

Lao People’s Democratic Republic
SECOND TRADE DEVELOPMENT FACILITY
Implementation Support Mission – December 2017

AIDE MEMOIRE

KEY PROJECT INFORMATION			
Project Number	P130512	IDA Grant Number	H8190
Signing Date	March 28, 2013	MDTF Grant Number	TF014189/TF0A3946
Effectiveness Date	May 8, 2013	Grant Amount	US\$ 15.20 million ¹
Closing Date	September 30, 2018	Disbursements	US\$ 13.19 million

1. A supervision mission for the Second Trade Development Facility (TDF-2) Multi Donor Program took place in Vientiane, Lao PDR between December 5th and December 8th, 2017. The mission team was led by Mr. Mombert Hoppe (Senior Trade Economist and Task Team Leader) and included technical staff from the World Bank as well as representatives from Australia/DFAT and the European Union. The list of mission members is in Annex 2.

2. The team would like to express its gratitude to H.E. Mme. Khemmani Pholsena (Minister of Industry and Commerce) for her leadership. The team would also like to sincerely thank Mr. Sirisamphanh Vorachith (Director General, Department of Planning and Cooperation) and all the members of the many departments within the Ministry of Industry and Commerce as well as other Ministries who kindly met with and invested significant time in working with the mission team, prior to and during the mission period.

3. In accordance with the mission announcement letter dated November 21st, 2017 the purpose of the supervision mission was to:

- a. Review overall project implementation progress, performance, and provide technical support to the implementation of each component towards the achievement of the project development objective;
- b. Detailed review and update of project results framework;
- c. Review and support procurement and financial management performance, progress and procedures in support of project implementation; and,
- d. Coordination with other related projects in the Lao PDR aid-for-trade program.

4. This supervision mission was the seventh full implementation support mission undertaken since the beginning of the project. The Aide Memoire covers progress made since the last support mission held in May 2017. As part of the World Bank’s Access to Information policy, the team sought guidance from the implementing agencies as to whether the Aide Memoire would be publicly disclosed. It was agreed that it would be publicly disclosed.

¹ The total appraised amount for TDF-2 is US\$ 16.5 million. However, due to exchange rate losses the grant to the government from the multi-donor trust-fund amount was revised from US\$ 10 million to US\$ 9.9 million. In addition, the grant agreement funded from the additional contribution by Australia only reflects the contribution already paid (US\$ 1.3 million) and will be increased to the full amount of US\$2.5 early next year.

I. OVERALL PROGRESS

5. Overall, the Project performance is progressing well, with the Project Development Objective (PDO) and Implementation Progress (IP) rated consistently as “Satisfactory” over the last 12 months, and expected to remain ‘Satisfactory’ in the near future. Disbursements under TDF-2 project stood at US\$ 13.19 million (or 88 percent) on December 5, 2017.² Disbursements are fully in line with estimates (which are US\$ 13.2 million for December 30, 2017), and thus the budget is expected to be fully disbursed by the end of the implementation period on September 30, 2018. As of end of October 2017, the actual expenditures (out of the Designated Account) stand at US\$ 12.6 million and the outstanding commitments are US\$ 2.1 million.

6. Since May 2017, significant progress has been made in several areas. The Lao Services Portal was officially launched on August 31, 2017 and now allows everyone to access all Lao laws, regulations, measures, restrictions and licencing requirements that affect investments and operations in services sectors. Additional funds for the Challenge Facility have been committed, with 3 new proposals approved since the last mission. Work under the two new components is progressing well. Business registration process mapping for central level and for two provinces (Vientiane Capital and Champasack) were completed end of November 2017. Recommendations for re-engineering the business registration process were submitted in December. Following the 10th Lao Business Forum held in March 2017, the Prime Minister Office issued two notifications to line ministries (in July and August) to closely follow-up the resolution of the issues raised at the 10th LBF, with specific orders on: (i) taxation, (ii) import-export and transportation, (iii) business registration and operation, and (iv) access to finance and labor market information.

7. TDF-2 has entered its final year of implementation and therefore less than 10 months remain to finalize all activities and achieve all project objectives. It is critical that implementation efforts under the Trade in Services continue, including in the area of distribution services, and that the Non-Tariff Measures subcomponents (despite recent positive developments) delivers on the simplification of NTMs. A continued support role by the NIU and increased high-level involvement for monitoring and project implementation will be needed to ensure all subcomponents can achieve intended results. Evaluating workplans to ensure likely spending gaps can be identified and funding be reallocated will be critical during December 2017 to ensure all available funds will be used.

II. STATUS OF PROJECT COMPONENTS

8. TDF-2 is a multi-donor program financed by Australia, the European Union, Germany, Ireland, the United States, and the World Bank focusing on improving trade and private sector development in Lao PDR. TDF-2, implemented by the Ministry of Industry and Commerce, has three main components focusing on (A) Trade facilitation, trade policy and regulations; (B) Diversification and competitiveness; and, (C) Mainstreaming aid-for-trade. The appraised value of the project is US\$16.5 million, with the closing date on September 30, 2018.³ Financing for TDF-2 is pooled and provided via an IDA grant of US\$4 million

² 80 percent if calculated against the appraised amount of USD 16.5 million.

³ The original amount was \$14 million which was increased to \$16.5 million in early 2017. All information on TDF-2 can be found on the [project website](#); and in the Additional Financing Project Paper [here](#).

equivalent and a Multi Donor Trust Fund grant of US\$11.2 million (US\$9.9 million original Trust Fund⁴ + US\$1.3 million added through a parallel Trust Fund⁵).

COMPONENT A: TRADE FACILITATION, TRADE POLICY AND REGULATIONS

A1: Trade Facilitation Support

A1.1. Trade Facilitation Support and Action Plan Implementation

9. For the first time since the beginning of the project, the Trade Facilitation Secretariat (TFS) met twice within a year, in August and in November 2017, meeting the target outlined in the results framework. The Roadmap on Trade Facilitation was validated by the TFS in August and approved by the Minister of Industry and Commerce in September 2017. The TFS meeting held late November 2017 discussed and agreed on key steps to implement the Roadmap. It was agreed that a Technical Implementation Unit (TIU) will be established in each line department, starting with 7 key departments (Agriculture, Livestock and Fisheries, Food and Drugs, Transport, Standard and Meteorology, Customs, Information Technology) by January 2018. Key national trade facilitation specialists will be recruited to assist the members. In addition, a focal point on trade facilitation will also be established in each province for 9 major provinces by the end of February 2018. The mission and government teams agreed that TDF-2 would fund two or three of these trade facilitation focal points during 2018.

10. TFS/DIMEX continues to gather, and keep track of some trade facilitation issues, although to a limited degree. The national trade facilitation specialist resigned and the recruitment of a new consultant is on-going. The vacant national trade facilitation specialist should be filled as soon as possible to assist TFS/DIMEX to gather private sector issues and conduct necessary policy analysis. During the mission, TFS/DIMEX was advised to work closely with the Lao Business Forum on issues identification and resolution. This would allow TFS/DIMEX to take a bigger role in leading discussions with the private sector. Transit issues have also been a concern over the past years with significant technical barriers in Thailand and Vietnam, and have hampered Lao goods in transit. It was agreed that DIMEX will draft in December 2017 the terms of reference to conduct an assessment on transit issues for Lao PDR.

11. In respect of WTO Trade Facilitation Agreement (TFA), the Roadmap on Trade Facilitation approved by Minister of Industry and Commerce in September 2017 outlines key steps to guide Lao PDR's implementation of the TFA. While the Roadmap covers a rich content of high-level strategic priorities, the detailed assessment and validation of Cat A (in implementation), Cat B (requiring time to implement,) and Cat C (requiring both time and technical resources to implement) is missing. TFS/DIMEX needs to coordinate with line departments to prepare detailed action plans in respect of each specific provision in the TFA falling under their responsibility. During the mission, DIMEX agreed that it would work with

⁴ The total amount TF Grant Agreement was amended from US\$10 million to US\$9.9 million in July 2014 due to exchange rate depreciation of non-USD donor contributions to the MDTF.

⁵ Parallel to the original TF, an additional TF was signed with the government. While the total amount of the additional grant is US\$2.5 million, the initial amendment to the grant agreement of US\$1.3 million reflects the additional contributions received from Australia into the MDTF. The remaining USD 1.2 million will be added to this TF once the remaining contributions are received.

line departments to prepare the detailed action plan by April 2018 and it was agreed that two to three national TF consultants would be hired to work in and with key line departments in this regard. The mission also encouraged DIMEX to extend the international TF advisor's contract for continued support.

A1.2. Capacity Building for Managers in Trade Related Agencies

12. Training materials and curriculum developed and main trainers trained under the Trade Facilitation Building Program remain important to build capacity of trade staff. Since the last mission in May 2017, several training courses on trade facilitation and change management have been delivered by DIMEX staff in Vientiane and in the provinces, using the materials prepared by the Center for Customs and Excise Studies (CCES) in 2015. On December 5-7, a three-day training workshop was conducted for 29 trade officers from 8 major provinces in Lao PDR. Five trainers who obtained their training of trainers certificate from CCES were invited to provide topical teaching at the workshop. The mission appreciated this effort to make use of the materials and the trainers and recommend that TFS/DIMEX should organize more follow-up trainings to ensure knowledge transfer and reinforce the training materials.

A1.3. Lao PDR Trade Portal Support and Development

13. The performance of the LTP, which has now been in ongoing operational mode since June 2012, has continued to be steady and satisfactory. The total number of page views during the first 10 months of 2017 reached 366,184 (average monthly hits above 36,600). Also, the number of visitors has grown substantially reaching an average above 6,900 visitors per month in 2017. As of end of October 2017, the cumulative hits on the home page exceeded 1.53 million since the LTP launch in June 2012. The viewing figures thus continue to indicate targeted and sustained interest from a regular readership. Anecdotal feedback received by the mission from the private sector indicates continuing appreciation of the LTP and its usefulness. Content is being kept up to date by the LTP Management Team and new items are being posted regularly. The LTP has also benefited from the efforts of the NTM Review Team that have resulted in several additional standards and procedures being identified and uploaded. This demonstrates the importance of coordinating efforts with the various initiatives being undertaken by the Ministry concurrently.

14. However, DIMEX is currently without the key position of Content Coordinator as the incumbent resigned two months ago, after a very short period in the job. The previous one had also resigned earlier in 2017 and now NIU and DIMEX are in the final stage of finalizing the contract with a newly selected consultant. The webmaster position (jointly for the LTP and the Lao Services Portal) is also vacant, but NIU and DIMEX have agreed to re-advertise the position and proceed with the recruitment as soon as possible.

15. The contract with Cyberia Ltd for the upgrade of the LTP to the new and enhanced Version 2 has now being signed and work on the development of the software has begun. Whilst the upgrade should not present any challenges to the operation of the LTP, the 'new look' website with new features and functionality will be an opportunity for DIMEX to reach out and build further awareness with the trade community.

16. ***Electronic Certificate of Origin (e-CoO)***. The e-CoO system is operational since April 2016 with a total of 2,401 applications valued at US\$ 167,520,000. However, a legal review

funded by the WB concluded that there was no legal necessity for a trader to physically sign and stamp a CoO application before submitting it to DIMEX. The WB has therefore urged DIMEX to change the current procedures of the e-CoO system which requires traders to collect a pre-printed form from DIMEX, print the CoO at their premises, manually sign and stamp it and then go back to DIMEX to pay the fees and submit it. The mission team and DIMEX officially agreed, and the Minister approved, this conclusion. The mission, therefore, discussed with DIMEX and Cyberia Ltd the technical details of what modification are required to enable a trader's facsimile of their official signature and stamp to be uploaded to the e-CoO system electronically and for the system to print the CoO at DIMEX's premises for signature by the DG. It was concluded that the changes to the system are light and TORs will now be prepared to contract Cyberia to carry out the work. These changes will cut out two visits by the trader to DIMEX and it would therefore represent a significant facilitation step. To ensure that the e-CoO system will be fully utilized in the context of the National Single Window and ASEAN Single Window, the mission encouraged DIMEX to actively engage in this process through the Lao National Single Window Steering Committee. More details on this are included in Annex 4.

A2: Non-Tariff Measures review and rationalization

17. Efforts have continued to complete the NTM data catalogue resulting in new procedures identified and uploaded (8), more measures linked to procedures (86), new national standards identified and uploaded (104). This effort has simultaneously improved the accuracy of the information published on the LTP. At the same time, the process of reviewing the NTMs with a view to selecting candidates for elimination/rationalization has started. The NTM Review Committee was formed with representatives from the various agencies (it already met twice in 2017) and training on NTM classification and review was provided to them at a workshop in collaboration with LUNA II. Four agencies (Departments of Agriculture, Livestock and Fisheries, Food and Drugs, Standards and Metrology) have been selected for priority review. However, due to limitations of capacity, it was decided that a national consulting firm should be engaged to assist with the review. The assignment was advertised and the recruitment is ongoing.

18. The project team has also identified a number of NTMs that, without further analysis, are obvious candidates for elimination as they constitute a significant and unnecessary burden on the trade. These are the 'automatic' licences for the import of commodities such as rice, cement, fuel, motor vehicles, etc. currently issued by MoIC, and they are summarized in Annex 3. These licenses have traditionally been justified on the basis that they are necessary to produce trade statistics. However, statistics produced via this method cannot be considered reliable because the data is entered by hand by MoIC officers into Excel spreadsheets and manipulated several times. Furthermore, there is no certainty that the cargo for which a license was obtained will actually be imported or imported in the quantity declared on the license. The mission strongly supports the findings by the international NTM Advisor and urged DIMEX to consider eliminating these licenses because more accurate trade statistics are already available via the e-Stats system which uses data supplied by Customs directly from the Asycuda system. This issue is under consideration by DIMEX as part of an overall review of Notification No. 0076 which dictates which commodities require an import or export license. DIMEX indicated that they would discuss with the NTM advisor and that this review would be completed by June 2018. The mission urged DIMEX to disassociate the issue of the 'automatic' licenses (which are entirely under MoIC control) from all the other

licenses for which other agencies are responsible, and to reach a decision on them at the earliest possible opportunity. The mission pointed out that the review of NTMs and the automatic licenses was an exercise that has already been under way for at least 3 years and that now was the time to act to ensure the project development objectives can be achieved and to present strong arguments for continued support of this agenda going forward in a potential future project.

19. Further in depth discussion on the use of statistics revealed that currently statistics are derived from various sources (including external ones) of varying reliability, casting doubt on the overall accuracy of statistics. As a result, the mission recommended that MoIC analyse the way the statistics are compiled and improve and standardize methodologies for doing so. TDF-2 could support MoIC's statistical information centre under DPC to improve the way statistics are generated, including working with line departments such as DIMEX, with additional resource from the Challenge Facility.

A3: Trade in services

20. **Horizontal Regulatory Assessment.** Within the context of the 2014 Horizontal Regulatory Assessment, a technical note on distribution services was drafted in January 2017 outlining policy recommendations to address the inconsistencies between the existing legislative framework and the country's commitments at regional and international levels. The technical note found that there are major improvements in the current regulations on distributions services. However, some further modifications are required, and it was therefore agreed that a national consultant and an international consultant would be recruited to work with the Domestic Trade Department, the Enterprise Registration Department and DFTP to improve the regulatory framework for distribution services in line with the 2017 technical note.

21. **Telecommunications.** The mission was informed that the review of the Telecom Law is progressing but its finalization is now scheduled for 2019; the Decree on radio frequencies was successfully transformed into law; approximately 30 staff and managers were appointed at the newly established Lao Telecommunication Regulatory Authority (LTRA). On the other hand, LTRA recently informed DFTP and NIU that, in view of their workload and limited staff, the activities that were identified and agreed upon for additional financial support during the last Implementation Support Mission will not be implemented.

22. **Insurance.** The mission was pleased to hear from the Insurance Division of the Ministry of Finance that the international consultant successfully completed all his expected tasks during the last mission in May-June 2017. In particular, five priority regulations (on reporting standards, reserves standards, insolvency, re-insurance and on inspections) were drafted and finalized. Outreach initiatives and consultations to obtain input from relevant stakeholders were successfully carried out. The texts of the five regulations are now undergoing translation into Lao, and they are expected to be adopted by March 2018. Similarly, the "Supervision Manual" was upgraded and finalized following the WBG comments but is still pending adoption. In addition, the international consultant delivered capacity building to the seven staff members of the Insurance Division on the new regulations and on the Manual. However, it was indicated that additional practical and on-the-job training may be required. Negotiations are at the final stages for the extension of the international

consultant contract to support revision of the 2011 Insurance law. The legislative process is expected to terminate at the end of 2018 or early 2019.

23. **Professional Services.** The mission was informed that further progress regarding the ASEAN Mutual Recognition Arrangements (MRAs) in accounting services has been made. During the month of September, the first aptitude test for foreign CPAs in Lao PDR took place, and all four participating foreign CPAs passed the test. The test report has been drafted and certificates will be issued in January 2018, and the following aptitude test is planned for early next year. The mission encouraged the department to ensure the test will be widely advertised. In addition, with support from the international consultant, four regulatory documents have successfully been completed and endorsed during 2016 (Lao Chamber of Professional Accountants and Auditors (LCPAA) Bylaw, Regulation on Lao CPA, Regulation on Continuing Professional Development (CPD) for Professional Accountants, and Code of Ethics). The LCPAA has recently published the said regulatory documents (in English and Lao) on their official website (www.lcpaa.la). A contract for an institution to provide capacity building to the LCPAA is under negotiation, focusing on evaluating ethical and professional knowledge and skills of existing professional accountants, designing a special continuing professional development training program for existing professional accountants, and training trainers for professional level of ACCA qualification. Additional support will be provided to build a comprehensive accountancy syllabus by incorporating the newly adopted financial reporting standards with the objective of producing qualified accountants that can qualify as ASEAN CPAs. Proposals from interested consultants have been received.

24. **Lao Services Portal (LSP).** After some delay, the LSP was officially launched on August 31, 2017 and it is now available at www.laoservicesportal.gov.la. DFTP gave proof of ownership and commitment by adding a number of resources to the portal during the last three months. By way of example, five new legislative texts were analysed and uploaded, as well as several new forms and procedures; 400 measures were translated into Lao and some static pages were finalized. The LSP Content Coordinator was recruited and started work early October 2017. The LSP webmaster position (as a joint LTP/LSP webmaster) has not been filled yet after having been advertised multiple times and it was agreed to re-advertise the position once more to fill the position as soon as possible. The maintenance service for the portal is operated by Cyberia. Between September 1 and November 6 (i.e.: just over two months from its launch), the LSP was consulted by 271 users, out of whom 182 from Lao PDR. Overall, 5,114 pages were viewed, and 18 individuals have registered as members. To increase the use of the portal, the mission invited DFTP to significantly increase the number and types of outreach initiatives to enhance the awareness of the LSP among domestic and foreign stakeholders. These may include television and radio programs, newspapers articles, publication of the English translation of brochures and share them with Trade Missions abroad.

25. The mission team and government discussed the need to ensure sustainability of the LSP and encouraged DFTP to ensure budgetary resources for its technical maintenance (\$5,000 per year) and a dedicated part-time DFTP official (approximately 20% of a position) to be allocated to the LSP. As a sustainability measure, a workshop was successfully organized by DFTP and delivered by a WBG expert for 40 participants including representatives from 20 line ministries and officials of MoIC with a view to enabling them to effectively identify, analyze and classify services measures. The mission was informed that

the Ministerial Decision formalizing a cooperation mechanism among the various line ministries and DFTP has not been finalized yet and the mission recommended that DFTP ensures the mechanism to be established swiftly.

A4: Trade in goods

26. This component was designed to address the key challenges associated with implementation of WTO obligations, effective participation in ASEAN, and taking full advantage of trade opportunities available through Lao PDR's participation in the multilateral trading system. All activities under this component have been completed.

A4.1. Strengthening trade policy coordination mechanism

27. At post WTO accession, the coordination and design of trade policy has resided at MoIC through the Department of Foreign Trade Policy (DFTP) as the Trade Policy Secretariat under the National Steering Committee for Economic Integration (NSCEI). NSCEI was restructured in early 2015 to rationalize its alignment towards implementation of WTO obligations and participation in ASEAN integration. Unfortunately, this committee has not met in more than two years. Since the Government reshuffle in 2016, to ensure the functional and effective trade policy coordination in the multilateral and regional trading system, a new Decree has been drafted and is expected to be submitted to the Government for consideration in March 2018 after long delays. The mission stressed the critical importance of establishing a fully functioning and effective mechanism as quickly as possible.

A4.2. Disseminating Commitments and Building Capacity on Trade Remedies

28. The Guidebook on Lao PDR's economic integration prepared by DFTP was approved by the Minister in August 2017. Updated information on ongoing negotiations are currently being included in the Guidebook. It is expected to be finalized and published by the end of December 2017.

COMPONENT B: DIVERSIFICATION AND COMPETITIVENESS

B1: Business assistance facility

29. The objective of this subcomponent was to support individual firms in building their skills and experience to become more competitive internationally. The Business Assistance Facility (BAF) was fully executed as planned by March 2017. The [final evaluation](#), carried out during the first quarter of 2017, is now publicly available on the Trade-for-Development website. The final evaluation concluded that the successful completion of the BAF component makes a clear case for a continuation or re-launch of a similar program. A matching grants component is being designed for the follow-up project to TDF-2, to start implementation after September 2018.

B2: Labour standards and manufacturing productivity

30. This subcomponent aimed at improving productivity, competitiveness and labor standards focusing on the garments manufacturing sector, an industry where an overwhelming majority of workers are female (above 90%). Activities included: (i) a factory

standards improvement scheme (completed in August 2017); and (ii) the transition of the Garment Skills Development Centre towards financial and operational independence (completed in March 2017).

B2.1 Factory Standards Improvement Scheme

31. Work under this component has been completed by the end of August, 2017. The [final evaluation](#) of the subcomponent is now publicly available on ILO's website. The Ministerial Agreement 4277 on the functions and organization of Labor Inspectors was signed in December 2016 and started implementation in January 2017. The core group of twelve labor inspectors (including 3 women) conducted 10 factory assessments in the garment industry against the checklist covering national Labor Law and core labor standards (between December 2016 and February 2017). The national Labor Inspection Plan for 2017-2020 (English version) was finalized and started implementation in June 2017. It is currently being translated into Lao, and expected to be approved by the Minister of Labor and Social Welfare by the end of 2017. As of end of August 2017, labor inspectors trained 897 workers and middle management (of which 82% were women) on key labor law chapters, including occupational safety and health, minimum wage, working time, work relations, social security and fundamental principles and rights at work. As mentioned in the final evaluation, the scheme supported some significant policy changes in order to improve Lao PDR's compliance with international labor standards and norms. However, the long-term impact of the scheme depends on the Ministry of Labor and Social Welfare's ability to institutionalize the changes. The mission was informed that ILO had just received additional funding from a third party to continue work in this area.

B2.2 Garment Skills Development Centre

32. Support to the operating costs of the GSDC has been phased out as of October 2016, and overall support, including salaries, ended at the end of March 2017 as originally planned. GSDC is fully recuperating its operating variable costs due to significant work with donor-funded projects and is now self-financing. GSDC continues to face difficulties in attracting sufficient private sector participants to their trainings. To improve the attractiveness and quality of their training services and broaden the offering, GSDC has received in May 2017 a US\$150,000 funding from the Challenge Facility (one year duration). The activities funded include capacity building for factory staff, promotion of female staff in factories, and strengthening GSDC capacity to do business with private sector. For example, in the coming months, GSDC will be providing training to factory middle management on HR (70% of HR managers in the garment industry are female). It is noteworthy that 100% of GSDC team is composed of female employees (both trainers and admin), who are receiving continuous capacity building.

B3: Business regulations review and rationalization

33. This subcomponent was added to TDF-2 in December 2016 and effectively started in January 2017. It aims at supporting transparency and rationalization of regulations related to business entry and operations. Technical assistance for business regulation review and rationalization is progressing well. In addition to the domestic consultant hired in April 2017, an international company was hired in June 2017 to provide advisory work for regulatory

reform. The international consulting company submitted the final inception report to the Department of Enterprise Registration and Management (DERM) in late July 2017. Business registration process mapping for central level (within DERM and relevant agencies), including tax registration, Article of Association registration, company seal, and company signage, and two provinces – Vientiane Capital and Champasack, were completed end of November 2017. The draft final report with recommendations for re-engineering the business registration process has been submitted during the mission. In addition to the comprehensive regulatory review exercise, DERM held nationwide workshops for registrars in September 2017, including printed material on key regulations and guidelines for business registration process administration and data collection. Upon completion of the final report, guidelines will be fine-tuned and printed together with brochures as part of communication materials. Dissemination workshop of Enterprise Law and re-engineering business registration process together with a revised Investment Promotion Law will be organized in the coming months.

34. A collection of all business licenses and permits as well as relevant regulations issued at the central and provincial levels were completed and are being verified with government and private sector. The final business licensing inventory will be available and made public in December 2017. Specific focus will be given to regulatory requirements that particularly affect small and women-led enterprises as well as those not located in economic centers. Criteria for selecting licenses (up to 30) for the re-engineering process will be prepared by the consultancy firm in coordination with DERM.

35. DERM has also started to streamline the starting business process, including some recommendations from process mapping. For example, the requirement of name reservation certificate is no longer needed at DERM and it will be gradually implemented at provincial level, starting at Vientiane Capital by end of December. To support implementation of streamlining process and the government's effort to ease the starting a business Doing Business indicator, DERM agreed to hire one international consultant to review processes related to business registration undertaken outside DERM and to prepare an action plan for short-term and long-term implementation.

COMPONENT C: MAINSTREAMING AID-FOR-TRADE

C1: National Implementation Unit, and Trade and Private Sector Working Group

36. *National Implementation Unit (NIU)*. The NIU continues to play an important role and ensures TDF-2 can deliver at a satisfactory rate, with project implementation arrangements reducing costs and improving coordination between donors. Following a Ministerial Decree, the NIU/Department of Planning and Cooperation is now fully responsible for the use and management of all ODA projects within MoIC. The NIU continues to coordinate several Aid for Trade projects, including the new EU funded trade project and additional financing to the RELATED project. Since the last mission, the NIU and the Implementing Agencies (IAs) have continued to hold regular meetings. The mission encouraged the NIU to continue close supervision and monitoring of IAs (particularly regarding the trade in services subcomponent) to ensure implementation of key issues and to accelerate the disbursements for the remaining 10 months of the project. The mission encouraged the NIU to have a realistic assessment of the workplan to ensure planned activities can be completed or removed and remaining available funds under each subcomponent can be spent or reallocated. The NIU agreed to complete this exercise with

line departments prior to the next Project Review Committee in December. The mission also asked the NIU to suggest a list of 5 possible new Challenge Facility proposals in order to spend the uncommitted funds.

37. Project Review Committee (PRC) meetings take place twice a year, the last ones were held in November 2016 and June 2017. The PRC in June approved the draft workplans for the last year of project implementation. The next PRC is scheduled for December 19 and will review and approve the revised workplans until the end of the project. The Program Executive Committee (PEC) takes place on a yearly basis: the last one took place in December 2016 and the next one is scheduled for January 2018. The PEC is considered a successfully program level steering committee overseeing all trade related initiatives, not only TDF-2.

38. **Trade and Private Sector Working Group (TPSWG).** The TPSWG, chaired by MoIC, is currently co-chaired by the EU and Germany. This might change in the near future with Australia and the WB potentially becoming co-chairs. The TPSWG continues to meet consistently twice a year since the beginning of TDF-2. The 11th TPSWG meeting took place in June 2017 and the WB presented new research on the Enterprise Survey and firm productivity funded through the TDF-2. The next TPSWG meeting is planned for January 2018.

C2: DTIS action matrix/roadmap challenge facility

39. The Challenge Facility under TDF-2 supports demand-driven implementation of smaller priority activities identified within the DTIS action matrix/roadmap. A total of thirteen proposals have been approved to receive funding from this facility, of which six have been already completed and closed. Three new proposals were approved since the last mission in May 2017 covering a) Sustainability of the existing automated customs system ASYCUDA World; b) Additional funds to continue supporting the formulation of the Insurance Law; and c) Review MoIC's policy measures to maintain price stability of key sensitive products. All approved Challenge Facility proposals are summarized in Annex 7.

40. The total budget committed for these thirteen proposals is **US\$ 1,430,000** of which **US\$ 703,970** has been disbursed. For components of TDF-2 project that will not disburse all their allocated budget, the mission recommends to allocate the remaining funds to the Challenge Facility. The mission team agreed that the NIU would prepare a list of 4 or 5 potential additional proposals in order to utilize all the remaining project funds before the end of the implementation period. Tentative areas for support were agreed to cover: Reliability of statistics, Trade facilitation for the railway, Competition policy, Support to MPI on coordinating reforms efforts around the Doing Business indicators. .

C3: Research and policy analysis

41. The objective of this subcomponent was to support improved trade and private sector development policy formulation, and better measurement of the impact of policy. This subcomponent has been completed as planned by March 2017.

42. **Research methodology and capacity building.** Under TDF-2 funding, ERIIT has developed capacity building programs through the intervention of an embedded international

advisor whose contract ended on March 31, 2017. To build on the progress made to date, ERIIT obtained funding from the Challenge Facility in May 2017 to strengthen the use of the institute as just-in-time research provider to MoIC. An adviser was hired and the team is in the process of preparing the proposals for the first set of Policy Notes. The mission team encouraged MoIC to ensure the first policy notes be delivered by the end of February 2018.

C4: Public-Private Dialogue

43. This new subcomponent was added in January 2017 and aims to strengthen the mechanisms for discussions among the private and public sectors by enhancing the capacity, inclusivity and effectiveness of the Lao Business Forum (LBF). LNCCI hired in May 2017 a National Gender and Small Business Development Consultant. A part-time senior international Strategy and Priority Advisor has come on board end of June 2017 and is based at MoIC. Jointly, both advisors are expected to ensure increased inclusiveness of the Public-Private dialogue by bringing-up issues concerning women and enterprises located outside economic centers. They are also supporting MoIC in increasing the overall effectiveness of the LBF.

44. Following the successful 10th LBF held in March 2017, the Prime Minister Office issued a Notification No. 1052 (dated July 21, 2017) to line ministries to closely follow-up the resolution of the issues raised at the forum. The Prime Minister Office issued a further Notification No. 1194 (dated August 9, 2017) with specific orders to relevant line agencies to follow-up four areas of issues raised at the 10th LBF: (i) taxation, (ii) import-export and transportation, (iii) business registration and operation, and (iv) access to finance and labor market information. The latest notification is very specific on requesting line agencies to consider resolving private sector issues by giving a specific timeframe for progress updates before organizing the next LBF, tentatively scheduled for March 2018. Progress has been made for addressing 16 issues raised after consulting with 7 Ministries and 13 Departments. In preparation for the 11th LBF, the secretariat team has started a new cycle of consultations with a number of activities being carried out, including 5 private sector working group meetings (Finance, banking and insurance; Manufacturing; ICT; Trade; and Women business). As part of its provincial public-private dialogue engagement, the secretariat team visited Champasak in July 2017 and Luang Prabang in September 2017 (first two pilot provinces). During the trips, 4 private sector working group meetings were organized (Tourism and Agribusiness in Champasak; and Hotel – Restaurant and Tour operators in Luang Prabang). Following these provincial engagements, over 40 issues have initially been raised by the private sector and prioritization work is ongoing to include key issues into the main LBF process. Public-private dialogues at central level are being conducted and expected to be completed in December 2017.

III. MONITORING AND EVALUATION

45. The results framework was updated in December 2016 as part of the Additional Financing and Restructuring to reflect additional areas of support and adjust some indicators for more accurate measurement towards the Project Development Objective (PDO), which remains unchanged.⁶ Project implementation remains broadly on track toward achieving the PDO and new data for indicators measuring the impact of the project are encouraging. Out of

⁶ More details on the AF and the updated results framework can be found in the AF Project Paper. Click [here](#).

the 20 indicators of the results framework, 12 (or 60 %) have already been achieved, including 2 out of 3 PDO indicators. 6 indicators (or 30 %) are on track to being achieved by September 2018. 2 indicators (or 10 %) are off track and will probably not be achieved by September 2018 (both indicators are under the component A on trade facilitation, trade policy and regulations). The data for several indicators comes from the Enterprise Survey. The last Enterprise Survey dates from July 2016 and efforts are under way to collect data in 2018. The data should be available by September 2018, in time to be included in the results framework for the final evaluation of the TDF-2

IV. FIDUCIARY ISSUES

Procurement

46. The procurement performance for TDF-2 is considered “Satisfactory”. The mission discussed the procurement status with NIU and most procurement packages were completed as planned. However, the selection of 6 individual consultants is still pending and some additional procurement activities are planned. The mission suggested to the project to work closely with the concerned departments to prepare and finalize the ToRs for the individual consultants by January 15, 2018, so the selection process can be completed on time, and consultants can be mobilized and finish their work before the project closing date September 30, 2018. In addition, the teams agreed to update the procurement plan and for government to send the revised procurement plan for the Bank’s review and no objection by January 7, 2018.

47. The FY18 procurement post review will be conducted during the next mission before the project’s closing date. Therefore the ‘List of Signed Contracts’ should be kept updated for NIU’s record and upcoming post review.

Financial Management and Disbursements

48. The Financial Management (FM) performance of the project remained “Satisfactory”. FM system and records of the project are maintained in an acceptable manner. Although the previous submission of the audit report was delayed due to audit internal clearance procedures, the IFRs were submitted in a timely manner. The next IFR (for the quarter to end in December 2017) will be due on February 15, 2018. To be in line with the government new reporting period, the audit report for FY17 covering the period from October 2016 to December 2017 is due for June 30, 2018. Based on transactions review, all payments were approved properly before payments were made and were adequately supported with relevant documentation. However, the mission identified a few items requiring further explanation and justification from the project.

49. Designated Account (DA) replenishment and documentation of expenditure are done on a monthly basis as required. The mission encourages the NIU to submit applications for documentation and replenishment on a regular basis to ensure liquidity of the project. It also recommends the NIU to follow up on obtaining expenditure statement to clear UN-ILO advance as soon as possible.

50. As of December 5, 2017, cumulative disbursements, including DA balances, are:

No.	Currency	Allocations	Disbursements	% of disbursement	Undisbursed amounts
IDA H8190	XDR	2,600,000	2,528,694	97.2 %	71,306
TF14189	US\$	9,900,000	8,965,947	90.6 %	934,053
TF0A3946	US\$	1,300,000 ⁷	607,911	46.8 %	692,089

51. The total disbursements for IDA and TF as of December 5, 2017, were **US\$ 13.19 million**. Compared with the total disbursements recorded in the previous mission (US\$ 11.54 million in May 2017), there is an average increase of around 14.3 %. As of December 5, 2017, the disbursements for IDA Grant are XDR 2,53 million (US\$ 3.61 million equivalent) or 97.2 % of the total IDA allocations. The disbursements for the original TF are US\$ 8.97 million or 90.6 % of the original TF allocations. The disbursements for the parallel TF are US\$ 0.61 million or 46.8 % of the parallel TF allocations (see also footnote in the table). The projected disbursements are in line with the estimates, meaning the project is likely to fully disburse by the end of the implementation period in September 2018. However, considering the total budget of US\$ 16.5 million, the project still needs to disburse around US\$ 3.41 million in 10 months (until September 2018) – an average of US\$ 341,000 per month; the disbursement rate should thus remain strong throughout the end of the project.

52. The project expenditures are shared among three sources of funds, namely, IDA (20%), the original TF (60%) and the new (parallel) TF (20%). Once IDA funds are fully utilized (expected by January 2017), expenditures will be shared among the two TFs until one TF is fully utilized.

V. CONCLUSIONS

53. Overall, activities are being implemented as planned across all components and progress has been made although more work remains to be done and implementation will have to speed up. Government ownership over TDF-2 continues to be strong and disbursements are on track, and should meet the projections for end of December 2017. However, with only 10 months remaining before the end of the project, it will be essential to ensure all remaining resources can be fully committed and spent. This might require reallocating resources across components where needed. Close budget monitoring from the NIU and the IAs is thus essential. While implementation of the NTM component is improving, more work to actually address and streamline NTMs is required. Indeed, the Doing Business indicators for Lao PDR show that documentary and licencing requirements are highly cumbersome. Removing NTMs, starting with relatively easy ones like the ‘automatic’ licences under the purview of MoIC, can have a direct and quick impact on trade facilitation and investment climate in Lao PDR. Continued high-level political support and involvement for monitoring and project implementation is also needed.

54. ***Results focus during the remainder of the project and sustainability.*** To achieve strong results by the end of TDF-2, it is critical to complete outstanding activities where elements remain pending to demonstrate the effectiveness of this technical assistance project.

⁷ This allocation reflects contributions already received and will be increased to US\$2.5 million once remaining contributions are received.

Strong results will also be important to bring additional development partners on board during the design of a planned new project in this area. The next TDF-2 Implementation Support Missions are tentatively scheduled for May and September 2018. They will be led as usual by the World Bank and fully involve all TDF-2 donors

55. The table of agreed actions below summarizes key issues and priorities that will need management attention:

TABLE OF AGREED ACTIONS				
	Action	Responsible entity	Proposed timeline	Comments
<i>Component A: Trade facilitation, trade policy and regulations</i>				
1	Draft terms of reference to conduct an assessment on transit issues for Lao PDR.	DIMEX	December 2017	
2	Prepare the detailed action plan in respect of each specific provision in the TFA.	DIMEX	April 2018	Need to coordinate with line departments
3	Recruit a new LTP Content Coordinator, a new LTP/LSP webmaster, and a National Trade Facilitation Analyst	DIMEX	January, 2018	
4	Draft ToRs to contract Cyberia to carry out the e-COO work.	DIMEX	December 2017	These changes would represent a significant facilitation step.
5	Reach a decision regarding complete removal of 'automatic' licenses	DIMEX	January 2018	This reform would contribute to improving the DB ranking
6	Recruit up to 3 national TF coordinators to be based in key line departments.	DIMEX	February 28, 2018	
7	Ensure the coordination mechanism for the LSP is fully set up and endorsed by the Minister	DFTP	December 2017	
8	Improve dissemination of the LSP.	DFTP	February 2018	
9	Hire consultants to support MoIC in improving the regulatory framework for distribution services	DDT, NIU	February 2018	
<i>Component B: Diversification and competitiveness</i>				
10	Agree on ToRs and hire additional consultant to support move to ex-post approach to company registration	DERM, NIU	February 2018	

TABLE OF AGREED ACTIONS				
	Action	Responsible entity	Proposed timeline	Comments
<i>Component C: Mainstreaming Aid-for-Trade</i>				
11	Have a realistic assessment of the workplans and endorse them	NIU	December 19, 2017	To ensure planned activities can be completed or removed, and remaining available funds can be spent or reallocated
12	Prepare a list of 4 or 5 potential additional Challenge Facility proposals.	NIU	Mid-January 2018	To utilize the remaining project funds
13	Prepare the first set of Policy Notes	ERIIT	February 2018	Funded by the Challenge Facility
<i>Fiduciary</i>				
14	Revised procurement plan sent to the Bank for review and no objection	NIU	January 7, 2018	
14	Provide justification and supporting documents relating to items identified during transaction review.	NIU finance team	December 22, 2017	
16	Clear advance to UN-ILO	NIU finance team	December 30, 2017	
17	Submit IFR for quarter end December 2017	NIU finance team	February 15, 2018	

ANNEX 1: List of representatives of Government Agencies and Organizations met during the supervision mission

Ministry/Agency	Department/Unit	Name	Title	
Ministry of Industry and Commerce	Department of Planning and Cooperation (DPC)	Mr. Sirisamphanh Vorachith	Director General	
		Mr. Sengxay Phousinghoa	Trade and PSD Specialist	
		Oudorn Phaneckham	Procurement Officer	
		Ms. Vanlaty Siphom	Procurement Officer	
		Ms. Thongsavanh Tansely	Finance Specialist	
		Mr. Soulivong Chanthalangsy	Financial Officer	
		Ms. Nitida Phongsavath	Trade Officer	
		Ms. Thippaphone Vongxay	Trade Analyst	
		Ms. Pinphakone Xayavong	Trade Analyst	
		Ms. Nittaya Munekitirath	Trade Analyst	
		Mr. Phoutsavong Phatsouda	PR Officer	
		Ms. Latdaphone Vongkhamheng	PR Officer	
		Ms. Sonevilay Pheangthavanh	Trade Officer	
		Ms. Vanida Vongmountha	Project Analyst	
		Khouanchay Iemsouthi		
	Department of Import and export (DIMEX)	Mr. Solinhon Philavong	Director General	
		Mr. Vanxay Keokhamphan	Director of CO Division	
		Mr. Sonemala Nouanthasing	Deputy Director of Trade Facilitation Division	
		Mr. Viengkham Thibounma	Officer	
		Mr. Shahid Meezan	TF Specialist	
		Ms. Phousomphone Sihomvong	Officer	
	Department of Domestic Trade (DDT)	Pitheudeth Vongnada	Deputy Director of Division	
		Kikeo Voraningsa	Deputy Director of Business competition management,	
		Silsala Malaxong		
	Department of Foreign Trade Policy (DFTP)	Dr. Laohoua Cheuching	Director General	
		Mr. Saysana Sayakone	Deputy Director General	
		Mr. Nongchith Khambounheang	Division Director of Trade in Services	
		Mr. Sengaloune Vilaysack	Director of ASEAN Economic Division	
		Ms. Tavanphone Luanglath	Project Coordinator	
		Mr. Silisack Malavong	Trade Analyst	
	Department of Enterprise Registration Management (DERM)	Mr. Houmpheng Khamphasith	Director General	
		Mr. Vanhmixay	Head of Division of Business Promotion	
		Mr. Soulivanh Souksavath	Program Manager	
		Mr. Phakpaseuth Lopanokas		
		Ms. Phonevalae Thavitham	DERM Coordinator	
	Lao National Chamber of Commerce and Industry	Mr. Somsay Ouanphilalay	Gender and Small Business Development Consultant	
		Dalaphone Sengdavong	PSD Consultant	
		Phonkhay Ouamlamany	LCD Coordinator	
	Ministry of Finance	State Owned Enterprise Investment Management and Insurance	Mr. Sonephet Inthavong	Deputy Director General
			Ms. Chanhsouk Thammavong	Director of Insurance Division
Mr. Somxay Keovandy			Deputy Director of Division	
Khamsamai Boulom				

Ministry/Agency	Department/Unit	Name	Title
	Department		
	Department of Accounting	Mr. Somsanouk Sinamonty	Deputy Director General
		Ms. Khamsamay Boulom	Head of Audit Division
		Mr. Oudone	Head of Legal Division
	Department of Customs	Mr. Sompasong Amphaengphai	Deputy Director of Customs Procedures and Formalities
IT Cyberia		Mr. Michael Squirrell	ICT Specialist
		Mr. Phoukhong Ouanlamany	Project Coordinator

ANNEX 2: List of mission members

1	Mombert Hoppe	Senior Trade Economist, GTCDR (Task Team Leader)	World Bank
2	Konesawang Nghardsaysone	Trade Economist, GTCDR	World Bank
3	Khampao Nanthavong	Private Sector Specialist, GTCEA	World Bank
4	Latharo Lor	Procurement Specialist, GGODR	World Bank
5	Kingfa Si Oudomphan	Financial Management Consultant	World Bank
6	Luc Pugliatti	Consultant	World Bank
7	Giulio Zanetti	Consultant	World Bank
8	Elise Vanormelingen	Consultant	World Bank
9	Phet Udom Mainolath	Program Assistant, EACLF	World Bank
10	Soulivanh Souksavath	Program Manager	DFAT
11	Kalakate Xaythanith	Program Manager	European Union

ANNEX 3: List of automatic licenses under control of MOIC

Measure ID	Measure Name	Measure Type	Agency
15	Requirement to obtain import license - Road Vehicles	Licensing Requirement	Ministry of Industry and Commerce
17	Requirement to obtain an import license - Logs, trunks, etc.	Licensing Requirement	Ministry of Industry and Commerce
18	Requirement to obtain an import license – Un-milled rice, etc.	Licensing Requirement	Ministry of Industry and Commerce
19	Requirement to obtain import license - Steel bars and transformed steel	Licensing Requirement	Ministry of Industry and Commerce
20	Requirement to obtain an import license - Cement, mortar and concrete	Licensing Requirement	Ministry of Industry and Commerce
27	Requirement to obtain automatic export license - Logs, trunks, timber, etc.	Licensing Requirement	Ministry of Industry and Commerce
28	Requirement to obtain automatic export license – Un-milled rice, etc.	Licensing Requirement	Ministry of Industry and Commerce
324	Vehicle Import License Fee	Duty/Tax Payable	Ministry of Industry and Commerce

ANNEX 4: Trade Facilitation Support

ASEAN Single Window (ASW) and e-Form D

The mission was updated by DIMEX about recent discussions with Nathan consultants (representing the ASEAN Secretariat) concerning readiness to participate in the ASEAN Single Window pilot to exchange ATIGA COOs electronically (known as e-Form D). The discussions were between DIMEX, Customs, Cyberia and Bureau Veritas (BV), the operators of the Lao National Single Window (LNSW). Following these discussions an agreement in principle was reached between the parties that, as per ASEAN's requirement, the exchange of e-Form Ds would take place between the LNSW and the ASW and that DIMEX's eCOO system would interface with the LNSW in order to send electronic copies of the COO generated by the system to the LNSW as well as handling any exceptions, e.g. rejections.

No date has yet been set for an initial implementation of the pilot but the mission believes this to be relatively imminent. The mission pointed out to DIMEX that this project will require a party to take leadership and responsibility for implementing it and it should be decided whether this party is MOIC or Customs. Whilst MOIC has an overall responsibility for relations with ASEAN, Customs is the entity responsible for the LNSW. Furthermore, there will be implementation costs on Cyberia's side as well as BV's side as well as costs involved in its future ongoing operation. The mission therefore urged DIMEX to take the lead on initiating a dialogue with Customs, at the earliest possible opportunity, in order to agree on their respective responsibilities and on the modality for managing the initial pilot project as well as future operation.

ANNEX 5: Terms of Reference for distribution services**Terms of Reference for International Trade in Services Legal Specialist****Background to the assignment**

The Second Trade Development Facility (TDF-2) is a multi-donor program financed by Australia, the European Union, Germany, Ireland and the World Bank, focusing on improving trade and private sector development in Lao PDR. The development objective of TDF-2, which is implemented by the Ministry of Industry and Commerce, is to support the implementation of government's trade and integration priorities outlined in the 2012 Diagnostic Trade Integration Study (DTIS) Roadmap, and in particular to contribute to improved competitiveness and diversification, focusing on non-natural resource sectors. TDF-2 has three main components⁸:

- Trade facilitation, trade policy and regulations;
- Diversification and competitiveness; and
- Mainstreaming aid for trade.

Under the first component of TDF-2, support is provided to the improvement of selected aspects of the trade in services regime. A major outcome under this sub-component was the creation in January 2017 of a comprehensive technical note entitled "Assessing Lao PDR's Regulatory Reform in Distribution Services", containing a number of policy recommendations and guidance on how to improve the existing legislative framework. The Ministry of Industry and Commerce (MOIC) has indicated that the services of an international consultant may be needed in order to support them to implement such recommendations.

Now, under the Trade Facilitation component of TDF-2, the National Implementation Unit is seeking an individual consultant to act as the international "Trade in Services Legal Specialist".

Objective of the assignment

The objective of the assignment is to support the relevant departments of the Ministry of Industry and Commerce to implement the recommendations contained in the above-mentioned technical note relating to distribution services, with a view to complying with Lao PDR's commitments and obligations under the WTO and ASEAN.

Scope of work

This position involves supporting officials of the relevant departments of the Ministry of Industry and Commerce to establish and adopt policy and legislative measures identified in the above technical note and necessary to bring the country legislative framework and practice relating to the distribution services sector in line with its international and regional obligations and commitments (under the WTO and AFAS).

⁸ Fuller details on the scope of the TDF-2 are outlined in the Project Appraisal Document, November 1, 2012.

Detail of responsibilities

The specific duties and responsibilities of the international Trade in Services Legal Specialist shall include, but are not be limited to:

- Support the revision, possible amendment and drafting of instructions relating to:
 - o Decision No 1005/MIOC.DTD of 2015;
 - o Notifications No 1327/MOIC.ERMD and 1328/MOIC.ERMD, with a view to avoiding contradictions and inconsistencies with Decision No 1005 of 2015;
- Support the implementation of other recommendations contained in the technical note “Assessing Lao PDR’s Regulatory Reform in Distribution Services” of January 2017, also in light of recent legislative developments such as the abolition of the minimum capital requirements for foreign investors (MOIC Notification of November 7, 2107);
- Support the Department of Domestic Trade to reflect upon the possible drafting of a new law encompassing the principles enshrined in Decision No 1005 of 2015, and, if required, support its drafting;
- Draft other possible secondary legislation, including decrees and instructions;
- Report to DDT on a weekly basis or as necessary on tasks performed;
- Work in close cooperation with other relevant MOIC staff in the area of distributions services;
- Undertake other tasks and duties assigned and requested by DFTP.

Duration of Assignment

The assignment of international Trade in Services Legal Specialist implies working four months on a part-time basis between the signature of the contract and the closing date of Second Trade Development Facility (TDF-2), i.e.: September 2018.

Institutional arrangements

On the technical level, the selected individual consultant will work under the day-to-day supervision of the Head DDT, Ministry of Industry and Commerce. Office space and facilities will be provided in DDT.

Contractual arrangements will be managed by the National Implementation Unit, Ministry of Industry and Commerce.

Key Qualifications and Requirements

- At least bachelor degree in Law or Trade related discipline;
- Good understanding of the international and national trade in services regime;
- At least 5 years practical knowledge and experience in the field of distributions services;
- Experience in public policy related projects would be an advantage;
- Good understanding of trade and business procedures in Laos would be an advantage;
- Excellent writing skills in English;
- Capacity to work under pressure and take initiative;
- Have good analytical skills;
- Possess excellent communication skills.

ANNEX 6: Terms of Reference for work on Business Regulation Review and Rationalization

The draft ToRs outline the tasks required to examining steps outside DERM in the company registration process to develop a detailed implementation road map. One international expert should be hired to work on below tasks and the existing local consultant with DERM should be leveraged to support on coordinating and following-up with relevant agencies on reform recommendations prepared by the international expert.

Tasks:

- Undertake further review of the Starting a Business indicator procedures external to DERM which include issuance of Tax Identification Number (TIN) issuance by the tax department, Articles of Association Registration at State Asset Management Department (SAMD), company seal carving at the Ministry of Public Security and then registration at the provincial department and signage content approval by the Ministry of Information, Culture and Tourism.
- Work closely with the State Asset Management Department under MoF, Ministry of Public Security and the Ministry of Information, Culture and Tourism to rationalize process maps developed by PM Group.
- Engage with the tax department to remain informed on the Korean funded integration between TIN and enterprise registration.
- Develop a policy note on the rationalization of fees collected as part of Articles of Association registration, company seal and signage.
- Develop short-term action plan and long-term reform recommendations for improving Starting a Business indicator
- Assist DERM to consult with relevant ministries on reform actions and support reform implementation, such as information dissemination and awareness raising.
- Draft new regulations or amendment of existing regulations (if needed) linked to these external procedures administered by other agencies and propose recommendations for streamlining and/or elimination of these procedures.

Deliverables:

- Policy Note on the rationalization of process maps and fees collected from AoA registration, company seal and signage.
- Reform Action Plan for Starting a Business breaking down by short-term (January-June 2018) and long-term July 2018 onward.
- Advisory notes/Presentations to help DERM consult with relevant agencies on study findings and the Reform Action Plan
- Delivery at least 2 consultations/working sessions with each relevant agencies administered procedures linked to Starting a Business indicator
- Drafts of new regulations or amendment of existing regulations linked to these external procedures administered by other agencies and propose recommendations for streamlining and/or elimination of these procedures

ANNEX 7: Detailed table of all Challenge Facility proposals

#	Name of proposal	Status
1	Development of Implementing Regulations for Manufacturing Law <i>Two Ministerial Decisions on “Factory Standards” and “Factory Management” were drafted and approved</i>	Completed and closed
2	Assessment of Barriers to Free Movement of Goods in Domestic Markets <i>The assessment indicates that check points effectively restrict internal trade and constitute a powerful psychological deterrent on especially small and medium traders regardless of their status (formal or informal)</i>	Completed and closed
3	Development of a medium-term ICT strategy for MoIC <i>Led to the establishment of an ICT and Statistics Center</i>	Completed and closed
4	Development of a Law on Chemicals to control the use of toxic chemicals <i>Law was approved and promulgated by the National Assembly during the November 2016 session.</i>	Completed and closed
5	Assessment of the gender dimension of manufacturing and services sectors <i>Published in June 2016 on the Trade for Development website (www.t4dlaos.org)</i>	Completed and closed
6	Technical assistance to support public-private dialogue under the Lao Business Forum – LBF <i>The 10th LBF was successfully held in March 2017.</i>	Completed and closed
7	Development of an Electronic Certificate of Origin (E-CO) system	Official launch in April 2016, but development of an E-CO system requires further improvements following initial operations
8	Support human resource development for improving labor compliance, productivity and workers’ well-being in Laos’ garment industry (to GSDC)	New proposal approved in April 2017
9	Additional resources to the Lao Business Forum allowing it to undertake analytical work and analyze and develop solutions to identified challenges in greater detail	New proposal approved in May 2017, details reported under component C.4
10	Strengthen the policy advice capacity of ERIIT <i>To strengthen the use of the institute as just-in-time research provider to MoIC.</i>	New proposal approved in May 2017, details reported under component C.3
11	Enhance the sustainability of the existing automated customs system ASYCUDA World, in support of trade facilitation <i>(more details on this proposal are on Annex 8)</i>	New proposal approved in July 2017
12	Technical Assistance for improving regulatory and institutional framework for insurance services. <i>A comprehensive technical report assessing the 2011 Insurance Law and the secondary regulations was completed. It provides guidance on the provisions that should be repealed or amended in order to comply with ASEAN standards.</i>	Additional funds were allocated in August 2017 to continue supporting the TA to help formulating the Insurance Law.
13	Technical assistance to review MoIC’s policy measures to maintain price stability of key sensitive products	New proposal approved in October 2017, hiring of consultant under way

ANNEX 8: Challenge Facility - ICT Support to the Lao Customs Department (LCD).

The Challenge Facility support to the Lao Customs Department (LCD) has made some good progress in implementing the manifest module and transit module in the ASYCUDA World system. The international ICT advisor and a project coordinator were recruited and have been on board since August 2017. The manifest module was activated in early September 2017 at the Wattay International Airport with 50 parameters (including data on B/L and Airway Bill) included in the manifest form in the ASYCUDA system. The automated web service to simplify receipt of manifest and bill of lading information is not yet available due to UNCTAD's reluctance to provide the module to LCD despite LCD having paid for this module. The review of the pilot was satisfactory to LCD and the manifest module is now running live for Wattay International Airport and extended to Friendship Bridge 2 and the Savan Logistics Dry Port in Savannakhet. Likewise, the transit module was also turned on and being piloted at Dansavanh Checkpoint (bordering with Vietnam) and Friendship Bridge 2 checkpoint (bordering with Thailand) but only for domestic cargos bound for customs clearance at the Savan Logistics Dry Port. Transit security system, e-Lock and GPS tracking, was also activated for the transit containers in addition to the customs seal for the transit pilot. The mission suggested it has been a good building block but the pilot should be extended to the international transit cargos when the evaluation of the national transit pilot is completed and satisfactory. The national transit pilot is expected to complete by the end of December 2017.

While above progress being made, tasks on an introduction of (i) a robust data and statistical analysis based application to enhance risk management and (ii) an electronic signature or authentication system has not been started. LCD has deferred its budget to procure the QlikSense software and this decision has delayed the implementation of the statistical system. In respect of the electronic signature or authentication system, LCD has broad understanding of the requirements but clarification is needed for top management and mid-level officers in pursuing the idea. In fact, ASYCUDA has some of the authentication features in place but LCD staff needs to have a full understanding of the procedural and technical requirements to operationalize the system as well as procedurally accept the authentication system instead of the physical signature, especially for the customs declaration form—ACDD. Barcode readers and document scanner were installed for use at Savan Logistics Dry Port and Friendship Bridge 2 in Savannakhet. The barcode has also enhanced a basis for the use of an authentication system to help eliminate the requirement of paper documents. LCD has agreed that it would organize consultation workshop on the electronic signature or authentication system for key customs staff and management in January 2018. Likewise, another workshop will also be held to review the progress on transit, manifest and the requirement for using a robust statistical analysis-based application to enhance risk management and PCA in January 2018. LCD has also agreed to follow up with UNCTAD to encourage them to fast track the implementation of their existing commitments in December 2017.