

UN CEB Inter-Agency Cluster on Trade and Productive Capacity: UNCTAD, UNIDO, ITC, ILO, UNOPS

Project of Lao PDR – Funded by the Government of Switzerland

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Government Co-ordinating agency:	Ministry of Industry and Commerce, Official Development Assistance (ODA) Division
Counterparts:	<ul style="list-style-type: none"> Department of Trade Promotion and Product Development (TPPD), Ministry of Industry and Commerce Lao National Tourism Administration (LNTA), Prime Minister Office
Executing agencies	UNCTAD, UNIDO, ITC, ILO
Trust Fund Manager	UNOPS
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The project is fully embedded within the National Integrated Framework Governance Structure. The main objective of this project is to develop an overall competitive tourism industry, while at the same time strengthening the organic agriculture and the handicraft (especially the silk) industries in order to achieve a spill-over effect on those sectors through backward-linkages, and improving the export volume and quality of the above mentioned sectors, thereby positively impacting on poverty in targeted provinces of Lao PDR. For this purpose, the project will address four main areas of technical cooperation:

- Development of a competitive and sustainable tourism industry,
- Strengthening of backward linkages of handicraft (especially silk) and organic agriculture to the tourism industry;
- Facilitating exports to regional markets and meeting international requirements for target sectors;
- Addressing cross-cutting issues concerning cleaner production, strengthening the local trade related forums and task forces (NIFGS) and supporting the government in the DTIS update process

Approved:

	Signature:	Date:	Name and title:
On behalf of Lao PDR:	_____	_____	_____
On behalf of UNIDO:	_____	_____	_____
On behalf of UNCTAD	_____	_____	_____
On behalf of ITC:	_____	_____	_____
On behalf of ILO:	_____	_____	_____
On behalf of UNOPS:	_____	_____	_____
On behalf of SECO:	_____	_____	_____

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List of Abbreviations

AfT:	Aid for Trade
ASEAN:	Association of Southeast Asian Nations
AWP:	Annual Work Plan
CP:	Cleaner Production
CPC:	Cleaner Production Center
DTIS:	Diagnostic Trade Integration Study
EIF:	Enhanced Integrated Framework
EPRP:	Export-led Poverty Reduction Program
GOL:	Government of Laos
GSEU:	Government Sub Executing Unit
IC:	International Coordinator
IF:	Integrated Framework
ILO:	International Labor Organization
ITC:	International Trade Center
Lao PDR:	Lao People's Democratic Republic
LDC:	Least Developed Countries
LNCCI:	Lao National Chamber of Commerce and Industry
LNTA:	Lao National Tourism Administration
MDGs:	Millennium Development Goals
MoH:	Ministry of Health
MoIC:	Ministry of Industry and Commerce
NAST:	National Authority for Science and Technology
NGO:	Non Government Organization
NGPES:	National Growth and Poverty Eradication Strategy
NIFGS:	National Integrated Framework Governance Structure
NIU:	National Implementation Unit
NSEDP:	National Socio Economic Development Plan
NTM:	Non Tariff Measures
ODA:	Official Development Assistance
ODOP:	One District One Product Initiative
PMU:	Project Management Unit
ROM:	Result Oriented Monitoring
SECO:	Swiss Secretariat for Economic Affairs
SIPPO:	Swiss Import Promotion Organization
SPS:	Sanitary and Phytosanitary (measures)
TDF:	Trade Development Facility
TFM:	Trust Fund Manager
TPPD:	Department of Trade Promotion and Product Development
TPRP:	Tourism-led Poverty Reduction Program
TRTA:	Trade Related Technical Assistance
UN:	United Nations
UNCTAD:	United Nations Conference on Trade and Development
UNDAF:	United Nations Development Assistance Framework
UNIDO:	United Nations Industrial Development Organization
UNOPS:	United Nations Office for Project Services
WTO:	World Trade Organization
WTO:	World Tourism Organization

A. CONTEXT

A.1 The origin of the project

The **Government of Lao People's Democratic Republic (GOL)** seeks to increase growth and improve export competitiveness as reflected in the Poverty Reduction Strategy Paper / National Socio Economic Development Plan, through the implementation of its medium-term strategy outlined under its Action Matrix for Trade-Related Assistance. The **Diagnostic Trade Integration Study (DTIS) action matrix (see Annex 1)**, prepared by the Government, was approved during the Lao PDR National Validation Workshop on September 12, 2006, following extensive stakeholder consultations. The DTIS identifies five priority areas where external assistance and reform should be concentrated:

1. Export Competitiveness,
2. Trade Facilitation,
3. Business Environment,
4. Trade Policy, Trade Agreements and Global Opportunities,
5. Trade Opportunities for the Poor.

One of the ways in which the GOL is implementing its trade agenda is through the establishment of the permanent **National Integrated Framework Governance Structure (NIFGS – see diagram in Annex 2)**, a multi-agency entity consistent with the Enhanced Integrated Framework (EIF) and the Vientiane Declaration on Aid Effectiveness which will coordinate Official Development Assistance (ODA) in this sector. This permits a more coherent, effective, and participatory implementation of the comprehensive reform plan spelled out in the Action Matrix (reviewed on a multi-annual rolling basis), synergistic increase in benefits from ODA, and a reduction of the transaction costs incurred with stand-alone development partner assistance. Development partners are expected to consider contributing to the GOL medium-term priorities via the NIFGS. The GOL is preparing to lead the update of the DTIS Action Matrix in collaboration with various international partners, of which the UN cluster agencies will be part.

In 2007, the UN established a thematic **Inter-Agency Cluster on Trade and Productive Capacity** to ensure that issues related to trade and productive sectors are adequately taken into account in the pursuit of the Millennium Development Goals (MDGs) and in the strengthening of the "Delivering as One" UN-wide reform process. This cluster has further been aimed at strengthening the UN's response to the global Aid for Trade (Aft) initiative and (on a more operational level) at facilitating the interface between UN country-level operations and the Enhanced Integrated Framework (EIF) related to trade capacities according to the needs identified in the Diagnostic Trade Integration Studies (DTIS).

Following the establishment of the Inter-Agency Cluster on Trade and Productive Capacity, the **Swiss State Secretariat for Economic Affairs (SECO)** has selected Lao PDR as a pilot country for the implementation of a trade related technical assistance program with the above mentioned UN Cluster.

In June 2009, a SECO International Consultant was requested to work with the GOL in order to define the potential areas of intervention of the UN Inter-Agency Cluster and came up with a credit proposal that was approved by SECO on November 2010. In June 2010, a joint mission from SECO and the UN agencies represented in the Cluster, e.g. UNIDO, UNCTAD, ITC, ILO and UNOPS came to Lao PDR to discuss the approach and agree with the GOL on the implementation structure of the project in Lao PDR. This project document outlines the intervention under the "Enhancing sustainable tourism, clean production and export capacity in Lao PDR" project.

A.2 Donor context and situational environment

The Government of Lao PDR has largely established a functional National IF Governance Structure. The set up of the Trade Development Facility (TDF), in cooperation with the European Commission, AusAID and the World Bank, represents a milestone in the establishment of locally lead ODA coordination structures that are fully in line with the Paris and the Vientiane Declarations on Aid effectiveness. While being very active until the validation of the DTIS action matrix in 2006, the UN has since not played a major role in the area of Trade in Lao PDR. The SECO funded initiative opens up the opportunity for the GOL to benefit from the technical assistance of the UN and explore innovative ways of integrating the UN system into its ODA coordination mechanism. In this context,

and because of its nature, it appeared that the UN CEB Inter-Agency Cluster on Trade and Productive Capacity was the best structure to be selected to initiate such collaboration, offering a single window for trade related technical assistance within the UN System.

A.3 Country and Industry Context:

Lao PDR has been very active in pursuing integration into the regional and multilateral trading system. 12 years on from the first move towards WTO accession, the country is now close to a draft WTO Working Party Report. Lao PDR has recently concluded the 6th Working Party negotiations, and Bilateral Trade Agreements have been reached with, or are in the final stage of negotiation with most key partners. The Government has also made substantial progress with respect to meeting commitments under the ASEAN Free Trade Agreement. In October 2008 Lao PDR fully ratified the GMS Cross Border Transport Agreement. Export performance over the last NSEDP 6 has been strong, with total exports of goods almost doubling over the four years from 2005 levels to reach \$1.3bn in 2009. Around 50% of exports over this period were of copper or wood. The top five export destinations over the period were Thailand, Viet Nam, China, United Kingdom, and Germany. Imports, dominated by fuels, vehicles and capital goods likewise increased by a slightly larger \$1.3bn over the period to \$2.6bn which resulted in an overall increase in the trade deficit to just over 5% of GDP. The vast majority of imported products were sourced regionally, particularly from Thailand, China, Viet Nam, Japan, and the Republic of Korea.

99.5% of all enterprise in Lao PDR are privately owned and employ 99% of the commercial workforce. Over the NSEDP 6, the Industry sector increased by 12.5% annually (against a planned rate of 13.6%), accounting for 26% of the GDP. The total value of manufacturing production rose at an average rate of 9.4% per year in the period 2006-2010. Likewise, the Services sector increased by 8.4% (against a planned rate of 7.4%), accounting for 37.2% of the GDP. The private sector in Lao PDR was relatively sheltered from the effects of the Global Financial & Economic Crisis of 2008-09 with the country posting one of the fastest economic growth rates in south east Asia over the period. In terms of Investment, gross capital formation in 2008 totaled about 37% of GDP which is significantly higher than in all other countries of the region with the exception of China and Viet Nam. Actual FDI inflows in 2009 equaled around 8% of GDP, one of the highest rates in the region. However, most FDI in Lao PDR is traditionally directed towards the primary sector (mining, hydropower and, recently, thermal power, plantation agriculture). Approved FDI accounted for about two thirds of all approved investments in Lao in the period 2005 to 2009 with approved private domestic investment adding another 14%. The approved investment is far higher than the actual investment flowing in via the banking system. This may hint at significant actual inflows in the future or at the prevalence of void approvals. The private sector, particularly through the LNCCI and Business Associations are increasingly accepted as a vital player in economic development, policy and legal reforms and take an active role in public-private dialogue and cooperation processes (Lao Business Forum (LBF) and Provincial Public- Private Dialogue sessions (PPPD))¹.

The tourism services are for an increasing number of least development countries (LDCs) the main source of foreign exchange and for one third of all developing countries the primary export. Lao PDR only opened its doors to tourism in 1989, and since 2005, it has grown to become the nation's first source of foreign exchange and the second largest contributor, after mining, to the country's Gross Domestic Product (approximately 8%). Tourism is by far the most important service industry in Laos. Tourist arrivals have risen constantly over the years, and revenue development was positive until 2008. Since then the sector had shown weaknesses in turnover development as well as in profit development, mainly because of the overall industry structure and organization. According to the national tourism authority (LNTA) the number of arrivals in 2009 reached over 2,000,000 visitors and generated around USD 268 million (in 2010, the expected number of international visitors is 2,1 million with an income generation of approx. USD 290 million). Tourism is one of the key socio-economic development sectors and contributes to the Government's effort to reduce poverty and improve the living standards of Lao People. Tourism jobs represents up to 5% of the total workforce of 2'955'633 and indirect employment is estimated at 167'000, which makes another 5.5%. Tourism is thus a system that links to several sectors (driving force), which can generate substantial inflows of foreign exchange, complementing primary exports. There are also vast opportunities for small entrepreneurs to be involved in the sector providing both products and services.

¹ Quote from TPSDWG Report – October 2010

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It has been recognized that most of the inputs in the tourism industry are imported, particularly in the sub sector of foods and beverages. In addition, hotel owners and other actors in the tourism sector recognize that the supply of locally produced goods (that are representative of the local “culture”, such as handicraft) is lacking and could be further developed, which would induce higher value addition in the local tourism industry. Supporting industries of the tourism sector are overall underachievers.

B. REASONS FOR THE UN CLUSTER ASSISTANCE

The UN system-wide coherence process, as conceived and guided by the General Assembly and ECOSOC's resolutions, calls for strengthening the UN inter-agency coordination on the one hand, and increasing the development impact and national ownership of UN assistance at the country level, on the other hand. By joining their efforts in the UN CEB Inter-Agency Cluster on Trade and Productive Capacity, the agencies aim at addressing both: enhancing inter-agency coherence and joint initiatives at the country level with a view to maximising the effectiveness of UN expertise and avoiding duplication of its efforts as well as facilitating dialogue with the national counterpart and, above all, enhancing national capacities. A greater effectiveness is also achieved: the donor finances one single joint programme, instead of several individual projects with each agency.

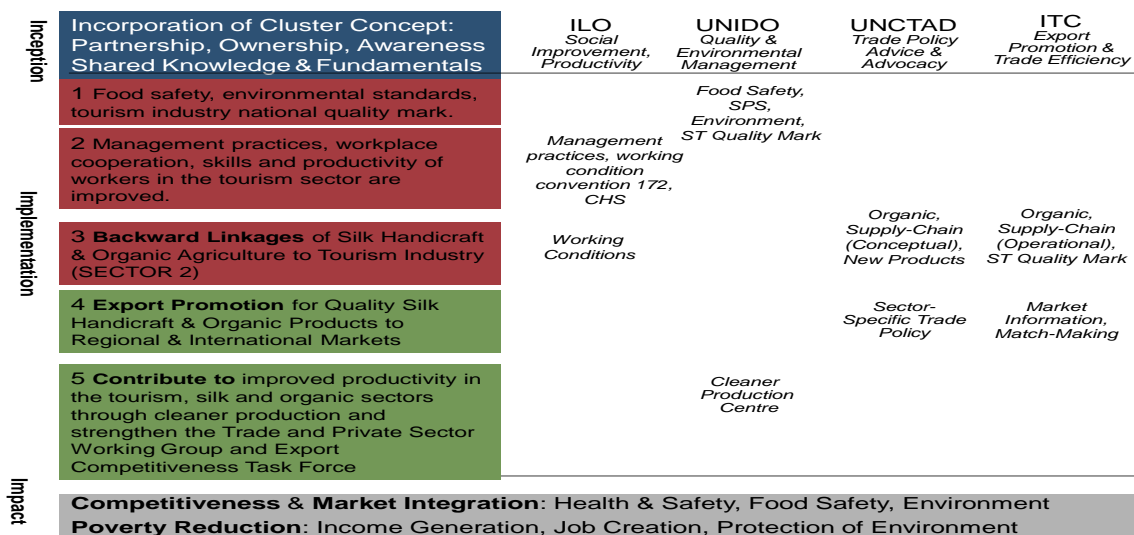
The Cluster is now recognized as a very dynamic inter-agency mechanism dedicated to the coordination of trade development operations at the national and regional levels within the UN system.

C. THE PROJECT

C.1 Development objective

The main impact of this project will be on: 1) the Tourism Industry; 2) Clean Production; 3) Export Capacity and 4) Social responsibility and working conditions, within specific sectors, e.g. Tourism, Handicraft / Silk and organic agriculture.

The main objective of this project is to develop an overall competitive tourism industry, while at the same time strengthening the organic agriculture and the handicraft (especially the silk) industries in order to achieve a spill-over effect on those sectors through backward-linkages, and improving the export volume and quality of the above mentioned sectors, thereby positively impacting on poverty in targeted provinces of Lao PDR. In order to achieve this objective, the project is organized around 5 outcomes that are delivered by the UN agencies according to their core competencies, as described in the diagram below:



In the Tourism sector, the project will intervene in Luang Prabang and Champassak Provinces. The intervention might initially be limited to one pilot region before extending to the other region.

C.2 Specific Outcomes

OUTCOME 1: Compliance with Food Safety, Service Quality and Environmental Standards improved within the Tourism sector through the introduction of a voluntary National Quality Certification Mark (NQCM)

OUTCOME 2: Management practices, workplace cooperation, as well as skills and productivity of workers in the tourism sector are improved.

OUTCOME 3: Enhanced backward linkages of selected handicraft and especially silk and organic agricultural products to the tourism industry

OUTCOME 4: Strengthened capacities of the GoL in the areas of trade policy and Non Tariff Measures, as well as improved export opportunities of selected high quality silk and organic agricultural products (developed or strengthened under Outcome 3)

OUTCOME 5: Contribute to improved productivity in the tourism, silk and organic sectors through cleaner production and strengthen the Trade and Private Sector working group and the Export Competitiveness Task Force of the NIFGS through the active technical involvement of the cluster in those forums.

C.3 Relevance

The overall development objective and the related outcomes have been defined in cooperation with the GOL, through the National Implementation Unit of the Ministry of Industry and Commerce, which is in charge of the coordination of Trade Related Technical Assistance in Lao PDR. They are in line with the areas identified in the DTIS Action Matrix under the Export Competitiveness component and falls under the priority sectors mentioned in the GOL National Export strategy. In addition, these objectives contribute to the MDGs and to the local UNDAF's objectives on trade development. They correspond to outcome 105 ("Improving productivity of labor through promoting decent work in tourism sector") developed in consultation with ILO constituents for the Decent Work Country Program for Laos for the biennium 2010/11.

C.4 The target beneficiaries

The target beneficiaries can be divided into two groups as follow:

- **Direct Beneficiaries:** The Ministry of Industry and Commerce, the Lao National Tourism Administration and the members of the IF Task Force on Export Competitiveness and Business Environment through the technical assistance received and the ongoing capacity building efforts. The ILO constituents through their involvement in ILO related activities. The Tourism industry as a whole due to improved quality of the services offered. The Business Associations (Hotel and Restaurant, Handicraft) and the Lao National Chamber of Commerce and Industry through their capacity building.
- **Ultimate Beneficiaries:** groups of hotels, restaurants, gift shops, tour operators in the two pilot regions, due to improved quality, food safety, productivity, competitiveness, reputation and consumer satisfaction; silk operators, agro-business, entrepreneurs, exporters through the development of their businesses; Employees in the hotel industry and Silk workers through Health & Safety, improved working conditions and revenues

More precisely, it is expected that direct beneficiaries will be distributed across each outcome as follow:

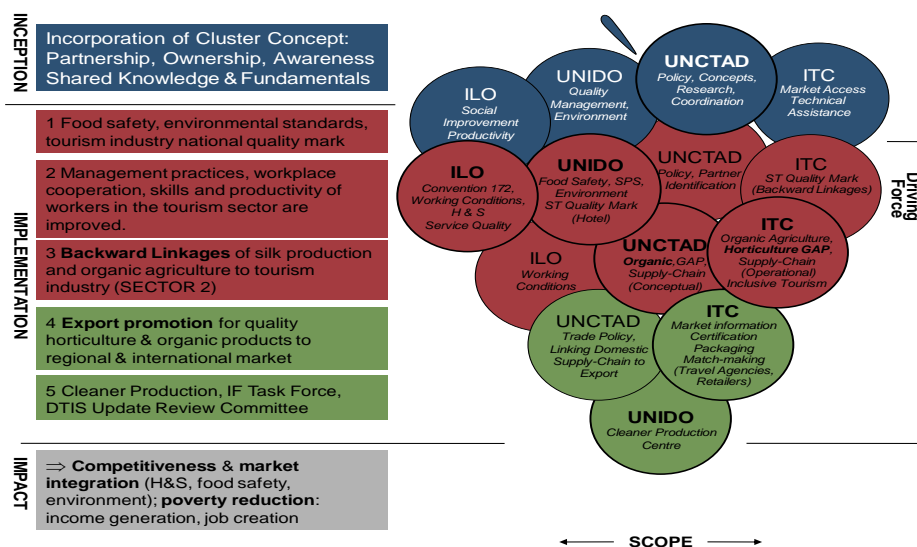
- **Outcome 1:** Hotels and Restaurants, Lao National Tourism Administration, Lao Hotels and Restaurants Association (Lao National Chamber of Commerce and Industry)

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- Outcome 2: Hotels and Restaurants, Lao National Tourism Administration, Lao Hotels and Restaurants Association (Lao National Chamber of Commerce and Industry), training institutions and vocational schools
- Outcome 3: Silk and Organic Agriculture producers, Hotels and Restaurants, Lao Hotels and Restaurants Associations, Lao Handicraft Association (LHA - Lao National Chamber of Commerce and Industry), Champassak Handicraft Association (as a member of the LHA).
- Outcome 4: Department for Trade Promotion and Product Development (Ministry of Industry and Commerce), exporting firms of the silk handicraft and organic sectors
- Outcome 5: Cleaner Production Centres, Priority Industries, Trade related Forums.

C.5 The UN Cluster approach – Project strategy and key activities

For the overall efficiency of the different interventions by UN agencies it is necessary to pursue an integrated strategy towards sustainable trade development so as to effectively contribute to the implementation of the trade integration strategy of Lao PDR outlined in the EIF/DTIS and its Export strategy. It is key that UN organizations coordinate among each others, and with the Government.



As the graph above indicates, the integrated sector approach intends to create synergies from Outcome 1 down to Outcome 5, building each also conducive condition for the following Outcome. The graph shows further how and where each UN agency brings in key competencies and expertise in order to assist the different Laotian counterparts for jointly leading this project to success.

C.6 Key outputs and activities

As described in the section F “Project Management”, a detailed workplan with specific outputs and corresponding indicators and budget as well as related list of activities and responsible parties will be designed by the Executing Agencies on a yearly basis in cooperation with local partners. Therefore, annexes to this document will be added as yearly work plans are developed and cleared by the Executive Agencies. They will be approved by the Project Steering Committee and endorsed by the Global Management Board. Those work plans will be in line with the overall project objectives and designed in order to achieve goals and outcomes mentioned in the Logical Framework. This section subsequently aims at explaining how the project expects to achieve the overarching objectives described in the section C2 of this document.

Outcome 1: Compliance with Food Safety, Service Quality and Environmental Standards improved within the Tourism sector through the introduction of a voluntary National Quality Certification Mark (NQCM).

The key goal of this outcome is to improve the compliance level of the tourism sector (Hotels and Restaurants) in areas related to food safety, quality of services and environmental standards in which technical support and training will be provided to the related national counterparts for the design and introduction of a voluntary national certification scheme.

The design and introduction of the national scheme will go through a structured UNIDO approach covering the following key stages:

- **The Scope:** following a gap analysis exercise on the existing level of compliance and based on the strategic directions of the sector and after a national consultation process, the scope (Compliance requirements and target provinces) for the scheme will be defined.
- **The Ownership:** following of an assessment to the existing institutional setup and the conformity assessment framework in the country, UNIDO will provide options and scenarios for the possible ownerships of the scheme. The final ownership scenario will be selected based on a national consensus between all key players in the sector.
- **The Approach:** UNIDO will follow the well known international best practices and standards in the design and introduction of the scheme and a benchmarking process will take place with similar and existing schemes around the world. Special attention will be given to the experiences of the SECO supported label *Fair Trade Tourism South Africa-FTTSA*, the *UK-based Scores on the Doors Scheme* and the *Thai sustainable Tourism Initiatives*.
- **The implementation:** a pilot scheme implementation phase will take place to implement the scheme for a number of target Hotels/Restaurants before an official launch will take place at national level.

For successfully achieving this outcome an excellent level of synergy, coordination and cooperation need to be in place between UNIDO and ILO; this shall include, but not be limited, to the following:

- Coordination and cooperation in the design of the training qualifications for the different aspects of the Mark for outcomes 1 and 2
- Coordination and cooperation in targeting the same groups of Hotels/restaurants when it comes to delivering training or pilot implementation for outcomes 1 and 2.
- Coordination and cooperation during the process of consultation with the related stakeholders and counterparts.

UNIDO will ensure full cooperation with ongoing and existing initiatives targeting the tourism sector in the country and will ensure a process of regular consultation and exchange of information between all related partners and interested parties. Cooperation is foreseen with organizations like SIPPO and UN-WTO (World Tourism Organisation) as well as any related regional sustainable tourism initiatives during the design and implementation of the scheme. In addition, UNIDO and ILO shall establish a good level of cooperation with NAST (National Authority for Science and Technology) and MoH (Ministry of Health), and ensure proper communication with the ongoing TDF TBT component.

Experience will also have to be drawn from the Food Safety Certification scheme that was implemented during the South East Asia (SEA) Games in Lao PDR in 2009.

Based on the initial screening that took place by UNIDO during the inception and project formulation phase, it is expected to pilot the scheme in one province first before extending the intervention to the other province.

OUTCOME 2: Management practices, workplace cooperation, as well as skills and productivity of workers in the tourism sector are improved. (ILO)

This outcome complements the training provided and quality mark developed under outcome 1 by focusing on improvements in the way management and workers cooperate. This is an important component for success in achieving key targets of outcome 1 as well as the overall objective to

increase competitiveness and sustainability of the tourism sector. It is particularly important in an industry like tourism where there is a direct interaction between workers and customers and “soft-skills” such as a positive work attitude and a feeling of responsibility for the customer are of particular importance. UNIDO and ILO will collaborate closely on outcomes 1 and 2 to maximize synergy and deliver training and other activities jointly wherever possible.

At the hotel management level, activities under this outcome will promote the adoption of good management practices to improve productivity while respecting worker's rights and to foster constructive workplace relations. Training on good practices in general management, Occupational Safety and Health (OSH), and workplace cooperation will be provided to both managers and workers at the workplace, and the availability of such training will be sustained beyond the lifecycle of the project through provision of manuals and training of trainers as well as training of job safety officers in the hotels to monitor compliance with OSH provisions. Productivity and skills of hotel and restaurant workers will also be improved by providing support to the hotel supporting educational institutions. This will include an assessment of available skills and training needs and support to institutions to align their curricula to the skill needs as well as regional competency standards for the tourism sector. At the policy level, the adoption and implementation of ILO Convention 172, covering the hotel and restaurant industry, will be promoted in order to provide a sound legal framework for the resolution of labour issues specific to the sector. To this end, a national tripartite workshop will be organized to mobilize the support of workers, employers and government and undertake joint steps towards the implementation of the convention and at the same time strengthen tripartite mechanisms as promoted by ILO Convention 144. These activities correspond to outcome 105 (“Improving productivity of labor through promoting decent work in tourism sector”) developed in consultation with ILO constituents for the Decent Work Country Program for Laos for the biennium 2010/11. Activities under this outcome will take place in close cooperation with an ongoing project by LuxDev that aims to strengthen human resources in the tourism industry. Methodologically, it will build upon experience with previous ILO programs for enterprise upgrading in the region, including SCORE / Factory Improvement Program (FIP). It is also recognized that the project will have to closely cooperate with existing training institutions and related projects to develop accredited hospitality courses, and food safety knowledge courses.

OUTCOME 3: Enhanced backward linkages of selected Handicraft (especially silk) and organic agricultural products to the tourism industry

The tourism industry has a large direct and indirect impact on its supplying sectors and can become a driving force to boost sustainable growth of the handicraft and especially silk sector and some selected organic agricultural goods supplying the tourism industry, mainly hotels and restaurants.

This outcome will particularly focus on the hotels and restaurants groups in the two regions identified above (Champassak and Luang Prabang Provinces) in order to strengthen both the demand of hotels and the supply capacity of growers by addressing the weaknesses of the current demand-supply relationships in two particular fields: the silk sector and organic agriculture.

Backward linkage of Silk sector

While in the past assistance has been provided to silk handicraft producers by many donors, only few have focused on the development of backward linkages between the tourism sector and handicraft / silk producers within Lao PDR. An ITC Export-led Poverty Reduction Program (EPRP) pilot project is currently implemented in Champassak province, linking rural silk weavers to local tourism markets through outlets at hotels and airports and the development of a silk discovery trail in a producer village. Lessons can be drawn from that experience on how to organize farmers in silk handicraft producers' groups and link them to the tourism industry.

From a poverty impact perspective silk handicraft from smallholders is particularly interesting, because hotels really want genuine local products to be exposed and sold in their facilities (i.e. hotel shops etc.), while a dynamic silk handicraft sectors also offers high interest to foreign tourist as part of the cultural folklore of the country.

To exhaust the potential of silk products for the tourism industry, price and quality standards are key (while quality and sustainability standards are typically important for exports and will be addressed in the next outcome). Addressing price and quality standards, the program will need to identify where and why backward linkages of silk handicraft are lacking, and where is the potential to develop purchase-supply relationships to the tourism industry, but also export capacities to other markets (see below) where opportunities seem to be particularly high. It has been recognized also (by TDF funded feasibility study) that one of the main constraint to the development of the silk sector was the lack of supply of raw material. It is important that the cluster cooperates with the TDF to tackle this issue,

targeting at the many smallholders herein. Potential areas of cooperation will be identified as the project is being implemented.

There is a broad understanding that the linkages between the silk sector and the hotel sector in Lao PDR are weak and that much could be done to improve this situation and, in so doing, to address one of the key trade sector development priorities of the Government under the DTIS. Current problems cited include: failure of producers to meet quantities, quality requirements, lack of market information especially on price and design, access to finance and weak intermediaries between weavers and Hotels/Tourist outlets in provinces outside Vientiane. In short, supply remains weakly organized and mainly driven by a small number of lead companies based in Vientiane.

Supply-Chain-Management and wholesale structures are lacking and thus remain a crucial element to make backward linkages work. The structure differs between high volume and high value of silk products, but in both case the supply-chain from artisans and especially silk weavers to tourists through hotels shops or outlets in areas visited by tourists remains very long with many intermediaries. **UNCTAD** will support better Supply-Chain-Management by strengthening and facilitating synergies between suitable structures (e.g. handicraft associations at central and provincial levels, hotel associations), including smallholders (majority of producers), which are generally not organised; whereas **ITC** enhances product design, marketing and matchmaking. ILO will contribute a module on working conditions, workplace relations and competitiveness through trainings provided under this outcome. The specific roles of each agency for this component will be defined in the annual work plans.

A main cross-cutting theme of this assistance is finally increasing the volume and value of exports in selected sectors (see Outcome 4) by strengthening value chain competitiveness through the “management of quality and standards”.

Backward linkage of Organic Products to the Hotel industry

A strong focus shall be given to organic agricultural products, where the domestic market and backward linkages to the tourism industry are still underdeveloped, even though Lao PDR has the potential to be one of the main producers and exporters of certified organic products in the Mekong region. The National Export Strategy recognises the organic sector as an opportunity to the country's Poverty Alleviation goals. Backward linkages of organic products will concentrate mainly on international hotel chains and 4* or 5* hotels, fine restaurants and gift shops (proper to the hotels or airport gift shops etc.) because the international tourists represent an ideal target group for such products. Organic production is very well-suited for smallholder farmers with poverty reduction impacts. Organic products are considered as Premium products and would represent the “gold standard”, destined to high-end and international niche markets.

There are currently some deficits in technical assistance to organic farmers and exporters. Backward linkages to the tourism industry will both steadily build up the domestic market by an intermediate step (tourism sector) and foster technical assistance through this collaboration. The Swiss NGO Helvetas is implementing an organic products production (e.g. “Pro Rice”) and promotion program and should be associated with this initiative. It is also important that this initiative is aligned with existing national certification marks and systems.

Referring to a niche market (limited volume of supply) this project component concentrates on smallholder farmer. **ITC in collaboration with UNCTAD** will help to strengthen structures for backward linkages and encourage the extension of organic production in terms of quality, but also new product development. ITC will provide technical assistance to organic producers (quality management, associative action, certification processes).

In addition, there will be opportunities of partnership with producers that are involved in the Organic Market Initiative in Vientiane.

OUTCOME 4: Strengthened capacities of the GoL in the areas of trade policy and Non Tariff Measures, as well as improved export opportunities of selected high quality silk and organic agricultural products (developed or strengthened under Outcome 3)

Patterns of global trade have changed fundamentally during the last decade. In particular, while traditional exports by many LDCs, including Lao PDR, to “Northern Markets” have grown very slowly, there has been a burst in trade flows and opportunities in emerging developing countries (in particular Mekong/ASEAN) that has benefited LDCs considerably.

Quality improvements of the sustainable silk and organic agriculture encouraged and achieved by the backward linkages to the tourism industry allows also to strengthen the understanding by Lao PDR Businesses and Policy makers of export opportunities for silk and organic in emerging new market and the ability of exporters to expand in those markets and to fulfil market requirements to meet

international standards and thus to enhance the export capacities of these sectors. *ITC* will provide suitable market information, packaging, support on compliance with standards/labels and match-making with international market actors, whereas the *UNCTAD* will strengthen the capacities on trade policy and the identification and the handling of Non Tariff Measures (NTM). This will mainly be done through the capacity building of TPPD to assist firms in this regard and will be linked to the ODOP initiative. The specific roles of each agency will also be defined in the annual work plans.

OUTCOME 5: Cleaner Production in Lao PDR further developed, local trade related forums and task forces strengthened and Government supported in the DTIS Update process

Since 2004 SECO has been funding the implementation of a CP program implemented by UNIDO. The Lao Government has expressed the wish to continue the implementation of this program in view of further strengthening of local partners and establishment of sustainably managed CPC. SECO will therefore commit funds for UNIDO to continue pursue activities under this program. It will contribute specifically to the sectors identified above, next to other priority sectors of the Government e.g. garment and wood processing.

The cluster will be integrated in the *Trade and Private Sector Development sub working group* in order to bring in additional technical competencies on private sector development discussions. Also, it has been agreed with the NIU that the UN Agencies were invited to nominate one representative to be integrated in the DTIS Update Task Force, and to participate in the Review Committee. As agreed with the Agencies, the International Coordinator will represent the agencies in the Review Committee. The role of the UN representation in the committee is yet to be defined by the NIU. In any case, the IC will act as a liaison person to channel the Agencies' comments and views on the DTIS update process, and will ensure proper coordination with other members of the Review Committee.

Finally, the IF Task Force on Export Competitiveness and Business Environment will be significantly involved in the delivery of the project and therefore benefits from the knowledge of the agencies to strengthen its capacity.

C.7 Assumptions and Risks

	Risk Description	Mitigation Measures	Level
	Development Risk		
Outcome 1	<ul style="list-style-type: none"> Local Hotel Operators fail to understand the linkage between standards and competitiveness and the need to raise standards. 	<ul style="list-style-type: none"> Focus on international hotels and "progressive" nationally owned hotels and operators. Exposure to foreign tourist and advocacy of the LNTA together with the Hotels and Restaurants Association through the current classification efforts provide a good basis for hotel owner to improve standards. 	Medium
	<ul style="list-style-type: none"> The ability of all involved national institutions to reach national consensus and the level of their commitment to have an integrated approach towards the proposed scheme 	<ul style="list-style-type: none"> Involvement of the key decision makers at policy level to support the consensus building process. 	High
Outcome 2	<ul style="list-style-type: none"> Hotel management fail to see the opportunities and potential for productivity enhancement from workplace cooperation, or see better working conditions as a cost rather than a way to improve service quality and labour productivity. 	<ul style="list-style-type: none"> ILO's enterprise and sectoral activities department have strong experience in working with companies on programs that include improvements of working conditions, support will be packaged and presented to managers in a way that explains the benefits while addressing concerns about potential costs. 	Low

Outcome 3	<ul style="list-style-type: none"> Tourism Operators (locally & foreign owned) are not interested to offer handicraft and especially silk products to their clients or are unwilling to purchase organic products. 	<ul style="list-style-type: none"> Focus on international hotels and “progressive” nationally owned hotels and operators. 	Low
	<ul style="list-style-type: none"> Supply-chain & wholesale structures are insufficient for effective backward linkages or the potential remains lower than expected. 	<ul style="list-style-type: none"> Particularly ITC has successfully tested tools concerning “inclusive tourism” (incl. in Lao) which can be adapted to the particular situation 	Low-Medium
Outcome 4	<ul style="list-style-type: none"> The Tourism sector is not big enough to bring sufficient leverage to the sectors to grow their export potential 	<ul style="list-style-type: none"> The silk sector is already an exporting sector and leaders can be found to support smallholders to be integrated in the tourism supply chain and develop their skills 	Low-Medium
Outcome 5	<ul style="list-style-type: none"> The Cleaner production program struggle to work in additional sectors on top of already existing priority ones 	<ul style="list-style-type: none"> UNIDO to provide a clear road map for the implementation of the Cleaner Production Program and ensure linkages with sectors selected by the cluster 	Low
	<ul style="list-style-type: none"> The role of the Cluster in various forums and task forces is not well defined and this hamper the efficiency of the cluster contribution 	<ul style="list-style-type: none"> NIU to provide clear guidelines for the cluster to work in various trade related forums and task forces 	Low – Medium

D. INPUTS

In this section the description of inputs is limited to the “NIFGS Strengthening” component (divided in 2 sub-components, one of them being only meant to cover the project’s office running costs), and the International Cluster Coordinator related budget lines. As described in the “Project Management” section, a detailed workplan with specific outputs and corresponding indicators and budget as well as list of activities will be designed on a yearly basis and, therefore, annexes to this document will be added once those documents have been cleared by the Executing Agencies, approved by the Project Steering Committee and endorsed by the Global Management Board

D.1 Counterpart inputs

The Counterparts of the project are the Department of Trade Promotion and Product Development (TPPD) and the Lao National Tourism Administration (LNTA). TPPD will provide office space for the project team (also referred to as PMU – Project Management Unit) and will cover the costs of electricity and water supply. In addition, both counterparts will provide relevant administrative support for the project implementation, such as official letters as needed, and facilitate the interaction with other Government Agencies. The PMU will be fully integrated in TPPD office and therefore benefit from existing facilities.

D.2 UN Cluster inputs

1. International staff

The International Coordinator will be recruited by UNOPS and will administratively report to UNOPS as manager of the SECO Trust fund. Funds related to the International Coordinator will be managed by UNOPS and travels and miscellaneous expenses will be disbursed according to UNOPS rules and regulations.

Budget line	Title	Unit (US\$)
11-00	International Coordinator	261,000
15-01	International Travels	17,660
15-02	Local travels	13,528
54-01	Miscellaneous expenses and non expendable equipments	3,572
Total	US\$	295,760

2. Sub-contracts

Some of the project funds will be channelled directly to the budget of the National Implementation Unit to enhance its capacity to support this and other programs. This subcontract is labelled “NIFGS Strengthening”. The total fund sub-contracted to the NIU is US\$579,360 net.

UNOPS as TFM and the Government of Lao PDR will sign an agreement (Grant Agreement) regarding the funds allocated to the NIU.

The subcontract is directly meant at strengthening the NIFGS in Lao PDR. Associated budget will support the initiatives of the EIF and TDF in strengthening the NIFGS, and the results will be assessed / evaluated in line with the Trade Sector Results Framework and during the project evaluation.

This subcontract will contribute to the wider aims of supporting the NIFGS, particularly with regard to Aid for Trade project delivery. It will support to the NIU in managing aid for trade at the central level, which will cut across various related projects, including support to the TPPD GSEU (see *ToR in annex 3*) in facilitating Government interaction, technical input and liaison with the UN Agencies. It will also assist in facilitating higher level coordination and facilitation through the Export Competitiveness Task Force.

a) Description of the objectives / results to be achieved:

The Results of this component will feed into the key Aid for Trade (AfT) framework focusing on enhanced administration and governance of AfT as below:

- b) Outcome:** To enhance institutional and management capacity within the NIU and the relevant line ministries in order to coordinate and implement trade related projects effectively and efficiently.

Intermediate Outputs	Intermediate Outputs Indicators
Enhanced quality of administration, governance and implementation of AfT	2.1. A programmatic approach developed and implemented to coordinate a trade and private sector SWAp 2.2. Effective and efficient administration of AfT through enhanced capacity of NIU and GSEUs staff to implement AfT projects 2.3. “ODA Division and related GSEU demonstrate increased capacity to deal with HR management and Project Delivery Services

In relation to Intermediate Outcome Indicators:

2.1: A programmatic approach developed and implemented to coordinate a trade and private sector SWAp

IACP Project Output: Enhanced synchronization and functioning of the National Integrated Framework Governance Structure (NIFGS) as a mean for coordinating and implementing AfT particularly with regard to the IACP project.

This will be achieved through

- Strengthened mechanisms for coordination of AfT
- The active use of and guidance from the Task force on Export Competitiveness and Business Environment.
- Coordination with other projects and programmes through the Trade Executive Committee, TPSDSG and the ODA Division of the MOIC
- Coordinated Monitoring and Evaluation
- Strengthened capacity in the area of financial management that contributes to the smooth implementation of the IACP.

2.2: Effective and Efficient Administration of AfT through enhanced technical capacity of NIU and GSEU staff.

IACP Project Output: Increased capacity of the NIU and NIFGS to oversee multiple AfT projects, with particular emphasis on sound financial management and oversight

This will be achieved through the strengthening of the NIU to oversee multiple AfT programs. In particular the project will provide finance for senior financial management staff to oversee project level financial staff (see *Annex 4*). This will provide additional surety to the financial controls for the IACP and other AfT projects implemented through the NIU.

IACP Project Output: Effective project coordination with national counterparts through the TPPD GSEU as well as support provided to the International Coordinator in the form of a functioning and effective project management unit within the TPPD GSEU.

This will be achieved through the establishment of a project management unit that will work within and closely with the TPPD Government Sub-Executing Unit (GSEU) as the key Government counterpart for the project. It is expected that the PMU will comprise of the International Coordinator who will lead the PMU and will be assisted by the National Project Coordinator and an Administrative Assistant. The National Staff will also assist in liaison and reporting to the GSEU.

The GSEU will assist and participate in the development of the annual work plans, facilitating interaction with the Export Competitiveness Task Force, increasing compliance and linkages with other related projects and activities as well as facilitating required linkages to national stakeholders.

2.3: ODA Division and related GSEU demonstrate increased capacity to deal with HR management and Project Delivery Services

IACP Project Output: Finance for NIFGS and PMU support channeled through the NIU, with key local support staff, such as the National Project Coordinator and administrative assistant contracted through the NIU. This component, while participating to the overall strengthening of the NIU and related NIFGS structure, is directly linked to the overall program operating costs. Associated budget is only meant to cover project implementation costs and associated human resources.

c) Proposed budget:

The proposed budget is US\$579,360 net for the project duration. The budget will be split into \$260,800 to be used for general assistance to the NIU and NIFGS strengthening, and \$318,560 for direct project management and implementation costs incurred through the GSEU and PMU. The annual work plan will include both activities for strengthening of the wider NIFGS as well as

assistance to the national stakeholders of this project for effective interaction with the UN Agencies and project implementation costs. The workplan for the NIFGS strengthening will be fully part of the overall project Annual Workplan and, as such, will be approved by the Project Steering Committee and endorsed by the Global Management Board on an annual basis.

Description	Unit	Number of units	Cost per unit	TOTAL	
Total Cost					\$579,360
<i>Estimated Costs for NIU</i>					
NIU Staff					\$172,800
NIU Operational Costs					\$73,000
Contingencies ²					\$15,000
Subtotal for NIU					\$260,800
<i>Estimated Costs for GSEU & PMU</i>					
GSEU Staff					\$188,000
GSEU Operational Costs					\$124,100
Contingencies					\$6,460
Subtotal for GSEU					\$318,560

3. Equipment and supplies

The list of equipments and supplies to be purchased under the project will be approved on an annual basis by the project steering committee.

E. BUDGET AND TIMEFRAME

The annual workplan and subsequent corresponding budget's allocations will be agreed on a yearly basis by the Project Steering Committee and have to be endorsed by the Global Management Board. The Annual Workplan Design process will be discussed with relevant partners and described in the Inception Phase Report to be prepared by the International Coordinator at the start of the project implementation period. Therefore, the total budget allocated for project implementation, e.g. US\$4.04 Mio is not formally approved at this stage for disbursement to the agencies, except for the amount of US\$579,360 for the "NIFGS Strengthening" component and for the US\$291,798 related to the cost of the International Coordinator. Nevertheless, and bearing in mind the project management cycle described in the section G.1 of this document, each of the agencies will receive an initial budget that covers project start up costs and the implementation of the first Annual Workplan design process. Upon approval of the project document and its signature by concerned parties, UNOPS as TFM will be entitled to allocate the initial funds to the agencies, and to disburse the funds allocated under the first scheduled disbursement of the NIFGS Strengthening component, as described in the Section G.3 of this project document. Further funds will be disbursed as workplan and budget are approved by the Project Steering Committee and endorsed by the Global Management Board. The table below indicates indicative amounts foreseen for the realization of each project outcome and allocation of resources to each agency.

The Contribution allocated for the execution of the SECO Trust Fund to be administered by UNOPS includes program support costs for all the Partner Organizations, not to exceed 10% (ten percent) of direct project costs. UNOPS will charge a fee of 3% (three percent) for its trust fund management services as further specified in the TFM TORs, and will charge a fee of 10% (ten percent), as the other Partner Organizations, when supporting national implementation of activities/projects or for any

² The contingency budget lines (both for NIU and GSEU) can be accessed by the NIU following a written request to UNOPS in order to cover costs unforeseen in the context of the proposed budget, and covering activities that contribute to the overall objectives of the project

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other tasks as specified in the approved project document or requested by the Management Board. UNOPS fees will be charged on all the expenditures of the SECO Trust Fund. In the case of direct disbursements by the TFM to a sub-Trust Fund established in a beneficiary country, the total fees of both the sub-Trust Fund and the TFM will together not exceed 13% of direct project costs, and will be specified in the relevant project document and budget.

E.1. Project budget (indicative – to be agreed on an annual basis in line with the AWP)

OUTCOME	LEAD AGENCY	AMOUNT
OUTCOME 1: Compliance with Food Safety, Service Quality and Environmental Standards improved within the Tourism sector through the introduction of a voluntary National Quality Certification Mark (NQCM).	UNIDO	
1.1 Conduct a comprehensive mapping exercise on the existing institutional setup, current legal framework on conformity assessment and the existing level of compliance in the sector.	UNIDO	52,200
1.2 Design a national certification scheme (Mark) based on the outcomes of the mapping exercise and following international recommended practices. The design will provide options and scenarios to be considered by the national counterparts.	UNIDO	82,650
1.3 Support and facilitate national consultation process between all related counterparts to agree on the best applicable, feasible and effective option for the scheme- the scope and the ownership will be agreed at the end of the consultation process.	UNIDO	26,100
1.4 Design all necessary training qualifications, operational manuals and templates needed for the implementation of the scheme – benchmark the scheme with recommended international models.	UNIDO	113,100
1.5 Pilot the scheme for a number of Hotels / Restaurants, evaluate the results of the pilot and produce the final version of the scheme.	UNIDO	152,250
1.6 Launch the scheme in the pilot province and promote its implementation and adoption at national level.	UNIDO	71,601
1.7 Expenses for inter-agency coordination and global project management	UNIDO	24,099
SUBTOTAL OUTCOME 1		522,000
OUTCOME 2: Management practices, workplace cooperation, as well as skills and productivity of workers in the tourism sector are improved. (ILO).	ILO	
2.1. Tripartite workshop ILO Convention 172 / implementation	ILO	47,850
2.2. Skills Training for hotel supporting educational institutions	ILO	78,300
2.3. Training Manual, documentation on good practices in general management, OSH and workplace relations in hotel sector	ILO	43,500
2.4. Support on training the trainers on good practices in general management, OSH and workplace relations in hotel sector.	ILO	87,000
2.5. Training in hotels on good practices in general management, OSH and workplace relations in hotel sector	ILO	160,950
2.6. Training of job safety officers	ILO	21,750
2.7. Expenses for inter-agency coordination and global project management	ILO	26,100
2.8. Local ILO project manager	ILO	82,650
SUBTOTAL OUTCOME 2		548,100
OUTCOME 3: Enhanced backward linkages of selected Handicraft (especially silk) and organic agricultural products to the tourism industry	ITC (details to be defined in the Annual Workplan)	431,085
3.1. Supply-chain structures (analysis and advocacy)	UNCTAD	43,500
3.2. Coordination Organic Producers (analysis and advocacy)	UNCTAD	87,000
3.3. New product development (potential): organic agricultural	UNCTAD	78,300

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products		
3.4. Training on working conditions, workplace relations and competitiveness	ILO	8,700
SUBTOTAL OUTCOME 3		648,585
OUTCOME 4: Strengthened capacities of the GoL in the areas of trade policy and Non Tariff Measures, as well as improved export opportunities of selected high quality silk and organic agricultural products	ITC (details to be defined in the Annual Workplan)	233,160
4.1. Sector-specific trade policy and standards requirements	UNCTAD	95,700
SUBTOTAL OUTCOME 4		328,860
OUTCOME 5: Cleaner Production in Lao PDR further developed, local trade related forums and task forces strengthened and Government supported in the DTIS Update process	UNIDO	
5.1. Cleaner Production Programme	UNIDO	565,500
SUBTOTAL OUTCOME 5		565,500
OVERALL MANAGEMENT AND NIFGS STRENGTHENING	UNOPS	
UN Cluster mission to Lao PDR in June 2010	Already spent	35,100
NIFGS Strengthening	MoIC/NIU	579,360
International Coordinator		261,000
International Coordinator international travels		17,660
International Coordinator local travels		13,528
International Coordinator miscellaneous expenses		3,572
SUBTOTAL OVERALL MANAGEMENT AND MONITORING		910,220
CONTINGENCIES		
UNIDO Contingency		8,500
UNCTAD Contingency		8,500
ITC Contingency		8,500
ILO Contingency		8,500
UNOPS Contingency		8,500
SUBTOTAL CONTINGENCIES		42,500
TOTAL PROGRAMMABLE		3,565,757
SUPPORT COSTS AND TRUST FUND MANAGEMENT COSTS		
Total Support Costs (10% of programmable)		356,575
SUB TOTAL		3,922,331
Total Trust Fund Management Costs (3% of total project budget)		117,669
TOTAL PROJECT COSTS		4'040'000

Detailed Support costs: Breakdown by agency

UNIDO Project Support Costs		109,600
UNCTAD Project Support Costs		31,300
ITC Project Support Costs		67,275
ILO Project Support Costs		56,530
UNOPS Project Support Costs		91,870
UNOPS Trust Fund Management Fees		117,669
TOTAL SUPPORT COSTS		474,244

All budgets mentioned in the table above are indicative operational budgets. The contingency budget lines can be accessed by the agencies following a written request to UNOPS in order to cover costs unforeseen in the context of the proposed budget, and covering activities that contribute to the overall objectives of the project. Those budget lines were created in order to provide some flexibility for the agencies.

E.2. Project timeline and milestones

An International Coordinator (IC) was appointed by UNOPS in January 2011 to prepare for the launching of the project. The main task of the IC during the start up of the project is to prepare the Inception Phase Report that will provide a detailed description of the project implementation framework. The Inception Phase Report will be formally agreed by the Donor, the Implementing Agencies, the TFM and the Project Counterparts, no later than two months after the signature of the project document.

Following discussions with the Project Counterpart, a tentative project start up timeline has been agreed upon as described below:

First phase:

January 2011 to September / October 2011:

- **Project set up (set up office and recruit National staff). Inception report and M&E Framework design**

Responsibilities: International Coordinator, NIU, TPPD

Output: Office is set up and national staff recruited. Inception report and M&E framework are ready.

- **Design of the first annual workplan (agencies to plan mission to Lao PDR to engage with national stakeholders)**

Responsibilities: International Coordinator, NIU, TPPD, LNTA, Executing Agencies

Output: Annual Workplan is ready to be submitted to the Project Steering Committee.

- **Validation of the Annual Workplan – Ad Hoc with the NIU and TPPD – in consultation with the Business Environment and Export Competitiveness Task Force**

Responsibilities: NIU, TPPD, Task Force

Output: The Annual Workplan is validated by the Executing Agencies and through the local approval mechanism. Budget are allocated through the Global Management Board

- **Implementation of the first batch of activities according to the annual workplan**

Responsibilities: UN Agencies, Local Project Management Unit, relevant technical partners

Output: activities are delivered according to the annual workplan.

- **First Steering Committee meeting is held**

Responsibilities: NIU, TPPD, Steering Committee

Output: The Annual Workplan is formally reviewed by the members of the Steering Committee and additional guidelines are provided to the Implementing Agencies for the implementation of activities during the remaining period covered by the first annual workplan; Refined Logical Framework, including baseline indicators.

Second phase

August 2012 – September 2012: First project report is compiled and subsequent annual workplan is prepared. Second Project Steering Committee meeting is held.

Responsibilities: UN Agencies, relevant technical partners, Local Project Management Unit

Output: Annual Workplan and project progress report are ready to be presented to the Project Steering Committee for approval.

October 2012: Approval of yearly workplan and submission to the Global Management Board for clearance and disbursement.

October 2012: Implementation of activities until August 2013 – yearly report and design of workplan for the remaining project implementation period until December 2013.

Detailed tentative timeline is presented in *Annex 5*.

F. PROJECT MANAGEMENT

F.1. Management of the project

The project will be embedded in the National IF Governance Structure (NIFGS). This embedment is taking place through the Government Coordinating Agency, the National Implementation Unit of the Ministry of Industry and Commerce, and the subsequent technical unit, or Government Sub-Executing Unit (GSEU), the Department of Trade Promotion and Product Development (TPPD).

Each of the Executing Agencies will appoint a project manager (also referred to as “project desk officer”) that will be the focal point for project related communication and activity planning. Those project managers will actively contribute to the implementation of the project, from a technical and administrative point of view and monitor the inputs provided by their agency’s staff and consultants, on behalf of their agency.

The cluster (through UNOPS) has recruited a full time International Coordinator as of January 2011. The International Coordinator will be responsible for managing and coordinating the implementation of the project at the local level. The roles and responsibilities of the International Coordinator can be found in *Annex 6* of this document.

The International Coordinator (IC), and other related staff will be integrated within the TPPD GSEU in the form of a Project Management Unit (PMU). The IC will lead the PMU that will be responsible for the overall management of the project. The PMU will report to the GSEU on a regular basis on project activities and direction. The GSEU consists of Government officials supported by project staff and is the entity in the NIFGS that coordinates and implements TRA. Given the introduction of Tourism related assistance in this project, the LNTA will be formally invited to join the TPPD GSEU and the related Export Competitiveness Task Force. The International Coordinator is in charge of coordinating the technical inputs from the agencies, and reporting to all project stakeholders. This IC and related PMU and GSEU staff will receive backstopping and technical inputs from the agencies through their desk officers.

F.2. Government coordinating agencies’ roles and responsibilities

The NIU will be responsible for administering the Government administered component of this project including financial and procurement processes under the budget for “NIFGS Strengthening” in accordance with the Grant Agreement to be signed with UNOPS.

The NIU will assist in maintaining alignment of the project with the Government's broader trade development objectives and systems, will procure and contract required staff, goods and services for the NIFGS strengthening component, and will ensure that the project is effectively linked to other Trade Related Technical Assistance projects in the country.

F.3. Counterpart institutions’ roles and responsibilities

The technical partners, or the project counterparts, will be the TPPD GSEU, which will comprise of the Department for Trade Promotion and Product Development (TPPD) together with the Lao National Tourism Administration (LNTA). The GSEU (TPPD and LNTA) will work under supervision of the Export Competitiveness and Business Environment Task Force, which is a key component of the NIFGS, and be assisted by the NIU. The roles and responsibilities of this task force can be found in *Annex 7* of this document. The PMU will be established within, and report on a regular basis to, the GSEU. The task force will provide key oversight and recommendations when required.

The TPPD GSEU will be assisted by the International Coordinator and will be the central coordinating body working directly with national and provincial implementing partners. The counterparts will assist with the development and alignment of annual work plans (AWP), based on the Lao fiscal year, and will undertake monitoring of the sub-project, coordination with national stakeholders, relations with the Task Force on Export Competitiveness and logistical support.

The role and responsibilities of the LNTA are expected to be agreed upon with the GSEU at the start of the project in line with the GSEU operational structures. The LNTA will be considered as an official counterpart for the delivery of the project outcomes related to tourism.

F.4. Chambers of commerce and industry's roles and responsibilities

The Lao National Chamber of Commerce and Industry (LNCCI) will provide support to the project implementation as required. In particular, the LNCCI will be involved from the ILO perspective as a constituent of ILO (Representative of the Employers Association). Also, the LNCCI will be closely involved in the project implementation through the Lao Hotels and Restaurants Association and the Lao Handicraft Association. The LNCCI will also play a role as a member of the Export Competitiveness Task Force.

F.5. Donor agency coordination

In order to maximize the impact of the project in Lao PDR, coordination with other development partners will be key. At the time of writing of this document, the following programs have been identified as potential partners:

- Trade Development Facility: The NIU being the manager of the TDF having been the precursor of the set up of the NIFGS in the country, it is of key importance that the SECO project collaborates significantly with the TDF. The TDF has so far dealt with various sectors such as Garment, Handicraft, Agro-business, and has initiated work related to SPS. A more in depth review of the implementation status of the TDF will have to be conducted at the start of the project, and synergies will be explored at the time of the first annual workplan design.
- Lux Development program on Tourism: Lux Development has launched in 2009 a program for the development of the tourism industry through the set up of a skill development center. A more in depth review of the implementation status of this program will have to be conducted at the start of the project, and synergies will be explored at the time of the first annual workplan design.
- Trade and Private Sector Development Sub Working Group: Given the scope of activities of the SECO project, it is foreseen that the NIU facilitates the integration of the project team, through the International Coordinator, into this working group in order to share experiences with other development partners and be able to increase synergies of the project with other trade related programs in the country
- UN Country Team: as a project being implemented by UN agencies, it is expected that the project team, through the International Coordinator, participate to the UN country team meetings and provide inputs for the design of the UNDAF in Lao PDR. The International Coordinator will also make himself available would the UN country team, and the UN Resident Coordinator, need information related to Trade in Lao PDR.
- The NIU has invited the UN Cluster to be part of the review committee of the DTIS update. Formalities of the participation of the cluster in the committee will be agreed upon after the start of the program.
- As recommended by the NIU and TPPD GSEU, the following partners will be contacted at the start of the project in order to explore potential synergies and areas of cooperation:
 - o Outcome 1: Food and Agriculture Organization – National Food Safety Project and TDF Food safety project and advisers

- Outcome 3: TDF Silk component and JSEF (Japan Cooperation) silk and handicraft project

G. MONITORING, REPORTING AND EVALUATION

At the global level, the SECO-financed cluster program is managed by a Global Management Board. A framework agreement between the donor and the UN Agencies defines modalities of collaboration and the organizational set-up at the global level.

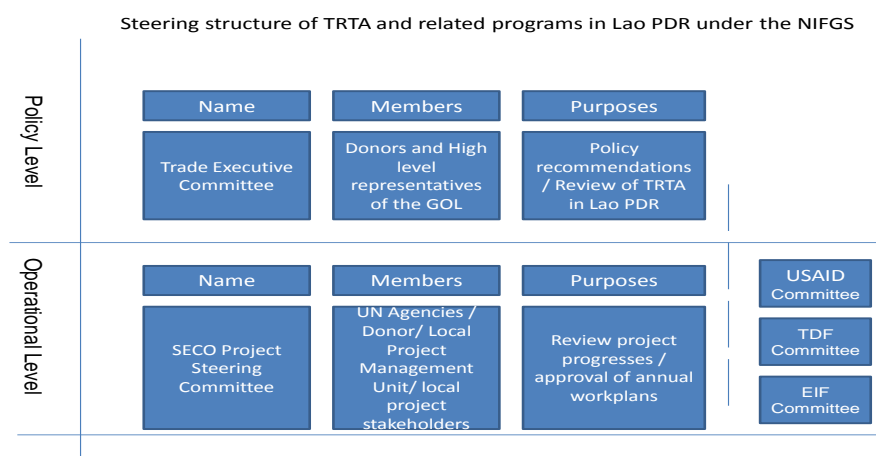
At the local level, the monitoring of the project implementation will be embedded in the National IF Governance Structure (see *Annex 2*) and placed under the responsibility of the National Implementation Unit.

The Trade Executive Committee (TEC) is responsible for monitoring the overall implementation of Trade Related Technical Assistance activities and processes in Lao PDR and is meant to be a monitoring body for all trade related technical assistance. It is in that sense a “super” steering committee providing policy guidelines to TRTA programs in the country.

The Project Steering Committee (also referred to as the TEC Sub Committee for the SECO project) is the committee that oversees execution of the overall project policy guidelines provided by the Management Board and will be held at least once a year, to report on project progresses and agree on annual workplan. Representatives of the UN Agencies, the Donor, members of the Export Competitiveness and Business Environment Task Force, project counterparts and other related Development Partners will participate in this committee as specified by the TEC.

The annual workplan and associated budget will be prepared by the Executing Agencies for their area of responsibility,, and by the NIU for the sub-contracted component, in cooperation with the Project Counterparts, with the technical inputs of the Export Competitiveness and Business Environment task force, and in close collaboration with relevant technical partners such as the Ministry of Labor and Social Welfare and the Lao National Chamber of Commerce and Industry. Annual workplan from various Executing Agencies and the NIU will then be compiled by the International Coordinator under the guidance of the TPPD GSEU in order to ensure proper sequencing of activities, overall consistency of the project inputs and alignment with the project objectives. The Annual Workplan will be submitted to the Project Steering Committee for approval and validation. Finally, Annual workplan will be sent to the Global Management Board in Geneva for endorsement and allocation of resources from the trust fund to the agencies for the implementation of agreed activities in accordance with the Framework Agreement signed between the Executing Agencies, the Donor and UNOPS. The Government of Lao PDR will be represented in the Global Management Board in Geneva. This process will be implemented following the Lao fiscal year, from October to September of each year.

The Diagram below shows the overall organization of the monitoring structure of TRTA in Lao PDR.



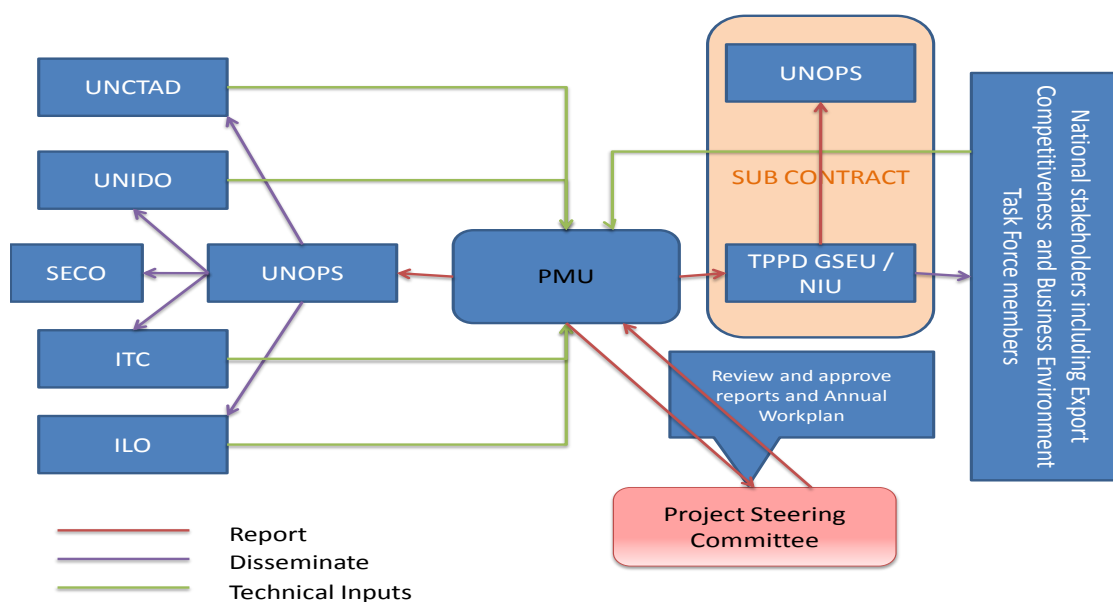
G.1 Reporting and reporting lines:

Bi-annual progress reports will be compiled by the International Coordinator with technical inputs from the Executing Agencies and in conjunction with the TPPD GSEU, and submitted to the NIU, the Project Counterparts, the Export Competitiveness and Business Environment task force, the Donor and the Executing Agencies. Once a year, a combined annual progress report will be submitted to the Trade Executive Committee together with the Annual Workplan for information and reporting purposes. Review of the project progress and review and approval of the project annual workplan will be done by the Project Steering Committee. The reporting process will be led by the International Coordinator, assisted by the GSEU. The International Coordinator will be accountable for the quality and timely release of the reports. Each of the UN Agencies' project desk officers will be accountable - responsible for providing technical reports to the International Coordinator related to the agencies' work in Lao PDR under the framework of the project.

The PMU will play a central role in the coordination and the reporting process of the project. The PMU is to be considered as a single entity, lead by the IC. The PMU will coordinate all inputs from the Executing Agencies and the TPPD GSEU / NIU. The PMU, through the IC, will report on a regular basis to UNOPS on the project progress. The PMU, through the National Project Coordinator (NPC), will report on a regular basis to the TPPD GSEU and the NIU. Monthly, bi-annual and annual project progress report will be circulated to the Executing Agencies and the Donor through UNCTAD (for technical reports), while they will be circulated to national stakeholders through TPPD. While contracted by the NIU, national staff working for the PMU are under the supervision of the IC and report in priority to the IC.

The NIU will provide technical reports to the Cluster in order to ensure that objectives mentioned in the Grant Agreement are met. Technical reports will be addressed to UNCTAD who oversees the overall technical delivery of the Cluster Program in its quality of Chair Agency (see Reporting Template *Annex 8*).

The Graph next page below illustrates the reporting lines for the project implementation.



G.2 Financial Reporting:

The NIU Director will be responsible to report to UNOPS for the financial expenditures linked to the NIFGS Strengthening component. Reporting procedures will be set by UNOPS at the time the contract between the two parties will be signed for the disbursement of the NIFGS Strengthening component funds (Grant Agreement). The IC will be responsible for the management of expenditures linked to the project management unit (PMU) running costs, while TPPD GSEU / NIU will be responsible for the management and the maintenance of project assets.

The Executing Agencies will be responsible for the financial reporting linked to the delivery of their activities as mentioned in the Partnership Agreement.

G.3 Disbursement of funds and procurement procedures:

Funds will be disbursed to the Agencies following the Partnership Agreement signed between UNOPS as TFM and the Executing Agencies. At the signature of the project, UNOPS as the TFM will be entitled to disburse funds to the agencies as follow: **First Disbursement after signature of the project document:**

- UNIDO	- US\$150,000 (lump sum for start up)
- ITC	- US\$150,000 (lump sum for start up)
- UNCTAD	- US\$150,000 (lump sum for start up)
- ILO	- US\$150,000 (lump sum for start up)

The decision to provide this start up amount of money to the agencies is based on the need for the agencies to have sufficient financial feasibility during the first phase to ensure proper planning of the implementation of the Annual Workplan Design and subsequent start up activities once the first AWP is approved as per the process described in Chapter E.2 of this document. In addition, this would avoid any delay in starting implementation of agreed activities before related funds are approved by the Global Management Board and funds actually disbursed to the Executing Agencies.

Out of this amount, each agency will provide UNOPS with a detailed itemized budget to be used for the preparation of the Annual Workplan, **while remaining funds will be allocated to implement activities agreed upon during the AWP design process.** The remaining funds will be used in line with activities agreed in the first annual workplan (and therefore linked to the tentative budget items described in Chapter E.1 of this document) and subsequent itemized budget will be provided to UNOPS as mentioned in the framework agreement.

Further disbursements will be made following the Annual Workplan Design Process and according to the procedures mentioned in the framework agreement and the partnership agreement.

With regards to the **NIFGS Strengthening** component, **UNOPS will be entitled to disburse funds to the NIU according to the following calendar of disbursements:**

- **1st instalment: US\$283,500. Upon signature of the project document** according to the budget described in *annex 9*.
- 2nd instalment³: Upon approval by the Steering Committee and Global Management Board of the 1st Annual Workplan
- 3rd instalment: Upon approval by the Steering Committee and Global Management Board of the 2nd Annual Workplan.
- 4th Instalment: Upon approval by the Steering Committee and Global Management Board of the last Annual Workplan.

The NIU will be responsible for all funds disbursed under the NIFGS Strengthening component, including procurement of goods and payment of staff's salaries. Funds to the NIU will be disbursed according to the terms agreed upon in the Grant Agreement to be signed between UNOPS and the NIU. Within this agreement, it is mentioned that the NIU will have to provide detailed workplan and itemized budget to UNOPS prior the disbursement of the funds.

³ Second Instalment can be made even the amount disbursed for the first instalment is not totally spent as the first and second instalment may not cover the same range of activities

At the start of the project, the PMU will be provided with a petty cash of US\$500 that will be replenished on a monthly basis against procurement of relevant bills justifying expenses. The Petty Cash financial report will be prepared by the PMU, signed by the International Coordinator and submitted to the NIU Director. Petty Cash will be used for payments under US\$100. For higher expenditures, a disbursement request will be sent to the NIU and the NIU will proceed to the payment through cheques or bank transfer.

G.4 Monitoring and Evaluation:

The International Coordinator and Executing UN Agencies in collaboration with the TPPD GSEU and NIU M&E officer will collect baseline data at the beginning of the project and prepare the M&E framework for the SECO project - taking into account any templates or guidelines for M&E provided by the Executing Agencies. SECO and the Executing Agencies will be invited to support the set up of the overall M&E framework for the project which should at the higher level be integrated with the Trade Results Framework. The baseline data and updates for M&E will be coordinated by the International Coordinator, using UN Agency project teams where appropriate. The GSEU and NIU M&E officer will support the processes where possible. In order to maximise efficiency and effectiveness the implementing agencies will be required to collect much of the primary data while project activities are taking place.

1. Donor Requirements:

Result-oriented monitoring of progress: Considering the complexity of this project, a dedicated, external monitoring and evaluation system will be established in order to reduce implementation risks. A senior Swiss monitoring & evaluation consultant, will support SECO in regular, result-oriented monitoring (ROM) of the Project. The consultant will conduct 3 – 4 short-term ROM missions to Laos per year and provide SECO/COOF Hanoi with a regular brief assessment of progress (implementation, ongoing relevance, effectiveness, efficiency and perspectives of sustainability of results). Those assessments will be shared with the project team and the Executing Agencies concerned.

When consultant contracts are assigned in the framework of this project, suitably qualified Swiss candidates must be duly taken into consideration during the selection process.

2. Government Requirements:

To the extent possible, it is requested that both the donor and the UN agencies members of the cluster align indicators into the TDF M&E Framework, the current basis for the establishment of a common framework covering trade and private sector development.

3. Evaluation:

An independent external mid-term evaluation commissioned by SECO is foreseen after an 18-month period. A final evaluation will be conducted by SECO prior the end of the project.

H. LEGAL CONTEXT

“The present project is to be governed, mutatis mutandis, by the provisions of the Standard Basic Assistance Agreement between the Government of Lao PDR and the United Nations Development Programme, signed on 10 October 1988.”

Any dispute, controversy or claim arising out of or in connection with this project document including interpretation or application of any provision herein contained, shall unless it is resolved amicably in good faith by direct negotiations between the parties, be settled in accordance with the UNCITRAL Arbitration Rules in force at the date of the commencement of arbitration. Where, in the course of

such direct negotiation referred to above, the parties wish to seek an amicable settlement of such dispute, controversy or claim by conciliation in a process of conciliation or mediation, such process shall take place in accordance with the UNCITRAL Conciliation Rules in force at the date of the commencement of conciliation.

Nothing in or relating to this Agreement shall be deemed a waiver of any privileges and immunities of the Executing Agencies, or of the Trust Fund Manager.

By signing this project document, the Executing Agencies are only committing to the first phase of the project ending in September/October 2011, i.e., the first phase, when the first Project Steering Committee meets to review the annual workplan. During this phase, the Executing Agencies will prepare in close collaboration with the other stakeholders a refined log frame with baselines for indicators and a corresponding detailed work plan. These documents are subject to the Executing Agencies' internal clearance procedures and will be, if approved, subsequently presented to the Project Steering Committee for approval and to the Global Management Board for endorsement. A positive internal review of both documents by the Executing Agencies will constitute the condition for them to continue their participation in the implementation of the second phase of the project. Should these documents not be approved internally, the Executing Agencies shall have the right to withdraw from the project by giving thirty (30) days' written notice to all other parties to the project.

I. ANNEXES

Annex 1: DTIS Action Matrix

An Action Matrix of Projects and Technical Assistance to Promote Export Competitiveness in Laos

	Objectives	Priority/ Timing	Government Responsibility	Costing	Related Trade Assistance Programs	Type of Intervention	Econ' impact
Putting in Place the IF implementation and Monitoring Structure							
	Rationalize IF supervisory committees, establish a National IF Management Unit	High priority with actions already having begun and will be ongoing	MOIC/IF Steering Committee	Medium - Estimated cost of establishing and training a IF Implementation Unit is US\$1.5 million over 5 years	IF Trust Fund	Governance	NA
Component 1: Export Competitiveness¹							
Project 1: Support agricultural competitiveness	Encourage the production of organic agricultural products for export; improve quality standards of traditional agricultural products; improve productivity of traditional agricultural products; develop agro-processing industry for export; improve distribution channel infrastructure; improve productivity; training in modern agriculture techniques for farmers; encourage the production of medicinal plants and spices for export.	High priority with action to be undertaken from the first year	MAF, LNCCI, NUOL, MOIC	High - in particular significant investment is required to improve productivity and develop processing industry. Estimated costs for project to improve just the production and supply chain of organic agriculture are US\$1.7-2 million over 3 years. Estimated costs for project to build-up the medicinal plants and spices sector are US\$1.5-1.75 million over 3 years.	France's Coffee Value Chain Development (2005-08, US\$2.4m) & Cash Crop Production Project (2006-08, US\$6.4m); EC's Asia Invest Commerce in Horticulture Aided by Species Identification Systems (2006-09, €0.3m) & Developing Food & Agribusiness Training in the Mekong Region (completed 2006, US\$0.4 shared with 5 countries); ADB's Marketing Support for the Organic Produce of Ethnic Minorities (2004-07, US\$0.6m); Switzerland's Promotion of Organic Farming and Marketing (completed 2006, US\$0.3m); FAO's Improvement of Coffee Industry Project (completed 2005, US\$0.35)	Technical assistance; regulatory; human resource capacity building and infrastructure development; encouraging investment	Large

¹ Projects 1, 2 and 3 under Component 1 are in line with the National Export Strategy of 2006-2008 where more details can be found.

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Project 2: Support light manufacturing competitiveness	<u>Garment sector:</u> Encourage local producers to gradually shift from working on CMT to FOB basis; improve productivity of garment sector; promote Lao garment products; improve quality of Lao garment products; develop trade information and linkages with buyers on garment.	High priority with preferably for action to begin from the first year	LNCCI, ALGI, MOIC	Medium - Estimated costs for a project to strengthen the export capacity and competitiveness of the garment sector are US\$1.5-1.7 million.	<i>General Export Competitiveness Support:</i> Switzerland/ITC's Support to Trade Promotion and Export Development (2004-07, US\$1m); Switzerland's Promotion of Cleaner Industrial Production (2004-08, US\$0.95m); <i>Specific to Garment Sector:</i> UNDP's Textile and Clothing Project (2006-07, US\$ 0.09m)	Technical assistance; human and infrastructure capacity building; international trade promotion; and information distribution	Medium -Large
	<u>Silk products:</u> Improve domestic supply capacity in Lao native silk; improve Lao silk product designs; develop new silk products; develop standard for Lao silk handicraft; improved training for silk production techniques; develop trade information on silk sector.	Medium priority with action to be undertaken as soon as possible	MAF, LNCCI, MOIC	Medium - Estimated costs for a project to improve capacity of producers and exporters of silk products are US\$1.6-1.85 million	US's Economic Acceleration Program for the Silk Sector (completed 2006, US\$0.5m)	Technical assistance; human resource capacity building and infrastructure development; and information distribution	Medium
	<u>Other handicraft products:</u> Improve design capabilities; study and improve distribution channels; trade information and linkages with buyers.	Relatively low priority	MOIC, LNCCI	Small financial outlay		Technical assistance	Small
	<u>Wood processing sector:</u> Promote and upgrade Lao wood products to the international standards and recognition; improve productivity of the wood sector; ensure sustainability of raw materials to support the industry.	Medium priority with action to be undertaken in the medium term	MAF, MOIC, LNCCI	Medium-High - Estimated costs for a project to improve quality and sustainability of wood products sector would be around US\$2 million over 3 years	EC's Asia Invest Fund Upgrading the Wood-Processing Industry for the European Market (2005-07, €0.2m); FAO's Marketing System Development for Non-Wood Forest Products (completed 2006, US\$0.37m)	Technical assistance; regulatory assistance	Medium

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Project 3: Support tourism	Develop craft villages such as local artisans and craftsman (textiles, jewellery, wood based, etc); develop services capacity and competency of Lao tourism sector; strengthen the institutional framework; encourage tourism linkages to other sectors of the economy; diversify services capacity within the tourism sector; promote Lao tourism to make it internationally recognized.	High priority requiring ongoing support.	LNTA, LNCCI, MOIC, MFA	Medium- Estimated costs of a tourism training centre with involvement of the private sector of US\$1m for a period of 4 years; estimated costs for model craft villages in 10 major tourism destinations of US\$1m for a period of 4 years	ADB's Mekong Tourism Development Project (2002-07, 10.9m shared with Cambodia and Vietnam); EC's Asia Invest Fund - Marketing Responsible Tourism in Laos (2006-09, €0.3m); New Zealand's Nam Ha Ecotourism Project (2004-07, US\$0.34m); German Human Resource Development for Market Economy Programme (2004-07 US\$5.5 m; Planned: Japan's Tourism Development in the East-West Corridor (2007-10, US\$2m); planned: German Vocational Education Programme (2007-10 € 5 m)	Human resource capacity building; trade promotion; encouraging investment	Medium
	Develop local agriculture and healthy food products (vegetable, meat, local food cottage, etc) in tourism destinations through developing the capacity and competency of small and medium sized farming and agro-processing enterprises.	High priority required on-going support	LNTA, LNCCI-LHRA-LHA, MAF, LTPC	Medium high - estimated cost for establishment of model village cottage food industry, animal farms, modern slaughter house in 10 major tourism destination of US\$2m for a period of 4 years			
Project 4: Micro, small and medium enterprise project for export development	Build an integrated market access and trade facilitation infrastructure; support entrepreneurship development; develop and strengthen the capacity of local intermediaries to deliver financial and non-financial services to MSMEs; provide an enabling environment (access to finance, trade promotion, and trade facilitation infrastructure) to boost increased investment.	High priority with projects to begin from the first year	MOIC,BOL, LNCCI	Medium - Estimated costs of a trade information and export training program for the business sector would be US\$0.8-0.95m over two years.	UNINDO & India's South-South Response to Poverty (completed 2006, US\$0.15m shared with 5 countries); UNESCAP & Japan's Capacity Development of SMEs (completed 2006, US\$0.59m); ADB's Small and Medium Enterprise Project (completed 2005, US\$0.79m); EC's SME Development Programme (2006-10, € 3 m)	Human resource capacity building & infrastructure development; information dissemination; encouraging investment	Medium - High

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Project 5: Regional development of export potential	Construct and rehabilitate critical infrastructure essential for sustained regional economic activity in the tourism, manufacturing, agribusiness and mining sectors;	Medium priority with a long term focus	Provincial authorities	High - A high level of capital investment required to address infrastructure issues which would not be funded directly through IF. Other funding sources required, possibly including Aid for Trade. IF process can assist in policy development and capacity building (cost would be low to medium)		Regulatory assistance; technical assistance; human resource capacity building;	Medium-Large
	Put in place appropriate incentive measures at the regional level to achieve rapid growth;						
	Develop the instruments to ensure equitable, sustainable growth.						
	Strengthen the capacity of local authorities to formulate, prepare, implement, and manage medium- and long-term integrated regional development projects.						
Component 2: Trade Facilitation							
Project 1: Customs modernization	Develop regulations to implement the new Customs law	High priority with actions to begin as soon as possible	MOF and MOIC	Medium-High - Funds needed for a broad range of activities mainly based on training but also including investments in improved customs processing systems.	IMF's Technical Assistance on Customs Operations (2004-07, US\$0.5m); Japanese Customs Technical Cooperation Program (completed 2005, US\$0.17m); ADB's technical assistance (2006-2008) to support trade facilitation and capacity building in the Greater Mekong Subregion (US\$0.89m); ADB's Technical Assistance on implementing the Cross Border Transport Agreement in GMS (2006-2007, US\$0.86m).	Legislative/ regulatory reform; human capacity building and infrastructure development; customs infrastructure development	Medium
	Reform the national customs administration						
	Strengthen capacity building to properly administer the customs valuation provisions of the law						
	Simplify/modernize border clearance procedures (including expert advice to prepare long term customs modernization project)						
	Automation and data processing systems (e.g. automated customs clearance system)						
	Strengthen and expand the anti-smuggling program						
	Licensing of customs brokers						
	Develop a customs training program, e.g. seminar/workshop as well as medium and long term program.						

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Project 2: Trade facilitation	Pilot Gold Card Program (to expedite clearance procedures for approved traders)	High priority/2nd year	MOF, MOIC, MTCPC, Border agencies, National quarantine and standards agencies, National Transport Facilitation Committee	Medium-High - Funds needed for investments in improved technology and processes. Also, potentially high capital investment needed to build a container logistics centre	ADB's Trade Facilitation in Greater Mekong (2006-08, US\$1.49m shared regionally); UNESCAP/Netherlands' Institutional Capacity Building for Landlocked Countries (completed 2006, US\$0.4m); ADB's regional technical assistance (2006-2008) to support trade facilitation and capacity building; ADB's regional technical assistance (2006-2007) on implementing the Cross Border Transport Agreement.	Infrastructure development	Medium-High
	Increasing capacity building for officials dealing with Import-Export Issues						
	International container logistics center in Vientiane						
	Licensing of related government agents						
	Improve the single window operations in various provinces						
	Increase transparency						
	Institutional strengthening of trade facilitation focal point, to coordinate trade facilitation activities						
	Needs and gap assessment on customs procedures (as in Project 1); trade logistics development (including trade logistics center and service sectors development, etc.); standards/technical regulations development; and improved business mobility).						
	Facilitate cross border movements of goods, people, and vehicles (single window, single stop inspection at GMS selected land border crossings, involving Lao PDR, GMS transit traffic regime, vehicle standards, exchange of traffic rights, etc.)						
	Simplify or eliminate the export-import licensing and indicative plan.						

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Project 3: Sanitary and Phyto-Sanitary (SPS) and Technical Barriers to Trade (TBT) Issues²	Institutional and legislative framework (high priority)	High priority with projects for long-term improvement of capacity to begin as soon as possible	STEA, MAF; MOH	High - Estimated costs of an export quality management project would be US\$1.4-1.6 million, but investments in SPS-related laboratory equipment could increase this amount significantly	Norway's Market Access & Trade Facilitation Project (2006-09, US\$1.7m shared regionally); Australia's SPS Capacity Building Project (ongoing, US\$4m shared between 8 countries) & ASEAN Development Cooperation (2002-08, A\$45m); EC's Asia Invest Capacity Building of Geographical Indication (2006-09, €0.3m shared with China and Cambodia), & EC's Project on Standards, Quality & Conformity (ongoing, €0.5m) & Intellectual Property Rights Cooperation (completed 2006, €0.5m); France's Geographical Indications Elaboration Project (2006-08, US\$1.2m); FAO's Improving Food Safety Management (2005-08, US\$0.85m shared); ADB's Integrating the Poor Through Standard Setting (completed 2005, US\$0.7m)	Technical assistance; human capacity building and infrastructure development; supply of technology	Medium-High
	Diagnostic capacity (high priority)						
	Market opportunities and trade requirements						
	Surveillance						
	Emergency response						
	Risk assessment and economic analysis						
	Inspection and certification						
	Building human skills						
	Information and education						
	Private sector development						
	Technical Barriers to Trade (TBT)						
	Regional cooperation						

² More detail can be found in the Action Plan for Sanitary and Phytosanitary Management Capacity Building Report for Lao PDR, World Bank, May 2006, prepared in conjunction with the IF.

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Component 3: Business Environment							
Project 1: Development of industrial strategy to facilitate business operations	Develop an industrial strategy that: sets a broad framework for promoting and developing Laos' industrial base; identifies priority areas; and ensures a consistent and stable policy environment.	Medium priority with actions to take place in the medium term	MOIC	Small-medium	<i>General Business Environment Support:</i> IFC's Mekong Project Facility (2003-07, US\$2.85m); ADB's Private Sector Development Program (2005-10, US\$0.7m plus US\$10m loan); UNIDO's Integrated Programme (2004-08, US\$6.3m); France's Business Management Training (2001-07, US\$3.8m); Germany's Human Resource Development for Market Economy Program (2004-07, US\$5.5m)	Regulatory and possibly legislative	Medium
Project 2: Investment promotion	Review and simplify business regulations, e.g. foreign investment start-up and registration procedure reform; create investment guidelines (sector by sector); set up a public-private stakeholder platform to discuss the reforms on a regular basis Review the legal framework for investment, including contract enforcement and dispute resolution Implement a one stop shop for investment, incl. training of officials	High priority with actions already underway	CPI	Small-medium	Japan's Expert on Promotion of Investment for Lao Government (2007-09, US\$0.3m); US's South East Asia Commercial Law (2005-07, US\$0.24m shared regionally) & Competition Law to ASEAN (2005-08, US\$0.75m shared regionally); ADB's Research on Improving Climate for Investment & Productivity (completed 2006, US\$0.15m)	Regulatory assistance and possibly legislative	Medium-High
Project 3: Banking system	Improve capacity of Lao banking sector to support export performance through the provision of trade finance through banking staff training, a rationalisation of regulations and expanded linkages with the private sector.	Medium priority with a long term focus	BOL, MOF	Medium - Estimated costs for a training-based project to improve trade financing would be US\$1.2-1.4 million.	France's Capacity Building at the Ministry of Finance Project (2005-08, US\$0.8m); ADB's Strengthening Governance for Bank Sector Reform (completed 2006, US\$4m) & Bank Sector Reform Program (completed 2006, US\$15m); EC's Technical Assistance Programme for Transition to a Market Economy - Bank Training Project (completed 2005)	Technical assistance and human capacity building; regulatory	Medium-High

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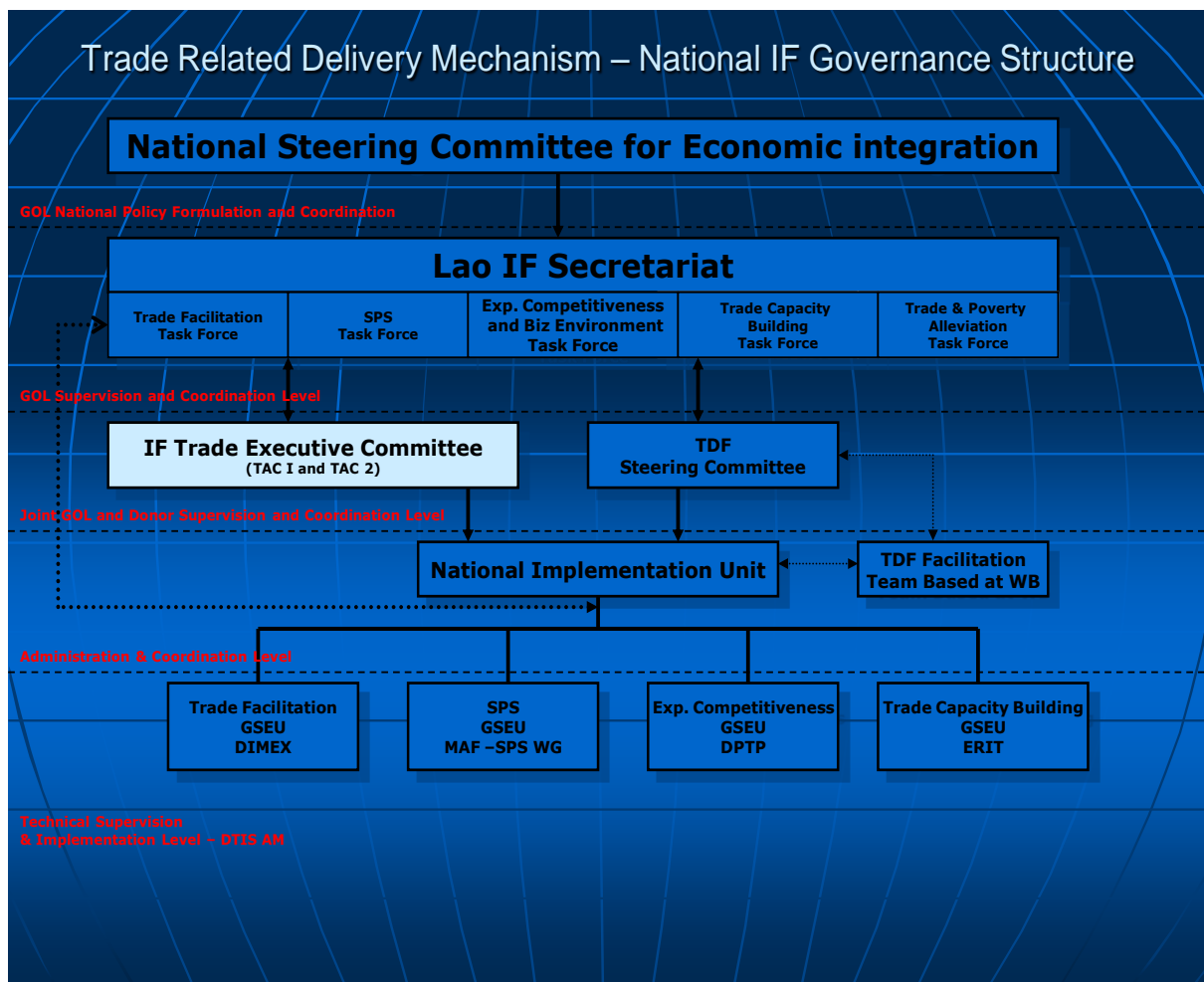
Component 4: Trade Policy, Trade Agreements, and Global Opportunities							
Project 1: Capacity building for international trade policy and negotiations	Improve capacity building of MOC and other ministries with trade-related functions to take considered and well-coordinated decisions on all aspects of international trade policy, regional and multilateral trade negotiations, and trade relations.	High priority with programs to begin in the first year	MOIC	Small-Medium - Estimated costs of a general training and research project to improve business competency among business and government involved in exports would be US\$0.9 - 1.1 million over two years. Additional, more targeted training would also be required in relation to trade agreements and negotiations.	UNCTAD/France's Train for Trade (2003-07, US\$2.3m); Australia's Trade Analysis & Reform Project (2005-08, US\$5m shared 4 countries); EC's Asia Trust Building Capacity of the Economic Research Institute (2006-07, US\$0.25m); EC's Multilateral Trade Assistance Project (completed 2006, €1m); UNDP's Promoting Private Sector Development Project (2006-09, US\$2.33m) and National Human Development Report (2004-07, US\$0.8m); WTO/UNESCAP's Technical Assistance (ongoing, US\$1.7m shared globally); Canada's Asia-Pacific Training Network on Trade (2004-07, US\$0.7m shared regionally) & APEC Eco Integration (2004-09, US\$7.2m shared 6 countries); US's ASEAN Technical Assistance Facility (2004-07, US\$7.33m shared regionally) and Strengthening Market Analysis Capacity (2005-07, US\$0.24m shared regionally)	Technical assistance and human capacity building	High
	Establish clear division of roles and responsibilities between MOC and other ministries, including inter-ministerial coordination and public-private sector dialogue in support of the WTO accession process						
	Increase MOC's capacity to analyze trade issues, impact of trade policies, and to lead trade negotiations.						
	Support for trade-related policy formulation and implementation (e.g. analytical work, Trade Policy Advisory, etc.)						
	Promote an effective trade information center, improve collection of trade statistics						
	Increase capacity to efficiently administer Rules of Origin						
	Build in-house capacity on research and facilities for trade sector						
	Establish a Trade Database						
	Increase transparency						

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Project 2: Technical assistance and capacity building for the formulation and implementation of trade negotiation strategies	WTO accession: assistance with legislative review and required documentation as well as legislative reform needed for WTO compliance; negotiation strategy and analytical support for accession, including in non-agricultural goods, agriculture, services, etc.; institutional and human capacity building for trade negotiations and policy formulation; consultations and information on WTO accession for line Ministries and stakeholders; training in Geneva to prepare Working Party meetings;	High priority	MOIC	Medium	UNDP/ AUSAID's Integration Into the Trading System (completed 2006, US\$1.68m)	Technical assistance and human capacity building; budget support	Large
	Regional agreements: ASEAN (AFTA, AFAS), AFTA+China, etc.						
Component 5: Trade Opportunities for the Poor							
Project 1: Promotion of traditional handicraft and textile industry at village level	Build business linkages with Fair Trade Organizations in North America and Japan	Medium priority	MOIC, LNCCI, STEA	Medium	UNESCAP/UNDP's Development of E-business Support Services in the Greater Mekong (completed 2006, US\$0.2m)	Technical assistance and human capacity building	Small
	Engage in e-commerce						
	Provide technical training to artisans						
	Mirco-credits, improved access to distribution channels, information and linkages to buyers						
Project 2: Roads linking villages to markets	Improve reach and quality of road network to better connect towns and villages to markets and export opportunities	High priority with actions to be undertaken as soon as possible (and already underway in certain areas)	MCTPC	High level of capital investment required. Not to be funded directly through IF. Other funding sources required, possibly Aid for Trade.	ADB Northern Economic Corridor Infrastructure Project (2004-07, US\$30m)	Direct construction of infrastructure	Large

Note: - All these can be components of one project or divided into separate projects

Annex 2: National IF Governance Structure Diagram



Annex 3: ToR of GSEU under the NIFGS

Terms of Reference GSEU

The Government Sub-Executing Units (GSEUs): are agencies implementing units, directly responsible for the technical implementation of the project and execution of the day-to-day activities as stated in the approved action plan. The GSEU will be responsible for ensuring the delivery of specific project outputs. They will work closely with the NIU and report to the NIU on all financial, admin 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. Each GSEU will nominate a project manager, who will have the overall responsibility to oversee the implementation of the activities foreseen under its respective component. The GSEU will be technically supported by a team of short term and long term expert, as foreseen in the TDF Project Appraisal Document. The need for additional project support task will be examined on a case by case basis. Below are the generic tasks which GSEUs will carry out:

- prepare annual and quarterly plans for approval by the IF Task Force or any equivalent working group
- send progress reports to Working Group /IF Task Forces
- draft ToRs, and coordinate with NIU on procurement and contracting
- organize training activities
- through the respective IF Task Force/working group, cooperate closely with all TRA projects funded by other donors and agencies
- advise the respective IF Task Force/working group on coordination issues

Relation between IF - NIU and GSEU

- upon approval of work plans by respective IF Task Force or Working Group, the GSEU will request for procurement of services and goods from the IF NIU
- the GSEU will send progress reports to IF NIU

Four GSEU will be set up for implementing the 4 components of the TDF:

- **GSEU SPS:** Ministry of Agriculture and Forestry, Planning Department
- **GSEU Trade Facilitation:** Ministry of Industry and Commerce, Import-Export Department
- **GSEU Export Competitiveness:** Ministry of Industry and Commerce, Department of Trade Promotion and Product Development.
- **GSEU Trade Capacity Building:** Ministry of Industry and Commerce, Economic Research Institute for Trade

Annex 4: Terms of Reference - International Financial Management Specialist

To be recruited under the NIFGS Strengthening Component.

OBJECTIVE OF THE ASSIGNMENT

The objectives of the International Financial Management Specialist's services are to:

- Build up the capacity of the NIU financial management team, and oversee the capacity development of national FM staff.
- Develop and manage the financial management system of NIU implemented projects, and the additional resources being made available to the NIU as the trade program grows into a full Sector-wide Approach.
- Further develop and implement projects computerized accounting systems, including the systems expansion required to meet various donor financial reporting requirements.
- Maintain the financial management systems of projects and ensure appropriate internal control and timely reporting of the project financial performance and status.
- Manage the budget preparation and monitoring processes to ensure adequate cash flow, timely withdrawals, and payments.
- Strengthen the financial management capacity and provide oversight, monitoring and supervision of the TDF financial management staff; and establish a safeguard mechanism for project assets.

DETAILED TERMS OF REFERENCE

The International Financial Management Specialist's duties and responsibilities will include, but are not limited to:

- Work closely with the Project Director and other Finance Officers to implement, improve and maintain financial management policy, systems and procedures.
- Develop budget plans and monitor the budget.
- Ensure adequate cash flow and timely withdrawals and payments.
- Ensure financial systems (Accounting software) are established and maintained to comply with appropriate policy.
- Ensure the smooth day-to-day running of the finance desk through supervision/management of the local Finance Officers.
- Maintain the project's chart of accounts and ensure that it covers the requirements of the project.
- Oversee internal controls and modify as needed.
- Ensure monthly reconciliations of Bank accounts are undertaken.
- Produce within agreed time frames and in standard formats Interim Financial Reports (IFR) on a quarterly basis for TDF and financial statement for other donors.
- Evaluate project financial performance against projected Government of Lao PDR and Donor funding obligations for the determination of expenditure priorities and the timely replenishment of funds.
- Assist the Project Director in ensuring compliance with GOL and WB accounting and financial procedures.
- Control internal disbursement of all funds to ensure that the Government of LAO PDR and IDA's standing instructions are adhered to, thereby safeguarding project interests against fraud, and thefts.
- Ensure proper disbursement of funds in order to facilitate timely availability of funds for operational and administrative purposes.
- Control the quality of withdrawal applications by ensuring that there is sufficient supporting documentation and the expenditures being paid for are in line with the DCA and donors as agreed in the MOU.
- Liaise with MOF, WB, UNOPS and other Lao government agencies on overall financial and accounting issues.
- Liaise and coordinate with our procurement unit and GSEUs to ensure that NIU comply with procurements policy and budget lines.

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- Ensure that financial records and backup documentation is ready for internal and external audits.
- Work closely with external auditors.
- Oversee national finance staff and provide training and management when necessary.
- Oversee the establishment of appropriate financial management systems of the planned World Bank-Japan Social Development Fund grant on sustainable silk production.
- Manage and oversee the implementation of the NIU Financial Management Desk as the unit grows from being a TDF-only FM Desk, to an enlarged team managing the TDF, EIF Tier 1, EIF Tier 2, JSDF, SECO and other future funding activities.

EXPERIENCE AND QUALIFICATIONS

- Be a qualified accountant (CPA or equivalent) from an internationally recognized body.
- Hold an advanced university degree in Accounting, Finance, Business or Commerce disciplines from an internationally recognized university. A post-graduate qualification is preferred.
- Previous international experience in Finance and Accounting roles, preferably in low-income developing countries.
- Minimum four years international accounting experience and minimum two years management and supervisory experience.
- Two years working experience in a similar project
- High Level of Computer and Information Systems literacy including in packages such as Microsoft Office, Database, QuickBooks, MYOB, and Accpac.
- A good knowledge of the government and banking system in Laos will be an asset.
- Ability to communicate effectively, in writing and orally in English is essential. Knowledge of Lao is an advantage.
- Excellent interpersonal skills and willingness to work as part of a team.
- Excellent analytical and presentation skills.
- Ability to work in a complex, cross-cultural working environment

Annex 5: Tentative project implementation timeline

Activity	2011												2012												2013													
	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D		
Finalization of Project Document																																						
Finalization of Project Document				X																																		
Signature of Project Document by Agencies				X																																		
Official signing ceremony in Lao PDR					X																																	
First Disbursement for Agencies and NIU					X																																	
Inception Phase Report																																						
Draft of Inception phase report		X	X	X																																		
First draft of M&E Framework and ROM framework				X																																		
Office Set up and recruitment of local staff																																						
Follow up with TPPD on office set up costs			X																																			
Purchase of office equipments					X																																	

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Activity	2011												2012												2013											
	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D
Draft JDs for NC and AA		x																																		
Clear JDs with NIU - TPPD			x																																	
Advertise positions				x																																
Shortlist and interview					x																															
Recruitment					x																															
Annual Workplan Design																																				
Initiate first AWP Design process					x	x																														
TPPD Rapid Appraisal of local context outcome by outcome					x	x																														
TPPD report to agencies						x																														
Agencies technical proposal for AWP						x	x																													
Agencies visit to Laos for technical discussions with stakeholders						x	x																													
TPPD - NIU review						x	x																													
Consolidation of workplan							x	x																												
Approval of First Annual Workplan Start implementation of Activities								x	x																											

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Activity	2011												2012												2013												
	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	
Implementation Period							x	x	x	x	x	x	x	x	x	x	x	x	x																		
Steering Committee																																					
1st Steering Committee									x	x																											
End of FIRST implementation phase																		x																			
Annual Report / M&E																			x	x																	
TPPD Review of implementation results																			x	x																	
Proposal for 2nd Annual Workplan																				x																	
2nd Steering Committee meeting																				x	x																
Approval of workplan																					x																
2nd Global Management Board meeting																					x																
Disbursement of 2nd batch of funds to Agency																					x																
Start of 2nd implementation phase																					x	x															
2nd Implementation Period (11 Months)																					x	x	x	x	x	x	x	x	x	x	x						
End of SECOND implementation phase																																			x		
Annual Report																																			x		

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Activity	2011												2012												2013												
	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	
3rd Steering Committee meeting																																		x	x		
Project Evaluation / M&E																																			x	x	
Transfer of Knowledge																																		x	x	x	x
Project Final Report - Presentation to Donor and TEC																																				x	x
Closing																																					x

Annex 6: Terms of References for International and local staff

International Coordinator:

Under the supervision of the Project's Management Board for all matters regarding the overall coordination of operations at the field level, and under the guidance of the Trade Executive Committee (TEC) under the National Integrated Framework Governance Structure (NIFGS) and the participating Cluster agencies (ILO, ITC, UNCTAD, UNIDO and UNOPS) for all matters regarding the technical implementation of the operations at the field level, administratively reporting to UNOPS, the International Coordinator, will:

I. Overall program design, implementation, coordination and management:

- Be responsible for managing and coordinating all stages of the Cluster Project (i.e. design, implementation and monitoring) in Lao PDR and ensure its overall quality and coherence in accordance with the project document and relevant EIF processes;
- Coordinate inputs from the agencies of the Cluster, work in close cooperation and maintain regular contacts with them, and facilitate the work of the agencies and their technical experts in the country;
- Maintain regular contacts with the UN Resident Coordinator Office and with members of the UN Country Team, as appropriate; ensure that the Cluster Project is properly reflected in the new UNDAF;
- Work in close cooperation and coordination with the National Project Coordinator, the NIU, as well as relevant ministries and national stakeholders, as appropriate, and in consultation with the NIU; appraise their potential requests and ensure their views are fully taken into account in the implementation of the Project;
- Supervise the work of the national project implementation team (the "Project Team") located in the Implementing Government Sub-Executing Unit (GSEU);
- Provide the Government authorities the technical and administrative support they may require in the context of the present Project;
- Prepare the annual work plans for the Project in collaboration with the Cluster agencies and the implementing GSEU and adjust and evaluate the content of the Project components in relation with the country needs.

II. Project monitoring and reporting:

- Develop, together with relevant Project stakeholders, appropriate performance indicators and monitoring system including collection of baseline data;
- Closely monitor the implementation of the activities, identify problems and deficiencies, and initiate and propose corrective actions when necessary;
- Facilitate the participation of local partners-stakeholders in the implementation of Project activities;
- Maintain regular contacts with the donor (SECO) and with other donor representatives in Vientiane to ensure that the implementation of the Project is coherent with other donors' operations, and in particular, maintain regular contacts with the other development partners, including EIF partners to ensure that the Project activities are coordinated with the EIF process;
- Carry out missions in Lao PDR provinces in the context of the implementation of the Project;
- Participate in the Project Steering Committee meetings, prepare relevant inputs as required and ensure appropriate follow-up to relevant decisions;
- Submit consolidated bi-annual financial and technical reports according to the agreed format on the implementation of the operations to UNOPS, the chair of the TEC and the Project Management Board, based on the inputs provided by the agencies and the NIU, and keep UNOPS, the chair of the TEC and the Board informed regularly of the progress of the Project and issues to be addressed;
- Prepare and consolidate annual and final financial and technical reports in the agreed format for UNOPS, the TEC and the Project Management Board;
- Coordinate with the NIU on a regular basis, including the provision of monthly updates.

III. Knowledge Management:

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- Develop an overall framework that guides knowledge management for this Project;
- Collect relevant data that is useful for the Project's stakeholders;
- Develop a website for the Project to facilitate sharing and exchange of information.

National Project Coordinator:

The National Project Coordinator (NPC) under the direct supervision of the International Coordinator (IC) is responsible for assisting the IC in the day-to-day operational management of the project.

Moreover, the NPC is directly accountable to the Lao Government of the integration of the project within the Lao Development Strategy. The NPC will have to provide advices and recommendations to IC in order to ensure the success of the project from the counterpart / Ministry of Industry and Commerce – TPPD GSEU point of view.

For this reason, he/she must work full-time on the post. He/she will report to the IC and to the Government through procedures described in the project document.

Specific duties:

- Assists the IC to assume operational management of the project in accordance with the project document and both UNOPS / NIU policies and procedures;
- In cooperation with the IC and with technical inputs from the Executing Agencies and TPPD GSEU, prepares, monitors, reviews and updates project work plans and budgets (annual and quarterly)
- Together with the IC, prepares terms of reference for consultants (national and international) and for the various project activities as requested by the Executing Agencies and TPPD GSEU
- Jointly with the IC, prepares background notes and synthesis reports, based on the conclusions and recommendations of international and national consultants;
- Together with the IC, prepares various project status reports for coordination meeting, for periodic reviews, for annual reviews and for the terminal evaluation;
- Assists the IC to organize the final review/evaluation mission;
- Administers the mobilization of project inputs under the responsibility of the national counterpart agency;
- With respect to international / national consultants or institutions under contract to the project, assists the IC to ensure that these consultants or institutions deliver the inputs in accordance with their contract;
- Under the supervision of the IC, manage the project budget related to local inputs and expenses, ensuring that:
 - Accounting records and supporting documents are well kept.
 - Financial operations are transparent and UN / NIU financial procedures are applied.
- Reports regularly to and keeps the IC up to date on project progress and problems.

Qualifications and selection criteria

- Master Degree in Economics, Business Administration or related fields
- Strong understanding of the government policy with respect to trade promotion.
- Technical knowledge and experience related to the IF process and the Trade Development Facility would be a strong asset.
- Authority and seniority that is appropriate to the project.
- English reading, writing and speaking skills a must.

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- Project management skills.
- Full-time involvement in the project.

Administrative Assistant:

Duties: Under guidance and direct supervision of the National Project Coordinator (NPC), the AA is responsible for:

- Undertaking administrative actions in support of the implementation of project activities in accordance with the procedures and practices of the United Nations / UNOPS;
- Assisting the NPC in mobilizing and administering the project inputs;
- Assisting the NPC in implementing proper budget management to ensure that:
 - 1) Project funds are made available as needed and are disbursed properly;
 - 2) Accounting records and supporting documents are kept;
 - 3) Financial reports are prepared;
 - 4) Financial operations are transparent and comply with United Nations rules; and
 - 5) Financial records are in order for auditing at any time
- Assisting the NPC in managing the project physical resources;
- Providing administrative and logistical support to ensure maximum efficiency of project staff and experts working on the project;
- Assisting the project in collecting data and information and in organizing and drafting project management reports including bi-annual, annual, and terminal reports, and organizing tripartite reviews and evaluation missions, in collaboration with the Government, the Swiss and UN Cluster representatives;
- Report to and regularly update the NPC on progress, problems and constraints of the project implementation;
- Provide translation/interpretation services to international project personnel and consultants, as needed.

Qualifications:

- Bachelor's or equivalent degree in economics, business administration or a management – related discipline; at least 3 years of relevant working experience with two years of practical accounting experience in project management;
- Good computer skills in MS Office programmes (Word, Excel, Power Point, ...)
- Good administrative, inter-personal and team building skills;
- Demonstrated capacity to take initiative and to be accountable for results;
- Familiarity with UN and Trade Development Facility (TDF / Ministry of Industry and Commerce) procedures and for technical cooperation projects would be asset.

Language: Excellent spoken and writing skills in English.

Annex 7: Terms of References of the IF Task Forces

Terms of Reference for the IF Task Force

1. Introduction

The IF Task Force is part of the National IF Governance Structure which has been put in place by the Lao IF Secretariat (LIFS) with a view of strengthen intergovernmental coordination in the area of trade and for strengthening aid effectiveness in the area of Trade. These inter ministerial Task Forces are critical for ensuring effective and coordinated implementation of the IF Action Matrix across Ministries, government agencies and specific sectors. The IF Task Forces are subgroups of the Lao IF Secretariat. Based on the DTIS Action Matrix, an indicative number of 5 IF TF was foreseen⁴, but to date only four Task Forces have been set up. It is for seen that where there are existing working groups, there will be used instead and that creation of parallel and duplicating structures will be kept to a minimum.

The IF TF will play an important role in supporting the, Government Sub-executing Units and the IF National Implementation Unit (IF NIU) and will aim to ensure broad based 'buy in' of all key Ministries in the implementation process of the Action Matrix.

2. Responsibilities

Below are the key roles and responsibility of the respective IF TF:

- Provide focus policy guidance to various line ministries (Government Sub executing units) responsible for the implementation of activities/projects identified under the DTIS Action Matrix;
- Ensure appropriate coordination with the NIU and key stakeholders for policies and technical guidance necessary for the implementation of activities identified under the DTIS Action Matrix;
- Provide policy guidance to the NIU and GSEU in their respective sector;
- Comment on various Annual Work Plans of the specific project funded through the IF;
- Provide information and technical input and advices to the relevant GSEU;
- Review reports, position papers, technical notes when requested by GSEU;
- Ensure appropriate consultative processes take place with the IF Task Force members from relevant line ministries and other respective stakeholders in planning and implementation of the IF projects;
- Build short, medium and long-term human development plan for efficient current and future project implementation;
- Frequent revision of roles and responsibilities in accordance to the changing needs
- Perform other tasks as required by the Lao IF Secretariat, and
- Participate in workshops, meeting, etc.

3. Structure and Composition

On the 20th April 2010, the LIFS constituted the 4 Task Forces and nominated the members and lead agencies as below:

Trade Facilitation:

Lead Agency:	Import-Export Department, MOIC
Members:	<ul style="list-style-type: none"> – Foreign Trade Policy Department, MOIC – Customs Department, MOF – Department of Intellectual, Standard and Methodology, National Authority of Science – Consul Department, Ministry of Foreign Affairs – Economics Department, Ministry of Foreign Affairs

⁴ The five IF Task Forces were initially meant to correspond to the five key components of the DTIS Action Matrix i.e. Export Competitiveness – Trade facilitation – Business Environment – Trade Policy, Trade agreements and Global Opportunities – Trade and Poverty Alleviation. As the project moves into more concrete implementation modalities, and in particular as the NIU prepares for the implementation of the Trade development Facility, a number of changes are proposed with respect to the IF Task Forces, namely:

- I. Export competitiveness and Business Environment have been merged into one Task Force
- II. A Task Force specifically for SPS is being proposed
- III. The IF Task Force on Trade Policy, Trade Agreements and Global opportunity has been split into a specific Task Force on Capacity building
- IV. The IF Task Force for trade and poverty alleviation will be established at a later stage

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	<ul style="list-style-type: none"> – Planning Department, Ministry of Agriculture and Forestry – Immigration Department, Ministry of Public Security – Transport Department, Ministry of Public Work and Transport – Industry Department, MOIC
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SPS and TBT:

Lead Agency:	Planning Department, Ministry of Agriculture and Forestry
Members:	<ul style="list-style-type: none"> – Department of Intellectual, Standard and Methodology, National Authority of Science – Planning Department, Ministry of Agriculture and Forestry – Lives Stock and Fishery Department, MAF – Foreign Trade Policy Department, MOIC – Food and Drugs Department, Ministry of Health – Department of Trade Promotion and Product Development, MOIC – Lao Agro-Processing Group, LNNCCI

Export Competitiveness and Business Environment:

Lead Agency:	Department of Trade Promotion and Product Development, MOIC
Members:	<ul style="list-style-type: none"> – Foreign Trade Policy Department, MOIC – Import-Export Department, MOIC – Planning Department, MAF – Industry Department, MOIC – SME Cabinet, MOIC – Internal Trade Department, MOIC – Secretary, LNCCI – Tax Department, MoF

Capacity Building, Trade Policy, Trade Agreements and Global Opportunities:

Lead Agency:	Economic Research Institute for Trade
Members:	<ul style="list-style-type: none"> – National Economic Research Institute, MPI – Law Research Institute, Ministry of Justice – Foreign Trade Policy Department, MOIC – SME Cabinet, MOIC – Economic Faculty, National University of Laos – Secretary, LNCCI – Treaties and International Laws Department, MoFA

4. Organization, Frequency of Meeting, and Reporting

Each IF Task Force will meet on a quarterly basis and exceptionally when there are key technical and policy decisions to be made and as required by the IF Focal Point. The Lead Agency of each Task Force shall decide on the timing of the meetings and will be responsible for calling their respective meetings.

The IF Task Force meeting should as far as possible be coordinated with the scheduled IF Secretariat meetings. Each IF TF should (if possible) meet prior to a LIFS meeting with a view to preparing for the LIFS. This will allow for more constructive and coordinated discussions and decision making process at the level of the LIFS. These meetings should also be coordinated as far as possible with the project steering committee meeting such as the TDF Steering Committee meetings.

The lead agency of each Task Force will prepare a yearly plan of meeting which will be submitted to the IF NIU. The lead agency will liaise with the IF NIU for the preparation of all IF TF meetings.

The lead agency of each Task Force shall report to LIFS on the progress of activities and programmes and seek approval from the LIFS for major policy decisions.

5. Decision making process

The IF Task Force shall make its decisions by consensus. The IF Task Force shall provide their comments and recommend on the Annual Work Plan; individual project proposals; policy recommendation, etc, to the LIFS. Decisions of the IF Task Force shall be duly recorded by their respective Secretariat.

6. IF Task Force Secretariat (IF TF Secretariat) – Budget and Operations

The lead agency of each IF Task Force shall designate a staff who will provide secretarial support to their respective Task Force and who will have the role of supporting and facilitating the work of the Task Force. The NIU will assist the IF TF Secretariat as required and will help in the organization of quarterly IF TF meetings. Each lead agency will need to prepare a plan of meeting, with proposed dates and agenda, which will be communicated to the NIU.

The IF TF Secretariat shall be responsible for, inter alia:

- Providing secretariat support to the IF Task Force
- Calling and organizing meetings of meeting
- Liaise closely with the IF NIU
- Developing and circulating meeting agenda and minutes
- Documenting, communicating and ensuring follow-up of the IF Task Force decisions

Each of the lead agencies for each IF Task Force will be assigned a budget for the running of the Task Forces meetings and Secretarial support.

Annex 8: Technical Project Progress Report Template

“Enhancing tourism, clean production and export capacity in Lao PDR”

Beneficiary: Ministry of Industry and Commerce – Lao PDR

Date:

Name of Contact Person: Mr. Franck Caussin

Function of Contact Person: International Coordinator

Telephone/fax: +856-20-555-07-622

E-mail address: FranckC@unops.org

*

Starting Date: January 2011

Duration of project: 3 years

Total Project Cost: 4.04 Mio US\$

Contribution of SECO

Type of report: Bi-Annual / Annual

Time period covered by this report:

Name of Person reporting: Franck Caussin

Function of Person reporting: International Coordinator

Reviewed by: UNCTAD (as Cluster Chair Agency)

Date and Signature:

To the attention of: SECO – UNOPS – UNIDO – ILO – ITC – UNCTAD – TPPD - MoIC

Evolution of the Project at a glance:

A/ Progress made

1/ Activities carried out:

Outcome 1: *UNIDO*

Outcome 2: *ILO*

Outcome 3: *ITC (lead), UNCTAD, ILO*

Outcome 4: *ITC (lead), UNCTAD*

Outcome 5: *UNIDO (Cleaner Production), All Agencies*

2/ Status of Outcomes, Monitoring and Evaluation (ROM)

Outcome 1: *UNIDO*

Outcome 2: *ILO*

Outcome 3: *ITC (lead), UNCTAD, ILO*

Outcome 4: *ITC (lead), UNCTAD*

Outcome 5: *UNIDO (Cleaner Production), All Agencies*

B/ STAKEHOLDERS AND PARTNERS ISSUES

1/ Stakeholders perspectives (Reporting on Stakeholders related issues and activities / information relevant to the project implementation or useful in view of past – forthcoming activities)

2/ Partners perspectives (Reporting on Partners related issues and activities / information relevant to the project implementation or useful in view of past – forthcoming activities)

C/ PROJECT MANAGEMENT AND OPERATIONS (Reporting on issues related to the headers mentioned below)

- 1/ Staff (staff performance, etc...)
- 2/ Management (management related issues – PMU – overall project management)
- 3/ Budget (budget related issues – local budget reporting - PMU)
- 4/ Program support (support needed or lacking during project implementation)

D/ PROBLEMS ENCOUNTERED / SOLUTIONS PROPOSED (bi-annual and annual reports); RATIONAL FOR FORTHCOMING WORKPLAN (annual report only)

Outcome 1: *UNIDO*

Outcome 2: *ILO*

Outcome 3: *ITC (lead), UNCTAD, ILO*

Outcome 4: *ITC (lead), UNCTAD*

Outcome 5: *UNIDO (Cleaner Production), All Agencies*

E/ ANNEXES

Workplan

Annex 9: NIFGS Strengthening - budget for first instalment of funds disbursement

Description	Unit	Number of units	Cost per unit	TOTAL		Output
Total Cost					\$283,500	
Estimated Costs for NIU						
NIU Staff					\$86,400	
International Finance Specialist	Working Month	12	\$7,200	\$86,400		2.1
NIU Operational Costs					\$30,000	
Equipment	Lump sum	1	\$2,700	\$2,700		2.2, 2.3
Office renovation	Lump sum	1	\$5,000	\$5,000		2.2, 2.3
Operational expenses	Annual	1	\$5,000	\$5,000		2.2, 2.3
Trade SWAp Development Activities	Annual	1	\$4,500	\$4,500		2.1
Additional Accounting software License	Lump sum	1	\$800	\$800		2.2, 2.3
Auditing fee	Annual	1	\$7,000	\$7,000		2.2, 2.3
Meetings & Steering Committee meetings	Annual	1	\$5,000	\$5,000		2.1
Subtotal for NIU					\$116,400	
Estimated Costs for GSEU & PMU						
GSEU Staff					\$116,000	
National Project Coordinator	Working Month	12	\$2,200	\$26,400		2.3
Administrator	Working Month	12	\$800	\$9,600		2.3
Other Support Staff as required ⁵	Lump sum	1	\$60,000	\$60,000		2.3
Project Vehicle	Lump sum	1	\$20,000	\$20,000		2.3
GSEU Operational Costs					\$51,100	
Equipment	Lump sum	1	\$9,600	\$9,600		2.2, 2.3
Office renovation	Lump sum	1	\$5,000	\$5,000		2.2, 2.3
Meetings	Annual	1	\$5,000	\$5,000		2.2, 2.3

⁵ The Budget Line labelled "Other Support Staff as required" in the TPPD specific budget is meant to fund external technical assistance and support from locally recruited consultant, in order to assist TPPD GSEU to support the Annual Workplan Design Process and facilitate / monitor the overall project implementation. This potentially includes funding of institutions and/or support persons at the provincial level, in order to facilitate and monitor the delivery of the Executing agencies' activities in Luang Prabang and Champassak. The efficiency of the use of this budget line will be assessed through the overall AWP design process and project implementation efficiency.

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Travel & Expenses	Annual	1	\$14,500	\$14,500		2.2, 2.3
Translation	Annual	1	\$2,000	\$2,000		2.2, 2.3
Operational expenses	Annual	1	\$15,000	\$15,000		2.2, 2.3
Subtotal for GSEU					\$167,100	

Annex 10. Logical framework (Indicative – To be revised during the M&E Framework design and aligned with NSED P / Aft / UNDAF and MDG's Indicators)

Strategy of Intervention	Key Performance Indicators	Means of Verification	External Factors (assumptions / risks)
Impact	Impact Indicators		
1. Enhanced competitiveness & world market integration by sustainable development (health and safety at work, food safety and environmental management) 2. Poverty reduction: environment protection, income generation, job creation etc.	1.1. Increased sales of crafts and horticulture/organic products to tourist sector (local supply rate) 1.2. Exports of crafts and horticulture/ organic products 1.3. Productivity & Resource Efficiency increase 2.1 Increased jobs and income of rural farmers and silk weavers generated from the sales of organic food and silk products to the tourism market in Champasak and Luang Prabang 2.2 Enhanced environmental sustainable conditions through increased cultivation of land usage for organic agriculture	<ul style="list-style-type: none"> Independent mid-term/final programme evaluation Annual reports Case studies Survey and Feedback data Statistical information (UN, WB etc.) 	Favourable development of tourist arrivals in Lao PDR Favourable global economic growth Lao Government at national and provincial level adopt policies supportive of tourism development in Champasak and Luang Prabang
Outcomes	Outcome Indicators		
Outcome 1: Compliance with Food Safety, Service Quality and Environmental Standards improved within the Tourism sector through the introduction of a voluntary National Quality Certification Mark (NQCM).	1.1 Number of Hotels/Restaurants adopting the Mark on voluntary bases. 1.2 % of compliance level at the Hotels/Restaurants level 1.3 No. of legal fines due to non-compliance with the legal related national standards. 1.4 % of guests satisfaction index on the scope of the Mark.	<ul style="list-style-type: none"> Records of the Hotel/Restaurant association. The audit reports The legal inspection records and reports The hotel/restaurant reports 	<ul style="list-style-type: none"> The commitment and support of the governmental institutions to the scheme. The commitment of the Hotels/restaurant owners to the adoption of the scheme. The overall economic status of the target provinces.
Outcome 2: Management practices, workplace cooperation, as well as skills and productivity of workers in the tourism sector are improved.	2.1 Implementation of recommendations on management practices and workplace cooperation. 2.2 Improved service quality in participating hotels.	1. Customer surveys 2. Interviews with management and staff of participating hotels 3. Visits of participating	Improvements in management of hotels, cooperation between management and workers, as well as improvements in

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Strategy of Intervention	Key Performance Indicators	Means of Verification	External Factors (assumptions / risks)
	2.3 Better working conditions in participating hotels.. 2.4 Improved workplace relations in participating guest houses and hotels 2.5 Higher adequacy of workers' skills 2.6 Increased labour productivity (revenue/ worker)	hotels and interviews with management and workers 4. Unions / employers associations 5. Interviews with management of hotels Hotel level data	workers skills and productivity are key to increasing the competitiveness of the tourism industry by increasing service quality, avoiding labor disputes, and improving the efficiency of work processes.
Outcome 3: Enhanced Backward Linkages of Sustainable silk Sector & Organic Agriculture to the tourism industry	3.1 Quantity and value of craft items sold to tourists through different channels (markets, shops, hotels, etc.) 3.2 Value and quality of organic produce sold to tourism industry (hotels and restaurants) in Champasak and Luang Prabang	<ul style="list-style-type: none"> Records provided by tourism operators 	<ul style="list-style-type: none"> Favourable development of tourist arrivals in Lao PDR Favourable global economic growth Lao Government at national and provincial adopt policies supportive of tourism development in Champasak and Luang Prabang
Outcome 4: Strengthened capacities of the GoL in the areas of trade policy and Non Tariff Measures, as well as improved export opportunities of selected high quality silk & organic agriculture products	4.1 Increased value and quantity of silk and organic produce exports to emerging markets 4.2 Number of suppliers to local hotels and tour operators going into exports	<ul style="list-style-type: none"> ITC/UNCTAD Trade statistics Survey among hotel suppliers 	<ul style="list-style-type: none"> Favourable global economic growth

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Strategy of Intervention	Key Performance Indicators	Means of Verification	External Factors (assumptions / risks)
Outcome 5: National CPC Lao (NCPC-L) delivers value-adding Resource Efficient and Clean Production (RECP) services to hotels, other tourism business and their local suppliers of food, silk and crafts	5.1. Recognition of NCPC-L by tourism sector, government and civil society (<i>NCPC-L has become a partner of choice for national stakeholders</i>) 5.2. Increased availability of environmentally sound goods (in particular organic produce) and services (e.g. sustainable tourism) 5.3. Increased exports of environmentally sound goods and services	<ul style="list-style-type: none"> Independent final sub-programme evaluation Annual reports of NCPC-L Quality management system of NCPC-L Independent final sub-programme evaluation Annual report of NCPC-L Case studies Trade statistics 	<ul style="list-style-type: none"> Limited uptake of RECP by hotels, other tourism businesses and their suppliers is a result of lacking supply of customised, high value RECP services. Opportunities for producing and exporting environmentally sound goods and services exist in Lao PDR, but are not realised due to lack of availability of customised sustainable product innovation services