

Aid Delivery in Lao PDR

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3-4 November 2008, OECD, Paris

This presentation will be in 2 parts:

Part I. Introduction – Role of Trade in the National Socio-Economic Development Plan (NSEDPP)

Implementation of the Trade Strategy and the IF Process in Lao PDR

Part II. Issues on indicators for monitoring Aid For Trade

Part I. Role of Trade in the NSEDP

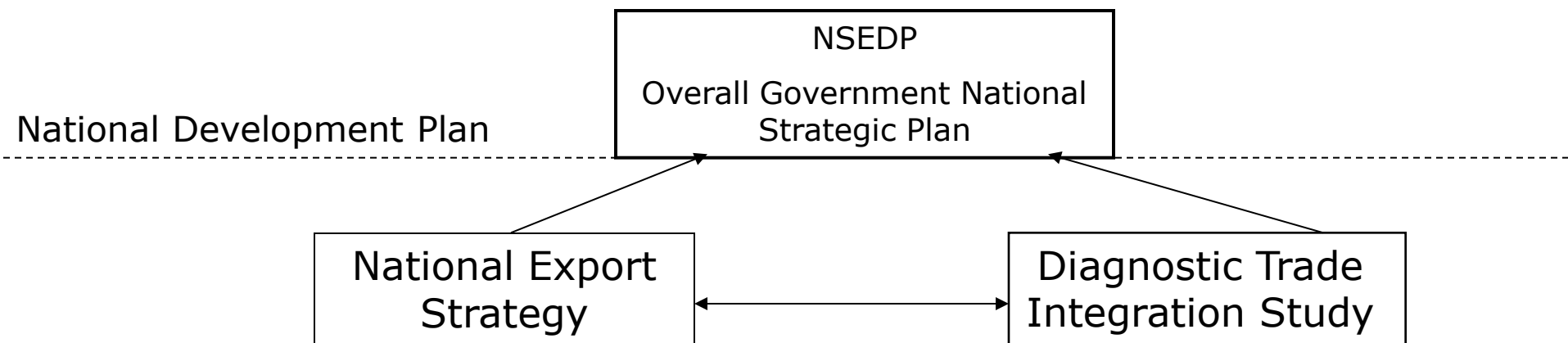
- NSEDP - main framework for national development (2006 - 2010) - aims at leveraging trade (export) as one of its many catalysts for growth.
- The main pillars of the trade and export strategy for Laos are:
 - (i) The expansion and diversification and consolidation of markets
 - (ii) Increase market access and
 - (iii) Product diversification and quality improvements.

Implementation of the Trade Strategy and the IF Process in Lao PDR

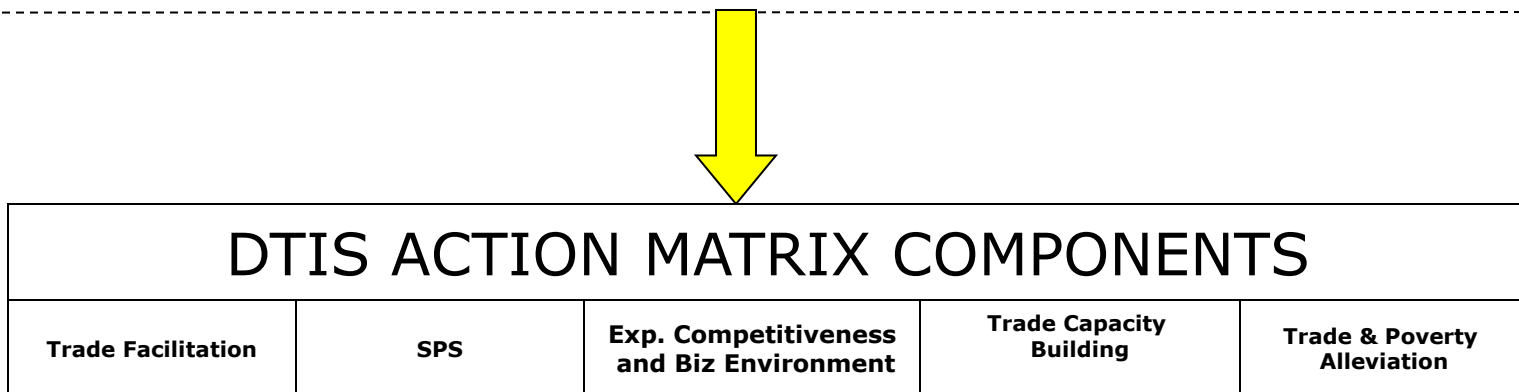
‘The fundamental principle of the MOIC implementation strategy is build on fostering government ownership, strengthening inter and intra ministry coordination and using home grown structure, capacity and solutions’

Main Strategic and Analytical Trade Related Reports

Based on the overall trade strategy, targets and tasks laid out in the NSEDP, the MOIC has prepared a number of key documents which flesh out in details the required policy reforms and accompanying TRA, which is required for implementing the Trade Sector Strategy under the NSEDP.



Sectoral Analysis level



Trade Related Assistance level

Trade Related Delivery Mechanism – NIFGS

National Steering Committee for Economic integration

GOL National Policy Formulation and Coordination

Lao IF Secretariat

Trade Facilitation
Task Force

SPS
Task Force

Exp. Competitiveness
and Biz Environment
Task Force

Trade Capacity
Building
Task Force

Trade & Poverty
Alleviation
Task Force

GOL Supervision and Coordination Level

IF Trade Executive Committee
(TAC I and TAC 2)

TDF
Steering Committee

Joint GOL and Donor Supervision and Coordination Level

National Implementation Unit

TDF Facilitation
Team Based at WB

Administration & Coordination Level

Trade Facilitation
GSEU
DIMEX

SPS
GSEU
MAF –SPS WG

Exp. Competitiveness
GSEU
DPTP

Trade Capacity Building
GSEU
ERIT

Technical Supervision
& Implementation Level – DTIS AM

Mechanism for TRA Delivery

- MOIC has established a permanent **National Integrated Framework Governance Structure (NIFGS)** to support the implementation of the TRA
- The **NIFGS is a multi-agency entity structure** consistent with the WTO, Integrated Framework (IF) and the Vientiane Declaration on Aid Effectiveness, which coordinates Official Development Assistance (ODA) in Trade sector
- The NIFGS is designed to support the MOIC fulfill its role as lead agency for **coordinating Trade related policy and trade related projects across government ministries and agencies**
- This NIFGS has been designed to **reduce transaction costs** incurred with stand-alone projects and help **promote stronger alignment, coordination and harmonization of TRA**

Lao IF Secretariat

- The LIFS is chaired by the Vice Minister of MOIC
- The Secretariat is responsible for technical decisions and policy recommendations pertaining to the IF and broader TRA issues
- The LIFS is constituted at DG level and is represented by all ministries, private sector and academia. It counts a membership of around 30 representatives
- The Secretariat is also responsible for decision making pertaining to overall management and implementation of the IF and broader TRA
- The LIFS is responsible in ensuring the achievement of the intended impact of the IF process and broader TRA in the future

The IF National Implementation Unit

- IF NIU has been set up within the Foreign Trade Policy Department (FTPD) of the MOIC.
- The IF NIU forms part of the MOIC IF Governance and Management structures which have been put in place to assist the MOIC in coordinating the implementation and monitoring of the IF/TRA
- The Unit is also responsible for the administrative , financial and procurement management of the Trade Development Facility (TDF).
- This Unit is responsible for assisting the MOIC in coordinating TRA and supporting various ministries in designing and implementing projects/programs under the IF and broader TRA in the future.
- The IF NIU supports various ministries and agencies in sourcing funds for implementing TRA projects.

IF Task Forces

IF Task Forces – These inter ministerial Task Forces are critical for ensuring effective and coordinated implementation of the Action Matrix across Ministries, government agencies and specific sectors.

- Initially there are 4 IF TF based on the DTIS Action Matrix and these will be a sub- group of the Lao IF Secretariat (LIFS).
- Where there are existing working groups, these will be used instead e.g. National Transport Committee, SPS Working Group, etc.
- IF TF support the GSEU and the NIU and ensures broad based 'buy in' of all key Ministries in the implementation process of the Action Matrix.
- The IF FT is responsible for providing guidance to the NIU and GSEU on technical and policy direction.
- The IF Task Forces have to ensure that the outcome for specific sector is reached

The Government Sub-Executing Units (GSEUs)

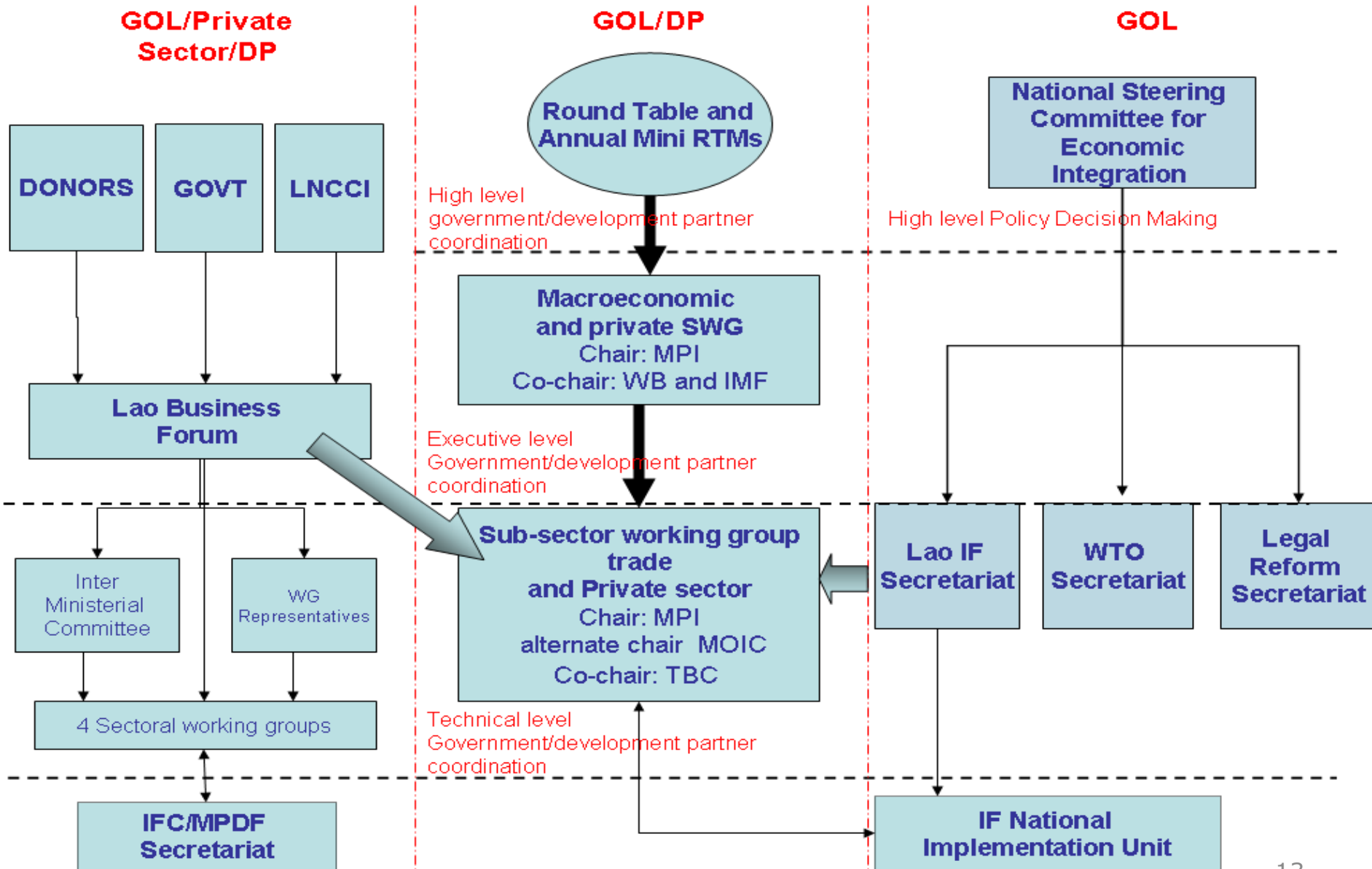
- Responsible for ensuring the delivery of specific project outputs
- Directly responsible for the technical implementation of the project and execution of the day-to-day activities as stated in the approved AWP.
- Work closely with the NIU and report to the NIU on all financial, administrative and procurement issues.
- For technical matters they may report directly to the appropriate IF Task Force. The composition of each GSEU will be determined on a case by case basis.

Trade and Private Sector Sub-Group

To complement the NIFGS, the MOIC and MPI have set up the Trade and Private Sector Sub-Group, which provides an opportunity for dialogue and collaborative arrangements, which can help in:

- Enhancing Government ownership of the development process
- Support joint government and DP dialogue on aid effectiveness
- Making governance of development cooperation programs and projects more transparent through the set up jointly agreed institutional/management arrangements for the sector or thematic program.
- The purpose of the Trade and Private Sector Sub-Group is to promote the implementation of the principles of Vientiane declaration on Aid Effectiveness in Lao PDR in order to support the NSEDP objectives of promoting growth and poverty reduction, through stronger international integration, trade and private sector development

Overview of the Configuration of the Trade and Private Sector Sub-Group



TRA Project Formulation Process

Technical Preparation

GSEU

Project formulation steps

Step 2 - Project Identification & Conceptualization
Preliminary project design

Project Fiches
Preliminary Project Draft

Steps 5 - Revised and finalize project proposal

Final Project Proposal

Coordination

NIU

Coordination & Technical support

Step 1 - Inform relevant ministry/department of funding opportunity

Step 3 - Technical Support Quality assurance for project design

Final Draft Project Proposal

Policy and Strategic direction

IF Task Force

Appraisal

Step 4 : Review of Project proposal by inter-ministry/ Department – provide recommendations

Approval Process

IF Trade Executive Committee/or SC

Approval

Part II. Indicators for Monitoring Aid For Trade Work Program

Given the scaling up of AFT globally and in Laos, it is critical that government and donors be accountable for the funds being channeled to trade related activities. M&E is a key tool for ensuring that sufficient intelligence is gathered throughout the implementation of projects and programs and for allowing the readjustment and realignment of programs/projects to governments' national objectives and development plans

Work Program in carrying out monitoring exercise

1: Aid For Trade flows

- This involves a process of matching supply-side of AFT to be matched with demand for AFT.
- OECD CRS database in macro level vs. report from donors and beneficiaries in micro level.

Issues/challenges in monitoring AFT flows:

- Since different donors have different approaches/agendas to support trade and trade-related needs and different ministries have different priority, often, supply side of AFT does not matches with demand side at the country level, or vice versa. Therefore, data on AFT is scattering and costly to gather them.
- In addition, bilateral and regional TRA are not well-informed and updated through trade sector/the recently set up mechanism
- Strengthening the capacity of NIU (or AFT focal point) to set up the monitoring system/methodology on ATF flows may be necessary
- Harmonization on supply side of AFT should be taken into account.

Work Program in carrying out monitoring exercise

2: AFT Resource use and trade performance

- Monitoring exercise: infrastructure, trade logistic, incl. trade facilitation – domestic regulatory environment, incl. trade openness, trade policy affecting its exports.

Issues/challenges:

- Due to the scattering of data and lack of well-defined aid for trade -- not easy to quantify the amount of trade performance through the resource used in trade capacity building.
- Some resources used for trade capacity are long term investment e.g. training, workshop, conference, etc. The result could not be seen in the short run.
- In addition to trade figures, Trade Performance also could be seen through the development of trade in services by improving the legal framework or enabling environment for doing business. This could be very costly to get data or quantify the result.
- Therefore, effective monitoring system (including the governance of TRA mechanism) is crucial

Work Program in carrying out monitoring exercise

3: Assessing needs, integrating them into national development strategies, and building collaborative partnership between donors and beneficiaries.

- Monitoring exercise: OECD and partner-country questionnaires, progress implementation of DTIS, etc.
- Issues/challenges:
 - For Lao PDR, Trade-related Assistance is defined under the DTIS/ Action matrix and National Export Strategy under the NSEDP.
 - In the process of the preparation for the next 5year plan, it's vital to improve how to link the need of the country with TRA by working closely with DPs under the existing mechanism as well as taking into account the important of inputs from all concerned stakeholders.

The IF Process - M&E indicators and reporting at country level

- Under Window II projects MOIC in collaboration with UNDP carryout regular M&E with the set up of a project board and yearly meeting of the board and monthly meetings with the various project management staff.
- M&E under the IF Process is supported by various tools and reporting requirement:
 - a. Project risk log
 - b. Project Issues log
 - c. Project Lessons-learned Log
 - d. Project Monitoring Schedule
 - e. Project Annual Work Plans and Quarterly Work Plan
 - f. ProDoc
 - g. Indicators

Trade Development Fund – M&E at country level

- In the case of the MDTF/TDF donors have put together a joint monitoring and evaluation framework with a set of indicators for each component of the TDF-financed activities.
- The NIU will prepare yearly updates for the TDF Steering Committee.
- In addition the NIU is responsible for gathering progress reports, which will detail progress towards agreed results and expenditures by activity compared to planned expenditure according to the agreed action plan and budget. All activities will have progress and result indicators
- A report on the implementation and TDF performance will be discussed in the TDF Steering Committee. This report will include information on: (i) report on activities conducted and their link to the development objectives; (ii) financial and procurements conducted according to the annual plan; and (iii) implementation plans for the next review period.

Trade Development Fund – M&E at country level

Below are the Output indicators which have been proposed for the TDF by number of :

- legal texts drafted
- new and modified regulations adopted
- regulations dropped
- workshops and consultative meetings conducted
- persons participated/ trained
- Recorded appreciation of persons who participated/trained
- Trainings
- risk evaluation projects completed
- private sector and civil society organizations strengthened
- public-private arrangements supported
- SMEs supported on food safety
- SMEs supported on sourcing from small-scale farmers

Challenges in carrying out M&E for Lao PDR

- With the scaling up of AFT and many more donors involved in AFT, the MOIC has many more reports and missions and meetings to attend and chair.
- Each project tends to set up its own project management committees and all have different format and reporting requirement
- The TDF has help to minimize this by setting up a joint M&E framework based on World Bank format
- Donors and Government need to strengthen coordination in the area of M&E where there can be shared and joint mission, and agree on common indicators and possibly reporting format
- Donors and government need to put more resources and efforts in data collection and statistical data bases

M&E is one potential area where donor coordination is possible and can yield positive results and effective cooperation

Thank You for your attention