



PAGE 4: B.1) YOUR CASE STORY: TITLE AND DESCRIPTION

Q1: TITLE OF CASE STORY

Trade Development Facility, Lao PDR

Q2: CASE STORY ABSTRACT

The objective of the Lao PDR Trade Development Facility (TDF) was to help increase the capacity of government to undertake specific tasks related to regional and global economic integration. The World Bank implemented the TDF, with funding support from Australia, the European Union and Germany.

Significantly, TDF helped Lao PDR accede to the WTO in February 2013. WTO accession helped drive an impressive program of policy and legislative reform, and reduced trade costs.

The TDF launched the Laos Trade Portal in 2012, which placed all trade-related laws, regulations and procedures in the public domain for the first time. It reduced business cost by making it easier for businesses to access information they require to trade. Through assistance in trade facilitation, clearance times for goods by non-customs agencies decreased by 42 percent, from 5 days in 2009 to 2.9 days in 2012.

Q3: LONG DESCRIPTION OF THE CASE STORY

About the TDF

The objective of the Lao PDR Trade Development Facility (TDF) was to help increase the capacity of government to undertake specific tasks related to regional and global economic integration. The Facility provided technical assistance, capacity building, and advice in five areas:

- trade facilitation;
- sanitary and phytosanitary standards and technical barriers to trade;
- export competitiveness and business environment;
- trade policy, trade agreements and global opportunities; and
- strengthening of the National Implementation Unit (responsible for coordinating activities financed by the Facility and housed within the Ministry of Industry and Commerce).

Trade Facilitation

This component was led by the Ministry of Industry and Commerce (MoIC) and financed technical assistance to help simplify trade procedures, automate processes and coordinate trade facilitation under regional and international agreements.

Sanitary and Phytosanitary Standards (SPS) and Technical Barriers to Trade (TBT)

Work under this area sought to: (i) strengthen SPS institutional, legal and regulatory frameworks; (ii) determine risk based policies and controls for SPS; (iii) strengthen the role of the private sector in managing SPS; and (iv) strengthen TBT institutional, legal and regulatory frameworks.

Export Competitiveness and Business Environment

Activities under this component were aimed to improve the productivity of selected sectors with a high

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potential for export growth, namely the garment industry, handicrafts, secondary wood processing sectors and agro processing amongst others.

Trade Policy, Trade Agreements and Global Opportunities

This component financed technical assistance and training programs to (i) strengthen local research and academic institutions; and (ii) strengthen government managerial and technical know-how and ownership of the trade related policy agenda.

Strengthening of the National Implementation Unit (NIU)

The objective of this component was to build the capacity of the MoIC to manage aid for trade resources effectively. This component provided technical assistance, training and capacity building in accounting and administrative systems, procurement, project management, performance indicator determination and verification, and results management. The Australian Government provided a full-time technical adviser to the NIU for a year.

The World Bank implemented the TDF, with funding support from Australia, the European Union and Germany.

Impact

In February 2013, Lao PDR became the 158th member of the World Trade Organization (WTO). The Trade Development Facility helped the country achieve this outcome by providing technical assistance to Lao PDR negotiators, preparing sector impact studies, and helping draft key legal text including on sanitary and phytosanitary measures. The TDF also included a substantial program on trade facilitation and helped Lao PDR meet WTO Agreement on Trade Facilitation requirements on transparency and publication.

(Note: In addition to the TDF, the Australian Government supported Lao PDR through the WTO negotiation process and chaired the accession working party from its inception in 1998 to 2004, and again from 2006 to 2009. The working party was responsible for negotiating reforms and market access. In 2014, Australia's Geneva Mission received Lao PDR's Friendship Medal in recognition for the support it provided).

Another major outcome of the TDF was the launch of the Laos Trade Portal in 2012. The portal placed all trade-related laws, regulations, procedure, licensing requirements, tariff and fee schedules in the public domain for the first time. The portal has helped reduce the cost of doing business by making trade more predictable and transparent. It has made it easier for business to access information they require to trade. The TDF has also reduced the clearance times for goods by non-customs agencies by 42 percent, from 5 days in 2009 to 2.9 days in 2012.

Between 2008 and 2012, Lao PDR increased its non-resource exports by 42%, services exports by 100%, and Logistics Performance Index (an index which reflects perceptions of a country's logistics systems and range from 1 to 5 with a higher score representing better performance) from 2.25 to 2.5. The TDF is likely to have played an important role in these achievements.

Other outcomes of the TDF include:

- approval of the National Trade Facilitation Strategy and Action Plan by Lao PDR's national cabinet in July 2011;
- revisions to a number of laws, decrees and regulations relating to SPS issues that brought the Lao PDR legislative framework in alignment with WTO requirements;
- improved productivity of garment manufacturers, who receive on-site training, by 18%; and
- increased capacity by government to administer aid for trade (for example in the areas of procurement, financial and results management, and to commission and undertake research).

Lessons Learned

Key lessons learnt from the TDF include:

- political commitment to reform is essential – the commitment of the Government of Laos to join the WTO opened the door to a number of key reforms on trade facilitation and on SPS/TBT that would have taken many years to occur;
- transforming reforms into results take time – the time it takes to implement institutional reforms and for those

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reforms to translate into results that are visible to the private sector, can be long and uncertain;

- importance of government buy-in – aligning the project with government priorities, and seeking their input early, increases government ownership and support;
- capacity building of government staff and the private sector is essential for the sustainability of results – substantial resources should be devoted to building the capacity of staff and disseminating information on the WTO agenda across the country; and
- resources should be made available for high intensity implementation support and complementary analytical work – for the TDF this included the establishment of a full-time, in-country trade facilitation team.

TDF Phase 2 (TDFII)

Due to the success of TDF, donors including Australia are supporting Phase 2 of the TDF which has three components:

1. trade facilitation, trade policy, and regulations – activities will focus primarily on improving inter-agency coordination and supporting the adoption of modern risk based approaches to managing regulatory compliance in non-customs agencies.
2. diversification and competitiveness – TDFII includes activities aiming to improve private sector productivity and capacity to compete in international markets, focusing on the non-natural resources sectors (in particular outside of mining and hydropower).
3. mainstreaming aid for trade – TDFII will further strengthen Lao PDR's 'aid for trade' governance framework.

Q4: Please add here web links to project/programme materials.

<http://documents.worldbank.org/curated/en/2013/09/18304300/lao-peoples-democratic-republic-trade-development-facility-project>

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Q5: YOUR CONTACT DETAILS

Name:	-
Ministry/Institution/Organization:	Department of Foreign Affairs and Trade
Country:	Australia
Email Address:	aidfortrade@dfat.gov.au

Q6: FUNCTION

Public sector

Q7: FUNDING PARTNER Tick the appropriate box(es)

Bilateral donor

Q8: Additional information

Respondent skipped this question

Q9: START DATE OF PROJECT/PROGRAMME

2007

Q10: STATUS OF PROJECT/PROGRAMME

Fully implemented

Q11: DURATION OR, IF ON-GOING, EXPECTED DURATION OF PROJECT/PROGRAMME

3-5 years

Q12: COST OF PROJECT/PROGRAMME

Between US\$1 million and US\$5 million

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Q13: Additional information

The figure above relates to Australia's contribution.

Q14: TYPE OF FUNDING FOR PROJECT/PROGRAMME

Grant

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Q15: PROJECT/PROGRAMME TYPE

Single country / customs territory

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Q16: SINGLE COUNTRY/CUSTOMS TERRITORY

LAO DPR

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Q17: REGION(If the region does not appear in the drop down menu, please enter manually.)

Respondent skipped this question

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Q18: MULTI-COUNTRY(Enter all countries or customs territories)

Respondent skipped this question

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Q19: CASE STORY FOCUS Tick the appropriate box(es)

REDUCING TRADE COSTS FOR MERCHANDISE GOODS

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Other border agency reforms, Tariff reform,

Support for compliance with non-tariff measures (including standards)

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REDUCING TRADE COSTS FOR SERVICES,

Improving the regulatory environment for services

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Q20: HOW SUCCESSFUL WAS THE PROJECT/PROGRAMME Tick the appropriate box(es)	Successful
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Q21: WHAT WERE THE OUTPUTS OF THE PROJECT/PROGRAMME Tick the appropriate box(es)	Officials trained, Other border agency law updated, New other border agency procedure, New animal health measures or processes, New plant health measures or processes, Reform of other fees or charges
Q22: Additional information(maximum 300 words)	<i>Respondent skipped this question</i>

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Q23: WHAT WERE THE OUTCOMES OF YOUR PROJECT/PROGRAMME Tick the appropriate box(es)	Reduction in other border agency clearance time , Reduction in cost of other border agency clearance , Increase in merchandise imports, Increase in merchandise exports, Increase in service exports, Increase in service imports
Q24: Additional information(maximum 300 words)	<i>Respondent skipped this question</i>

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Q25: WHAT WERE THE IMPACTS OF THE PROJECT/PROGRAMME Tick the appropriate box(es)	Increase in domestic investment, Increase in foreign investment, Increase in employment, Export market diversification, Increase in consumer welfare, Increase in per capita income
Q26: Additional information (maximum 300 words)	<i>Respondent skipped this question</i>

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Q27: LESSONS LEARNT Tick the appropriate box(es)	Importance of alignment with national priorities , Importance of alignment between different development partners in programming , Importance of engagement by private sector , Importance of political will and commitment by project partner
Q28: Additional information (maximum 300 words)	<i>Respondent skipped this question</i>
Q29: PROJECT OR PROGRAMME MONITORING AND EVALUATION FRAMEWORK Tick the appropriate box(es)	M&E framework used, Ex post evaluation, Simple before and after comparison