) and Operational Certification procedure (OCP). An interesting past case, which demonstrates the restrictiveness of RoO, is that of Laos' textile and clothing exports to the EU. In 1997 only 6 percent of textile and clothing benefited from GSP, in this case the Commission accepted that the Lao textile and clothing industry was unable to satisfy EU rules of origin and was thus given a derogation from rules of origin (up to a quantitative limit).¹¹ To date the utilization of ASEAN Form D¹² and the ASEAN Integrated System of Preferences (AISP) in Laos has been low. In 2005, the total value of Lao exports was approximately US\$500 million¹³ of which a mere US\$6.2 million was

⁸ Trade Facilitation Handbook, for the greater Mekong Sub region, UNESCAP 2002

⁹ Information in this section has been extracted from Chapter 8 of the DTIS.

¹⁰ Law on Foreign Investment and its implementing regulations govern import licensing procedures and regulations for Foreign Investment Enterprises separately.

¹¹ Making EU Trade Agreements work: The Role of Rules of Origin, Paul Breton and Miriam Manchin, the World Trade Journal, 2003 July

¹² This is the Certificate of Origin for the 10 ASEAN Members, the figure of 6.2 million US\$ was provided by the CO division based on value of total D form issued over the period 2005-2006.

¹³ www. moc.gov.la

eligible for preferences under the D form¹⁴. Whilst there are a number of factors at play, such as the prevailing low MFN duties amongst the ASEAN countries, RoO, OCP and PSR have also been reported by operators as being a major hurdle in accessing preferences.

Laos is a beneficiary of a number of preferential trade regimes¹⁵, but accessing these preferences require exporters and the Division for Certificates of Origin to navigate a myriad of procedures, product standards and origin rules. The Division is responsible for technical input into ongoing discussions on export procedures and requirements as it is responsible for the issuance and administration of relevant certificates (See Annex 6 – CO forms). The Division is also the main interlocutor with the private sector on these issues. It also provides support to the provinces, which have delegated authority to issue certificates of origin (Forms A, D, S and AISP). The Division is also responsible for carrying out research and analysis on the utilization of ROO and for maintaining statistics and data on issuance of certificates of origin (Annex 7 – Role and Responsibility of CO Division).

In addition to the administration of certificates of origin another key weakness, which the Division faces with respect to ROO, is the limited availability of technical staff. This seriously impedes the ability of the GOL's ability to participate fully in technical working groups and technical discussion on ROO. Preferential schemes such as EBA and GSP are usually granted unilaterally, with limited opportunity for negotiations. At regional level, however, the ongoing ASEAN FTA negotiations and talks with Dialogue partners, feature active technical discussions via the Coordination Committee on Implementation of the Common Effective Preferential Tariff AFTA (CCCA) and related taskforces (e.g. ROO taskforce). These ongoing regional technical negotiations are critical for Laos given that sales to ASEAN members constitute close to 67% of Laos' total exports. Indeed, Lao exports to Dialogue Partners such as Japan, and China are increasing faster than with other countries. This makes it all the more urgent for Laos to maintain an active participation in the ongoing revision of the ROO section of the Blueprint on ASEAN Economic Community and in the ROO technical discussions with Dialogue Partners, The GOL has to ensure that the Lao position on ROO, PSR and OCP fully reflects the capacity of the Lao export sector. A number of highly technical issues are currently under discussion in the CCCA and more specifically in the ASEAN ROO Taskforce:

- The section on ROO in the draft Blueprint on ASEAN Economic Community
- Product-Specific Rules: each member state needs to ensure that their national positions on products of export interest are being represented and defended.
- Revision of the CEPT ROO – Harmonization of the process of CO application, consolidation of CEPT ROO and OCP
- Advance ruling and self-certification.
- Electronic certification
- Ongoing ROO technical discussion in ASEAN FTA and with Dialogue Partners.

DIMEX (like its associated divisions) plays an important part in the formulation and implementation of the GOL Trade Policies and is a front line interlocutor with the private sector. It also has a key role to play in the implementation of the GOL's international and regional commitments. DIMEX and in particular, the CO division faces a number of challenges and constraints:

- i) Limited technical staff and knowledge base.
- ii) Inadequate customer service and follow up with the private sector.
- iii) Inadequate coordination systems between provincial trade offices and DIMEX
- iv) Limited capacity of Government agencies to provide information and support services to companies, especially at provincial level.
- v) Capacity constraints within the CO division.

¹⁴ This represents the issuance of around 209 D forms.

¹⁵ ASEAN Free Trade Area, ASEAN Integration System of Preferences), ASEAN- China and China also give special preferences for Cambodia, Laos and Myanmar, ASEAN-Korea, APFTA (ASEAN-Pacific Free Trade Agreement), Bilateral between Laos and Vietnam, EU member 27 countries, Bilateral with countries such as: Canada, Norway, Switzerland, New Zealand, Russia, Turkey, United State of America, Japan, Australia, Belarus, South Korea, Taiwan.

- vi) Limited capacity to influence and participate actively in the definition of ROO and associated export procedures in the ongoing ASEAN Negotiations.
- vii) Lack of awareness of the availability of such preferences by the exporting firms.
- viii) Limited capacity of exporting firms to meet ROO requirements (local content, value added or transformation requirement, etc) as well as other related export requirements.

Based on the above identified needs and challenges this project will focus on building technical capacity within DIMEX and at provincial level, with a view to improving the provision of services to the private sector. The project will focus on export documentation and procedures as well as providing the Certificates of Origin Division of the MOIC with technical support for more active participation in the ASEAN taskforce on ROO and working groups on ROO.

Project Overview

The overall objective of the IF initiative is to increase trade integration and to strengthen Laos' export capacity. This project will help achieve this objective through the delivery of the following outcomes and related outputs.

Outcome 1 - Improved capacity of DIMEX to provide services to the Private Sector

The DIMEX is a newly established department, thus the focus of this outcome is to identify the main training needs of the various divisions and set up an action plan for capacity building for DIMEX. In parallel, training in English and data base software such as Access will be provided to the Department. DIMEX in particular the CO division is a key provider of services to the private sector. Through outcome 1, dialogue with the private sector will be strengthened through the set up of a joint public and private sector working group on ROO and associated export procedures.

Output 1.1: Enhanced efficiency of DIMEX staff and its associated division through training

Output 1.2: Enhanced Institutional linkage with the private sector and provincial trade offices by setting up joint Public Private Sector Working Groups and enhanced capacity of DIMEX to provide hands-on assistance to businesses

Outcome 2 - Improved capacity of the GOL to participate actively in the ASEAN Task force on Rules of Origin and accompanying export procedures including Product-Specific Rules (PSR) and Operational Certificate Procedures (OCP)

The above will be achieved by strengthening the technical capacity of certificates of origin division in Rules of Origin, Product-Specific Rules and Operational Certification Procedures in the ASEAN context. Emphasis will be on preparation of technical material for technical discussions in relevant ASEAN taskforces.

Output 2.1 Enhanced technical know-how of DIMEX officers in the area of ROO, PRS, OCP .

Outcome 3 – Improved efficiency at central and provincial level in administering ROO, PSR and OCP and improved utilization of preferential market access

This will build the capacity of MOIC in particular the Import /Export Department of MOIC and related institutions to administer rules of origin in order to take advantage and effectively utilize market access and trade preferences opportunities available under unilateral or contractual trade agreements on ROO, PSR and OCP

Output 3.1: Enhanced capacity at national level to implement a sound administration of ROO, PRS and OCP.

Output 3.2: A customized database on rules of origin and trade data established and operationalised

This database will be made available through a subcontracting arrangement with the Inter American Development Bank. It will assist government officials assess the utilization of Rules of Origin and help them in drafting Rules of Origin according to the production structure and needs of the private sector, including the preparation and drafting of administrative laws and regulations governing Rules of Origin and their implementation

Output 3.3: Technical Assistance provided to government agencies (MOIC, Customs, Provincial offices, etc) or building capacity in the area of ROO, PRS and OCP administration and issuance.

Outcome 4 – Enhanced capacity of the DIMEX to manage the project in order to achieve the above outputs and outcomes.

Output 4.1 – Sufficient managerial and technical inputs are provided to the project. This will reflect in the result and resource framework

2.2 Project Beneficiaries

The overall project beneficiary will be Laos and particularly the private sector, while the direct beneficiaries will be:

- MOIC especially the Import and Export Department (DIMEX) given its lead role in the ongoing ROO and other export procedure technical discussions and negotiations.
- Relevant line ministries and agencies (e.g. Customs Department)
- Private sector and in particular exporters.

THE ROLE OF UNCTAD AND ITS PARTNERS

A sub-contractual agreement will be established between the GOL and UNCTAD to deliver the above technical assistance to DIMEX. Since the inception of the GSP in early seventies, UNCTAD has been the depository of the GSP rules of origin. Building on this expertise UNCTAD has been providing technical assistance and capacity building on rules of origin to developing and least developed countries with a view to improving utilization of trade preferences. UNCTAD has developed over the past years a number of tools and manuals on how to comply with rules of origin requirements and it has in-house expertise in these areas and linkages with key institutions in these areas.

UNCTAD will be working in close cooperation with the Department of Import and Export of the Ministry of Industry and Commerce. As IF Coordinator within UNCTAD, the SP/LDCs¹⁶ office will, in consultation with MOIC, draw expertise and programs from other UNCTAD divisions, IF partners and international organizations. The project will aim to strengthen MOIC officers' and exporters' capacity and understanding of rules of origin and their requirements. The assistance will also include technical advice on the drafting and/or modernization of existing arrangements and legal instruments related to trade, provision of information on best practices in this regard, and briefings on experiences of other regional groupings.

Risk and Mitigations

¹⁶ SP/LDC – Division within UNCTAD which focuses on countries recipient on Special Preferences

The Import and Export Department of the MOIC is a relatively new department and faces a number of human resource constraints, both in terms of number of staff available and the skills levels. This project will greatly benefit the department by providing a series of skill improvement activities. However, the main risk involved would be the lack of capacity to follow the project and provide support to the implementing agency. This could be remedied through the physical strengthening of the Import and Export Department. It is crucial that the training activities provided through this project focus on the weaknesses listed on p. 8 and that trainings are followed by hands-on assistance to implement and institutionalize good practices in serving the private sector and facilitating trade. Staff turnover might also result in a loss of negotiating memory and understanding and it is therefore important that the officers plan and actively prepare for negotiations and discussions themselves with the guidance of an outside expert. Regarding the installation of the database, there is a risk that the database is not kept up to date or used properly for providing information to the private sector. In order to mitigate this risk, officers in DIMEX should be taught *how to update* information, *how to use* it and *how to disseminate* useful information to the private sector.

Another risk factor is the willingness to share information on ongoing negotiations, develop national positions and represent them adequately in regional and multilateral fora.

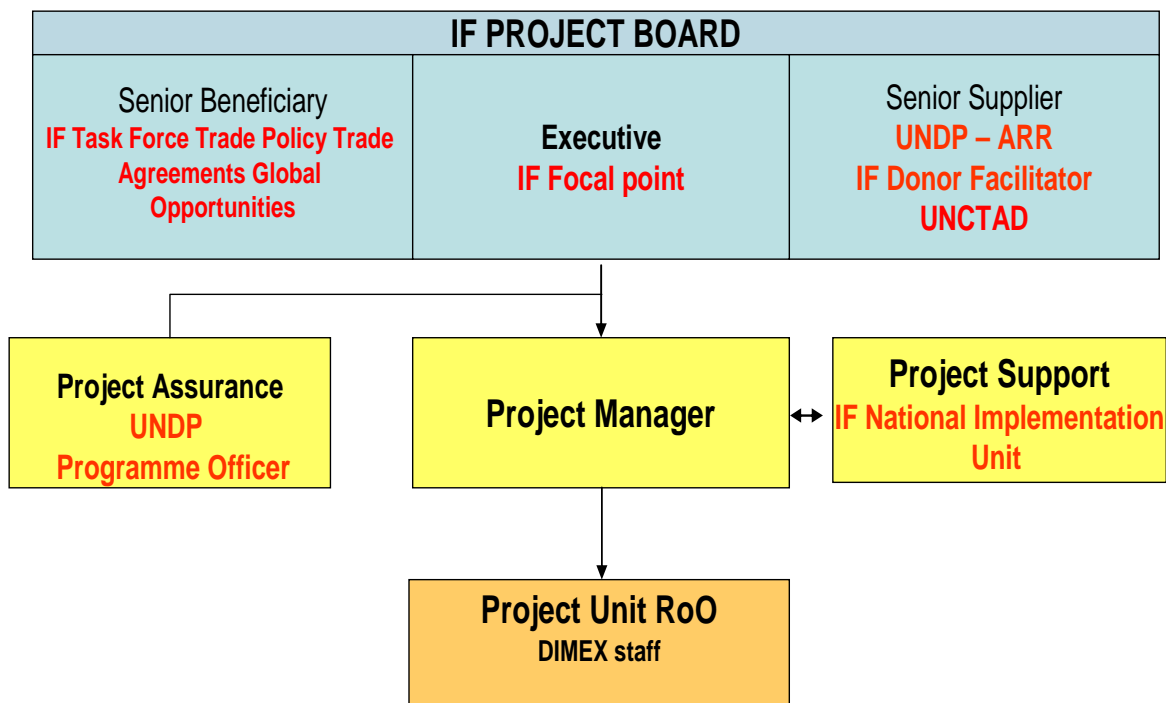
There is also the potential risk that the GOL is not able to raise sufficient awareness and technical understanding on the ROO requirements and application. This could result in poor implementation from customs side and low utilization of market access from private sector; to this end awareness building combined with strong political will can play an important role in mitigating this risk.

Partnerships

The international community is committed to assisting developing countries, especially LDCs such as Laos, to develop trade to expand employment and reduce poverty. International organizations such as World Customs Organization, WTO, UNESCAP, Inter-American Development Bank (IADB) (Annex 8 – IADB Software), UNCTAD and regional organisations such as the ASEAN Secretariat, are endeavoring through technical assistance, analysis and dialogue to improve trade architecture and facilitation, globally, regionally and nationally. Local research institutions, and national and regional think tanks and universities, are also valuable partners.

Overview of the IF Window II

RoO Executive and Project Management Structure



The project will be implemented by the Import and Export Department (DIMEX) of the MOIC and a subcontract will be established with UNCTAD (hereinafter SP/LDCs¹⁷ Division) for the technical implementation¹⁸.

An UNCTAD technical advisor especially appointed by the SP/LDCs division will act as a liaison between DIMEX and UNCTAD and will be responsible for managing the delivery of the main technical outputs. UNCTAD will deliver the international expertise and coordinate the local inputs and national consultants in consultation with DIMEX. This subcontract will also cover the subcontracting arrangement with Inter-American Development Bank¹⁹ for the delivery of customized database on origin.

The Import and Export Department (DIMEX) of the Ministry of Industry and Commerce will assume the role of the Project Unit and will be the national implementing partner for the project, whilst UNCTAD Special Program for LDCs will be responsible for the provision of international technical inputs.

The IF ‘project board’ will function as the ‘board’, responsible for making executive management decisions on the project when guidance is sought by the project manager,

¹⁷ Division within UNCTAD which works specifically on countries which receive special preferences.

¹⁸ All documentation pertaining to the sub contractual agreement will be provided to the Project Assurance for final vetting before signature.

¹⁹ UNCTAD’s TRAINS database is a complete collection of available information on NTBs such as ROO. This database is the result of close collaboration with regional organisations such as ALADI, SIECA and SAARC, as well as with the Inter-American Development Bank.

including approval of any project revisions. The project board which has the following three roles:

Executive: It is proposed that the Chair of the IF focal point, the Vice Minister of Ministry of Industry and Commerce, be assigned the role of Executive.

Senior Beneficiary: Key thematic ministries/ departments, (i.e, MOIC and the line ministries participating in ASEAN negotiations) will be the beneficiaries of the project outputs and outcomes. It proposed that the IF Taskforce on Trade Policy and Trade Agreements, Global Opportunities, which will be composed of MOIC's DIMEX and other key ministries, will take the role of senior beneficiary.

Senior Suppliers: In recognition of the objectives that this project seeks to address (i.e.; 'trade policy, trade agreements and global opportunities'. component 4 of the DTIS Action matrix) it is proposed that UNDP as IF Trust Fund manager, the IF Donor Facilitator and UNCTAD serve as senior suppliers on the Project Board.

Project Manager: This role will be held by the Deputy Director General of DIMEX, who will have the overall responsibility for the day-to-day management and decision-making of the project, for ensuring the project outcomes are being met and for providing guidance on overall management and decision-making issues to the project board. He/She will report directly to the Executive and will be responsible for successfully running the project. The project manager will be supported by a Project Unit, based in the DIMEX of the MOIC.

Project Assurance: This role will be held by the UNDP Programme Officer, who will be responsible for supporting the Project Board by carrying out objective and independent project oversight and monitoring.

Project Support: This role provides project administration and management support to the Project Manager as required. This includes contracted staff such as project accountants, assistants and consultants. It is envisioned that once the NIU becomes fully operational, project support will be part of its role.

Project Implementation: As the implementing partner, DIMEX will be responsible for ensuring that the Annual Work Plans and quarterly work plans are implemented and that activities are completed efficiently and on time. The DIMEX will work in close collaboration with the UNCTAD's SP/LDC, which will be entrusted, through a sub-contractual arrangement, with the overall technical implementation of the Project. The project manager will have the overall responsibility of ensuring that regular reports are provided to the NIU, which will then communicate to the Project Assurance officer. It will be DIMEX's responsibility to support and coordinate the work of UNCTAD and to act as its main counterpart.

UNDP will support implementation by providing recruitment, procurement, and contracting services, as well as technical advisory support as requested by the Project Manager.

Part IV: Monitoring and Evaluation

Implementation of the project will be undertaken according to NEX guidelines. The major elements of project management and evaluation will be as follows:

- UNDP will monitor implementation of the annual work plan of the project together with the IF National Implementation Unit.
- Monthly meetings will be held between the Project manager and UNDP Programme Officer to review project progress.
- The project manager will prepare annual and quarterly work plans, quarterly financial reports, and progress reports for UNDP, based on which funds will be disbursed.

UNDP will arrange an external project audit each year to review bookkeeping and accounts, the compliance of the project or sub-contract agreements, and fulfillment of performance

plans. The results of the audit and the final project evaluation will provide the basis for determining ongoing and future UNDP support.

Part V. Legal Context

This project document shall be the instrument referred to as such in the Article 1 of the Standard Basic Assistance Agreement between the Government of Laos and the United Nations Development Programme, signed between the parties on 10 October 1988. The host country-implementing agency shall, for the purpose of the Standard Basic Assistance Agreement, refer to the Government co-operating agency described in the Agreement.

The following types of revisions may be made to this project document under the signature of the UNDP Resident Representative only, provided assurance is given that the other signatories of the project document have no objection to the proposed changes:

- revisions in, or addition of, any of the annexes of the project document;
- revisions which do not involve significant changes in the immediate objectives, outputs or activities of the project, but are caused by the rearrangement of inputs already agreed to, or by cost increases due to inflation; and
- Mandatory annual revisions that rephrase the delivery of agreed project inputs or increased expert or other costs due to inflation or take into account agency expenditure flexibility

Section II. Results and Resources Framework

| |
|---|
| <p>Intended outcome as stated in the Country Results Framework: Enabled environment for growth with equity</p> |
| <p>Outcome indicator as stated in the Country Programme Results and Resources Framework, including baseline and target: Capacity built for service delivery enhancement of negotiation skills and policy advice on trade and poverty policies, including global and regional agreements such as AFTA and accession for the WTO</p> |
| <p>MYFF: Service line 1.4: Globalization benefiting the poor</p> |
| <p>Partnership Strategy: The Import-Export Department of the Ministry of Commerce and Industry (MOIC) will be in charge of National Execution. Technical supervision will be entrusted to the Project Unit and overall supervision will be entrusted to the IF Task Force for 'Trade Policy, Trade agreements and Global Opportunities. Technical Inputs will be provided by the DIMEX and Subcontracted. The IF Task Force will facilitate the participation of other GOL line ministries in the project and ensure inter- ministry coordination. UNCTAD will provide through a subcontract the necessary international expertise and coordination in implementing the activities</p> |
| <p>Project title and number: ----- (Number to be assigned automatically through ATLAS)</p> |

| | | | |
|--|--|--|------------------------|
| Outcome 1: | | | |
| Improved capacity of DIMEX as a service provider to the private sector | | | |
| Outputs | Output targets | Activities | Inputs |
| 1.1 Enhanced efficiency of DIMEX staff and its associated division through trainings | Significant increase in English and use of software. | 1.1.1 Part time professional English language and communication courses - 1 group training (approx 10) 80 hrs - 20 wk for two terms | • Contractual services |
| | Output indicator: Comparison of knowledge and understanding before and after interventions using self-appraisal forms. Staff has a better understanding of the issues than | 1.1.2 Training on Access database (10 week course for group of 15) | • Contractual services |

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| | <p>before.</p> <p>Business' ability to access market opportunity enhanced by direct assistance and advice on ROO,</p> | <p>1.1.3 Training needs assessment for DIMEX and Provincial Trade Offices</p> | <ul style="list-style-type: none"> • TNA carried out by TRAINS programme for 20 days. • Travel • Local Consultants 10 day research. |
| <p>1.2 Enhanced Institutional linkage with the private sector and provincial trade offices and working group on export procedures</p> | <p>Strengthened institutional capacity and public private sector dialogue</p> <p><u>Output indicator</u> public private sector working group set up</p> <p>Enhanced institutional linkage with private sector and provincial trade officers;</p> <p>Strengthened public-private sector dialogue</p> | <p>1.2.1 Set up of joint public private sector working group on ROO and export procedures</p> | <ul style="list-style-type: none"> • Set up joint working group • 1 day meeting *3 per year * 20 people • Local facilitation • Documentation printing • Translation |
| | | <p>1.2.2 Organizational review of the statistics division of DIMEX and its linkage to the provincial trade offices.</p> | <ul style="list-style-type: none"> • UNCTAD*20 days • Ticket • Local research*15 days • Translation |

| Outcome 2: | | | |
|---|--|---|--|
| Improved capacity of the GOL to participate actively in the ASEAN Task force on Rules of Origin and accompanying export procedures including product specific rules (PSR) and operational Certificate Procedures(OCP) | | | |
| Outputs | Output targets | Activities | Inputs |
| 2.1 Enhanced technical know-how of GOL officials of the Import and Export Department of MOIC in the area of ROO, PSR, OCP | <p>Enhance the technical capacity of GOL officials to participate effectively in the ASEAN RoO Task Force and to administer business friendly and simplified ROO, PSR and OCP.</p> <p><u>Output indicator:</u> Improved utilization rate of preferences.</p> <p>Increase volume of export and reduction in the processing time of COs, PSR and OCP.</p> | <p>2.1.1 – Preparation of ad hoc working materials, studies and advisory memoranda, so as to facilitate discussion, dialogue and consensus among concerned ministries and other stakeholders.</p> <p>The technical support will be provided to the CO division, with a view to assisting them with the on going technical discussions taking place in the ASEAN RoO Task force.</p> | <ul style="list-style-type: none"> • TA from ASEAN or UNCTAD • National Counterparts • 1 workshop *25 people * 2 days • Local Facilitators • Conference facility • Documentation printing • Translation |

Outcome 3:

Improved efficiency at central and provincial level in administering ROO, PSR and OCP and improved utilization of market access and preferential market access on ROO, PSR and OCP.

| Outputs | Output targets | Activities | Inputs |
|---|---|---|--|
| <p>3.1 – Enhanced capacity at national level to assist and implement a sound administration and issuance of ROO, PRS and OCP</p> | <p>Significant increase in knowledge and understanding on ROO requirement, across sectors and agencies.</p> <p><u>Output indicator:</u> Comparison of knowledge and understanding before and after interventions using self-appraisal forms. Staff has a</p> | <p>3.1.1 – The creation strengthening of a focal point to assist the manufacturing and exporting community in utilizing market access opportunities by enhancing their understanding of rules of origin, PSR and OCP</p> | <ul style="list-style-type: none"> • TA from UNCTAD • Recruit Technical staff – 12*250US\$ • Provision of office space by MOIC • Equipment – 1 Computer + printer + photocopy • Documentation |

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| | <p>better understanding of the issues than before.</p> <p>Significant increased capacity to administer and deliver services related to export requirements and procedures leads to more business friendly and simplified</p> | <p>3.1.2 – Conduct a series of seminars and training with the Lao private sector and customs to train them on the various aspects of import /export procedures, market access and rules of origin.</p> | <ul style="list-style-type: none"> • Introduction to ROO – 3 days* (15 participants from capital) (15 participants provinces) • ROO in the context of WTO - 3 days* (15 participants capital) (15 participants provinces) <p>Other possible training options to consider</p> <ul style="list-style-type: none"> • ROO under bilateral and regional agreement: • Introduction to Import Licensing Agreement and Import administrative regulation: • TA UNCTAD – 12 man days * tickets • Translation – 12 man days • Venue • Printing of manuals |
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| | | <p>3.1.3 – Drafting of handbooks and leaflets on other informative materials to disseminate information among exporters and manufactures on market access and rules of origin and related administrative requirements.</p> | <ul style="list-style-type: none"> • TA from UNCTAD – 10 man day again this may take longer. • Printing and translation of App. 150pgs for 5 documents ie. • PSR (ASEAN CHINA) + (ASEAN KOREA) • OCP (ASEAN CHINA) + (ASEAN KOREA) • ROO (ASEAN CHINA) + (ASEAN KOREA) |
| <p>3.2 A customized database on rules of origin and trade data established and operationalised</p> | <p>Improved data on rules of origin</p> <p><u>Output indicator</u></p> <p>Usage rate of the database by manufacturers, exporters and officials. Database available.</p> <p>Improve staff skills of DIMEX and efficiency and improved tools to analyze and apply information on ROO and other export requirements and procedures</p> | <p>3.2.1 - Enter in a MoU with the Inter-American Development Bank (IADB) in order to be able to utilize the software and related technical tools to design rules of origin according the productions structure existing in Laos.</p> | <ul style="list-style-type: none"> • UNCTAD TA |
| | | <p>3.2.2 Conduct seminars and training with the Lao private sector and customs to train them in the utilization of the software in order to design rules of origin reflecting the productive chains and value added capabilities.</p> | <ul style="list-style-type: none"> • Inputs TA – UNCTAD • No of participants – 30 Public/Private • Workshop * 2 days • Translation • Manuals • Conference and supplies |
| | | <p>3.2.3 Based on the existing software developed by IADB elaborate and customize a database on rules of origin and their utilization for the use of manufactures, exporters and trade officials in Laos.</p> | <ul style="list-style-type: none"> • Inputs: TA from UNCTAD • Presentation to end users 30*2 day session for Private sector and Public sector |

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|---|---|---|--|
| 3.3 – Technical Assistance provided to government agencies for building capacity in the area of ROO, PSR and OCP administration and issuance | Enhanced the technical knowledge of GOL officials and strengthen their capacity in ROO negotiations. <u>Output indicator:</u> Analysis of pre-training and post-training assessments. Staff has understood the issues. | 3.3.1 - Conduct in depth training for trade and customs officials, including at the provincial level on the administration and issuance of form A, Form D and other origin certificate seminars including export and import verification and investigation procedures. | <ul style="list-style-type: none"> • In-depth training on CO procedures and regulations. • 3 days* (15 capital) (15 provinces) • Translation • Documentation • Supplies and conference facility |
| | | 3.3.2 – Assisting drafting of national laws and regulations to administer issuance of verification and investigation on origin proceeding | <ul style="list-style-type: none"> • TA from UNCTAD |

Outcome 4 :

Enhance capacity of the DIMEX to manage the project in order to achieve the above outputs and outcomes.

| Outputs | Output targets | Activities | Inputs |
|--|---|---|--|
| 4.1 – Sufficient managerial and technical inputs are provided to the project. | Project has necessary human resources. Management meetings, mid-term review, and final evaluation take place. <u>Output indicator:</u> Assessments contained in | 4.1.1 - Staffing support for Implementation of Project activities. | <ul style="list-style-type: none"> • National Project Director • Project Manager • Technical Officer * 2 • Project Account • Project Secretary • Photocopy machine |
| | | 4.1.2 - Monthly and quarterly project management meetings. | <ul style="list-style-type: none"> • Inputs of time by project staff and UNDP. • No financial cost. |

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| | quarterly reports, mid-term review, final evaluation, and project audit. | 4.1.3 - Mid-term review and final evaluation of project activities. | <ul style="list-style-type: none">• Local and/or regional consultant in consultation with project stakeholders.• Funds for consultant's fee, travel, and accommodation; funds for conference facilities and refreshments to present findings; funds for printing reports. |
|--|--|--|--|

Section III – The total work plan and budget

| Expected output | Key Activities | Planned Budget | | Total US\$ | |
|--|--|--|---------------------------------------|-----------------------------|--------------|
| | | Budget code | | | |
| 1.1 Enhanced efficiency of DIMEX staff and its associated division through training | 1.1.1 Part time professional English language and communication courses - 1 group training (appx 10) 80 hrs - 20 wk for two terms | 72100 | Contractual Services - Company | 8000 | |
| | | | sub-total | 8000 | |
| | 1.1.2 Training on Access database (10 week course for group of 15) | 72100 | Contractual Services - Company | 2000 | |
| | | | sub-total | 2000 | |
| | 1.1.3 Training needs assessment for DIMEX and Provincial Trade Offices | 72100 | Contractual Services | 10000 | |
| | | 71600 | Travel | 2000 | |
| | | 71300 | Local Consultants | 800 | |
| | | | sub-total | 12800 | |
| | | | | Sub-total Output 1.1 | 22800 |
| | 1.2 Enhanced Institutional linkage with the private sector and provincial trade offices | 1.2.1 Set up of joint public private sector working group on facilitation import and export procedures | 71600 | Travel + per diem | 1500 |
| 72500 | | | Supplies | 1200 | |
| 74200 | | | Audio Visual & Print Production Costs | 300 | |
| 74500 | | | Miscellaneous Expenses | 300 | |
| | | | sub-total | 3300 | |
| 1.2.2 Organizational review of the statistics division of DIMEX and its linkage to the provincial trade offices. | | 72100 | Contractual Services | 10000 | |
| | | 71600 | Travel | 2000 | |

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| | | 71300 | Local Consultants | 1500 |
| | | | sub-total | 13500 |
| | | | Sub-total Output 1.2 | 16800 |
| | | | Total Outcome 1 | 39600 |
| 2.1 -Enhanced technical know-how of GOL officials of the Import and Export Department of MOIC in the area of ROO, PRS, OCP in the context of ASEAN | 2.1.1 – Preparation of ad hoc working materials, studies and advisory memoranda, so as to facilitate discussion, dialogue and consensus among concerned ministries and other stakeholders; | 72500 | Supplies | 1250 |
| | | 73100 | Rental & Maintenance-Premises | 200 |
| | | 74200 | Audio Visual & Print Production Costs | 300 |
| | | 71200 | International Consultant (UNCTAD) | 10000 |
| | | 71300 | Local Consultants | 1200 |
| | | | | |
| | | 71600 | Travel local and international | 1905 |
| | | 74500 | Miscellaneous Expenses | 300 |
| | | | Sub-total | 15155 |
| | | | Sub-total Output 2.1 | 15155 |
| | | | Total Outcome 2 | 15155 |
| 3.1 – Enhanced capacity at national level to implement a sound administration of ROO, PRS and OCP | 3.1.1 – The creation/strengthening of a focal point to assist the manufacturing and exporting community in utilizing market access opportunities by enhancing their understanding of rules of origin. PSR and OCP. | 71300 | National Consultant under supervision of International consultant | 2286 |
| | | 72800 | Computers | 1200 |
| | | 74200 | Audio Visual & Print Production Costs | 300 |
| | | | Sub-total | 3786 |
| | 3.1.2 – Conduct a series of seminars and training with the Lao private sector and customs to train them on the various aspects of import /export procedures, market access and rules of origin. | 72500 | Supplies | 4500 |
| | | 73100 | Rental & Maintenance-Premises | 600 |
| | | 74200 | Audio Visual & Print Production Costs | 300 |
| | | 71200 | International Consultant UNCTAD | 6000 |
| | | 71600 | Travel local and international | 1905 |
| | | 71300 | Local Consultants | 1200 |
| | | | Sub total | 14505 |

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| | 3.1.3 – Drafting of handbooks and leaflets on other informative materials to disseminate information among exporters and manufactures on market access and rules of origin and related administrative requirements. | 71200 | International Consultant | 4762 |
| | | 74200 | Audio Visual & Print Production Costs | 1500 |
| | | 71300 | Local Consultants | 1500 |
| | | 71600 | travel | 1905 |
| | | | Sub total | 9667 |
| | | | Sub-total output 3 .1 | 27958 |
| 3.2 A customized database on rules of origin and trade data established and operationalised | 3.2.1 - Enter in a MoU with the Inter-American Development Bank (IADB) in order to be able to utilize the software and related technical tools to design rules of origin according the productions structure existing in Laos. | 72100 | Subcontract | 25000 |
| | | | Sub-total | 25000 |
| | 3.2.2 Conduct seminars and training with the Lao private sector and customs to train them in the utilization of the software in order to design rules of origin reflecting the productive chains and value added capabilities. | 71600 | Travel | 1905 |
| | | 72500 | Supplies | 1500 |
| | | 73100 | Rental & Maintenance-Premises | 200 |
| | | 74200 | Audio Visual & Print Production Costs | 300 |
| | | 71200 | International Consultant (UNCTAD) | 1500 |
| | | 71300 | Local Consultants | 4500 |
| | | 74500 | Miscellaneous Expenses | 300 |
| | | Sub-total | 10205 | |
| | 3.2.3 Based on the existing software developed by IADB elaborate and customize a database on rules of origin and their utilization for the use of manufactures, exporters and trade officials | 72500 | Supplies | 1500 |
| | | 73100 | Rental & Maintenance-Premises | 200 |
| | | 74200 | Audio Visual & Print Production Costs | 300 |
| | | 71200 | International Consultant (UNCTAD) | 6000 |
| | | 74500 | Miscellaneous Expenses | 300 |
| | | Sub total | 8300 | |
| | | | | Sub-total Output 3.2 |
| 3.3 – Technical Assistance | 3.3.1 - Conduct in depth training for trade | 71600 | Travel | 1905 |

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| provided to government agencies for building capacity in the area of ROO, PRS and OCP administration and issuance | and customs officials, including at the provincial level on the administration and issuance of form A, Form D and other origin certificate seminars including export and import verification and investigation procedures | 72500 | Supplies | 2250 |
| | | 73100 | Rental & Maintenance-Premises | 300 |
| | | 74200 | Audio Visual & Print Production Costs | 300 |
| | | 71200 | International Consultant | 2381 |
| | | 71300 | Local Consultants | 400 |
| | | | Sub-total | 7536 |
| | 3.3.2 – Drafting of national laws and regulations to administer issuance of verification and investigation on origin proceeding | 71200 | International Consultant | 4762 |
| | | | Sub-total | 4762 |
| | | | Sub-total Output 3.3 | 12298 |
| | | | Total Outcome 3 | 83761 |
| 4.1 – Sufficient managerial and technical inputs are provided to the project. | 4.1.1 - Staffing support for Implementation of Project activities. | 73500 | Reimbursement Cost (ISS) | 2069 |
| | | 74100 | Audit fee | 2500 |
| | | 71400 | Contractual Services - NPD | |
| | | 71400 | Contractual Services - Project Manager | |
| | | 71400 | Contractual Services - Technical staff | 2400 |
| | | 71400 | Contractual Services - Administrative officer | 1200 |
| | | 74200 | Audio Visual & Print Production Costs | 1500 |
| | | | Sub-total | 9669 |
| | 4.1.2 - Monthly and quarterly project management meetings. | 74500 | Miscellaneous Expenses | 300 |
| | | | Sub-total | 300 |
| | 4.1.3 - Mid-term review and final evaluation of project activities. | 71300 | Local Consultants | 1500 |
| | | | Sub-total | 1500 |
| | | | Sub-total Output 4.1 | 11469 |
| | | Total Outcome 4 | 11469 | |
| | | Grand-total | 149985 | |



SIGNATURE PAGE

Country: Lao PDR

UNDAF Outcome(s)/Indicator(s)²⁰:
(Line to UNDAF outcome)

Expected Outcome(s)/Indicator (s)²¹:
CP outcomes linked to the SRF/MYFF goal and service line

Expected Output(s)/Annual Targets²²:

(CP outputs linked to the above CP outcome)

Implementing partner:
(designated institution/formerly executing entity)

Responsible parties:
(formerly implementing entities)

Programme Period: From 2007 to 2009
 Programmed Component:
 Project Title: Capacity building for MOIC's Department of Import and Export(DIMEX) in Rules of Origins(ROO), Product Specific Rules(PSR) and Operational Certification Procedures(OCP)

 Project ID: 00056640
 Project Duration: 2 year
 Management Arrangement: Department of Import and Export of MOIC

1. Enable environment for growth with equity,
 2. Enhanced capacity building for service delivery and strengthened Negotiation skills
 3. And policy advice on trade and poverty policies, including global and regional agreements such as AFTA and WTO MDG based national development plan Prepared of Lao PDR to implement the Sixth National Social Economic Development Plan (NSEDP)
 1. Improved capacity of DIMEX as a service provider to the private sector.
 2. Improved capacity of the GOL to participate actively in the ASEAN Task force on Rules of Origin and accompanying export procedures including product specific rules (PSR) and operational Certificate Procedures(OCP).
 3. Improved efficiency at central and provincial level in administering ROO, PSR and OCP and improved utilization of market access and preferential market access on ROO, PSR and OCP.
 4. Enhance capacity of the DIMEX to manage the project in order to achieve the above outputs and outcomes.
- Ministry of Industry and Commerce

DIMEX

| | | |
|--------------------------------|--------------|--------------|
| Budget | - | \$149,985.00 |
| General Management Support Fee | | _____ |
| Total budget: | | 149,985.00 |
| Allocated resources: | | _____ |
| Government | | _____ |
| Regular | | _____ |
| Other: | | _____ |
| Donor | \$149,985.00 | |
| • Window II trust fund | | _____ |
| • Donor | | _____ |
| • Donor | | _____ |
| • In kind contributions | | _____ |
| • Unfunded budget: | | _____ |

Agreed by (Government): _____

Agreed by (UNDP): _____

²⁰ For global/regional projects, this is not required
²¹ For global/regional projects, these are outcomes identified in GP/RP
²² For global/regional projects, these are outputs identified in GP/RP

Annex 1 – Donor funded Projects in the area of Trade Facilitation and Improved Business Environment programmes

| Description of Project/Studies | Inputs | Beneficiaries | Development Partner |
|---|--|---|---------------------|
| <p>1. The Asian Development Bank (ADB) - US\$10 million SME Development Loan</p> <p>Loan project currently being finalized</p> | <p>The Private sector and SME Development Programme is based on a Cluster and Policy Matrix organized around 4 main areas:</p> <ol style="list-style-type: none"> 1) Macroeconomic Stability in support of Private/SME growth 2) Investment Climate 3) Trade Policy and Capacity 4) SME Strategy and Access to Finance <p>Under these 4 clusters TA activities are divided into 7 components of which 4 are related to Trade Facilitation and Enabling Business environment:</p> <p>Component 1: Business registration and information management system. Under this component, it will support streamlining business registration procedures and assist MOIC in establishing the business registry information management system at the National Government (MOIC) and one or two pilot provinces prior to the government rolling out systems to other provinces. The output will be issuance of registration procedures, procurement of computers and upgrading software for the national registry database and one or two pilot provinces. The component will include training for operating the business registry, as well as stakeholders' workshops on the registries in pilot provinces. The proposed implementing agency is the Directorate of Business Registration, Department for Domestic Trade, MOIC. A consulting firm in accordance with ADB Procurement Guidelines will do procurement of equipment under</p> | <p>SMEPDO MOIC MOF Private Sector CPI LNCCI</p> | <p>ADB</p> |

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| | <p>component 1.</p> <p>Component 2: Reforming the import-export management mechanism. It will strengthen analytical support for the Government's efforts to continue to reform its trade policy regime. The focus will be on better understanding the costs of the import-export controlled mechanism to producers and households, and assisting MOIC with developing a strategy for reforming the import-export management system – including the controlled list - to be consistent with WTO rules. The component will provide in-house training/workshops on a needs basis. The proposed implementing agency is the Department for Import and Exports, MOIC.</p> <p>Component 3: Strengthening Analytical Capacity for Making Foreign Trade Policy. This component will support the Department of Foreign Trade Policy (DFTP) efforts to strengthen its analytical capabilities to assess trade policy on its merits for Lao PDR and for effective participation in WTO accession talks. This will be done in several ways. First, estimate effective rates of protection (ERPs) and use the model as an analytical tool for the DFTP to assess resource allocation effects of trade policy including WTO accession 'requests and offers'. Provide staff training for use of the model. Second, the component will provide training for staff to carry out its own trade policy review. Third, provide in-house training programs/workshops to strengthen analytical capabilities will be provided on a needs basis. The proposed implementing agency is Department for Foreign Trade Policy at MOIC.</p> <p>Component 4: Red tape review. This component will support the Government to carry out a red tape review. First, conduct a survey of major red tape and quantify the costs to the economy. Second, based on the results of the survey and</p> | | |
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| | consultations with government and other stakeholders, develop a strategy for institutionalizing a regulatory impact assessment suitable for the Lao PDR context. The proposed implementing agency is SMEPDO at MOIC. | | |
| <p>2. SME Development Programme - funded to the tune of US\$ 3.7 million by the EC.</p> <p>Project Grant signed in May 2007</p> | <p>The focus of the project is to develop national capacity for the sound implementation of SME Development Strategy by supporting GoL to meet policy reform requirements. This project is linked to the ADB loan project for SME and Private sector Development. The project is build around four main outputs:</p> <p>Result 1: Enhanced Legal and Regulatory Environment</p> <ul style="list-style-type: none"> • <i>Improved Business Registration</i> • <i>Improved Business Licensing</i> <p>Result 2: Enhanced Investment Procedures and Trade Policies</p> <ul style="list-style-type: none"> • <i>Improved Investment Procedures</i> • <i>Improved Trade Policies</i> <ul style="list-style-type: none"> – Automatic licensing system established to replace import-export mgt system – Clarified criteria for prohibited and controlled lists – Establishment of single window for import licensing under MOIC <p>Result 3: Enhanced SMEs Access to Finance</p> <ul style="list-style-type: none"> • <i>Financial reporting framework through SME accounting system strengthened</i> | <p>SMEPDO MOIC MOF Banking sector CPI Private Sector LNCCI</p> | <p>EU</p> |

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| | <ul style="list-style-type: none"> • <i>Legal framework for finance leasing developed</i> • <i>Secured lending enhanced through improved legal framework</i> • <i>Implementing decree expanding forms of security.</i> • <i>Increase in volume of bank lending</i> <p>Result 4: Institutional strengthening and capacity building support to SMEPDO</p> <ul style="list-style-type: none"> • <i>SME development strategy formulated and implemented</i> • <i>Provision of information to and from SMEs improved</i> • <i>Institutional and staff development plan formulated and implemented</i> | | |
| <p>3. The Mekong Private Sector Development Facility (MPDF) is operating a US\$ 5 million Multi Donor Fund programme over the period 2005-2009</p> | <p>The project is built around 3 components:</p> <ul style="list-style-type: none"> (i) A business enabling environment programme; (ii) A business development programme and (iii) A company advisory assistance programme. <p>The goal of the Business Enabling Environment Program is to improve the environment for doing business in the Mekong region, as a thriving private sector creates the jobs needed to alleviate poverty. The program does this through three main activities:</p> <ol style="list-style-type: none"> 1. assisting government to develop and implement better business-related policies and regulations; 2. facilitating dialogue and building the capacity of the private sector to advocate for a better business environment; and | <p>SMEPDO MOIC MOF Banking sector Private Sector LNCCI CPI</p> | <p>IFC-MPDF is a multi-donor funded initiative set up by the International Finance Corporation in Vietnam, Cambodia, and Lao PDR</p> <p>Asian Development Bank, Australia, Canada, Finland, IFC, Ireland, Japan, New Zealand, the Netherlands, Norway, Sweden, Switzerland and the</p> |

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| | <p>3. researching and disseminating information about business issues in Vietnam, Cambodia and Lao PDR, as well as on international good practice with regard to private sector development.</p> <p>Over the past few years, our work has focused on improving the policy and regulatory framework for investment and business operations; increasing private sector access to land, capital and market information; and raising awareness on issues of sustainability (including corporate citizenship, corporate governance and gender). All of IFC-MPDF's work in BEE is planned and carried out with partners in government and the private sector, and often in collaboration with other units of IFC and the World Bank.</p> | | United Kingdom. |
| <p>4. Study to review and redevelopment of Laos Import/Export/Transit regime</p> <p>Ongoing Study funded by the EU in preparation for the Multi Donor Trust Fund</p> | <p>The global objective of the assignment is to undertake a comprehensive review of all import, export and transit processes and procedures in order to identify and document a range of new approaches based on compliance with internationally agreed standards and good practice approaches. The review will take the form of a comprehensive business process re-engineering (BPR) exercise covering the entire import, export and transit process including Customs and non-Customs agencies. In addition, the review should carefully examine relevant information requirements and flows to identify opportunities for data sharing between different government agencies</p> <p>Expected results are:</p> <ul style="list-style-type: none"> • Updated map of all current systems, procedures and practices associated with import, export and transit process in view of their automation; • Simplification of import, export and transit process; | MOIC Customs MOF MOF MOA | EC funded |

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| | <ul style="list-style-type: none"> • Compliance of the Laos' Customs regime with its international obligations. • Review and document (map) all current systems, procedures and practices associated with the import, export and transit process; • Identify practical and cost effective opportunities for the rationalization and simplification of the import, export and transit process; • The review (BPR) will examine all current border processes and procedures, both in relation to Customs and to Customs interface with other organizations present at the border and their information and control requirements. • The review should consider potential opportunities for a reduction in the number of organizations present at the border and explore possibility for Single Stop Processing, and the potential for Single Window Processing applications and data exchange. | | |
| <p>5. Support to Trade Facilitation and Capacity Building in the Greater Mekong Sub region</p> <p>Regional Project US\$ 1.5 million</p> | <p>The SFA-TFI project is build on 4 priority areas which are deemed critical to improving trade facilitation:</p> <ul style="list-style-type: none"> • Customs procedures • Inspection and quarantine • Trade Logistics • Business Mobility <p><u>Part 1 of the project focuses on the following outputs:</u></p> | MOIC | ADB with Co financing from the People's Republic of China. |

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| | <ul style="list-style-type: none"> • National plan or road maps – time bound and coordinated at the regional level through the TFWG • Regional work programme for the TFWG for implementing the SFA-TFI • National Institutional mechanism for coordinating the SFA-TFI • Strengthening Trade Facilitation Focal Point • Identification of capacity building and training needs <p><u>Part 2 of the project focuses on the following outputs</u></p> <ul style="list-style-type: none"> • Institutional strengthening of the international institution for trade development based in Thailand • Development of material for training modules • Training of regional trainers • Support for the development of networks, Information systems and information dissemination to promote understanding of economic integration issues in GMS • Enhancement of the capacity of ITD and GMS countries to undertake specific research | | |
| <p>6. Promoting Private Sector Development through Strengthening of Lao Chambers of Commerce and Industry and Business Associations, US \$ 2,326,000 (planned)</p> | <p>This project builds on the corporate agreements between UNDP and UNIDO, and is therefore a joint programme that seeks to support the development of the private sector in Laos, in particular SMEs (Small and Medium-sized Enterprises), through the following strategies:</p> <ul style="list-style-type: none"> • Optimising the use of research findings and recommendations in the areas of private sector development and the business enabling environment; focusing on constraints in the policy, legal, regulatory and institutional environment; highlighting the most | <p>LNCCI, NERI</p> | <p>UNDP, UNIDO</p> |

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| | <p>important issues and practices offering scope for easy breakthrough changes and win-win situations.</p> <ul style="list-style-type: none"> • Strengthening the capacities of national and provincial chambers of commerce (LNCCIs and PCCIs) and business associations (BMOs) to enable them to become independent, self-reliant and self-financing organizations providing effective and income generating services to the business community; • Strengthening the capacities of chambers of commerce and industry and business associations to carry out advocacy on behalf of their members. <p>The project's activities are rooted in Government policies on private sector development and commitments of the UN system articulated in the current United Nations Development Assistance Framework.</p> <p>Overall, the project seeks to contribute to an improved enabling business environment, accelerated growth of private businesses, increased exports, and increase in the number and profitability of SMEs.</p> | | |
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Annex 2 – Mandate and Responsibility of Import and Export Department

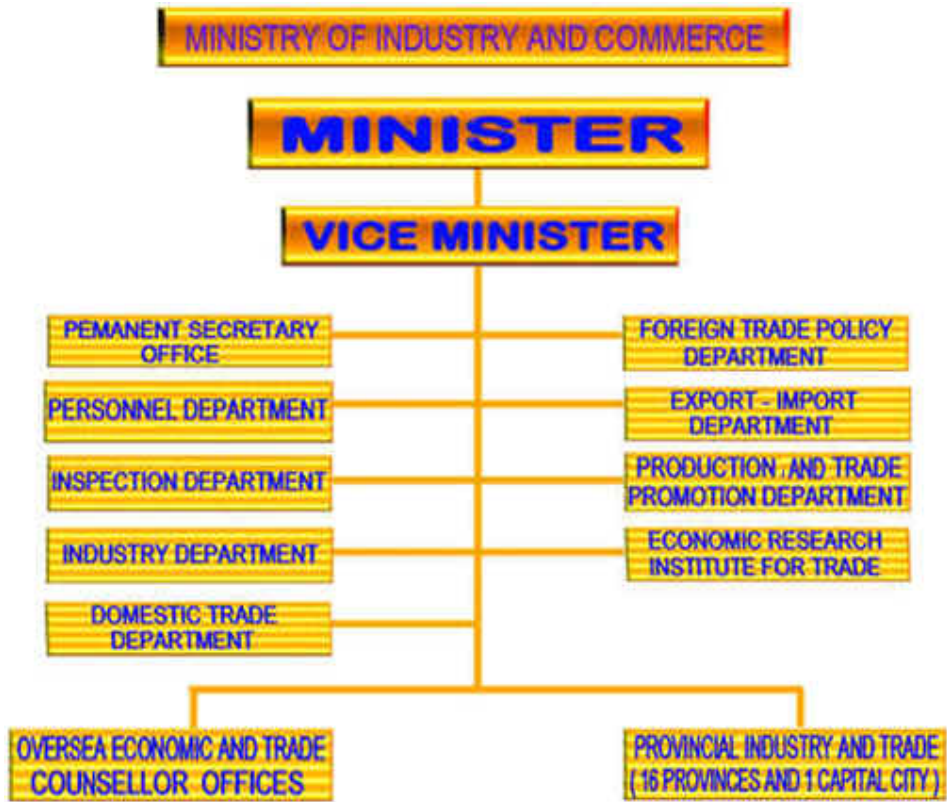
1. Formulate policies and strategies related to trade facilitation and supervise the implementation of those policies and strategies.
2. Oversee the management of imports and exports and trade facilitation, as well as border trade, and goods origins.
3. Study and formulate legislations related to implementation of the policies and strategies mentioned in paragraph 1.
4. Study and formulate regulations pertaining to the administration of Certificate of Origin.
5. Serve as focal point for Trade facilitation in the country and overseas and under different cooperation frameworks such as: Mekong sub-region.
6. Administer import and export licenses as stipulated by the related law and regulations.
7. Provide support to import and export businesses, with a view to promote and upgrade the quality and efficiency of the business sector.
8. Provide technical supervision to the (i) industry and trade service at provincial level, (ii) the industry and trade service of Vientiane Capital, (iii) and the oversea economic and trade counselor officers.
9. Implement the donor funded projects according to the roles and responsibilities of the department.
10. Provide statistics of import and export, analyze the figures for the basis for the development of import and export policy and regulations.
11. Protect and maintain all properties which belong to the department and for which the department is responsible.
12. Oversee the training and supervise the staff performance of the department.
13. Carry all other duties assigned by the Minister of Industry and Commerce and as stipulated by the current laws in force.

Rights and duties:

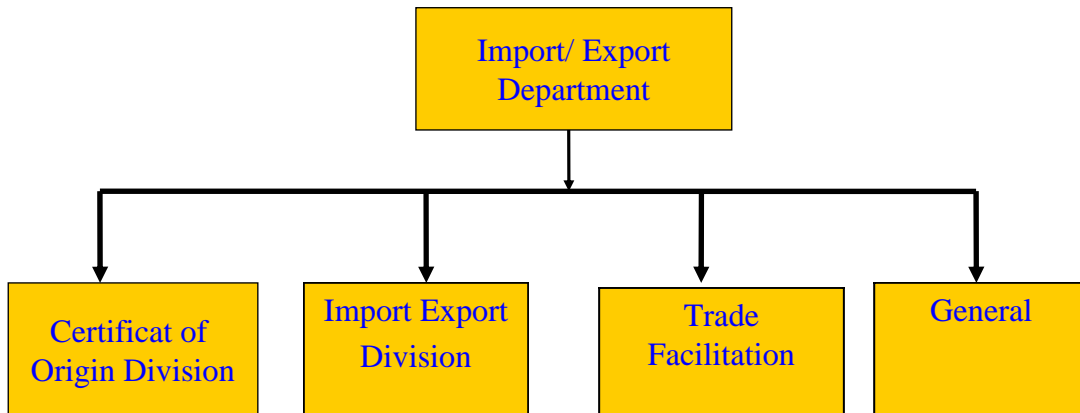
1. Improve or formulate legislations pertaining to the department's work based on the responsibilities set out in the article 2 of this agreement, with a view to presenting these to the Minister of Industry and Commerce for consideration.
2. To take part in negotiation with foreign countries in the area of work mandated to the department by the ministry and the government.
3. Administer and control the issuance of the Certificate of Origin and the license of import and export according to the laws and regulations.
4. Request or present the necessary measure in order to ensure the department's effectiveness in carrying out its functions.
5. Ensure coordinate with all related other sectors in order to address problems related to the department roles and responsibilities.
6. Request or present improvements in the department's organisation structure.
7. Administer, and implement the policies related to the officers of the department in accordance with the rules and regulations.
8. Utilize project funds to promote and support the technical officers of the department.

9. Approve and sign all documents, which are related to the department's role and responsibilities.
10. Coordinate with the related sectors all exchange and supply of data and information in terms of marketing and statistics on import and export.
11. Use all other rights assigned by the Ministry of Industry and Commerce and those set in the laws and regulations.

Annex 3 - Organizational Chart of the Ministry of Commerce of the Lao P.D.R



Organization Chart – Import and Export Department



Annex 4- List of Controlled and Prohibited Imports and Exports

People's Democratic Republic
Peace Independence Democracy Unity Prosperity

Ministry of Industry and Commerce

No. 1376/MOIC.DIMEX
Vientiane Capital. 10 October 2006

Notification on List of goods subject to import-export control and prohibition

- According to the Decree on the import-export management. No 205/PMO of 11 October 2006.
- According to the Regulation on the Import-Export Licensing of Controlled goods. No 106/MOC.FTD dated 25/1/2002.
- According to Prime Minister Order on import-export facilitation and distribution of goods throughout country No. 24/PMO.dated 24/09/2004..
- According to the list of goods needed approval from related government agencies.

The Minister of Industry and Commerce issues the notification on the list of goods subject to import-export control and prohibition. as follows:

I. Goods subject to import-export prohibition

Goods subject to import export prohibition are dangerous and have a severe effect on national security, peace and public safety in order to protect the social/public order: the standard of living; national cultures and traditions; huinan, animal and plant life or health; national treasures of artistic, historic or archaeological value; architectural value: and national resource preservation; to comply with the United Nations treaties and national laws and regulations. The list of goods subject to import-export prohibition includes:

A. There are five categories of goods subject to import prohibition

1. Guns, bullets, all kinds of explosives, war weapons and war vehicles
2. Opium seeds, opium flowers, cannabis
3. Dangerous pesticide
4. Game Machines that lead to bad attitudes
5. Pornography and literatures that affect on cultures and national security

B. There are nine categories of goods subject to export prohibition

1. Guns, bullets, explosives, war weapons and war vehicles
2. Opium seeds, opium flowers, cannabis
3. Animals and animal products which are prohibited to export according to the law
4. Log. timber and Akar wood from the forest
5. All kinds of orchids from the forest and Dracaena Loureiri
6. All kinds of rattan
7. Bat manure
8. Antique objects; national treasures of historic or archaeological and cultural value and naturally national historic objects.
9. Old/antique Buddha and angel images; and religiously respectful objects

II. Goods subject to import-export approval or certificate

Goods subject to import-export approval or certificate means that those need to get approval or

certification from related government agencies prior to the import –export in order to comply with the national laws and international treaties that Lao PDR is a part) member; to ensure the safety of use; to inspect the quality and standards: and to prevent epidemic disease. The List of goods subject to import –export approval is:

A. There are 25 categories of goods subject to import approval or certificate

1. Live animal, fish and aquatic animals
2. Animal meat and other parts for human consumption: and products from animals and processed products from animal meat.
3. Milk products
4. Rice in the husk (paddy): rice
5. Cereals, products from vegetables, other processing for human consumption
6. Beverage, alcohol and orange juice
7. Food for animals
8. Cements, mortars and concretes
9. Fuel
10. Gas
11. Chemicals that are reacted to Ozone and products contained such chemical substances
12. Bio-chemical products
13. Pharmaceutical products. medicine for human and animal as well as medical equipment
14. Chemical fertilizer
15. Some types of cosmetic
16. Pesticide and toxic products for mouse and germs /microbes / bacteria
17. Sawn wood processed by sawmill company
18. Log and seedling
19. Textbooks and books
20. Rough diamonds
21. Silver and gold
22. Steel (long and round piece of steel and other shapes)
23. All kinds of vehicles and parts (except bicycles and tractors)
24. Game machine
25. Explosive substances

B. There are seven categories of goods subject to export approval or certificate

1. Live animal, fish and aquatic animals
2. Rice in the husk (paddy): rice
3. Resin and forestry products
4. Mining
5. Wood and wooden products
6. Rough diamond
7. Gold and silver

Ministry of Industry and Commerce will regularly improve the notification on the list of goods subject to import –export control and prohibition. where it is appropriate, in order to facilitate the business and to comply with the international treaties that Lao PDR is a party member.

This Notification replaces the notification on List of goods subject to import-export prohibition N. 0284/MOC.FTD date 17/6/2004 and the notification on List of goods subject to import-export approval from trade and other related government agencies.

Ministry of Industry and Commerce.
Dr. Nam Viyaketh

Annex 5 – Import and export procedures

| <u>EXPORT PROCEDURES</u> | <u>IMPORT PROCEDURES</u> |
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| <p><u>General Goods</u></p> <p>Documents required:</p> <ol style="list-style-type: none"> 1. Invoice 2. Packing List <p>Exporter shall submit invoice and packing list to the Customs at the border checkpoint for the inspections and clearance for release of goods.</p> <p style="text-align: center;"><u>(2 documents and 1 step)</u></p> | <p><u>General goods</u></p> <p>Documents required:</p> <ol style="list-style-type: none"> 1. Invoice 2. Packing List 3. Import duty and tax payment receipt <p>Importer shall submit the Packing list, Invoice and Import duty and tax payment receipt at the border checkpoint or warehouse. Once cleared the goods are released.</p> |
| <p><u>Goods Controlled (administered) under the Ministry of Industry and Commerce (rough and cut diamond)</u></p> <p>Documents required:</p> <ol style="list-style-type: none"> 1. Application Form 2. Invoice 3. Packing List 4. Approval from the Ministry of Industry and Commerce <p>Exporter shall submit application form, invoice and packing List to the Ministry of Industry and Commerce (Import and Export Department) for an approval. Then exporter shall present the approval to the airport or the border checkpoint for the inspections and release of goods.</p> <p style="text-align: center;"><u>(4 documents and 2 steps)</u></p> | <p><u>Automobile and parts</u></p> <p>Documents required:</p> <ol style="list-style-type: none"> 1. Invoice 2. Packing list 3. duty and tax payment receipt 4. Importation approval from the DIMEX (MOIC) <p>Importer shall submit invoice, packing list and duty and tax payment to the Ministry of Industry and Commerce (Import and Export Department) for the importation approval (purpose is to collect statistics). Finally, the importer shall forward the documents to the border checkpoint for inspections and release of goods.</p> <p style="text-align: center;"><u>(4 documents and 3 steps)</u></p> |

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| <p><u>Prohibited goods</u></p> <p>Documents required:</p> <ol style="list-style-type: none"> 1. Application Form 2. Invoice 3. Packing List 4. Letter from relevant Ministries 5. Approval from Prime Minister's Office <p>Exporter shall submit application form, invoice, and packing list to the relevant ministries to issue the letter to the Prime Minister's Office for an approval. Then exporter shall present the approval to the border checkpoint for inspections and release of goods.</p> <p style="text-align: center;">(5 documents and 3 steps)</p> | <p><u>Goods Controlled (Administered) under the MOIC (Petroleum and Gases)</u></p> <p>Documents required:</p> <ol style="list-style-type: none"> 1. Application form together with annual importation report and Plan 2. Importation approval from the Ministry of Industry and Commerce 3. Import duty and tax payment receipt 4. Invoice 5. Packing List <p>Importer shall submit the annual importation report and plan to the Ministry of Industry and Commerce for importation approval semi annually. Then, the importer forwards the importation approval, invoice and packing list to the border checkpoint or warehouse for inspections, checking of import duty and tax payment – after which the goods are subsequently released.</p> <p style="text-align: center;">(5 documents and 2 steps)</p> |
| <p><u>Goods Controlled (Administered) under the concerned Authorities</u></p> <p>Documents required:</p> <ol style="list-style-type: none"> 1. Application Form 2. Invoice 3. Packing List 4. Approval from relevant Ministries <p>Exporter shall submit application form, invoice and packing list to the relevant authorities (ministries or provincial offices, Vientiane Municipality offices) for an approval. Then exporter shall present the approval to the border checkpoint for the inspections and release of goods.</p> <p style="text-align: center;">(4 documents and 2 steps)</p> | <p><u>Goods Controlled (Administered) under the MOIC (rough and unwrought diamond)</u></p> <p>Documents required:</p> <ol style="list-style-type: none"> 1. Application form 2. Invoice 3. Packing List 4. Importation approval from the Ministry of Industry and Commerce <p>Importer shall submit the application form, invoice, and packing list to the Ministry of Industry and Commerce for approval. Then, the importer forwards the approval to the airport-customs office or to the border checkpoint for inspections and to release of goods.</p> <p style="text-align: center;">(4 documents and 2 steps)</p> |

Annex 6 -Certificate of Origin issued by the DIMEX

Form A: Under the **GSP** (Generalized System of Preferences) program, zero or reduced import tariff is granted by developed countries to least developed countries, in order to bolster their exports and economic growth. Most imports eligible under the GSP program are free of duty. There are over 20 industrialized countries **donor countries** (country of destination) which maintain GSP programs with Laos. **Form A**, which is often called the **GSP Form A**, is the certificate of origin, which is used under the GSP program

Form D: This is the certificate of origin issued under the CEPT (Common Effective Preferences Tariffs) of the AFTA, it is used specifically for exports within the ASEAN member countries.

Form AISP: This is the certificate of origin issued under the ASEAN Integration System of Preferences, which is granted by the 'original' ASEAN members (6 Countries) to the Cambodia, Lao PDR, Myanmar and Vietnam i.e. the 4 new ASEAN Members. Under AISP the CLMV are provide with tariff exemption between 0-5% on a list of product selected by the 6 preference granting countries. At present, Lao PDR is granted preferences from 183 products coming from Thailand and 12 products from Malaysia.

Form E: This is the certificate of origin issued for the products exported and imported between ASEAN member countries and China under the Early Harvest Programs. A total of 472 products are included in the Schedule of Tariff Concession for Early Harvest Programs. Out of these 472 products, 83 products are not included in the concession Schedule for Laos, which means that only 389 products eligible for the tariff exemption ranging from 0-8%.

Form SPT: This is the certificate of origin issued for products exported from the new ASEAN member countries (Laos, Cambodia, Myanmar) to China. Under this Special Preference Tariff agreement, China grants Lao PDR tariff concession rate on 238 products.

Form S: This is the certificate of origin issued for Lao products, which are eligible for preferential access to Vietnam. This bilateral agreement provides 0% tariff on all products excluding the 1 B and 2 B schedule of products and the product from the prohibited list. The Lao government reciprocates the same preferential access to Vietnam.

Form Export License: This the certificate of origin issued for the Lao textile product exported to Canada.

Form CO-Korea: This is the certificate of origin issued for tariff concessions granted by Korea to least developed countries, it cover a list of 114 products.

Annex 7 - Role and Responsibilities of the Certificate of Origin Division

1. Study and formulate the policies on Rule of Origin.
2. Provide technical implementation for issuance of certificate of origin to provincial trade service, municipality, the national chamber of commerce and industry and the exporting business units to comply with the rules granted for tariff preferences.
3. Issue and administer the certificate of origin.
4. Lead and cooperate with concerned sectors for inspecting factories.
5. Study and coordinate with concerned sectors within country and overseas about all the conditions and rules that are eligible for generalized system of preference (GSP).
6. Disseminate and implement issuance of certificate of origin.
7. Update and simplify the rules and conditions for exporting goods.
8. Coordinate with other departments, ministries and agencies with a view to prepare for technical meetings and negotiations concerning rule of origin within the country and overseas.
9. Responsible for other works assigned by the department committee.

Annex 8 - IADB Software

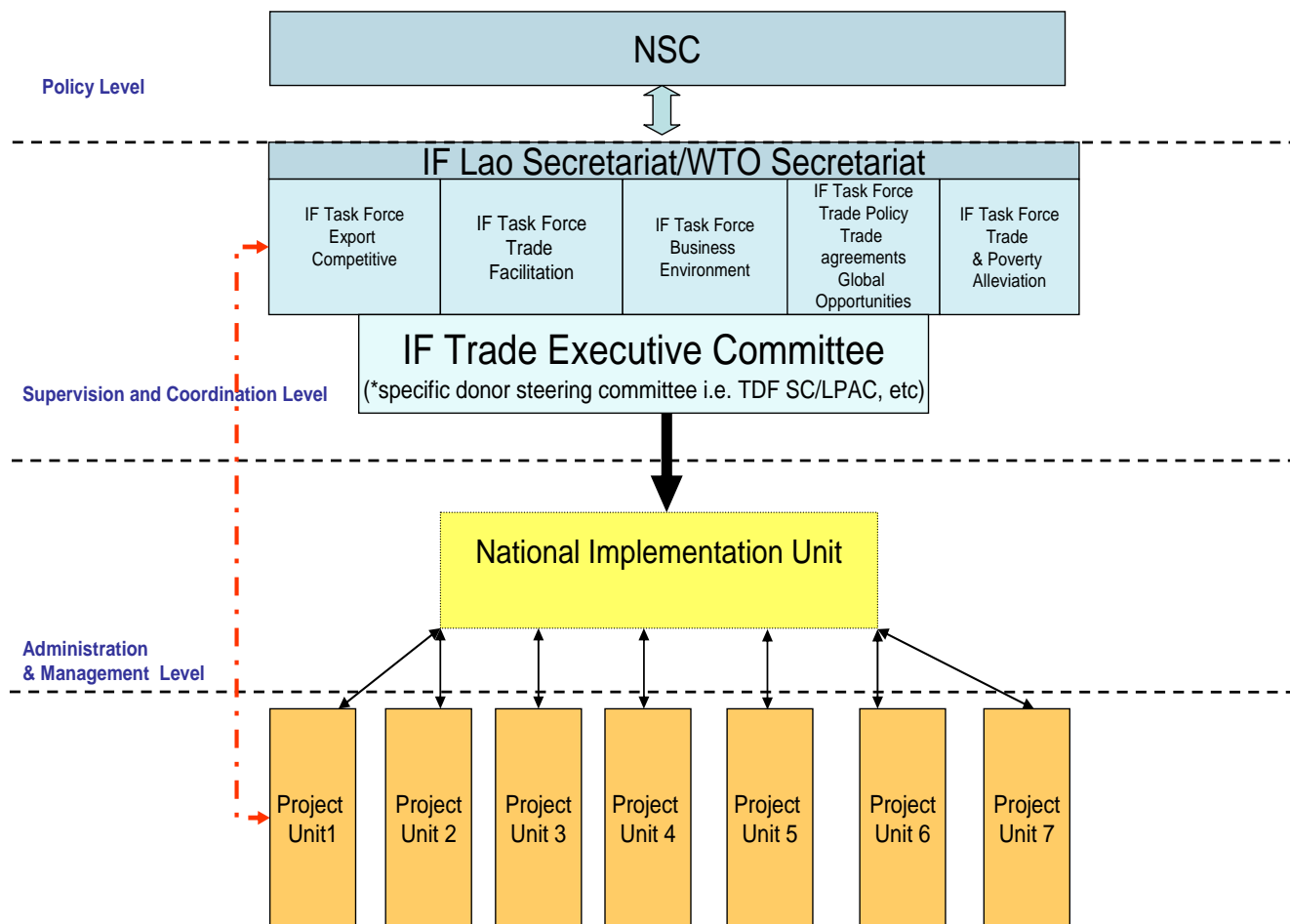
The IADB software has been developed over a 5-year period to assist Latin American countries in the negotiations with US on the free trade areas of the Americas. The software over time has been adapted to include an EU RoO database.

The IADB software will be adapted to specifically support DIMEX as a Service Provider to the private sector. This software will provide a basis for public and private sector dialogue during the different phases of negotiations on rules of origin. It will be used as a tool to facilitate the CO division in the issuance of certificate of origin. Manufacturers and exporters will be provided with a user-friendly version of the software, which they will use to input their profile in terms of imported and local inputs used in their manufacturing process. This will allow them to verify if they are in compliance with rules of origin requirements under EBA or other unilateral preferences. The data inputted by the firms will be returned to DIMEX, and will be kept on record to be used when issuing certificate of origin.

This information will be used for assessing the impact of the various negotiating proposals in the context of ASEAN and other FTAs, on Lao exporters. The software will thus provide the necessary back up and support to enter into a meaningful dialogue with the private sector on a solid technical basis. It will provide the necessary tool to engage the private sector and assess the implications of product specific rules currently negotiated in the ASEAN context for the Laos private sector. The software can also be used by DIMEX to draft possible alternative product specific rules of origin matching the Laos manufacturing capacity in regional trade negotiations in the ASEAN context.

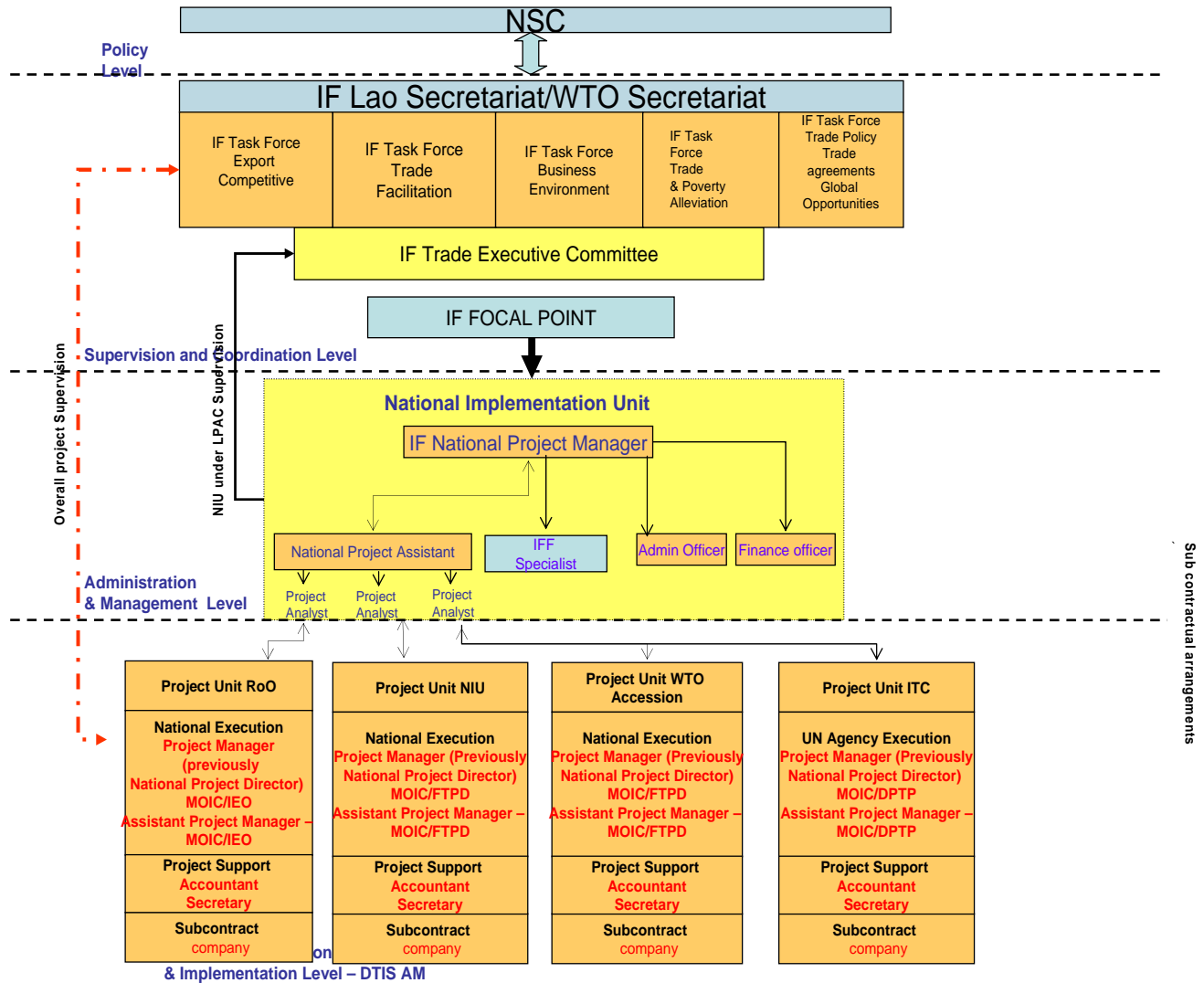
This software is a one off purchase and the IAD together with UNCTAD will train the DIMEX staff on how to maintain and update the database.

Overview of the IF Governance and Management Structures



Technical Supervision
& Implementation Level – DTIS AM

* The overall steering of the NIU will be under the IF Trade Executive Committee – depending on the various sources of funding, the composition, chairing, reporting, voting, etc will be defined in the specific document



Annex 10 – Detailed Structure and ToRs of the NIU

1 SCOPE OF THE NIU

The NIU will be responsible for operationalising the Action Matrix. In other words, the NIU will be the entity responsible for translating the identified actions in the DTIS Action Matrix into bankable and feasible projects. The NIU will be responsible for the following:

- Project identification,
- Project proposal write ups,
- Set up of the project implementation structures,
- Preparation of tenders and procurements
- Monitoring the outputs and activities against set indicators
- Review the implementation by various service providers/government agencies/NSA
- Work with the IF TF and PUs and support them in their activities.
- In cases where the IF TF and PUs are weak or functioning poorly, the NIU will need to provide support and take on the role of these committees.

The IF NIU will be established in the offices of the MOIC with two /three members of the core IF Ministries seconded to the NIU and supplemented by locally recruited staff and consultants. The following staffing structure will make up the IF NIU and is depicted below:

- IF National Project Director – detached from the MOIC (part time)
- National Project Manager – detached from the MOIC (full time)
- IF Facilitator Specialist – AusAid funded Technical Assistance
- Project Analyst– 2 locally recruited and 1 detached from the MOIC (Full time)
- Administrative Officer – Locally recruited (Full time)
- Financial Assistant – Locally recruited (full time)

The NIU will work closely with two entities the IF Task Force and the Project Units (PU). The IF TF/PUs will provide the NIU with the technical expertise for designing the various projects as well as being responsible for the hands on implementation of the various projects. The NIU and IF TF/PU have distinct roles, the former being responsible with the overall project identification, project write up and project set up. The latter will be responsible with the executing agency (which could be a Government department, UN agency or a private company or NGO) to deliver the project outputs and oversee the day-to-day running of the project.

The role of the NIU will need to be revised and extended to meet the changing needs, new funding mechanisms, and new programmes, which will come into stream throughout the project life under Window II. When the enhanced IF and the Trade Development Fund are put in place, the structure and body of the NIU will need to be modified.

2. Overall staffing and lines of responsibility

The IF NIU will be set up at the MOIC Foreign Trade Policy Department and will be under the overall supervision of the IF Focal Point and the NIU National Project Director. The IF National Project Director together with support from the IFF specialist and a National Project Manager will manage the NIU on a day-to-day basis. Two Project analysts will be recruited locally and one Project Analyst will be detached from the MOIC. All three Project Analyst will be based on a full time basis at the IF NIU. The National Project Manager will shadow the IFFS, with a view to taking on the IFFS post within six months of the set up of the NIU. The main role and responsibilities of the IF NIU will be to oversee the day-to-day running of all IF related activities, from the running and management of Window II projects, the EIF and TFD. The unit will be responsible for the complete project cycle management for all DTIS related actions, from identification, to design, to implementation, monitoring and evaluation. The IF NIU will work in close collaboration with the following entities:

- The IF Task Forces (IF TFs) - Which will be a sub committee of the Lao IF Secretariat, will provide support to the NIU on overall project direction and on technical issues and will be actively involved with the initial stages of project identification and project formulation.
- Project Units (PUs) – The PU will be set up in the relevant line ministry and will be responsible for the day-to-day implementation of individual projects. The PU will be responsible for ensuring the delivery of project outputs and activities. The NIU will provide support to the PUs in their main functions of procurement, monitoring and evaluation.
- The Trade Development Fund Secretariat - The IF NIU will work in close collaboration with the TDF Secretariat based at the World Bank office. The NIU will ensure coordination between the various funding channels and ensure smooth flow of information between the two entities.

The IF NIU will be supported by a pool of experts in the form of a call down facility, which will be used as and when needed to support the technical work of the IF NIU. This pool of experts

will be set up in the form of a “Framework Contract’ based with a local firm in partnership with an internal research institute.

3. DETAILS TASKS OF THE NIU

The main role and responsibilities of the IF NIU are as follows:

1. Works with the Ministries of Industry and Commerce, Finance and Planning, as appropriate, to advocate for and assist in the inclusion of trade integration priorities in the PRSP and other national development plans. Raises awareness among Ministries, the private sector and civil society on the relationship between trade, economic growth, and poverty reduction with the aim of ensuring that agreed priorities are integrated into the PRSP/national development plans, relevant line ministry plans and the national budget.
2. Ensures coordination at all stages of the IF process of the national stakeholders, including government, private sector, and civil society. Facilitates intra-governmental and donor coordination, as well as public-private sector dialogue on trade development, using proper consultation processes such as the PRSP, other national development plans and private sector development programmes. Advises on sectoral and cross-sectoral trade issues, including the regional trade dimension, involving meaningfully in the IF line Ministries, such as Agriculture, Health, Customs, etc.
3. Maintains and promotes the dialogue between the national authorities and the bilateral and multilateral development partners towards achieving a coordinated and comprehensive support to the implementation of the priorities in the country’s trade integration strategy. To this end, it works closely with the donor facilitator as well as development agencies.
4. Recommends to the NSC prioritized areas for IF actions and elaborates strategies of intervention.
5. Implements the national IF sensitization/communication activities aimed at enhancing support and involvement by local stakeholders.
7. Prepares a multi-year work plan for and the detailed annual operational plan of the TDF-NIU, including its budget under Tier 1, for approval by the NSC and subsequent submission to the IF Executive Secretariat. Aspects of this work plan would include all the leadership and coordinating functions mentioned under points 2 to 5 above.
8. Identifies the preparation of diagnostic work to be carried out in partnership with other Ministries. This can range from full-fledged DTIS or DTIS updates to more narrowly specify analytical work that is required as a follow-up to the DTIS or to assist project identification/preparation. Selects, in consultation with the IF Secretariat, one of the six IF core agencies that will assist in the preparation of the diagnostic work. To facilitate programming needs, IF NIU would inform the IF secretariat on its diagnostic needs and request for agency help with at least six months previous notice.
9. Works with implementing partners to turn priorities in the action Matrix into “bankable projects”, including Tier 2 projects and projects for the financial consideration of bilateral and multilateral donors. Implementing partners is broadly understood to mean Ministries, other Government entities, private sector, NGOs and development partners.
10. Monitors the implementation of the overall trade integration strategy, including the implementation of programmes supported by the IF Trade Development Fund, in close collaboration with key government agencies (e.g. CPI) as well as development partners (e.g., donors and IFIs). This will include the establishment of a monitoring and evaluation system for the IF, integrated as much as possible into existing systems for monitoring development programmes.

11. Reports on progress of IF implementation at relevant government coordination meetings (e.g. PRSP, national development plans, Private Sector Development Programme, etc) where they exist. Where these do not exist, organizes quarterly meetings. Reports on IF implementation progress, to the NSC, and the IF Executive Secretariat.
12. Prepares an inventory of all ongoing and planned TRTA projects in the country.
13. Organizes IF implementation meetings to assess IF progress at the country level with key stakeholders and donors at least twice a year.
14. Coordinates mid-term reviews and evaluations of the IF at the request of the IF Board and IFSC.
15. IF NIU will work closely with the IF Task Force and the Project Units.

Annex 11 – Guidelines for the Terms of Reference for the Project Unit

1. Project Assistant Manager

Profile of Project Assistant Manager

Holder of a diploma or university degree and very good command of written and spoken English. Good understanding of the role and responsibilities of the CO division. Dynamic with good communication and inter personal skills.

Roles and Responsibilities:

1. Hand on management of the project implementation
2. Responsible for the production of project inputs in accordance with the project documents.
3. To organize and manage the project activities according to the work plan in order to produce the inputs.
4. Work closely with the national staff and TAs
5. Preparation of missions, workshop, project documents and all related material required for the smooth implementation of the project activities.
6. Responsible for overseeing all logistical arrangements
7. Facilities procurement of the project equipments, ect.
8. Prepare draft work plans, oversee any revision of projects
9. Oversee the preparation of payment order with the Administrative staff
10. Coordinate with the International consultants on all project related matters.
11. Trouble shoot and refer all problems arising from implementing the project to NPD.

2. Administrative assistant

Main duties:

- Assist in preparation and logistical planning for various conference, workshop etc;
- Assist visiting missions (arranging appointments, hotel accommodations and other travel);
- Coordinate, manage and monitor the project implementation;
- Coordinate with relevant ministries and agencies;
- Be responsible for office supplies procurement and distribution;
- Maintain office asset inventory;
- Maintain office, utilities, equipment and supplies in good order;
- Arrange office vehicle registration and maintenance;
- Perform other tasks as requested by the Department.

Qualifications

- Proven knowledge of office procedures and office equipment
- Effective written/verbal communication skills (in English)
- Good interpersonal skills and result orientation
- Computer literate (MS Office)

Annex 12- an Action Matrix of Projects and Technical Assistance to Promote Export Competitiveness in Laos

| | Objectives | Priority/ Timing | Responsibility in Government | Costing | Related Trade Assistance Programs | Type of Intervention | Econ' impact |
|---|--|---|------------------------------------|--|--------------------------------------|-------------------------|-----------------|
| Component 0: Putting in Place the IF implementation and Monitoring Structure | | | | | | | |
| | Rationalize IF supervisory committees, establish national IF management Unit | High priority with actions already having begun and will be ongoing | MOIC/IF Steering Committee | Medium - to date support provided by IF Trust Fund (IFTF). Estimated cost of establishing a IF Implementation Unit in the Lao PDR Government is US\$ 1 million | | Governance | NA |
| Component 1: Export Competitiveness²³ | | | | | | | |

²³ Projects 1, 2 and 3 under Component 1 are in line with the National Export Strategy of 2006-2008 where more details can be found.

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| <p>Project 1: Support agricultural competitiveness</p> | <p>Encourage the production of organic agricultural products for export; improve quality standards of traditional agricultural products; improve productivity of traditional agricultural products; develop agro-processing industry for export; encourage the production of medicinal plants and spices for export.</p> | <p>High priority with action to be undertaken from the first year</p> | <p>MAF, LNCCI, NUOL, MOIC(LTPC &DOI)</p> | <p>High - in particular significant investment is required to improve productivity and develop processing industry. Estimated costs for project to improve just the production and supply chain of organic agriculture are US\$1.7-2 million over 3 years. Estimated costs for project to build-up the medicinal plants and spices sector are US\$1.5-1.75 million over 3 years.</p> | <p>EC's Asia Invest Open Resource for Commerce in Horticulture Aided by Species Identification Systems (2006-09, €0.3m) & Developing Food and Agribusiness Training in the Mekong Region (completed 2006, US\$0.4 shared with 5 countries); ADB's Marketing Support for the Organic Produce of Ethnic Minorities (2004-07, US\$0.6m); Switzerland's Promotion of Organic Farming and Marketing (completed 2006, US\$0.3m); FAO's Improvement of Coffee Industry Project (completed 2005, US\$0.35)</p> | <p>Technical assistance; regulatory; human resource capacity building and infrastructure development; encouraging investment</p> | <p>Large</p> |
| <p>Project 2: Support light manufacturing competitiveness</p> | <p><u>Garment sector:</u> Encourage local producers to gradually shift from working on CMT to FOB basis; improve productivity of garment sector; promote Lao garment products; improve quality of Lao garment products; develop trade information and linkages with buyers on garment.</p> | <p>High priority with preferably for action to begin from the first year</p> | <p>LNCCI, ALGI, MOIC (LTPC & DIE)</p> | <p>Medium - Estimated costs for a project to strengthen the export capacity and competitiveness of the garment sector are US\$1.5-1.7 million.</p> | <p><i>General Export Competitiveness Support:</i> Switzerland/ITC's Support to Trade Promotion and Export Development (2004-07, US\$1m); Switzerland's Promotion of Cleaner Industrial Production (2004-08, US\$0.95); <i>Specific to Garment Sector:</i> UNDP's Textile and Clothing Project (2006-07, 0.09m)</p> | <p>Technical assistance; human and infrastructure capacity building; international trade promotion; and information distribution</p> | <p>Medium-Large</p> |

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| | <p><u>Silk products:</u> Improve domestic supply capacity in Lao native silk; improve Lao silk product designs; develop new silk products; develop standard for Lao silk handicraft; develop trade information on silk sector.</p> | <p>Medium priority with action to be undertaken as soon as possible</p> | <p>MAF, LNCCI, MOIC(LTPC &DIE)</p> | <p>Medium - Estimated costs for a project to improve capacity of producers and exporters of silk products are US\$1.6-1.85 million</p> | <p>US's Economic Acceleration Program for the Silk Sector (completed 2006, US\$0.5m)</p> | <p>Technical assistance; human resource capacity building and infrastructure development; and information distribution</p> | <p>Medium</p> |
| | <p><u>Other handicraft products:</u> Improve design capabilities.</p> | <p>Relatively low priority</p> | <p>MOIC (LTPC), LNCCI</p> | <p>Small financial outlay</p> | | <p>Technical assistance</p> | <p>Small</p> |
| | <p><u>Wood processing sector:</u> Promote and upgrade Lao wood products to the international standards and recognition; improve productivity of the wood sector; ensure sustainability of raw materials to support the industry.</p> | <p>Medium priority with action to be undertaken in the medium term</p> | <p>MAF, MOIC(DIE), LNCCI</p> | <p>Medium-High - Estimated costs for a project to improve quality and sustainability of wood products sector would be around US\$2 million over 3 years</p> | <p>EC's Asia Invest Fund Upgrading the Wood-Processing Industry for the European Market (2005-07, €0.2m); FAO's Marketing System Development for Non-Wood Forest Products (completed 2006, US\$0.37)</p> | <p>Technical assistance; regulatory assistance</p> | <p>Medium</p> |
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| Project 3: Support tourism | Develop craft villages such as local artisans and craftsman (textiles, jewellery, wood based, etc); develop services capacity and competency of Lao tourism sector; strengthen the institutional framework; encourage tourism linkages to other sectors of the economy; diversify services capacity within the tourism sector; promote Lao tourism to make it internationally recognized. | High priority requiring ongoing support. | LNTA, LNCCI, MOIC (LPTC), MFA | Medium- Estimated costs of a tourism training center with involvement of the private sector of US\$ 1,000,000 for a period of 4 years; Medium- estimated costs for establishment of model craft villages in 10 major tourism destinations of US\$ 1,000,000 for a period of 4 years | ADB's Mekong Tourism Development Project (2002-07, 10.9m shared with Cambodia and Vietnam); EC's Asia Invest Fund - Marketing Responsible Tourism in Laos (2006-09, €0.3m); New Zealand's Nam Ha Ecotourism Project (2004-07, US\$0.34); German Human Resource Development for Market Economy Programme (2004-07 US\$5.5 m; Planned: Japan's Tourism Development in the East-West Corridor (2007-10, US\$2m); planned: German Vocational Education Programme (2007-10 €5 m) | Human resource capacity building; trade promotion; encouraging private investment | Medium |
| | Develop local agriculture and healthy food products (vegetable, meat, local food cottage, etc) in tourism destination through the development capacity and competency of small and medium sized farming and agro-processing. | High priority required ongoing support | LNTA LNCCI-LHRA-LHA MAF LTPC | Medium high - estimated cost for establishment of model village cottage food industry, animal farms, modern slaughter house in 10 major tourism destination of US\$ 2,000,000 for a period of 4 years | | | |
| Project 4: Micro, small and medium enterprise project for export development | Build an integrated market access and trade facilitation infrastructure; support entrepreneurship development; develop and strengthen the capacity of local intermediaries to deliver financial and non-financial | High priority with projects to begin from the first year | MOIC (DOI, DIE, LTPC), BOL, LNCCI | Medium - Estimated costs of a trade information and export training program for the business sector would be | UNINDO & India's South-South Response to Poverty (completed 2006, US\$0.15 shared with 5 countries); UNESCAP & Japan's Capacity Development of SMEs (completed 2006, | Human resource capacity building & infrastructure development | Medium-High |

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| | services to MSMEs; provide an enabling environment (access to finance, trade promotion, and trade facilitation infrastructure) to boost increased investment. | | | US\$800,00-950,000 over two years. | US\$0.59m); ADB's Small and Medium Enterprise Project (completed 2005, US\$0.79m); EC's SME Development Programme (2006-10, € 3 m) | nt; information dissemination; encouraging investment | |
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| Project 5: Regional development of export potential | Construct and rehabilitate critical infrastructure essential for sustained regional economic activity in the tourism, manufacturing, agribusiness and mining sectors; | Medium priority with a long term focus | Provincial governments | High - A high level of capital investment required to address infrastructure issues which would not to be funded directly through IF. Other funding sources required, possibly including Aid for Trade. IF process can assist in policy development and capacity building (cost would be low to medium) | | Regulatory assistance; technical assistance; human resource capacity building; | Medium-Large |
| | Put in place appropriate incentive measures at the regional level to achieve rapid growth; | | | | | | |
| | Develop the instruments to ensure equitable, sustainable growth. | | | | | | |
| | Strengthen the capacity of local authorities to formulate, prepare, implement, and manage medium- and long-term integrated regional development projects. | | | | | | |
| Component 2: Trade Facilitation | | | | | | | |
| Project 1: Customs modernization | Develop regulations to implement the new Customs law | High priority with actions to begin as | MOF and MOIC | Medium-High - Funds needed for a broad range of activities mainly | IMF's Technical Assistance on Customs Operations (204-07, US\$0.5m); Japanese Customs | Legislative/regulatory reform; human | Medium |
| | Reform the national customs administration | | | | | | |

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| | Strengthen capacity building to properly administer the customs valuation provisions of the law | soon as possible | | based on training but also including investments in improved customs processing systems. | <p>Technical Cooperation Program (completed 2005, US\$0.17);</p> <p>ADB's technical assistance (2006-2008) to support trade facilitation and capacity building in the Greater Mekong Subregion (Part I to support trade facilitation, including gap analysis for customs procedures) at US\$890,000.</p> <p>ADB's technical assistance (2006-2007) on implementing the Cross Border Transport Agreement in GMS (Appendix 4 on Frontier Crossing Formalities - single window/single stop inspection at selected border crossings, targeting among others, customs agencies) at US\$860,000.</p> | capacity building and infrastructure development; customs infrastructure development | |
| | Simplify/modernize border clearance procedures (including external expert advice to prepare a long term customs modernization project) | | | | | | |
| | Automation and data processing systems (e.g. automated customs clearance system) | | | | | | |
| | Strengthen and expand the anti-smuggling program | | | | | | |
| | Licensing of Customs Brokers | | | | | | |
| | Develop a customs training program, e.g. seminar/workshop as well as medium and long term program. | | | | | | |
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| Project 2: Trade facilitation | Pilot Gold Card Program (to expedite clearance procedures for approved traders) | High priority/2nd year | MOF, MOIC (DIE), MTCP, Border agencies, National | Medium-High - Funds needed for investments in improved technology and processes. Also, | ADB's Trade Facilitation in Greater Mekong (2006-08, US\$1.49m shared regionally); UNESCAP/Netherlands' Institutional Capacity | Infrastructure development | Medium-High |
| | International container logistics center in Vientiane | | | | | | |
| | Licensing of customs agents | | | | | | |

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| | Improve the single window operations in various provinces | | quarantine and standards agencies, National Transport Facilitation Committee | potentially high capital investment needed to build a container logistics centre | Building for Landlocked Countries (completed 2006, US\$0.4m); ADB's regional technical assistance (2006-2008) to support trade facilitation and capacity building; ADB's regional technical assistance (2006-2007) on implementing the Cross Border Transport Agreement. | | |
| | Increase transparency | | | | | | |
| | Institutional strengthening of trade facilitation focal point, to coordinate trade facilitation activities | | | | | | |
| | Needs and gap assessment on customs procedures (as in Project 1); trade logistics development (including trade logistics center and service sectors development, etc.); standards/technical regulations development; and improved business mobility). | | | | | | |
| | Facilitate cross border movements of goods, people, and vehicles (single window, single stop inspection at GMS selected land border crossings, involving Lao PDR, GMS transit traffic regime, vehicle standards, exchange of traffic rights, etc.) | | | | | | |
| | Simplify or eliminate export licensing and export-import indicative plan. | | | | | | |

Component 3: Business Environment

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| Project 3: SPS | Institutional and legislative framework (high priority) | High priority with projects for long-term improvement of capacity to begin as | STEA, MAF; MOH | High - Estimated costs of an export quality management project would be US\$1.4-1.6 million, but investments in SPS-related | Norway's Market Access & Trade Facilitation Project (2006-09, US\$1.7m shared with Cambodia & Vietnam); Australia's SPS Capacity Building Project (ongoing, US\$4m shared between 8 countries) & ASEAN | Technical assistance; human capacity building and infrastructure | Medium-High |
| | Diagnostic capacity (high priority) | | | | | | |
| | Market opportunities and trade requirements | | | | | | |
| | Surveillance | | | | | | |
| | Emergency response | | | | | | |

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| | <p>Risk assessment and economic analysis</p> <p>Inspection and certification</p> <p>Building human skills</p> <p>Information and education</p> <p>Private sector development</p> <p>Regional cooperation</p> | soon as possible | | laboratory equipment could increase this amount significantly | <p>Development Cooperation (2002-08, A\$45m); EC's Asia Invest Capacity Building of Geographical Indication (2006-09, €0.3m shared with China and Cambodia), & EC's Project on Standards, Quality & Conformity (ongoing, €0.5m) & Intellectual Property Rights Cooperation (completed 2006, €0.5m); FAO's Improving Food Safety and its Management (2005-08, US\$0.85 shared by 3 countries); ADB's Integrating the Poor Through Standard Setting (completed 2005, US\$0.7m)</p> | development; supply of technology | |
| <p>Project 1: Development of industrial strategy to facilitate business operations</p> | <p>Develop an industrial strategy that: sets a broad framework for promoting and developing Laos' industrial base; identifies priority areas; and ensures a consistent and stable policy environment.</p> | <p>Medium priority with actions to take place in the medium term</p> | <p>MOIC (DOI)</p> | <p>Small-medium</p> | <p><i>General Business Environment Support:</i> IFC's Mekong Project Facility (2003-07, US\$2.85m); ADB's Private Sector Development Program (2005-10, US\$0.7m plus US\$10m loan); UNIDO's Integrated Programme (2004-08, US\$6.3m); Japan's Macro Policy Support for Development (completed 2005, US\$1.2m);</p> | <p>Regulatory and possibly legislative</p> | <p>Medium</p> |

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| | | | | | Germany's Human Resource Development for Market Economy Program (2004-07, US\$5.5m) | | |
| Project 2: Investment promotion | Review and simplify business regulations, e.g. foreign investment start-up and registration procedure reform; create investment guidelines (sector by sector); set up a public-private stakeholder platform to discuss the reforms on a regular basis | High priority with actions already underway | CPI | Small-medium | Japan's Expert on Promotion of Investment for Lao Government (2007-09, US0.3m); US's South East Asia Commercial Law (2005-07, US\$0.24m shared regionally) & Competition Law to ASEAN (2005-08, US\$0.75 shared regionally); ADB's Research on Improving Climate for Investment & Productivity (completed 2006, US\$0.15) | Regulatory assistance and possibly legislative | Medium-High |
| | Review the legal framework for investment, including contract enforcement and dispute resolution | | | | | | |
| | Implement a one stop shop for investment, including training of officials | | | | | | |
| Project 3: Banking system | Through banking staff training, a rationalisation of regulations and expanded linkages with the private sector, improve capacity of Lao banking sector to support export performance through the provision of trade finance | Medium priority with a long term focus | BOL, MOF | Medium - Estimated costs for a training-based project to improve trade financing would be US\$1.2-1.4 million. | ADB's Strengthening Governance for Bank Sector Reform (completed 2006, US4m) & Bank Sector Reform Program (completed 2006, US\$15m); EC's Technical Assistance Programme for Transition to a Market Economy - Bank Training Project (completed 2005) | Technical assistance and human capacity building; regulatory | Medium-High |
| Component 4: Trade Policy, Trade Agreements, and Global Opportunities | | | | | | | |
| Project 1: Capacity building for international | Improve capacity building of MOC and other ministries with trade-related functions to take | High priority with programs | MOIC | Small-Medium - Estimated costs of a general training | UNCTAD/France's Train for Trade (2003-07, US\$2.3m); Australia's | Technical assistance and human | High |

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| trade policy and negotiations | considered and well-coordinated decisions on all aspects of international trade policy, regional and multilateral trade negotiations, and trade relations. | to begin in the first year | | and research project to improve business competency among business and government involved in exports would be US\$900,000 - 1.1 million over two years. Additional, more targeted training would also be required in relation to trade agreements and negotiations. | Trade Analysis & Reform Project (2005-08, US\$5m shared 4 countries); EC's Asia Trust Building Capacity of the Economic Research Institute (2006-07, US\$0.25m); EC's Multilateral Trade Assistance Project (completed 2006, €1m); UNDP's Promoting Private Sector Development Project (2006-09, US\$2.33m) and National Human Development Report (2004-07, US\$0.8m); WTO/UNESCAP's Technical Assistance (ongoing, US\$1.7m shared globally); Canada's Asia-Pacific Training Network on Trade (2004-07, US\$0.7m shared regionally) & APEC Eco Integration (2004-09, US\$7.2m shared 6 countries); US's ASEAN Technical Assistance Facility (2004-07, US\$7.33 shared regionally) and Strengthening Market Analysis Capacity (2005-07, US\$0.24m shared regionally) | capacity building | |
| | Establish clear division of roles and responsibilities between MOC and other ministries, including inter-ministerial coordination and public-private sector dialogue in support of the WTO accession process | | | | | | |
| | Increase MOC's capacity to analyze trade issues, impact of trade policies, and to lead trade negotiations. | | | | | | |
| | Promote an effective trade information center, improve collection of trade statistics | | | | | | |
| | Increase capacity to efficiently administer: Rules of Origin | | | | | | |
| | To build in-house capacity on research and facilities for trade sector | | | | | | |
| | Trade Database | | | | | | |
| | Increase transparency | | | | | | |

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| Project 2: Technical assistance and capacity building for the formulation and implementation of trade negotiation strategies | WTO accession: assistance with legislative review and required documentation as well as legislative reform needed for WTO compliance; negotiation strategy and analytical support for accession, including in non-agricultural goods, agriculture, services, etc.; institutional and human capacity building for trade negotiations and policy formulation | | | | UNDP/ AUSAID's Integration Into the Trading System (completed 2006, US\$1.68m) | | |
| | Regional agreements: ASEAN (AFTA, AFAS), AFTA+China, etc. | | | | | | |
| Component 5: Trade Opportunities for the Poor | | | | | | | |
| Project 1: Promotion of traditional handicraft and textile industry at village level | Build business linkages with Fair Trade Organizations in North America and Japan | Medium priority | MOIC, LNCCI, STEA | Medium | UNESCAP/UNDP's Development of E-business Support Services in the Greater Mekong (completed 2006, US\$0.2m) | Technical assistance and human capacity building | Small |
| | Engage in e-commerce | | | | | | |
| | Provide technical training to artisans | | | | | | |
| Project 2: Roads linking villages to markets | Improve reach and quality of road network to better connect towns and villages to markets and export opportunities | High priority with actions to be undertaken as soon as possible (and already underway in certain | MCTPC | High level of capital investment required. Not to be funded directly through IF. Other funding sources required, possibly Aid for Trade. | ADB Northern Economic Corridor Infrastructure Project (2004-07, US\$30m) | Direct construction of infrastructure | Large |

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| | | areas) | | | | | |
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Notice: - *All these can be components of one project or divided into individual projects*
- *May be advisable to seek a donor to take a lead for each component or sub-component*

Annex 13-Preliminary Terms of Reference UNCTAD Consultant

The independent contractor will provide technical assistance to the Lao government, specifically to the Department for Import and Export (DIMEX), Ministry of Industry and Commerce. The consultant from UNCTAD will provide technical assistance to the MOIC and will be required to carry out a number of activities as well as provide advice to DIMEX on technical issues related to Rules of Origin and related export procedures. He/she will also work closely with the private sector and will be called upon to dispense a number of training courses and participate in workshops. Below are a list of the key activities which the Consultant will be called upon to carry:

Main tasks:

- Carry out an Organizational review of the statistics division of DIMEX and its linkage to the provincial trade offices.
- Prepare ad hoc working materials, studies and advisory memoranda, so as to facilitate discussion, dialogue and consensus among concerned ministries and other stakeholders
- Provide technical support to the CO division, with a view to assisting them with the on going technical discussions taking place in the ASEAN RoO Task force.
- Assist the manufacturing and exporting community in utilizing market access opportunities by enhancing their understanding of rules of origin, PSR and OCP.
- Conduct a series of seminars and training with the Lao private sector and customs to train them on the various aspects of import /export procedures, market access and rules of origin.
- Draft f handbooks and leaflets on other informative materials to disseminate information among exporters and manufactures on market access and rules of origin and related administrative requirements.
- Prepare MoU with the Inter-American Development Bank (IADB)
- Conduct seminars and training with the Lao private sector and customs to train them in the utilization of the software in order to design rules of origin reflecting the productive chains and value added capabilities.
- Elaborate and customize a database on rules of origin and their utilization for the use of manufactures, exporters and trade officials in Laos based on the existing software developed by IADB .
- Assisting drafting of national laws and regulations to administer issuance of verification and investigation on origin proceeding

Qualifications and requirements

- The consultants will have a university degree in Legal, Economics and/or Social Sciences with a good knowledge of Rules of Origin Agreements, WTO accession and/or multilateral trade issues as well as a good understanding of the ASEAN FTA. The consultants will have preferably gained experience in a least developed or developing country, preferably within the ASEAN, and possess strong record in dealing with trade-related policy reforms.
- He/She will be fully computer literate, and possess very good written and spoken communication skills in English.