



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*

Proposal project ID 00056639

Capacity Building and Technical Support to Laos in the World Trade Organization Accession Negotiation

Since 1986 the Government of Laos has been pursuing a proactive strategy based on reforms aimed at transforming the Lao economy into a market economy and at integrating it into the global trading system. In the last ten years, Laos has been actively engaged in the regional and global economy. WTO membership will encourage Laos to continue the structural and economic reforms necessary to attract foreign investment. It will also give Lao exporters more open and predictable access to markets of WTO members while providing guarantees that Laos' rights in the international trade arena are respected." The GOL has now entered the second stage of the WTO accession process, which involves market access negotiation and submitted an initial offer on goods. Market access negotiation is one of the most technical, complex and resource intensive stages of the WTO accession process.

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:

- Improved capacity of the GOL to prepare and negotiate a pro-poor and pro-growth WTO accession agreement and improved capacity of the Lao WTO negotiations team to coordinate with the working party
- Improved capacity of the GOL to negotiate market access in the goods and services sectors
- Increased national awareness, consensus and commitment on WTO accession negotiations

Acronyms of WTO Accession Project

AFAS:	ASEAN Framework Agreement on Services
AFTA:	ASEAN Free Trade Area
AM:	Action Matrix
ASEAN:	Association of Southeast Asian Nations
BOL:	Bank of the Lao PDR
CPI:	Committee for Planning and Investment
DIMEX:	Import-Export Department
DRR:	Deputy Resident Representative
DTIS:	Diagnostic Trade and Integration Study
EIF:	Enhanced Integrated Framework
FTPD:	Foreign Trade Policy Department
GOL:	Government of Laos
GSP:	Generalized System of Preferences
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
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
SP:	Special Preferences
SPS:	Sanitary and Phytosanitary
STEA:	Science, Technology and Environment Agency
TA:	Technical Assistance
TBT:	Technical Barriers to Trade
TDF:	Trade Development Fund
TEC:	Trade Executive Committee
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
WITS:	World Integrated Trade Solution

WP: Working Party
WTO: World Trade Organization

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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 programs and 111 projects identified and adopted by the Government in May 2006. The objective of these programmes and projects is to raise the country's per capita income by three folds, diversify production and export base, and 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 ie agriculture, industry and services. One of the main elements, expected to drive this growth process, is export, which is 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. The Lao National Human Development Report (NHDR) 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 out of the Least Developed Country status by 2020. To implement these overarching plans, 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 WTO accession negotiations.
- (b) Expanding Laos' capacity to trade by engaging in multilateral initiatives such as 'The Integrated Framework' (IF) and Trade Related projects and programmes which focus on addressing key supply side constraints and the promotion of trade and regional integration.

In this context, the Integrated Framework (IF)¹ is one of the main external assistance channels, which the GOL will use to push forward its trade agenda, boost the 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 integrate trade into its national development agenda and in 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 liberalization 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) 2007- 2011, which focuses on strengthening negotiation skills and policy advice on trade and poverty. The UNDAF also supports the negotiation and implementation of global and regional agreements such as the ASEAN Free Trade Agreement (AFTA), accession to the World Trade Organization (WTO) and investment promotion, which are all aimed at promoting an enabling environment for growth with equity. It can therefore be included that the IF is consistent with the NSEDP and UN support programme (UNDAF).

¹ For more information on the Integrated Framework, please visit this website: www.integratedframework.org

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 Committee². 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.

This project is especially designed to address the fourth priority area of the DTIS Action matrix: Trade policy, trade agreements and global opportunities.

State of Play of the Lao Accession Negotiations

The GOL has been pursuing a proactive strategy based on reforms aimed at transforming the economy into a market economy and at integrating into the global trading system. In the last ten years, Laos has been actively engaged in the bilateral, regional, and multilateral trade negotiations. It is currently negotiating and implementing the following agreements:

- Signed bilateral trade agreements with 16 countries³
- Joined ASEAN and involved in ASEAN economic cooperation, including AFTA and AFAS
- A party to ASEAN-China free trade area
- A party to ASEAN- Australia-New Zealand free trade area
- Applied for WTO membership in 1997 and is committed to the accession process.

The Lao PDR applied to join the WTO⁴ on 16 July 1997. The General Council of WTO agreed to set up a working party on 19 February 1998. The first substantive phase of the accession process began with the collection of factual information on its trade regime. The Memorandum on the Lao Foreign Trade Regime was submitted to the WTO Secretariat in March 2001 and it received a consolidated set of 263 questions from the members of the WTO, namely from Australia, the European Union and the United States in early 2002. Three years later, the first meeting of the Working Party was held on 28 October 2004. Additional questions for further clarification were raised by WTO members. The GoL outlined the reforms it had already undertaken and called on members to take into account its status as a land-locked, least-developed country without a representative in Geneva. Prior to the second Working Party, held in 28 November 2006, the Lao Government prepared and submitted the followed up questions with respect to trade regimes as well as a preliminary legislative action plan (submitted in October

² The National Steering Committee, which is responsible for all economic integration and trade related issues, is chaired by the Standing Deputy Prime Minister. All relevant line ministries are represented at the Vice Minister level.

³ These include: Argentina, Belarus, Cambodia, China, EU, India, Indonesia, Republic of Korea, Malaysia, Mongolia, Myanmar, Philippines, Russia, Thailand, Vietnam, United States

⁴ The accession process commences with the submission of a formal written request for accession by the applicant government. This request is considered by the general council which establishes a working party to examine the accession request and, ultimately, to submit the finding of the working party to general council for approval.

2006), and an initial offer on goods (also submitted in October 2006 and which took nine months to prepare). The GOL, for which WTO accession is a key priority, intends to hold one Working Party meeting yearly in the coming years in order to speed up the accession process.

The GOL has now entered the second stage of the accession process, which involves market access negotiations. Market access negotiations are one of the more technically complex, coordination and resource intensive and politically sensitive stages of the WTO accession process. This second stage of the accession negotiations based on the experience of other LDC accession countries⁵ promises to be challenging as the GOL endeavors to negotiate terms of accession which balances Members' demand with Laos' LDC status. The major challenges which the coordinating agency for WTO accession, i.e. the Ministry of Industry and Commerce (MOIC) of Laos, faces in these ongoing WTO accession negotiations is its constrained human resources and the need to work in close consultation with other line ministries and the private sector in carrying out the following:

- Preparing required documents such as Questions & Answers, checklist tables and action plans on various issues.
- Review the goods market access requests in consultation with relevant ministries, private sector, academic institutions, farmer groups, consumer groups, women group and trade unions and prepare a revised good offer by the 3rd quarter 2007.
- Review services requests and prepare a services offer in the context of other relevant WTO accession negotiations and decisions.
- Undertake in-depth analysis of legislative reforms needed to conform to WTO requirements and implement key reforms⁶ pre-post accession.
- Build inter-government consensus on the Lao negotiating position as well as with the private sector and the relevant line ministries.

Although the MOIC's trade negotiation capacity has been greatly enhanced over the past few years, it is still weak in so far as the number of officials proficient in WTO agreements is limited and that their time is shared on other key activities and parallel bilateral and regional negotiations. In such a case, technical assistance to Laos can play an important capacity building and gap-filling role. The key challenge in these ongoing negotiations is also linked to the fact that the negotiations are time bound⁷ and therefore whilst undertaking the required capacity building, training and skill transfer, the GOL is still required to meet very tight deadlines for submission of documents to the Working Party. All the above puts significant strain on the limited resources of the GOL and particularly the lead ministry MOIC. Important studies and country strategy documents such as the United Nation Development Assistance Framework (UNDAF 2007-2011) also supports the role of trade in fostering economic development and growth and to that effect notes that "Existing negotiation capacities of Government stakeholders in Laos is weak, coupled with a weak comprehension of the processes and practices related to bilateral/regional/global trade agreements.⁸" Therefore, the Integrated Framework (IF), which is a multilateral trade, related technical assistance initiative provides Laos with the support needed during the crucial stages of trade negotiations and during the implementation of trade agreements. As mentioned earlier, the DTIS has identified 'Trade Policy, Trade Agreements, and Global Opportunities' as one of the priorities of the Action Matrix (AM). This project will specifically aim at supporting Laos' WTO Accession negotiation through:

- Assistance with legislative review and required documentation as well as legislative reform needed for WTO compliance;

⁵ Malcolm Bosworth and Ron Duncan, 2004, "Current Status of the WTO Accession Process and the Experience of ESAP Acceding countries.

⁶ The GOL has demonstrated its commitment to improving transparency and the business climate. New laws and regulations were passed on investment promotion, enterprises, customs, tax, budget, banking, competition and trade facilitation at the border. New laws on value-added tax, intellectual property rights and standards and quarantine are also in the pipeline.

⁷ GOL has to work on a set time-schedule

⁸ UNDAF 2007-2011 Country Program Output for item 1.5.2,

- Negotiation strategy and analytical support for accession, including in agriculture, non-agricultural goods, services, etc;
- Institutional and human capacity building for trade negotiations and policy formulation; consultations and information on WTO accession for line ministries and stakeholders; and preparations for Working Party meetings;
- Information dissemination on WTO accession negotiations;

There is today consensus within both government and the private sector that Laos' further and sustained integration into the regional and international trading system are key elements to achieving the goals set out in the NSEDP. In this context, accession to the WTO has become an utmost priority for the government. However, in order to ensure that Laos benefits from WTO membership and negotiates a pro-poor and pro-growth agreement, the capacity of the GOL on WTO related issues and the dynamics between growth, trade, and poverty reduction strategies will need to be significantly strengthened. A pro-poor and pro-growth agreement will be one which will reconcile the need of the GOL to open up its markets, improve the Lao business environment and attract foreign direct investment, whilst keeping in check income disparities and ensuring that the benefits of trade liberalization are captured by the middle class and the rural poor. This will imply taking a phased approach to market liberalization and putting in place accompanying measure for macro-economic adjustments and policy reform in favor of the private sector and of the poor.

This project for 'capacity building and technical support to Laos in the WTO accession negotiations' will provide technical assistance and capacity building to the GOL on trade policy and negotiation strategy as Laos enters into the second stage of the accession negotiations. The focus of this project will be on analytical and negotiating capacity building of the negotiating team of the Ministry of Industry and Commerce and other related ministries, as well as on building consensus at national level on the negotiation agenda. This project will be implemented by the Foreign Trade Policy Department (FTPD) of the Ministry of Industry and Commerce and will be funded under the IF Window II. This project has been designed around five main intended outcomes:

- (i) Improved capacity of the GOL to negotiate a pro-poor and pro-growth WTO accession agreement;
- (ii) Improved capacity of the GOL to negotiate market access into and for Laos in the goods and service sector;
- (iii) Improved capacity of the Lao WTO negotiation team to coordinate the working party meetings;
- (iv) Increased national awareness, consensus and commitment on WTO accession negotiations
- (v) Enhance capacity of the FTPD to manage the project

The total amount requested under this proposal is 300,000 US\$ from Window II, which will be used for assisting the GOL in its preparatory work and capacity building activities for WTO accession. This funding will be for two years. This project will be nationally implemented by the FTPD of the Ministry of Industry and Commerce. The implementation of outcome (i) and (ii) will be subcontracted to independent contractors⁹, following UNDP procurement procedures.

PART II. STRATEGY

Rationale and Challenges

The link between trade, growth, and poverty alleviation is neither simple nor automatic. While the transmission mechanism between trade and growth may seem straightforward, those between trade and poverty reduction are complex. They depend not only on the trade-growth relationship but also on the way in which trade affects income inequality and employment. Developing countries and LDCs like Laos have been involved for more than a

⁹ See Annex 4 for draft TOR.

decade in implementing trade liberalization and market opening policies. The Doha Round and WTO accession negotiations specifically aims at improving developing countries and LDC's participation in the world market and at expanding the export market shares of countries like Laos. However, the results to date are mixed and LDCs market share in world trade remains dismal and concentrated on commodities. Based on available empirical evidence¹⁰ we are able today to draw the conclusion that "making international trade a more effective mechanism of poverty reduction in the LDCs requires a development approach in which three pillars work together coherently and synergistically",¹¹ namely:

1. Better national development strategies which integrate trade objectives as a central component;
2. Improvements in the international trade regime, including issues which go beyond the scope of the WTO, to reduce international constraints on development in the LDCs; and
3. Increased and effective financial and technical assistance for developing production and trade capacities.

This project aims at assisting Laos accede to the WTO and at improving the country's international trade regime, through capacity building and technical assistance. As an LDC, Laos faces a number of challenges and weaknesses as it embarks on its regional integration and multilateral trade liberalization agenda. These weaknesses can be regrouped under the following main headings; (i) limited human, technical, and physical capacity to negotiate (ii) limited market access opportunities and constrained domestic business environment (iii) poor coordination between the capital and Geneva and (iv) weak national consensus and awareness of Laos' trade agenda. These weaknesses are compounded by a number of common challenges, which LDCs as a group share, and can be summarized as below:

- LDCs as Laos have to engage in multiple negotiations and ensure coherence in the overall bilateral, regional, and multilateral negotiations.
- Negotiations are time bound, interconnected and can often be a moving target – what happens in one forum, influences other negotiations so it is important to have strong inter government coordination mechanisms.
- Need to reconcile the country social objectives with its trade-liberalized agenda, which requires complex negotiation strategies build on key principles of asymmetry and appropriate phasing of liberalization and regulation schedules.
- Limited technical capacity and resources and having to deal with partners with are technically stronger which include amongst others;
 - i. Limited understanding of the scope and complexity of obligations associated with joining the WTO;
 - ii. Lack of experience and negotiation skills;
 - iii. Limited analytical capacity to support trade and impact analysis;
 - iv. Limited availability of required data and information;
 - v. Lack of resources to respond to information requests during the accession process;
 - vi. Limited skills in developing mechanisms to implement legislation; and
 - vii. Poor coordination between ministries and other stakeholders.

Accession has become a much more difficult and more drawn-out process as WTO coverage has expanded, in particular with the conclusion of the Uruguay Round as a "single undertaking" and the inclusion of *inter alia* agriculture, services, and intellectual property rights. Acceding countries like Laos are requested to provide information on all laws relating to these new issues as well as the older areas and are often being required to undertake WTO-Plus¹² commitments. Countries are increasingly being required to show that they have the

¹⁰ UNCTAD 2004 Trade and Development Report

¹¹ UNCTAD 2004 Trade and Development Report

¹² **WTO plus** - Trade agreements that contain more stringent obligations than the WTO multilateral trade regime requires. Regional trade agreements sometimes contain WTO plus elements.

institutional and legal capacities to conduct international trade in a manner that will meet their commitments. Although WTO agreements do not explicitly require a fundamental market economy, members are imposing this requirement de facto on acceding countries as part of their leverage in the accession process¹³. However, in spite of the challenges posed by the WTO accession process and those associated with regional integration there are also important opportunities for economic growth and development in the rules-based trading system. The aim of this project is to help Laos maximize the opportunities and minimize the threats associated with trade liberalization by negotiating a WTO accession agreement which takes into account its LDC status and promotes Laos' pro-poor trade development strategy. Although Laos must meet the basic conditions of membership, the GOL can nevertheless negotiate on the scope of opening and on the timeframes for meeting obligations. This project will complement ongoing assistance¹⁴ provided by other donors in this area.

Project Overview

The overall objective of the IF initiative is to promote the integration of Laos into the global economy through export growth and increased competitiveness and ultimately contribute to the socio-economic growth of Laos, whilst the specific objective of this project is to improve the technical capacity of the GOL on WTO accession negotiations. This project has been built around five main project outcomes and associated outputs based on the identified challenges and weakness as discussed above and are as follows:

Outcome 1 - Improved capacity of the GOL (mainly from MoIC) to prepare and negotiate a pro-poor and pro-growth WTO accession agreement and improved capacity of the Lao WTO negotiations team to coordinate the working party.

- Output 1.1 GOL officials trained on the preparation and review of WTO accession negotiations documents.
- Output 1.2. Successful submission of working party documents with transparent and complete content, which meaningfully furthers the Working Party negotiations.
- Output 1.3: Negotiation capacity of the Laotian delegation for the formal WP meeting at the WTO enhanced.
- Output 1.4: Liaison officer in Geneva set up and capacity enhanced through on the job training.

Outcome 2 - Improved capacity of the GOL (mainly from MoIC, MAF, STEA and BOL) to negotiate market access in the goods and services sectors.

- Output 2.1 On the job training and research in market access negotiations on agricultural and industrial goods which will enhance the technical capacity of GOL officials. This will assist the GOL in the identification of a coherent negotiating position and strategy, which reflects Laos' pro-poor development policies.
- Output 2.2 On the job training, studies and research on regulatory structures and legislation in key services sectors, which will enhance the technical know-how of GOL officials and strengthen their capacity in the services negotiations.
- Output 2.3 On the job training and analysis of Laos' services request by WTO members and successful submission of revised service offer¹⁵, which is in line with the GOL overall development policies.

¹³ Michalopoulos, C, 1998. *WTO Accession for Countries in Transition*, unpublished.

¹⁴ Please refer to the Action Matrix (Annex 3) for an overview of ongoing assistance.

¹⁵ The initial services offer has not been submitted yet, however it is expected that Laos will submit it before the third Working Party meeting.

Outcome 3: Increased national awareness, consensus and commitment on WTO accession negotiations among the wider public.

Output 3.1: Enhanced understanding on state of play of the WTO accession negotiations.

For the above outcomes and outputs to be achieved, it is essential that sufficient managerial and technical inputs are provided to the project.

During the implementation of this project, particular attention will be paid to manner and processes used to deliver technical assistance and training. The FTPD will designate a project manager as well as a technical team, who will be working in close consultations with the various Technical Assistance (TA) to ensure that the FTPD's capacity is being built and knowledge is being transferred to the technical team. It is of critical importance that the accession process serves to reinforce the MOIC's analytical and negotiating capacity.

Outcome 4: Enhance capacity of the FTPD 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

Project Beneficiaries

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

- MOIC and particularly the FTPD given its lead role in the ongoing WTO negotiations.
- Lao negotiations team and Lao Working Party delegation.
- Key line ministries (MoC, MOF, MoA, private sector and academic institution and government agencies working in the area of trade.

Risk and Mitigations

The main risk involved in implementing this project is that funding and the required technical assistance may not be available in time to allow the GOL to undertake key activities needed for the upcoming third Working Party meeting. The third WP is scheduled to meet in the second half 2007, which implies that the preparatory work needs to be completed by early June 2007 and therefore must start at the latest in mid April 2007. If the approval process under Window II proves to be lengthy, the GOL will need to seek alternative funds to ensure that the critical activities, which are required to be completed by June 2007, are undertaken in time. Delays in processing this project will have a direct impact on the GOL meeting the accession negotiations timetable.

There is also the potential risk that the GOL is not able to build consensus¹⁶ amongst line ministries and authorities at provincial level. Finally the most important factor for the successful completion of the WTO accession negotiations and therefore the implementation of this project will be continued political will and commitment of the GOL at the highest level.

Partnership

¹⁶ During the WTO negotiations, consensus will have to be reached amongst the various government authorities with respect to the extent and depth of commitments which the GOL will be undertaking as these may have direct impact and adjustment costs for the various provinces. To illustrate briefly, for example removal of import duties on a particular product may have an important impact on the amount of revenue collected in a given province or the impact on domestic industry may be felt more in a region dependent on the specific industry.

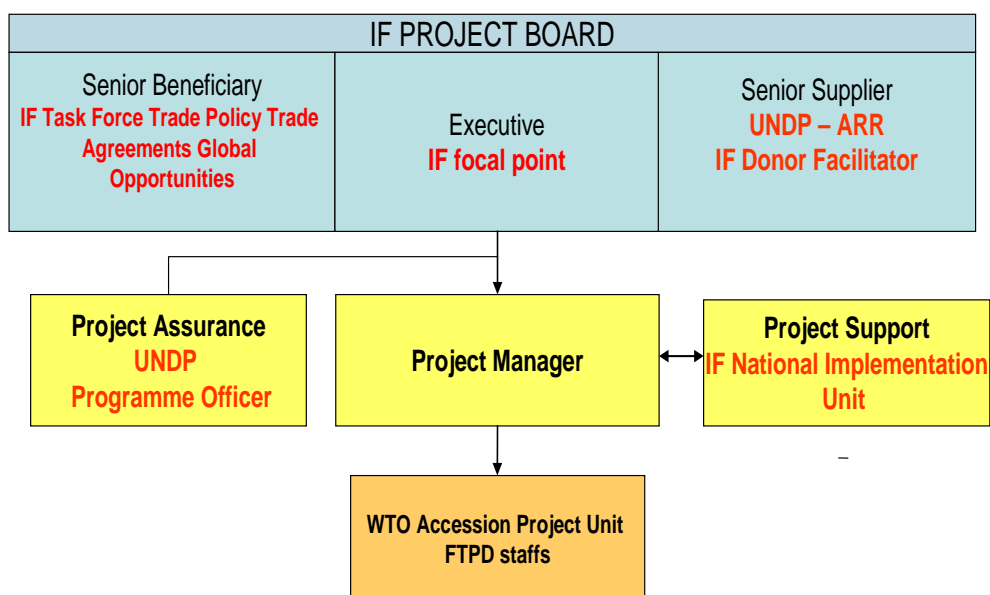
The international community is committed in assisting developing countries, especially LDCs such as Laos in utilizing trade to expand employment and reduce poverty. This is manifested in the on going discussions at the G8 meetings, the WTO, and the recent taskforce recommendations on the Enhanced Integrated Framework¹⁷ and Aid-for-Trade. Donors in Laos have demonstrated support to trade through the IF process, namely the September 2006 DTIS validation workshop, as well as through the Round Table Meeting (RTM) in November 2006. In addition, UNDP, AusAid, the EU, and ADB have been actively contributing to the preparatory work for the WTO accession negotiations through technical assistance. Other key partners will be local research institutions and national and regional think tanks and universities.

Part III: Management Arrangements

Overview of the IF Window II

Capacity Building and Technical Support to Lao PDR in the WTO Accession

Negotiations Executive and Project Management Structure



The Foreign Trade Policy Department of the Ministry of Industry and Commerce will assume the role of the WTO Accession Project Unit and will be the implementing party for the 'Capacity Building and Technical Support to Laos in the World Trade Organization Accession Negotiations'.

The IF project board will function as the IF board, responsible for making executive management decision on the project when guidance is sought by the project manager, including approval of project revisions. The project board which has the following three roles:

Executive: It is proposed that the IF focal point, the Director General of FTPD of Ministry of Industry and Commerce be assigned the role of Executive.

¹⁷ By 2005, and pursuant to a greatly increased interest from LDCs to join the IF, and repeated calls to enhance the IF by both beneficiaries and donors in different fora, Ministers of Finance and Development in the Development Committee meeting of the World Bank and the IMF in September, 2005 endorsed a proposal to enhance the IF. The **Communique of the Development Committee** endorses the proposal for an enhanced Integrated Framework, including expanding its resources and scope and making it more effective.

Senior Beneficiary: Key thematic ministries/ department, i.e. the MOIC and the line ministries participating in WTO accession negotiations will be the beneficiaries of the project outputs and outcomes; it is proposed that the IF Task force on Trade Policy and Trade Agreements, Global Opportunities, which will be composed of FTPD of the MOIC and other key ministries will take the role of senior beneficiary.

Senior Suppliers: In recognition of the dual objectives that this project seeks to address - firstly, capacity building activities to for the FTPD and the WTO negotiating team; secondly, ensure that the Integrated Framework (IF) functions efficiently and meets the objectives of mainstreaming trade in Lao NSEDP and addresses the supply side constraints identified in the Action Matrix, it is proposed that UNDP as Trust Fund manager and the IF Facilitator serve as senior suppliers on the project board.

Project Manager (PM): This role will be held by the Deputy General Director of FTPD, who will have the overall responsibility for day-to-day project management and decision making of the project, of ensuring the project outcomes are being met and who will provide 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 FTPD of the MOIC.

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

Project Support: The Project Support role provides project administration and management support to the Project Manager as required. The project support 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 NIU's role

Project Implementation: The FTPD 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 project manager will have the overall responsibility to ensure that the PU provides the NIU with regular reports, which will be vetted by the NIU and communicated to the Project Assurance by the NIU. Part of the project will be subcontracted to a company/s that will be providing Technical Assistance for implementing the project. It will be the responsibility of the FTPD to support and coordinate work of the TA team and to act as their main counterpart.

UNDP will provide recruitment, procurement, and contracting services, together with 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 take an assurance role to monitor implementation of the annual work plan of the project together with the IF Trade Executive Committee (TEC)

- Monthly meetings will be held between the PM and UNDP Programme Officer to review project progress.
- The project 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, which will review bookkeeping and accounts, the compliance of the project or sub-contract agreements as well as fulfillment of performance plans.

The results of the audit and the final project evaluation will provide the basis for determining 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 Lao 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 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 project outcome is consistent with the UNDAF Country Programme Outcomes 1.5 – ‘Enabled Environment for Growth with Equity’. The <u>specific project outcomes</u> are (i) capacity of the Foreign Trade Policy Depart of the MOIC and other key ministries involved in the implementation of trade related policy projects enhanced (ii) number and skills level of staff dedicated to the IF process increased and improved and (iii) the overall effectiveness and efficiency in coordinating and implementing GoL trade policy agenda and trade related projects enhanced - <i>Appropriate Indicators for the outcome are to be established.</i></p>
<p>Project title and number: Capacity building and Technical support to Laos in WTO accession (Project Proposal ID 00056639) (<i>Number to be assigned automatically through ATLAS</i>)</p>

Outcome 1:
Improved capacity of the GOL to prepare and negotiate a pro-poor and pro-growth WTO accession agreement and Lao WTO negotiations team to coordinate the working party

Outputs	Output targets	Activities	Inputs
1.1 - Significant increase in knowledge and understanding about WTO rules and accession negotiations among selected beneficiaries	GOL Officials (mainly from MoIC) <u>trained on the preparation</u> and review of WTO accession negotiations documents. <u>Output indicator:</u> Comparison of knowledge and understanding before and after	1.1.1 – On the job training/workshops will be provided to the negotiating team on key WTO technical issues.	<ul style="list-style-type: none"> • Specialized international organisations ie UNCTAD and WTO • Local Facilitators • Local Consultants (e.g. NERI, etc.) • Documentation • 6 trainings * (3 per year)

	interventions using self-appraisal forms	1.1.2 – consultation meeting/seminars/workshop for officials from relevant ministries on article XXV of the Agreement on Subsidies and countervailing measure through a workshop.	<ul style="list-style-type: none"> • Technical assistance: international negotiator • Conference facilities (4 man days) • Lunch costs for participants (30 participants)
1.2 - Successful submission of working party documents with transparent and complete content,	Support the Working Party negotiations – preparation, revision and finalization of Q&A documentation, legislative action plan, various WTO agreement <i>Output indicator:</i> Completed required documents	1.2.1 - Review and analyze the comments on the 'Questions and Replies documentation', including carrying out research on previous accession negotiations and WTO jurisprudence.	<ul style="list-style-type: none"> • technical assistance: senior international negotiator • technical assistance: international negotiator <p>Total 5 man days</p>
		1.2.2 - <u>Revise the legislative action plan</u> , drawing upon best practices among other acceded Members. In collaboration with the FTPD undertake research with the objective of reviewing and commenting on the draft.	<ul style="list-style-type: none"> • technical assistance: international negotiator <p>Total 10 man days</p>
		1.2.3 - Preparation of TA implementation plans related to various WTO Agreements with a view to ensuring that TA is marshaled in an efficient, timely and credible manner so as to allow Laos to negotiate LDC transition periods for implementation of related WTO obligations ¹⁸	<ul style="list-style-type: none"> • technical assistance: international negotiator • Consultation with Agricultural, Industrial, and Services sectors <p>Total 10 man days</p>

¹⁸ During the second WTO Working Party meeting on Laos' accession, a number of WTO members encouraged Laos to submit to the Working Party Action Plans on how the GOL intends to bring various regulatory regimes (TBT, SPS, TRIPS, Import Licensing) into conformity with WTO Agreements on these same topics (activity 1.2.5) as well as *technical assistance action plans* on which donors will help Lao set up the institutions to comply with WTO obligations. This activity does not involve donor coordination, but rather assistance in preparing these technical assistance plans for submission to WTO members.

		1.2.4 - Assist in coordination and provide guidance and best practices of other acceded Members on submitting a Technical Assistance plan to the Working Party	<ul style="list-style-type: none"> • technical assistance: senior international negotiator • technical assistance: international negotiator <p>Total 10 man days</p>
		1.2.5 - Prepare the updated versions of formal documentation submitted to the WTO Secretariat on, <i>inter alia</i> , TBT, SPS, TRIPs, and agricultural support and subsidies.	<ul style="list-style-type: none"> • technical assistance: international negotiator <p>Total of 3 man days</p>
		<p>1.2.6 - Prepare the notification on industrial product subsidies as per Article 25 of the ASCM. This will involve:</p> <ul style="list-style-type: none"> • Research on the scope and types of subsidies notified by other trading partners, • Preparation of questionnaire to collect information, • Assistance with follow-up correspondence or interviews with industries, • Review and comments on drafts. 	<ul style="list-style-type: none"> • technical assistance: senior international negotiator • technical assistance: international negotiator <p>Total of 7 man days</p>

<p>1.3 – Enhanced negotiation skills of the Lao Negotiation Team</p>	<p>Negotiation readiness for the formal WP meetings at the WTO enhanced</p> <p><u>Output indicator:</u></p> <p>Completed documents, workshop, work plan and checklist – all on time.</p>	<p>1.3.1 – Conduct a workshop in Vientiane with the FTPD to prepare for the Lao delegation in the negotiation and to follow up on the second/third Working Party with a view to:</p> <ul style="list-style-type: none"> • Assess the state of play of Lao WTO accession negotiations. • Review the questions and replies prepared, • Establish a work plan for the third/fourth WP • Update checklist of issues for accession, including on market access and legislative reform. • Follow up after mission in Geneva 	<ul style="list-style-type: none"> • Technical assistance: senior international negotiator = Total 6 man days (Former trade negotiators from other developing countries, who have been involved in accession and negotiation) • Funds for travel and accommodation • 3 days workshop * 25 participants
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		<p>1.3.2 – Conduct two workshops to prepare the Lao delegation for the Working Party.</p> <p>(I) One in Vientiane with the FTPD and WTO negotiating team to review possible questions and answers that might arise at the WP.</p> <p>(II) A second workshop in Geneva to focus on strategy, including the preparation of documentation, briefing notes to structure WP answers, and a question-and-answer simulation exercise.</p> <p>Secretarial and logistical support in organizing delegation's stay in Geneva will be provided by subcontractor, who wins the contract.</p>	<ul style="list-style-type: none"> • Technical assistance: senior international negotiator = total 6 man days (home base) + 3 man days in Geneva • Technical assistance: international negotiator = total of 10 man days (Vientiane) + 3 man days in Geneva • Funds for travel and accommodation • Contractual services: logistical services for organizing Lao delegation visit • Workshop in Vientiane * 2 days* 25 participants • Workshop in Geneva * 2 days*25 participants
		<p>1.3.3 – Support for the 3rd/ 4th Working Party Meeting.</p>	<ul style="list-style-type: none"> • 15 Tickets • Perdiems
		<p>1.3.4 - Participation of Lao delegation to international events on trade and development, including to ministerial conferences</p>	<ul style="list-style-type: none"> • Travel • Perdiems

<p>1.4 – Improved liaison between the Capital and Geneva (WTO Secretariat) and Working Party members</p>	<p>Set up of a liaison officer in Geneva and capacity of the liaison officer enhanced through on the job training</p> <p><u>Output indicator:</u> Timely participation and preparation and circulation of document for the 3rd/4th Working Party meeting.</p>	<p>1.4.1 – Provide travel, office and living expenses for a Lao liaison offer posted in Geneva around the third/fourth Working Party in order to liaise between the WTO Secretariat, WP delegations and Vientiane.</p>	<ul style="list-style-type: none"> • Travel expenses • Accommodation (rental apartment) • Office space and facilities • Contractual services: secretarial support for liaison officer's travel and stay • Medical insurance, per diem, etc.
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<p>Outcome 2:</p>
<p>Improved the capacity of the GOL to negotiate market access in the goods and services sectors.</p>

Outputs	Output targets	Activities	Inputs
<p>2.1 – Enhance the technical capacity of GOL officials to negotiate a pro poor and pro development WTO agreement in agriculture and industrial goods.</p>	<p>On the job training and research in market access negotiations on agricultural and industrial goods</p> <p><u>Output indicator:</u> National Growth statistics to be collated over a 10 year period</p>	<p>2.1.1 – Carry out a review and analytical research on the goods market access requests received by Laos and provide comments on the requests. This will include research on countries which have completed accessions negotiations. This process of analysis, review and preparation of the revised goods offer will be carried out in joint consultation with the relevant ministries and the FTPD.</p> <p>Presentation of findings in high level consultative workshops and meetings</p>	<ul style="list-style-type: none"> • technical assistance: senior international negotiator on agricultural products = 3 • technical assistance: international negotiator on industrial products = 7 • 3 days high level consultative workshop with key stakeholders to discuss the offer.

		<p>2.1.2 – Commission <u>three research papers</u> on specific products with a view to formulating Laos' negotiation positions on sensitive products. This will be supplemented with analysis on the supply-side constraints in Laos. The position papers will be prepared by Laotian researchers who are acknowledged experts for the products earmarked. Prior to the commissioning of the research papers detailed terms of reference will be drawn up by the FTPD and the subcontracted firm. The drafts of research papers will be reviewed by both parties and presented in a workshop with the intention to clarify Laos' negotiation positions on sensitive products.</p>	<ul style="list-style-type: none"> • Contractual services: local expert research consultants = 45 man days • Technical assistance: international negotiator = 3 man days • Workshop to present the papers to key stakeholders = 30 participants for 3 days workshop
		<p>2.1.3 – Train MOIC staff on generating and interpreting statistical data which will be used to evaluate the quality of the revised goods offer.</p>	<ul style="list-style-type: none"> • Technical assistance: senior international negotiator on agricultural products • Technical assistance: international negotiator on industrial products <p>Total 10 man days</p> <ul style="list-style-type: none"> • Documents and statistics

<p>2.2 - Enhanced the technical know-how of GOL officials and strengthened their capacity in preparing services regulatory synopsis study.</p>	<p>On the job training, studies and research on regulatory structures and legislation in key services sectors</p> <p><u>Output indicator</u></p> <p>Analysis of pre-training and post-training assessments.</p> <p>Services study completed, including recommendations for negotiations.</p>	<p>2.2.1 - Prepare a services regulatory diagnostic study which includes:</p> <ul style="list-style-type: none"> • Preparation of briefing notes and talking points for interviews with line ministries • Participate in MOIC interviews and assist in drafting follow-up written requests to ministries. • Prepare the diagnostic table. • Review and comments on the diagnostic study. 	<ul style="list-style-type: none"> • Technical assistance: international negotiator on services = Total 15 man days • Funds for travel and accommodation = 14 man days
		<p>2.2.2 – Carry out a <u>review, analytical research and provide comments on services requests</u>, including research on previous accession negotiations.</p>	<ul style="list-style-type: none"> • Technical assistance: international negotiator on services = Total 4 man days
		<p>2.2.3 - Review the initial service offer through a series of stakeholder meetings with line ministries and sectoral representatives.</p>	<ul style="list-style-type: none"> • Technical assistance: international negotiator on services = Total 11 man days • Funds for travel and accommodation • Stakeholder meetings = 3 meeting * 20 participants* 2 days per meeting
		<p>2.2.4 - Commission <u>five research papers</u> on specific service sectors with a view to formulating Laos' negotiation position in <u>sensitive service sectors</u>. The position papers will be prepared by Laotian researchers who are acknowledged experts in the specific services under review.</p>	<ul style="list-style-type: none"> • contractual services: local expert research consultants = Total of 75 man days • Technical assistance: international negotiator = Total of 5 man days • Workshop to present the papers to key stakeholders = 30 participant * 2 days per meeting

<p>2.3 – Enhancement of the technical know-how of GOL officials and strengthen their capacity in services negotiations.</p>	<p>On the job training and analysis of Laos' services requests and successful submission of <u>revised service offer</u> which is in line with the GOL overall development policies.</p> <p><u>Output indicator:</u> Analysis of pre-training and post-training assessments. Revised services offer submitted.</p>	<p>2.3.1 - <u>Review, research and analyze the revised services requests</u> submitted to Laos in the context of the WTO accession negotiations. This will be carried out jointly by the FTPD and the technical assistance, taking into account the implication of prior commitments made under bilateral agreements, ASEAN and how these impact on the ongoing WTO services negotiations.</p>	<ul style="list-style-type: none"> • Technical assistance: international negotiator on services <p>Total = 2 man days (home based)</p>
		<p>2.3.2 –Prepare <u>revised services offer</u>, through a series of participative meetings which brings together key stakeholder from line ministries and sectoral representatives. <u>Elaborate an internal regulatory/legislative action plan to implement commitments.</u></p>	<ul style="list-style-type: none"> • Technical assistance: international negotiator on services = Total of 9 man days (based in Vientiane) • Funds for travel and accommodation • 3 meetings* 2 days* 20 participants

Outcome 3:

Improved information dissemination on WTO accession negotiations and build national consensus on Laos WTO negotiation position.

Outputs	Output targets	Activities	Inputs
<p>3.1 –Significant increase in knowledge and understanding about WTO rules and accession negotiation amongst wider public.</p>	<p>Dissemination on state of play of the WTO accession negotiations</p> <p><u>Output indicator:</u></p> <ul style="list-style-type: none"> • Media coverage • Comparison of knowledge and understanding before and after interventions using self-appraisal forms. • If needed, interviews of target groups would supplement self-appraisal forms. 	<p>3.1.1- Run four national workshops aimed at line ministries and private sector.</p>	<ul style="list-style-type: none"> • FTPD • Local Facilitator • 4 workshops* 30 people* 2 days
		<p>3.1.2 Quarterly MOIC Newsletter as well as newspaper articles and TV interviews .</p>	<ul style="list-style-type: none"> • Inputs of time and articles by NIU and project staff and UNDP. • Sub contract to local firm – preparation of content and liaison with FTPD • Translation • Printing cost
		<p>3.1.3 - Set up and promote a web page on WTO related issues</p>	<ul style="list-style-type: none"> • Local IT firm – Contract for designing and uploading content on the FTPD webpage • Input from the FTPD and the NIU
		<p>3.1.4 – Media ‘campaign’ management</p>	<ul style="list-style-type: none"> • Breakfast briefings (6) *every 2 months • Press conference (2) – before negotiations and after 3rd WP meeting
		<p>3.1.5 – Improved inter-departmental coordination on WTO issues</p>	<ul style="list-style-type: none"> • Quarterly meetings • Conference facility
		<p>3.1.6 – Improved public-private sector dialogue</p>	<ul style="list-style-type: none"> • 2 yearly meetings • Translation • Conference facility

Outcome 4:			
Enhance capacity of the FTPD to manage the project			
Outputs	Output targets	Activities	Inputs
4.1 – Sufficient managerial and technical inputs are provided to the project.	Supporting staff in place Management meetings, mid-term review, and final evaluation take place.	4.1.1 - Staffing support for implementation of project activities.	<ul style="list-style-type: none"> • Project Manager • Project Accountant • Project Secretary
	<p><u>Output indicator:</u> Assessments contained in monthly and quarterly reports, mid-term review, final evaluation, and project audit.</p>	4.1.2 – Quarterly project management meetings	<ul style="list-style-type: none"> • Inputs of time by project staff and UNDP. • No financial cost.
		4.1.3 - 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.
		4.1.4 – Financial audit	<ul style="list-style-type: none"> • Funds for audit. • Inputs of time by project staff and UNDP.

Section III. Total Work Plan and budget

Expected output	Key Activities	Timeframe		Planned Budget			
		Yr1	Yr2	Budget code	Budget Description	Total US\$	
1.1 - Significant increase in knowledge and understanding about WTO rules and accession negotiations among selected beneficiaries	1.1.1 – On the job training/workshops will be provided to the negotiating team on key WTO technical issues.			71600	Travel	3810	
				71200	International Consultant	2857	
					Sub-total	6667	
	1.1.2 – consultation meeting/seminars/workshop for officials from relevant ministries on article XXV of the Agreement on Subsidies and countervailing measure through a workshop.			73100	Rental & Maintenance-Premises	1350	
				74200	Audio Visual & Print Production Costs	500	
				71200	International Consultant	1905	
					Sub-total	3755	
					Sub-total Output 1.1	10422	
	1.2 - Successful submission of working party documents with transparent and complete content,	1.2.1 - Review and analyze the comments on the 'Questions and Replies documentation', including carrying out research on previous accession negotiations and WTO jurisprudence.			71200	International Consultant	2381
					71600	Travel	1905
					Sub-total	4286	
	1.2.2 - Revise the legislative action plan, drawing upon best practices among other acceded Members. In collaboration with the FTPD undertake research with the objective of reviewing and commenting on the draft.			71600	Travel	1905	
				71200	International Consultant	2857	
					Sub-total	4762	
	1.2.3 Preparation of TA implementation plans			71600	Travel	952	

	related to various WTO Agreements with a view to ensuring that TA is marshaled in an efficient, timely and credible manner so as to allow Lao PDR to negotiate LDC transition periods for implementation of related WTO obligations			71200	International Consultant	2381
					Sub-total	3333
	1.2.4 Assist in coordination and provide guidance and best practices of other acceded Members on submitting a Technical Assistance plan to the Working Party			71600	Travel	500
				72100	International Consultant	2000
					Sub-total	2500
	1.2.5.: Review and providing comments on the updated versions of formal documentation submitted to the WTO Secretariat on, inter alia, TBT, SPS, TRIPs, and agricultural support and subsidies			71600	Travel	1905
				72100	International Consultant	4762
					Sub-total	6667
	1.2.6.: Assistance with the prepare the notification on industrial product subsidies as per Article 25 of the ASCM.			71600	Travel	2000
				72100	International Consultant	3333
					Sub-total	5333
					Sub-total output 1.2	26881
1.3 – Enhanced negotiation skills of the Lao Negotiation Team	1.3.1 - Conduct a workshop in Vientiane with the FTPD to follow up on the second Working Party with a view to: <ul style="list-style-type: none"> • Review the issues raised at the 2nd WP • Review the questions and replies prepared, • Establish a work plan for the third WP • update checklist of issues for accession, including on market access and legislative reform. • Follow up after mission in Geneva 			73100	Rental & Maintenance-Premises	6000
				74200	Audio Visual & Print Production Costs	500
				72100	International Consultant	4286
				71600	Travel	1905
				74500	Miscellaneous Expenses	500
					Sub-total	13191
	1.3.2 - Conduct two workshops to prepare the Lao delegation for the Working Party.			73100	Rental & Maintenance-Premises	3200
			72500	Travel	952	

	<p>(I) One in Vientiane with the FTPD and WTO negotiating team to review possible questions and answers that might arise at the WP.</p> <p>(II) A second workshop in Geneva to focus on strategy, including the preparation of documentation, briefing notes to structure WP answers, and a question-and-answer simulation exercise.</p> <p>Secretarial and logistical support in organizing delegation's stay in Geneva will be provided by subcontractor</p>			73100	Rental & Maintenance-Premises	200	
				74200	Audio Visual & Print Production Costs	2000	
				72100	International Consultant	4286	
				72100	International Consultant	6810	
				71600	Travel	4210	
				74500	Miscellaneous Expenses	1000	
					Sub-total	22658	
		1.3.3 - Fund the Lao delegation's participation in the Geneva 3rd/ 4th Working Party Meeting).			71600	Travel	40000
					74500	Miscellaneous Expenses	1000
						sub-total	41000
1.3.4 - Participation of Lao delegation to international events on trade and development, including to ministerial conferences			71600	Travel	9525		
			74500	Miscellaneous Expenses	500		
				sub-total	10025		
				Sub-total Output 1.3	86874		
1.4- Improved liaison between the Capital and Geneva (WTO Secretariat) and Working Party members	1.4.1 – Provide travel, office and living expenses for a Laotian liaison officer posted in Geneva around the third Working Party in order to liaise between the WTO Secretariat, WP delegations and Vientiane.			71600	Travel	4857	
				73100	Rental & Maintenance-Premises	500	
				74500	Miscellaneous Expenses	500	
				Sub-total	5857		
				Sub total Output 1.4	5857		
2.1 – Enhance the technical capacity of GOL officials to negotiate a pro poor and pro development WTO agreement in agriculture and industrial goods.	2.1.1 – Carry out a review and analytical research on the goods market access requests received by Lao PDR and provide comments on the requests. This will include research on countries, which have completed accessions negotiations. This process of analysis, review and preparation of the revised goods offer will be carried out in joint consultation with the relevant ministry and the FTPD.			71600	Travel	500	
				73100	Rental & Maintenance-Premises	7200	
				74200	Audio Visual & Print Production Costs	500	
				72100	International Consultant	4762	
				74500	Miscellaneous Expenses	500	

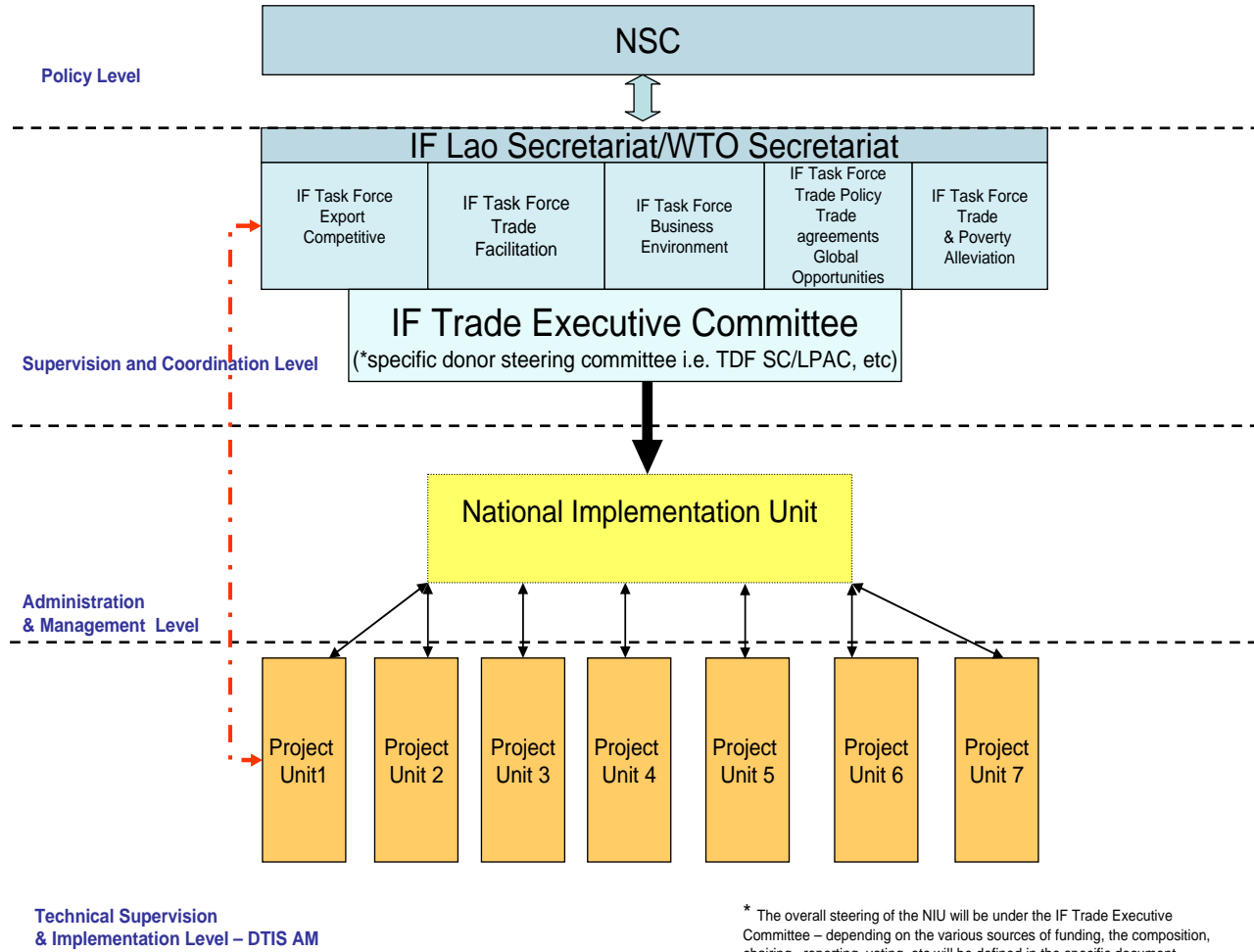
					Sub-total	13462	
	2.1.2 – Commission three research papers on specific products with a view to formulating Lao PDR's negotiation positions on sensitive products. The position papers will be prepared by Laotian researchers who are acknowledged experts for the products earmarked.			71600	Travel	500	
				73100	Rental & Maintenance-Premises	2000	
				74200	Audio Visual & Print Production Costs	500	
				72100	International Consultant	1500	
				73100	Local Consultants	3000	
				74500	Miscellaneous Expenses	1000	
					Sub-total	8500	
	2.1.3 – Train MOIC staff on generating and interpreting statistical data which will be used to evaluate the quality of the revised goods offer.			71600	Travel	1905	
				72100	International Consultant	4762	
				72500	Supplies	250	
					Sub-total	6917	
					Sub-total Output 2.1	28879	
2.2 - Enhanced the technical know-how of GOL officials and strengthen their capacity in service negotiations.	2.2.1.: Prepare a services regulatory diagnostic study which includes: • Preparation of briefing notes and talking points for interviews with line ministries • Participate in MOIC interviews and assist in drafting follow-up written requests to ministries. • Provide Technical assistance in preparing the diagnostic table • Provide technical assistance for review and comments on the diagnostic study			71600	Travel	1905	
				71200	International Consultant	7143	
						Sub-total	9048
	2.2.2 – Carry out a review, analytical research and provide comments on Lao PDR services requests, including research on previous accession negotiations.			71600	Travel	1905	
				71200	International Consultant	1905	
						Sub-total	3810
	2.2.3.: Review initial service offer through a series of stakeholder meetings with line ministries and sectoral representatives.			71300	Rental & Maintenance-Premises	6000	
				71600	Travel	1905	
				74200	Audio Visual & Print Production Costs	1000	
				72100	International Consultant	5238	
			74500	Miscellaneous Expenses	500		

					Sub-total	14643	
	2.2.4: Commission five research papers on specific service sectors with a view to formulating Lao PDR's negotiation position in sensitive service sectors. The position papers will be prepared by Laotian researchers who are acknowledged experts in the specific services under review. Present papers to key stakeholders.			71600	Travel	500	
				73100	Rental & Maintenance-Premises	4800	
				74200	Audio Visual & Print Production Costs	500	
				72100	International Consultant	2381	
				73100	Local Consultants	5000	
				74500	Miscellaneous Expenses	500	
					Sub-total	13681	
					Sub-total Output 2.2	41182	
2.3 – Enhancement of the technical know-how of GOL officials and strengthen their capacity in services negotiations	2.3.1: Review, research and analyze the revised services requests submitted to Lao PDR in the context of the WTO accession negotiations. This will be carried out jointly by the FTPD and the TA, taking into account the implication of prior commitments made under bilateral agreements, ASEAN and how these impact on the ongoing WTO services negotiations.			72100	International Consultant	3810	
				71600	Travel	1905	
						Sub-total	5715
2.3.2 – Prepare revised services offer, through a series of participative meetings which brings together key stakeholder from line ministries and sectoral representatives. Elaborate an internal regulatory/legislative action plan to implement commitments.				73100	Rental & Maintenance-Premises	2000	
				71600	Travel	2000	
				74200	Audio Visual & Print Production Costs	1000	
				72100	International Consultant	5714	
				74500	Miscellaneous Expenses	500	
					Sub-total	11214	
					Sub total Outcome 2.3	16929	
3.1 – Significant increase in knowledge and understanding about WTO rules and accession negotiation amongst wider public.	3.1.1- Run four national workshops aimed of line ministries and Private Sector.			71600	Travel	2000	
				73100	Rental & Maintenance-Premises	19200	
				74200	Audio Visual & Print Production Costs	1000	
				74500	Miscellaneous Expenses	500	
						Sub-total	22700
	3.1.2 – Set up an MOIC Newsletter			73100	Local Consultants	5400	
			74200	Audio Visual & Print Production Costs	3730		

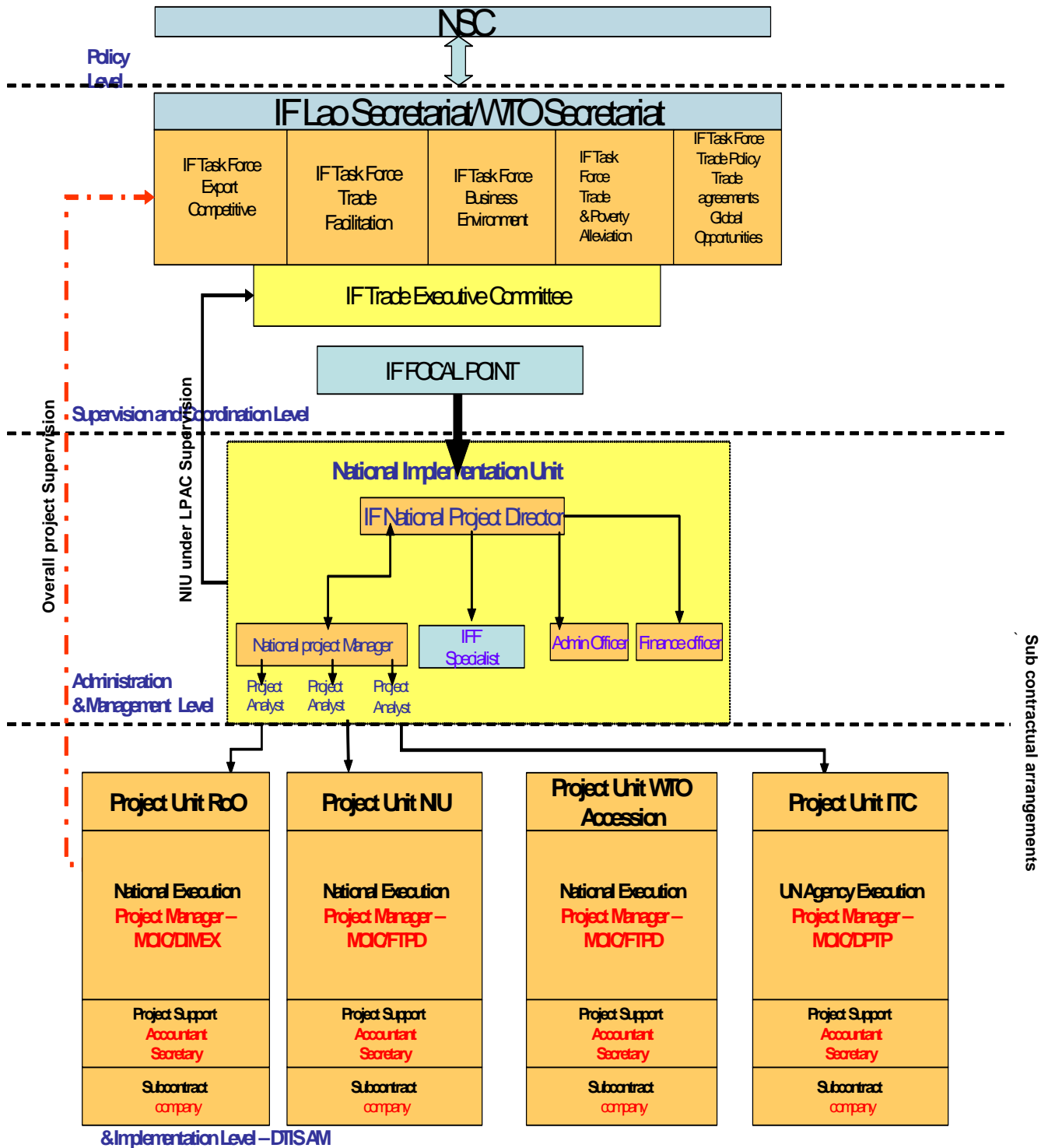
				74500	Miscellaneous Expenses	1000
					Sub-total	10130
	3.1.3 - Set up a web page on WTO related issues			73100	Local Consultants	6000
					Sub total	6000
	3.1.4 – Media management			73100	Rental & Maintenance-Premises	1600
				72500	Supplies	4000
					Sub total	5600
	3.1.5 – Improved inter-departmental coordination on WTO issues			73100	Rental & Maintenance-Premises	800
				72500	Supplies	4000
					Sub total	4800
	3.1.6 – Improved public-private sector dialogue			73100	Rental & Maintenance-Premises	200
				72500	Supplies	1000
				73100	Local Consultants	200
					Sub total	1400
					Sub total Outcome 4.1	50630
4.1 – Sufficient managerial and technical inputs are provided to the project.	4.1.1 - Staffing support for Implementation of Project activities.	x	x	71400	Contractual Services - Project Coordinator	7200
				71400	Contractual Services- Administrative officer	2400
				73500	Reimbursement cost - ISS	7646
				74500	Miscellaneous Expenses	2400
					Sub-total	19646
	4.1.2 - Monthly and quarterly project management meetings.	X		74500	Miscellaneous Expenses	1200
					Sub-total	1200
	4.1.3 - Mid-term review and final evaluation of project activities.	X		71300	Local Consultants	5500
					Sub-total	5500
	4.1.4 - Financial audit.	X		74100	Audit Fees	6000
				Sub-total	6000	
					Sub-total Outcome 5.1	32346
					Grand-total	300000

Annex 1 – IF Governance Structure

Overview of the IF Governance and Management Structures



Annex 2– 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 1detached 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.

1. 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 Implementation Committee (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.

2. 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.



SIGNATURE PAGE

Country: Lao PDR

UNDAF Outcome(s)/Indicator(s)¹⁹:
(Link to UNDAF outcome)

Enable environment for growth with equity,
Enhanced capacity building for service delivery and strengthened Negotiation skills, and policy advice on trade and poverty policies, including global and regional agreements such as AFTA and WTO

Expected Outcome(s)/Indicator (s)²⁰:
(CP outcomes linked to the SRF/MYFF goal and service line)

MDG based national development plan prepared of Lao PDR
implement the Sixth National Social Economic Development Plan (NSEDPP)
Government

Expected Output(s)/Annual Targets²¹:
(CP outputs linked to the above CP outcome)

1. Improve capacity of the GoL to prepare and negotiate a pre-poor and pro-growth WTO accession agreement
2. Improve market access into and for Lao PDR in the goods and Service sector
3. Improve capacity of the Lao WTO negotiation for to coordinate the Working party
4. Increase national awareness, commitment, and consensus on WTO accession negotiation

Implementing partner:
(Designated institution/formerly executing entity)

Ministry of Industry and Commerce

Responsible parties:
(Formerly implementing entities)

Foreign Trade Policy Department of MoIC

Programme Period: June 2007 to June 2009
Programme Component: _____
Project Title: Capacity Building and Technical Support to Lao PDR in the World Trade Organization Accession Negotiations
Project ID: 00056639
Project Duration: 2 years
Management Arrangement: Ministry of Industry and Commerce

Budget	_____	_\$300,000
General Management Support Fee	_____	
Total budget:	_____	_\$300,000
Allocated resources:	_____	
• Government	_____	
• Regular	_____	
• Other:		
o Donor	_____	\$300,000
o Window II trust fund	_____	
o Donor	_____	
o Donor	_____	
• In kind contributions	_____	
Unfunded budget:	_____	

Agreed by (Government): _____

Agreed by (UNDP): _____

¹⁹ For global/regional projects, this is not required
²⁰ For global/regional projects, these are outcomes identified in GP/RP
²¹ For global/regional projects, these are outputs identified in GP/RP

Annex 3 : 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 (ITF). Estimated cost of establishing a IF Implementation Unit in the Lao PDR Government is US\$ 1 million		Governance	NA
Component 1: Export Competitiveness²²							
Project 1: Support agricultural competitiveness	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.	High priority with action to be undertaken from the first year	MAF, LNCCI, NUOL, MOIC(LTPC &DOI)	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.	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)	Technical assistance; regulatory; human resource capacity building and infrastructure development; encouraging investment	Large
Project 2: Support light manufacturing competitiveness	<u>Garment sector:</u> Encourage local producers to gradually shift from working on CMT to FOB basis; improve	High priority with preferably for action to	LNCCI, ALGI, MOIC (LTPC & DIE)	Medium - Estimated costs for a project to strengthen the export	<i>General Export Competitiveness Support:</i> Switzerland/ITC's Support to Trade Promotion and	Technical assistance; human and	Medium-Large

²² 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.

	productivity of garment sector; promote Lao garment products; improve quality of Lao garment products; develop trade information and linkages with buyers on garment.	begin from the first year		capacity and competitiveness of the garment sector are US\$1.5-1.7 million.	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)	infrastructure capacity building; international trade promotion; and information distribution	
	<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.	Medium priority with action to be undertaken as soon as possible	MAF, LNCCI, MOIC(LTPC&DIE)	Medium - Estimated costs for a project to improve capacity of producers and exporters of silk products are US\$1.6-1.85 million	US's Economic Acceleration Program for the Silk Sector (completed 2006, US\$0.5m)	Technical assistance; human resource capacity building and infrastructure development; and information distribution	Medium
	<u>Other handicraft products</u> : Improve design capabilities.	Relatively low priority	MOIC (LTPC), LNCCI	Small financial outlay		Technical assistance	Small
	<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.	Medium priority with action to be undertaken in the medium term	MAF, MOIC(DIE), LNCCI	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	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)	Technical assistance; regulatory assistance	Medium
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	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	Human resource capacity building; trade promotion; encouraging private investment	Medium

				for establishment of model craft villages in 10 major tourism destinations of US\$ 1,000,000 for a period of 4 years			
	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 on-going 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	East-West Corridor (2007-10, US\$2m); planned: German Vocational Education Programme (2007-10 €5 m)		
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 services to MSMEs; provide an enabling environment (access to finance, trade promotion, and trade facilitation infrastructure) to boost increased investment.	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 US\$800,00-950,000 over two years.	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, US\$0.59m); ADB's Small and Medium Enterprise Project (completed 2005, US\$0.79m); EC's SME Development Programme (2006-10, €3 m)	Human resource capacity building & infrastructure development; information dissemination ; encouraging investment	Medium-High
Project 5: Regional	Construct and rehabilitate critical	Medium priority	Provincial	High - A high level of		Regulatory	Medium-

development of export potential	infrastructure essential for sustained regional economic activity in the tourism, manufacturing, agribusiness and mining sectors;	with a long term focus	governments	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)		assistance; technical assistance; human resource capacity building;	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 soon as possible	MOF and MOIC	Medium-High - Funds needed for a broad range of activities mainly based on training but also including investments in improved customs processing systems.	IMF's Technical Assistance on Customs Operations (204-07, US\$0.5m); Japanese Customs Technical Cooperation Program (completed 2005, US\$0.17); 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.	Legislative/regulatory reform; human capacity building and infrastructure development; customs infrastructure development	Medium
	Reform the national customs administration						
	Strengthen capacity building to properly administer the customs valuation provisions of the law						
	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.						

					selected border crossings, targeting among others, customs agencies) at US\$860,000.		
Project 2: Trade facilitation	Pilot Gold Card Program (to expedite clearance procedures for approved traders)	High priority/2nd year	MOF, MOIC (DIE), MTCPC, Border agencies, National quarantine and standards agencies, National Transport Facilitation Committee	Medium-High - Funds needed for investments in improved technology and processes. Also, potentially high capital investment needed to build a container logistics centre	ADB's Trade Facilitation in Greater Mekong (2006-08, US\$1.49m shared regionally); UNESCAP/Netherlands' Institutional Capacity 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.	Infrastructure development	Medium-High
	International container logistics center in Vientiane						
	Licensing of customs agents						
	Improve the single window operations in various provinces						
	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							
Project 3: SPS	Institutional and legislative framework (high priority)	High priority with projects for long-term improvement of capacity to begin as soon as possible	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 laboratory equipment could increase this amount significantly	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 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)	Technical assistance; human capacity building and infrastructure development; supply of technology	Medium-High
	Diagnostic capacity (high priority)						
	Market opportunities and trade requirements						
	Surveillance						
	Emergency response						
	Risk assessment and economic analysis						
	Inspection and certification						
	Building human skills						
	Information and education						
	Private sector development						
	Regional cooperation						
Project 1: Development of industrial strategy to facilitate business operations	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.	Medium priority with actions to take place in the medium term	MOIC (DOI)	Small-medium	<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); Germany's Human Resource Development for Market Economy Program (2004-07, US\$5.5m)	Regulatory and possibly legislative	Medium
Project 2: Investment promotion	Review and simplify business regulations, e.g. foreign investment start-up and	High priority with actions	CPI	Small-medium	Japan's Expert on Promotion of Investment for Lao Government	Regulatory assistance	Medium-High

	<p>registration procedure reform; create investment guidelines (sector by sector); set up a public-private stakeholder platform to discuss the reforms on a regular basis</p> <p>Review the legal framework for investment, including contract enforcement and dispute resolution</p> <p>Implement a one stop shop for investment, including training of officials</p>	already underway			(2007-09, US\$0.3m); 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)	and possibly legislative	
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, US\$4m) & 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 trade policy and negotiations	<p>Improve capacity building of MOC and other ministries with trade-related functions to take considered and well-coordinated decisions on all aspects of international trade policy, regional and multilateral trade negotiations, and trade relations.</p> <p>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</p> <p>Increase MOC's capacity to analyze trade issues, impact of trade policies, and to lead trade negotiations.</p> <p>Promote an effective trade information center, improve collection of trade statistics</p> <p>Increase capacity to efficiently administer: Rules of Origin</p>	High priority with programs to begin in the first year	MOIC	Small-Medium - Estimated costs of a general training 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.	UNCTAD/France's Train for Trade (2003-07, US\$2.3m); Australia's 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,	Technical assistance and human capacity building	High

	To build in-house capacity on research and facilities for trade sector				US\$7.33 shared regionally) and Strengthening Market Analysis Capacity (2005-07, US\$0.24m shared regionally)		
	Trade Database						
	Increase transparency						
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 areas)	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

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 4

Preliminary Terms of Reference

Laos: Preparation for the WTO accession

The independent contractor will provide technical assistance to the Lao government, specifically to the Foreign Trade Policy Department (FTPD), Ministry of Industry and Commerce. The consultants will be hired on an advisory mission to Vientiane for a series of assisting activities and working groups with relevant stakeholders.

Main tasks:

1. Provide training to Lao officials, especially for the negotiating team to prepare on the following issues:
 - Article XXV of the Agreement on Subsidies and countervailing measure as well as key WTO technical issues.
 - Notification on industrial product subsidies as per Article 25 of the ASCM in the scope and types of subsidies notified by other trading partners
2. Provide training to Lao staff in reviewing and researching on the goods market access. This process of analysis, review and preparation of the revised goods offer will be carried out in joint consultation with the relevant ministries and the FTPD.
3. Conduct a workshop on negotiation strategy in Vientiane with the FTPD to help the Lao delegation to prepare for the WTO accession negotiations.
4. Train MOIC staff on generating and interpreting statistical data which will be used to evaluate the quality of the revised goods offer.
5. Prepare a services regulatory diagnostic study which includes:
 - Prepare the diagnostic table.
 - Review and comment on the diagnostic study.
6. Review and analyze the comments on the 'Questions and Replies documentation', including carrying out research on previous accession negotiations and WTO jurisprudence
7. Review the initial service offer through a series of stakeholder meetings with line ministries and sectoral representatives
8. Assist in preparation and review TA implementation plans related to various WTO Agreements with a view to ensuring that TA is marshalled in an efficient, timely and credible manner so as to allow Laos to negotiate LDC transition periods for implementation of related WTO obligations and provide guidance and best practices of other acceded Members on submitting a Technical Assistance plan to the Working Party

9. Carry out a review, analytical research and provide comments on services requests, including research on previous accession negotiations.
10. Review, research and analyze the revised services requests submitted to Laos in the context of the WTO accession negotiations. This will be carried out jointly by the FTPD and the technical assistance, taking into account the implication of prior commitments made under bilateral agreements, ASEAN and how these impact on the ongoing WTO services negotiations.
11. Assist in revising the legislative action plan, drawing upon best practices among other acceded Members. In collaboration with the FTPD undertake research with the objective of reviewing and commenting on the draft.
12. Provide comments on the updated versions of formal documentation submitted to the WTO Secretariat on, *inter alia*, TBT, SPS, TRIPs, and agricultural support and subsidies
13. Give comments to support preparation for the 3rd/ 4th Working Party Meeting.
14. Assist in revising services offer, through a series of participative meetings which brings together key stakeholder from line ministries and sectoral representatives. Elaborate an internal regulatory/legislative action plan to implement commitments.

Qualifications and requirements

The consultants will have a university degree in Legal, Economics and/or Social Sciences with a good knowledge of the Import Licensing Agreement, WTO accession and/or multilateral trade issues. 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.