

<p>Name of Sector Working Groups: Trade and Private Sector Working Group</p> <p>SWG Chair and Co-Chairs: MOIC, Australia and European Union</p> <p>SWG Secretariat Focal Points:</p> <ul style="list-style-type: none"> - Government Officials: Ms. Lattanaphone Vongsouthi, Director of NIU Division, DPC, MOIC - Development Partners: <p>Technical Supporting Staffs:</p> <ul style="list-style-type: none"> - Government Officials: - Development partners:

Overview of Sector Performance in 2019

Sector outputs and activities	Progress	Challenges and opportunities
A. Sectoral thematic (substantive) areas		
1. Actions/activities relating to the RTIM key recommendations as per Annex 1 (for most relevant recommendations only)		
1.1 The role of the private sector	<p>To facilitate stronger participation of the private sector in achieving social economic development goals of the country, over the past year, the TPSWG focuses its efforts in the following key areas:</p> <ol style="list-style-type: none"> 1. Improve effectiveness of policy dialogue on private sector development issues under the sector working group meetings through enhancing private sector’s participation in agenda setting, prioritization of policy recommendations, as well monitoring progress of government’s efforts in improving overall investment climate; 2. Facilitate regular public private dialogue on specific issues affecting operations of businesses under the Lao Business Forum through supporting operations of the forum secretariat and provision of technical support in identification of critical issues and formulation of specific recommendations; 3. Continue implementation of specific interventions that aim to improve business operating environment (including implementation of PM Order No. 02); deepening of economic integration through fulfilling commitments under ASEAN, WTO and other sub-regional cooperation framework; and enhance enterprise competitiveness. 	

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	<p>However, implementation of the outcomes from both SWG meetings as well as LBF remain challenging.</p> <p>Similarly, while substantive technical assistance has been provided to support Government's reform program under PM Order No. 02 and implementation of various commitments under WTO, AEC, and other subregional and bilateral framework, however, initial reform results that translate into reduced regulatory compliance cost and improved predictability has been quite limited.</p> <p>Going forward there is a need to explore ways to: 1) further strengthen linkage between these two dialogue processes with government policy formulation and evaluation; 2) enhance inter-ministerial coordination for business environment reform as well as implementation of commitments under international and regional framework; 3) develop mechanism to enforce consistent implementation of laws and regulations at provincial level.</p>	
1.2 Connectivity and integration	<p>TPSWG's main contribution to improve connectivity and integration is through implementing comprehensive trade facilitation roadmap and WTO trade facilitation agreement that aim to reduce time and cost associated with import and export, to increase certainty and reliability of imports and exports, and to increase trade transparency, as well as support to fulfill Laos' commitments in areas of trade in goods and trade in services under AEC blueprint and WTO</p> <p>However, in order to maximize impact of ongoing and planned investment in physical infrastructure, stronger collaboration between the TPSWG and infrastructure sector WG as well as between the National Trade Facilitation Committee, the National Transport Committee, the Committee for National Single Window and others.</p> <p>To this end, the TPSWG devoted one of its working group meetings to discuss the impact of infrastructure development on trade and private</p>	

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	sector development in Laos.	
<p>2. Other substantive actions/activities relating to overall sectoral strategies, if applicable, to support the implementation of the 8th NSEDP and preparation for the 9th NSEDP</p>	<p>Private sector is a major force in development. They drive economic growth through investment, employment and business creation, innovation, knowledge transfer, and other multiplier effects that contribute to long term economic growth and poverty reduction.</p> <p>SME/Private sector development and economic integration are permanently featured in NSEDP 7 and 8 and it is believed that promoting further economic integration will remain one of the key national economic development strategy, and SME/private sector development will remain one of the key government strategies to achieve economic diversification and inclusive economic growth in NSEDP 09.</p>	<p>However, overall, the business environment remains complex, with barriers to regional trade and integration limiting attractiveness as an investment destination (and therefore job creation).</p>
<p>2.1 Private Sector Development Roadmap</p>	<p>TPSWG's Private Sector Development Roadmap, which serve as guidance for all trade related technical assistance (private sector development assistance) aims to promote more productive private sector through improving business environment, deepening economic integration, and enhancing enterprise competitiveness.</p> <p>All technical assistance projects/programs funded by donors in areas of trade and private sector development are designed to make direct or indirect contributions to the following outputs under Outcome I of NSEDP VIII:</p> <ol style="list-style-type: none"> 1. Output 1 – Sustained and Inclusive Economic Growth 2. Output 2 – Macroeconomic Stability 3. Output 4 – Balanced Regional and Local Development 4. Output 5 – Improved Public/Private Labor Force Capacity 5. Output 6 – Local Entrepreneurs are Competitive in Domestic and Global Markets 6. Output 7 – Regional and International Cooperation and Integration. 	
<p>2.2 Trade and Private Sector</p>	<p>Concept note to carry out an update of the Trade and Private Sector Development</p>	

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Development Roadmap Update	<p>Roadmap is being prepared. Updated Trade and PSD Roadmap will be used as sector inputs to development of NSEDP IX.</p> <p>MOIC has initiated process of developing Trade and Private Sector Development Roadmap for 2021-2025. Preparation of the Roadmap will be led by a committee consisting of representatives from various technical departments within MOIC, LNCCI, National University of Laos, and selected research institutes.</p> <p>Draft Roadmap will be consulted with business community at both central and provincial level, key concerned public sector and development partners through TPSWG process.</p> <p>It is expected that the Roadmap will include an assessment of current policy and regulatory environment, update progress of recent business environment reform initiatives, lessons learned from various enterprise/SME support scheme, and proposed priorities in key policy and regulatory environment, proposed productivity enhancement measures, the Roadmap implementation modalities, and source of funds.</p>	
B. Communication and outreach activities with the sector and across Sector Working Groups		
	<p>Main communication and outreach activities include: 1) Trade and Private Sector Working Group meetings; meetings of private sector working group meetings under Lao Business Forum and provincial level public private dialogue process; 3) Trade for Development Website at T4DLaos.org; 4) Social media; 05) Lao Trade Magazine; 6) Merchandise; 7) Events and speeches; 8) Banners and posters; 9) Press releases; 10) Media relations; and 11) T4D logos.</p> <p>In addition, several information portals have been developed, supported, and are being regularly updated. These include: Laotradeportal.gov.org, Laoservicesportal.org, LBF webpage under LNCCI website.</p> <p>Regular information and experience sharing mechanism was established with Agriculture</p>	

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	<p>WG and its Northern Uplands Sub-WG. Informal relationship is being established with infrastructure working group.</p> <p>There are clear opportunities for further promoting collaboration between TPSWG and other sector working groups, namely Macro, Infrastructure, Agriculture and other working groups.</p> <p>A number of new TRTA are being implemented or designed to support trade and private sector development in selected provinces. Linkage between the national Lao Business Forum with a number of provincial dialogue platforms has been established.</p>	
C. Cross-sectoral thematic areas applied to all SWGs		
<p>1. Partnership for Effective Development Cooperation (in accordance to VDCAP 2016-2025) (Only narrative on each principles)</p>	<ol style="list-style-type: none"> 1. Ownership. Well-functioning mechanisms for policy dialogue/strategy formulation, Aid for Trade Governance framework, public private dialogue operational. Although some challenges in coordinating TRTA with different implementation modality, Laos has been increasingly recognised as one of best practices in strong government ownership and donor coordination with well- established AfT governance framework; 2. Harmonization and simplification. Multi-donor trust fund facility has been operational for more than 10 years, adoption of single governance framework for all TRTA. full alignment of project reporting cycle with government fiscal year; 3. Alignment. All TRTA are designed to support priorities defined in the Roadmap; 4. Managing for results. Project result framework is part of all new project documents, which support overall result framework of the sector development Roadmap; 5. Mutual accountability. Common result framework is part of the sector 	<p>Increasing fragmentation of donor support, and more limited degree of coordination with some development partners, risking duplication or inconsistencies.</p>

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	development Roadmap. Mid-term and final project evaluations are encouraged.	
<p>2. Innovation and technology</p>	<p>On the assumption that in the foreseeable future the bulk of innovation and product development will be coming from within the private sector itself and for the most part will be generated as a result of a favorable incentive structure and the entrepreneurial talent that exists in these enterprises. The role of public sector should therefore be more of a facilitator or stimulator of this change as opposed to an implementer. This concept is being promoted under business matching grant scheme under Business Assistance Facility (BAF). For more detail information see: www.baflaos.com</p> <p>Past and on-going efforts of investing in e-government has so far had limited impact on improving public service delivery. However, provision of regulatory information through well developed and maintained information portals such as LTP, LSP, Official gazette is proved to be very useful.</p> <p>According recent World Bank study, by almost every measure, Lao PDR is lagging significantly in terms of accessibility, quality and affordability of internet services compared to other comparable regional economies. In order to take advantage of digital connectivity, Laos will be required to stimulate investments in infrastructure for digital services, increase private sector participation, and review the status of national network to identify bottlenecks and infrastructure needs and others.</p>	
<p>3. Promoting gender equality and women's empowerment and accelerating the adoption and implementation of the National Youth Policy</p>	<p>Recognizing the fact that the impact of growth on poverty reduction and sustainable development more broadly, can vary significantly and it is critically important to design trade and growth policies and programs to maximize the positive linkages between trade and sustainable development. Hence, the Private Sector Development Roadmap has strong focus on the need to further mainstream</p>	

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	<p>and develop trade as a means to ensure sustainable growth, thus maximizing the socioeconomic impacts (such as poverty reduction and gender equality) as well as environmental sustainability. One of the key objectives of the sector Roadmap is to enhance the diversification of exports into sectors with high social impacts in order to ensure that trade has the maximum impact on improving the livelihoods of the poor. Many factors related to poverty, gender and the environment have been considered and included in the analysis and priorities of the sector Roadmap.</p> <p>Gender considerations are a critically important factor of trade and PSD policy and need to be carefully considered in policy and project interventions.</p> <p>The discussion on how trade impacts on gender and vulnerable groups in the NSEDP VIII is not explicit. However, gender has been increasingly mainstreamed in the industry and commerce sectors during the last few years, through a number of case studies prepared by the government in collaboration with the interested development partners.</p> <p>The twin policy goals of trade-driven economic growth and gender equality cannot be viewed in isolation: trade matters for gender and gender matters for trade. As the structure of the Lao economy changes following trade liberalization, so too will the opportunities available to women.</p> <p>Gender inequities may also act as a constraint to trade expansion. Any factor that limits individuals (and households, firms and communities) from responding to economic opportunities will constrain the economy's ability to develop to its full potential, and recognizing the fact that trade reforms can either enhance gender-equalizing trends or exacerbate existing gender gaps, depending on the way they are designed and implemented, currently gender specific strategy is being developed for one of</p>	

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	<p>the largest technical assistance projects to make sure equal distribution of gains from trade reform and development by different groups of people in the society. At the same time, there is also a need to work on the development of sounder evidence and more in-depth studies of gender in specific sectors.</p>	