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Lao National Chamber of Commerce and Industry

Strategic Action Plan for Private Sector Development in the Lao PDR 2021 - 2025



“Building up a conducive and competitive business environment with a strong business sector that contribute substantially to the sustainable economic growth of the Lao PDR”

Lao National Chamber of Commerce and Industry (LNCCI)

Vientiane, December 2020

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Table of Contents

Table of Contents.....	3
List of Figures	5
List of Abbreviations	6
Preface	10
Foreword by the President	11
Executive Summary.....	13
1 Introduction	16
1.1 Objective	16
1.2 Methodology.....	16
2. The Economic and operational environment of LNCCI	17
2.1 Economic Background.....	17
2.1.1 Economic development and status quo.....	17
2.1.2 Business Enabling Environment	19
2.1.3 Investment in businesses	21
2.1.4 Foreign Trade	22
2.1.5 Micro, Small and Medium Enterprises (MSME).....	25
2.2 Impact of COVID-19.....	26
2.2.1 LNCCI survey on the impact of COVID 19 on Lao businesses.....	27
2.3 The strategic environment of LNCCI	29
2.3.1 Role, mandate and core activities of LNCCI	29
2.3.2 SWOT Analysis.....	32
2.3.3 Legacy of LNCCI’s Private Sector Development Strategy 2018-2020	35
2.3.4 External expectations for economic development priorities	37
3 The Strategic Action Plan for Private Sector Development in the Lao PDR 2021 – 2025.....	39
3.1 Pillar I: Public private dialogue for a better business environment	41
3.2 Pillar II SME Support and Service Centre	43
3.3 Pillar III: Lao product promotion and marketing	47

3.4 Pillar IV: Regional integration and sustainable investment promotion.....	50
3.5 Pillar V: Entrepreneurship development and employers’ activities	52
3.6 Pillar VI: BMO, PCCI, and membership development	54
4 The new organisational set-up of LNCCI.....	57
4.1 Board of Directors	57
4.2 Executive Board of Directors.....	57
4.3 LNCCI Advisory Council	58
5 Implications of the new strategy on human resources	60
ANNEX: Timetable for strategy implementation	62
Selected Bibliography	124

List of Figures

Figure 1: Regional distribution of enterprises	18
Figure 2: Rankings for ASEAN countries in the Ease of Doing Business Index 2020 and in the Global Competitiveness Index 2019	21
Figure 3: Merchandise exports of the Lao PDR in million USD	23
Figure 4: Main commodities trading partners of the Lao PDR in 2019	24
Figure 5: Perceived risks of going out of business in different sectors	28
Figure 6: Percentage of business operators expecting to lay off staff	28
Figure 7: Synopsis of SWOT analysis.....	34
Figure 8: Selected SDG and their potential implication for LNCCI.....	38
Figure 9: Strategic Pillars of LNCCI 2021-2025.....	40
Figure 10: New organisational structure of LNCCI	59
Figure 11: Staff hierarchy.....	60
Figure 12: HR set-up of new structure.....	61

List of Abbreviations

ALGI	Association of Lao Garment Industry
AOTS	The Association for Overseas Technical Cooperation and Sustainable Partnerships
ASEAN	Association of South East Asian Nations
ASEAN+3	Association of South East Asian Nations Plus Three (i.e. China, Japan, Republic of Korea)
ASEAN-BAC	Association of South East Asian Nations Business Advisory Council
BA	Business Association
BAF	Business Assistance Facility
BDS	Business Development Service
BMO	Business Membership Organisation
BoL	Bank of the Lao PDR
CCI	Chamber of Commerce and Industry
DCT	Dual Cooperative Training
DoF	Department of Finance
DoIC	Department of Industry and Commerce
DoLSW	Department of Labour and Social Welfare
DOSMEP	Department of Small and Medium Enterprise Promotion
DTF	Distance to Frontier
ECCIL	European Chamber of Commerce in Lao PDR
EoDB	Ease of Doing Business (Index of World Bank)
EU	European Union
FDI	Foreign Direct Investment
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
GMS	Greater Mekong Subregion (i.e. Cambodia, Lao PDR, Myanmar, Thailand, Vietnam and Yunnan Province and Guangxi Zhuang Autonomous Region of PR China)
GNI	Gross National Income
GoL	Government of Laos
ILO	International Labour Organisation
IPO	Initial Public Offering
ITECC	International Trade, Exhibition and Convention Centre
JICA	Japan International Cooperation Agency
KOICA	Korea International Cooperation Agency
KPI	Key Performance Indicators
LBF	Lao Business Forum
LCT	Lao Competitiveness and Trade Project
LNCCI	Lao National Chamber of Commerce and Industry
LNMCO	Lao National Marketing and Coordination Office
LSCO	Lao Securities Commission Office

LSX	Lao Securities Exchange
MAF	Ministry of Agriculture and Forestry
MBA	Master of Business Administration
MNC	Multi National Company
MoF	Ministry of Finance
MoFA	Ministry of Foreign Affairs
MoHA	Ministry of Home Affairs
MoIC	Ministry of Industry and Commerce
MoST	Ministry of Science and Technology
MoU	Memorandum of Understanding
MPI	Ministry of Planning and Investment
NGO	Non-Governmental Organisation
NIU	National Implementation Unit
NSEDP	National Socio-Economic Development Plan
NTB	Non-tariff barriers
NTM	Non-tariff measures
NUoL	National University of Laos
ODOP	One District, One Product
OSH	Occupational Safety and Health
PCCI	Provincial Chamber of Commerce and Industry
PDR	People's Democratic Republic
PESTLE	Political Economic Social Technological Legal and Environmental (analysis)
Plaosme	Lao on-line e-commerce platform
P.M.	Prime Minister
PPSC	Product Promotion Service Centre
PR	People's Republic
ProFIT	Provincial Facilitation for Investment and Trade Index
RELATED	Regional integration of Laos into ASEAN, Trade and Entrepreneurship Development
SDG	Sustainable Development Goal
SME	Small and Medium Enterprises
SSC	SME Service Centre
SWOT	Strengths Weaknesses Opportunities Threats (analysis)
TDF	Trade Development Fund
ToR	Terms of Reference
TVET	Technical Vocational Education and Training

Strategy is the continuation of the original guiding thought according to the constantly changing circumstances.

Helmuth K. B. von Moltke

Preface

The Lao National Chamber of Commerce and Industry (LNCCI) was established in 1989 and is operating as an independent non-governmental organization under the Prime Minister Decree No. 237, issued on 18th May 2020.

LNCCI is the apex business organization representing public, private and foreign enterprises registered in Lao PDR. It is the largest lobby group, with a network covering 17 Provincial Chambers of Commerce and Industry.

This Strategy Paper has been prepared by Dr. Ramon Bruesseler, with the support from LNCCI's President, Vice-Presidents, Executive Board Members, Secretary General and Deputy Secretary Generals of the LNCCI's 7th Constituency, and with financial support from the GiZ – RELATED Program. The work has been made by interviews, consultations and meetings with different public and private sector stakeholders.

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LNCCI: „Building Up a conducive and Competitive Business Environment with a Strong Business Sector in Lao PDR“.

General information on LNCCI appears online at the LNCCI Website: www.lncci.la/

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Foreword by the President

“Building up a conducive and competitive business environment with a strong business sector that contribute substantially to the sustainable economic growth of the Lao PDR”

Nowadays, we are living in an era which is affected by a world economic downturn resulting into trade wars between large economies, and by the effect of climate change that increases the number of natural disasters and calamities such as extreme drought, severe floods and diseases. The COVID-19 pandemic that affected the livelihood of the world population since the late 2019 has aggravated the economic situation. The Lao business community faces with great challenges and opportunities resulting from the above threats and from the needs to deepen regional economic integration, and to cope with the emergence of digitalization, new technical innovations and new business models. Lao PDR is going to upgrade from the list of the least develop countries in the few coming years, this is a big burden for the Lao business sector to be more competitive in the domestic, regional and world markets. On the other hands, it is crucial that the business sector continues to work hand in hand with the Government to improve the overall business environment in the Lao PDR.

To prepare for the 9th National Social and Economic Development Plan (NSEDPP) 2021-2025, the Lao National Chamber of Commerce and Industry (LNCCI) Executive Board of Directors decided to prepare of a Strategic Action Plan for 2021-2025. The preparation of this Strategic Action Plan is the result a series of consultation workshops with different key stakeholders, including meetings with provincial chambers of commerce and industries (PCCI), business associations, and selected Board Members and staffers to brainstorm about strategic directions to further finetune, prioritize and finalise the concept. The Strategy direction and draft strategy paper was presented and approved at the LNCCI’s 8th General Assembly in November 2020. The new LNCCI Board of Directors has a strong commitment to fulfil their vision to “build up a conducive and competitive business environment with a strong business sector that contribute substantially to the sustainable economic growth of the Lao PDR” and to achieve their mission to strengthen the capacity of the business sector by advocacy, service provision for SME/MSME, product development and marketing, supporting regional economic integration and sustainable investment.

On behalf of the 8th LNCCI Board of Directors, I am proud to present you our Strategic Action Plan for Private Sector Development in the Lao PDR for the period from 2021 to 2025. The fields of actions set out in our new Strategic Action Plan will not only set the direction for LNCCI’s Board of Directors, its Advisory Board Members, PCCIs and Business Associations. It is my sincere hope that leaders in the private sector would also use this Strategic Action Plan for developing their business operation and services. Moreover, I also wish our Strategic Action Plan would be strongly supported by the Government of the Lao PDR and by Development Partners.

Finally, I would like to thank all the persons that contributed to the preparation of this Strategic Action Plan. My special thanks go to the GiZ, that has accompanied this process from its inception through providing technical and financial assistance.



Oudet Souvannavong – President of the LNCCI.

Executive Summary

The Lao National Chamber of Commerce (LNCCI) is with over 1000 members the most important business membership organisation in the Lao PDR. The Chamber guides the provincial chambers of commerce and the private sector business organisations. Its organisation, role and mandate are governed by the P.M. Decree 237 of May 18th 2020.

In order to fulfil its role, the chamber will pursue a private sector development strategy for the years 2021 – 2025 that is based on 6 strategic priorities (“pillars”):

- Pillar I: Public private dialogue for a better business environment;
- Pillar II: SME Support and Service Centre;
- Pillar III: Lao product promotion and marketing;
- Pillar IV: Regional integration and sustainable investment promotion;
- Pillar V: Entrepreneurship development and employers’ activities; and
- Pillar VI: Information, Public relations and membership development.

Pillar I focuses on advocacy and the improvement of the business environment and the ranking of the Lao PDR in the World Bank’s Ease of Doing Business Index. To enhance the effective representation of the interests of the business community, LNCCI will improve the functioning of today’s main advocacy platform in the Lao PDR, the Lao Business Forum (LBF), and set up public private dialogue mechanisms in provincial chambers and selected business associations. Expert groups will be created that will monitor and comment on upcoming and existing regulations and tackle in a constructive dialogue with the authorities the various issues that have to be improved to bring Laos to a two-digit value in the Ease of Doing Business. An economic dispute settlement centre will be set up in cooperation with the Lao Bar Association.

The core task of **Pillar II** is to provide services to SME and start-ups and to collect information on SME. In order to do so LNCCI plans to set up SME Service Centres in additional provinces and with selected business associations. A start-up and incubation service including a network of mentors will be set up, complemented by a co-working space at LNCCI. Furthermore, it is planned to set up a SME clinic to address general but also COVID 19 related business issues. This SME clinic will make use of a business service provider network whose members gather regularly at LNCCI to provide services to MSME. The SME Service Centre will operate an ASEAN SME Trade Portal, provide non-industry specific trainings in areas like marketing, general management, HR management etc. and support MSME’s access to finance. In order to keep its services up-to-date and in line with the needs of its clientele a SME information database will be set up.

Pillar III aims to enhance the access of Lao products to new and existing markets. A Product Promotion Service Centre at LNCCI will identify at least 6 champion products/services, define standards to ensure the quality of these products, support the respective producers and their

access to the market by operating a branding, marketing and market information system. Standard models for value chains and their requirements will be developed and implemented. Specific trainings will be offered to businesses along these value chains to ensure high quality. To promote the market access also for other products the professionalism of the existing Made in Laos trade fair will be improved and trainings will be rendered to companies to professionally participate in domestic and international trade fairs. In addition, LNCCI will promote the so far underdeveloped digitalisation of Lao businesses and develop an efficient e-commerce platform such as the Plaosme e-commerce platform. The chamber will continue to issue certificates of origin and will also support the certification of Lao champion products to ensure that they adhere to high ethical and quality standards.

Pillar IV will promote regional economic integration into ASEAN, ASEAN-Plus, GMS and other cooperation agreements by establishing focus groups on different issues related to trade and investment, to gather information on NTB and NTM and to advise the authorities on how to address the identified issues. The chamber will implement activities of the ASEAN Business Advisory Council (ASEAN-BAC) and support ASEAN related events, particularly during the Lao chairmanship of ASEAN in 2024. In cooperation with the provincial chambers LNCCI will establish Border Trade Units to collect information on border trade, develop plans to improve the country's position, advise the government accordingly and participate actively in trade negotiations with neighbouring countries. The chamber will actively promote the attraction of high quality and sustainable investment by focusing on investment opportunities along the Lao-China railway and highway, by setting up an inventory of existing, approved and planned investment projects in the country, conducting feasibility studies, implementing investment roadshows, receiving international delegations of investors and by implementing an "Invest In Laos" summit in 2021 and 2024, i.e. the year the Lao PDR holds the ASEAN chair.

Pillar V deals with employers' activities under the tripartite cooperation with Ministry of Labour and Social Welfare, and the Lao Trade Union, consisting of the promotion of skills and professionalisation in enterprises and labour management. In close cooperation with the government a fact-based minimum wage finding system will be developed. The chamber will provide trainings to improve the occupational safety and health conditions in Lao companies and issue respective certificates. Regarding technical vocational education and training (TVET) the chamber will focus on dual cooperative training (DCT) by ensuring that the national occupational and competency standards are incorporated in a DCT framework and by setting up DCT helpdesks in selected provincial chambers. To improve the mobility in the Lao labour market LNCCI will organise job fairs on a regular basis and in order to enhance the entrepreneurial capacity in the country the chamber will offer together with partners MBA and Mini-MBA courses.

Pillar VI follows two major objectives: the creation and implementation of a coherent management system for the national chamber the provincial chambers and the private business associations through the provision of data, information, and the establishment of a membership data system. The P.M. Decree 237 makes chamber membership mandatory for a large number of companies, so the electoral and representational system of the chamber

has to be amended accordingly. At the same time a consistent and coherent management and organisational system has to be established and implemented not only in LNCCI but also in the provincial chambers and the private business associations. LNCCI will develop that system and train and support the business membership organisations it supervises with its implementation. In order to have constantly updated information on the business sector and the governing regulations available LNCCI will regularly conduct surveys and studies, compile the results in an electronic database and publish the gathered information via various channels.

1 Introduction

1.1 Objective

The Lao PDR has been upgraded from a low-income country to a lower-middle-income country in early 2020 and is expected to leave the status of a least developed country in the near future. Its economic growth over the last year has been impressive. The first long distance railway in the history of the country will connect its economic centre Vientiane with cities in the North and in China from late 2021.

However, the Lao PDR faces a number of challenges. The business environment is still less than conducive, the economic growth has been mainly resource based and neither brought a high number of qualified and well-paid jobs to its young population nor resulted in a diversified modern, sustainable and resilient economy. Its elevation from LDC status could trigger the loss of preferential trade arrangements and there is an increasing dependence on China and other neighbouring countries. The World Bank expects that sovereign debt will reach 65 – 68% of GDP and the fiscal deficit 7.5 – 8.8% of GDP.¹

Worst of all, the beginning of 2020 has seen the development of the COVID 19 pandemic which will most likely result in the most severe non-war related global economic crisis in living memory.

In order to achieve a modern, inclusive and sustainable economic development it is necessary to develop a strong, innovative and resilient private business sector. This strategy is an attempt of LNCCI, the most important Business Membership Organisation of the Lao PDR, to contribute to that goal.

1.2 Methodology

Starting point of the development of this strategy were the evaluation of the achievements and outcomes of the LNCCI Private Sector Development Strategy 2018-2020 and the analysis of the changes in the economic environment, including the impact of the COVID 19 pandemic on Lao businesses and the PM Decree 237 dated 18 May 2020 on the organisation and operation of LNCCI. The environment of LNCCI was further assessed in a SWOT and a PESTLE analysis which were implemented with the management and the board of the chamber.

Additional framework conditions were taken into consideration like the priorities of the 9th NSEDP, the SDGs, the 10 Year Socio-Economic Development Strategy 2015-2025, and the Vision 2030. Having established the background, expert interviews were conducted with leading members of board and management to collect proposals for strategic activities.

¹ The World Bank Group: Lao Economic Monitor. Lao PDR in the time of COVID 19. Vientiane, June 2020, p. 2.

The structured results have then been presented, discussed and validated in a number of workshops with board and management.

2. The Economic and operational environment of LNCCI

2.1 Economic Background

2.1.1 Economic development and status quo

The GDP of the Lao PDR has grown at an average of 7.2% between 2010 and 2019, albeit with a persistent downward trend – from 8.5% in 2010 to 5%² in 2019. Reasons for the weak economic performance in 2019 were a variety of problems in the agricultural sector (flooding in the South, drought in the North, African Swine Fever among the pig population and a reduction in corn production due to an infestation with the fall armyworm, the drought also affected hydropower generation, and the mining sector suffered from the declining quality and availability of ore. The COVID 19 pandemic severely reduces country's growth prospects in 2020 but an economic strengthening can probably be expected for 2021 as the service industry recovers and electricity generating capacity increases.

With a GDP per capita of 2,568 USD (2019) the PDR is classified since 2020 by the World Bank as a Lower-Middle-Income Country.

Agriculture employs more than 2/3 of the population but, being largely subsistence agriculture, it contributes less than 16% to the GDP and produced in 2019 a growth of -0.9%.³

Industry's share of the GDP is 31.5% (with less than a quarter of this from manufacturing) and grew at about 7.8% in 2019, services contribute about 42% to the GDP, grew in 2019 at some 6.8% and employed about 23% of the population.

The biggest contributors to the Lao GDP in 2018 were:

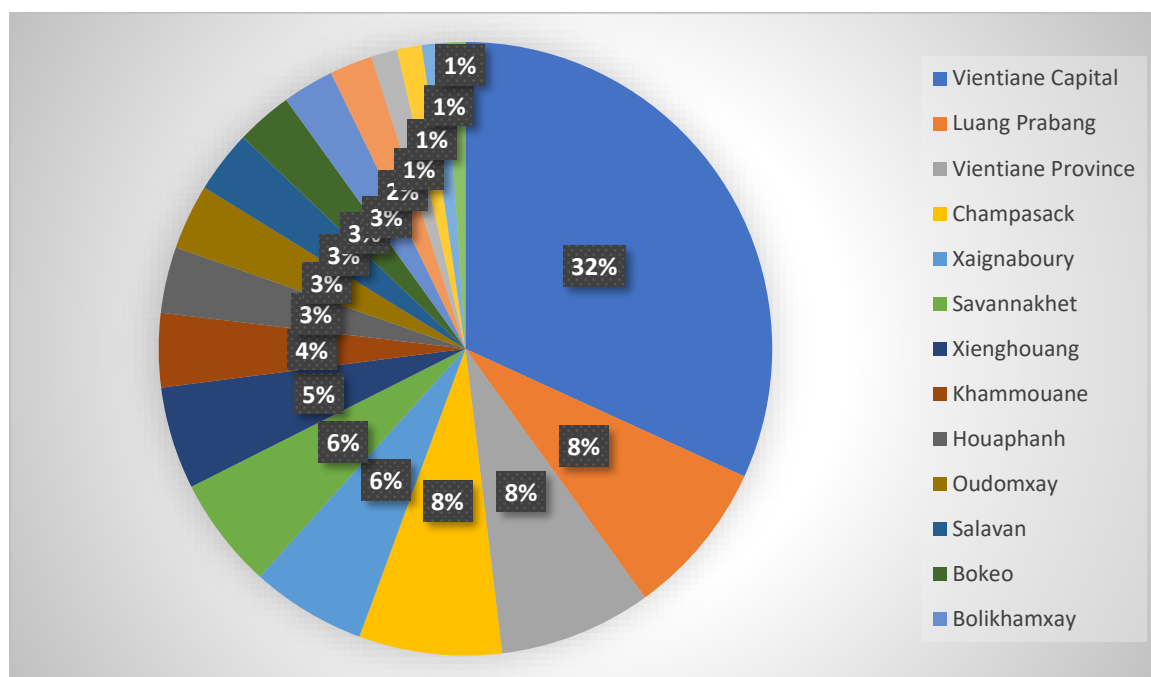
- wholesale, retail and repair (14% of GDP),
- electricity (11%),
- agricultural cropping (9.7%),
- mining and quarrying (8.5%),
- construction (7.9%),
- real estate (6.7%).⁴

² Asian Development Bank: <https://www.adb.org/countries/lao-pdr/economy> as of April 7th 2020.

³ World Bank: East Asia and Pacific in the Time of COVID-19. East Asia and Pacific Economic Update, April 2020. Washington 2020, p. 177.

⁴ Bank of the Lao PDR: Annual Economic Report 2018. P. 20.

Figure 1: Regional distribution of enterprises



Source: National Enterprise Database <http://www.erm.gov.la/index.php/en/explore-data-en/statistics> as of April 28th 2020.

Almost a third of all the 166,341 enterprises officially registered in the National Enterprise Database are located in Vientiane Capital; Luang Prabang, Chamapasack and Vientiane Province jointly account for another 24% of the country’s enterprises.⁵

For a socialist state, very few companies are government owned; they are mainly found in electricity, utilities, banking, finance, and communication.

Widespread lack of skills and education contribute to the limited productivity and competitiveness of many enterprises.

The natural disasters of 2019 showed the vulnerability of the Lao economy – not only agricultural output contracted but also electricity generation, which is the backbone of the industry sector. Construction showed robust growth, among others due to mega projects like the Lao-China railway. The growth in tourist arrivals sustained the expansion of the service sector to 7.2%.⁶ A weakening Kip and rising prices for agricultural products particularly in the second half of 2019 pushed inflation to 3.3%. By the end of 2019 the current account deficit had narrowed to 9.5% of GDP, the official reserves had grown a bit but still covered only about 6 weeks of imports.⁷

⁵ National Enterprise Database <http://www.erm.gov.la/index.php/en/explore-data-en/statistics> as of April 28th 2020.

⁶ Asian Development Bank: Asian Development Outlook 2020. Manila, April 2020, p. 276.

⁷ Asian Development Bank: Asian Development Outlook 2020, op.cit., p. 277.

Until recently growth mainly depended on the resource sector which has generated revenues but also led to environmental issues. It has however not or barely led to the development of downstream industries, innovative businesses, a diversified economy or to the creation of a substantial amount of non-agricultural jobs and significant alleviation of poverty nor to a more balanced regional economic development. Instead, income inequality has risen over the years⁸ and more than 75% of the non-agricultural employment is in the informal sector.⁹

SME constitute more than 95% of the total number of enterprises but they contribute only in a rather limited way to the economic growth of the country.

The government has recognised the limitations of the underlying economic model and started to introduce reforms for a more diversified, broader based, greener and more inclusive growth as well as prioritising the improvement of the business climate and the facilitation of investment.

In spite of substantial (albeit slowing) growth in GDP and GDP per capita, which has led to the classification of the Lao PDR as Lower Middle-Income Country in 2020, the country's economy is still vulnerable. The risk factors are, among others, environmental shocks, high public debt (China is the owner of 42% of Lao's sovereign debt¹⁰) and high current account deficit, dependence on few sectors and mega-projects, high transport cost and its land locked situation with no direct access to sea.

2.1.2 Business Enabling Environment

The business enabling environment of the Lao PDR is not very conducive which is a major obstacle on the way to a more diversified, innovative and sustainable economy that relies less on the resource sector.

A multitude of factors contributes to this situation: a small domestic market, lack of skills and education, high transport cost, weak and sometimes inconsistent implementation of laws and regulation, cumbersome bureaucracy, low and barely improving productivity and rising wages, lack of innovation, lack of transparency and access to relevant business information, few B2B linkages, and other issues.

The issues in the Lao business enabling environment are reflected in the country's low ranking in many international comparative assessments:

- The Lao PDR ranks 154th out of 190 countries in the World Bank's Ease of Doing Business Index 2020. In ASEAN, only Myanmar ranks lower.¹¹

⁸ Wignaraja, G. et. al: Asia in 2025. Development Prospects and Challenges for Middle-Income Countries. Overseas Development Institute Report. London, September 2018, p.42 and <https://knoema.com/atlas/Lao-Peoples-Democratic-Republic/GINI-index> as of April 17th 2020.

⁹ World Bank: <https://data.worldbank.org/indicator/sl.isv.ifrm.zs> as of April 17th 2020

¹⁰ Coface: <https://www.coface.com/Economic-Studies-and-Country-Risks/Laos> as of April 17th 2020.

¹¹ World Bank Group: Doing Business 2020. Washington 2020, p.4.

- In the Global Competitiveness Report 2019 the Lao PDR ranks 113 out of 141 countries which translates as being the least competitive of the surveyed economies not only of ASEAN but of all East-Asia/Pacific (Myanmar was not part of this survey).¹²
- Moody's investor service rated the Lao PDR for the first time in 2020 and gave it B3 with a positive outlook¹³; which is the lowest score of all rated economies in ASEAN (Brunei Darussalam and Myanmar are not rated). The rating was put under review for downgrade on June 19th.¹⁴
- In the corruption perception index 2019 the Lao PDR scored 29 out of 100 (unchanged since 2017), putting the country at rank 130 out of 180 countries which means that in ASEAN only Myanmar and Cambodia are perceived as more corrupt.¹⁵
- The Lao PDR ranks 129th out of 180 economies in the 2020 Index of Economic Freedom which puts it at the last place of the 9 rated ASEAN countries (Myanmar was not rated).¹⁶ The Index of Economic Freedom looks into issues like rule of law (where the country's scores are particularly low), government size, regulatory efficiency, and open markets.¹⁷
- In the World Bank's Logistics Performance Index, the country ranked 82nd out of 160 economies in 2018.¹⁸ This is a marked improvement of its ranking of 152 in 2016.¹⁹

However,

- The Lao PDR ranked 43rd out of 152 countries in the Global Gender Gap Index, a rank topped in all of Asia only by the Philippines. In the sub index "Economic Participation and Opportunity" it ranks no. 3 in the world.²⁰
- The country ranked 105th out of 156 in the 2019 World Happiness Report.²¹

¹² Schwab, K. (Ed.): The Global Competitiveness Report 2019. World Economic Forum. Geneva 2019, p. XIII

¹³ Moody's Investor Service: Emerging Markets Insight. March 2020, p. 26.

For details see: Moody's Investor Service: Rating Action: Moody's assigns first-time issuer rating of B3 to Laos with a positive outlook. January 8th 2020.

¹⁴ Moody's: https://www.moody.com/research/Moodys-places-Laoss-B3-ratings-on-review-for-downgrade--PR_425546 as of June 29th 2020.

¹⁵ Transparency International: Corruption Perception Index 2019. P. 3. And: <https://www.transparency.org/cpi2019> as of April 21st 2020.

¹⁶ Miller, T. et al.: Highlights of the 2020 Index of Economic Freedom. The Heritage Foundation. Washington 2020, p. 2.

¹⁷ <https://www.heritage.org/index/pdf/2020/countries/laos.pdf> as of April 21st 2020.

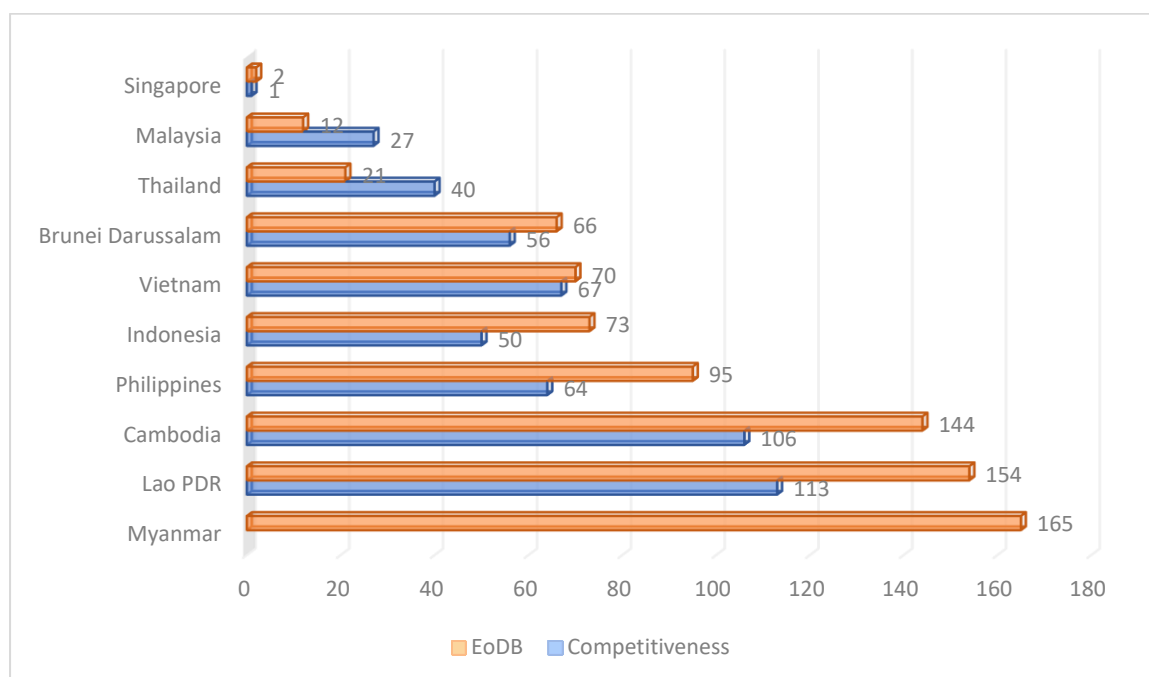
¹⁸ The World Bank, <https://lpi.worldbank.org/international/global> as of August 26th 2020.

¹⁹ The World Bank, <https://lpi.worldbank.org/international/global/2016> as of August 26th 2020.

²⁰ World Economic Forum: Global Gender Gap Report 2020. Geneva 2019, p. 9 and 12.

²¹ Helliwell, J.F. et al (Ed.): World Happiness Report 2019. New York 2019, p. 26.

Figure 2: Rankings for ASEAN countries in the Ease of Doing Business Index 2020 and in the Global Competitiveness Index 2019



Sources: World Bank Group: Doing Business 2020. Washington 2020, p.4.

Schwab, K. (Ed.): The Global Competitiveness Report 2019. World Economic Forum. Geneva 2019, p. XIII
 The World Bank ranked 190 countries, the World Economic Forum 141 countries, omitting Myanmar.

In summary the investment climate or, broader speaking, the business enabling environment of the Lao PDR is less conducive than the regional average which makes it hard to appeal to businesses outside of the resource sector and to attract high quality investment. Here a substantial amount of further reforms (and their implementation!) as well as closer cooperation with the private sector are necessary.

2.1.3 Investment in businesses

It is surprising how inconsistent the available official data are when it comes to actual investment in the Lao PDR.

The Ministry of Planning and Investment (MPI) keeps record of approved investments – but not all businesses need to seek the approval of the MPI for their investment. There is also no publicly available information on how many of these approved investments have been implemented and how much money has actually been invested.

The National Enterprise Database²² should keep records, among others, of all registered enterprises and their investment; the available statistics go back to the year 2008 and is

²² <http://ned.gov.la/index.php/en/explore-data-en/statistics> as of April 08th 2020.

supposed to be up-to date. However, an analysis of the provided information produces hint that some data might lack consistency.

Due to lack of reliable statistics it is hard to say what is the significance of foreign direct investment (FDI) vis-à-vis domestic investment. Between 2010 and 2018 the National Enterprise Database has recorded investments of over 55bln. USD, of which 53% (35.6bln. USD) were FDI²³. Both figures are most likely grossly overstated. During the same time MPI approved investments of over 18bln. USD, of which a massive 73% (13bln. USD) were FDI.²⁴

What amount of FDI has actually been transferred into the country is a different matter altogether. The respective figures of the Bank of the Lao PDR (BoL)²⁵ and the World Bank²⁶ differ marginally but tend to agree that between 2010 and 2018 approximately 7.7bln. USD FDI were actually invested in the Lao PDR. It is therefore safe to assume that FDI are relevant for Laos, not only as influx of capital but also as a potential source of innovation and technology, as a potential gateway to new markets and additional earnings and not least as a creator of sometimes lucrative jobs.

However, so far most foreign investment in the Lao PDR has been confined to few sectors, mainly hydropower and mining.

The statistics of MoIC, MPI and BoL agree that the lion's share of FDI in the Lao PDR (in most years over 80%) originate from only three countries – China, Thailand and Vietnam with China being by far and increasingly so the most important investor. The importance of China not only as a major investor but also as an important trading partner and lender may lead to a cluster risk that should be mitigated by diversification.

2.1.4 Foreign Trade

Assessing the international trade of the Lao PDR is quite difficult since the Lao statistics and mirror statistics from the trade partners do not always show the same figures. An IMF working paper comes to the conclusion that “exports could be underreported by 8 to 50 percent, while imports could be underreported by 30 to 70 percent, and the trade deficit could be 20 percent to 280 percent higher”²⁷.

In this strategy paper, UN Comtrade data are used. In 2019 the Lao PDR exported according to the UN merchandise for 5809.3 mln. USD while the merchandise imports were 5797.4 mln. USD, resulting in a small merchandise trade surplus of 11.9 mln. USD; in the previous years the merchandise trade balance has traditionally been negative.²⁸ Trade in goods thus

²³ <http://ned.gov.la/index.php/en/explore-data-en/statistics> as of April 08th 2020.

²⁴ <http://www.investlaos.gov.la/index.php/resources/statistics> as of April 08th 2020.

²⁵ Bank of the Lao PDR: Annual Economic Report. Years 2010-2018.

²⁶ <https://data.worldbank.org/country/lao-pdr> as of April 08th 2020.

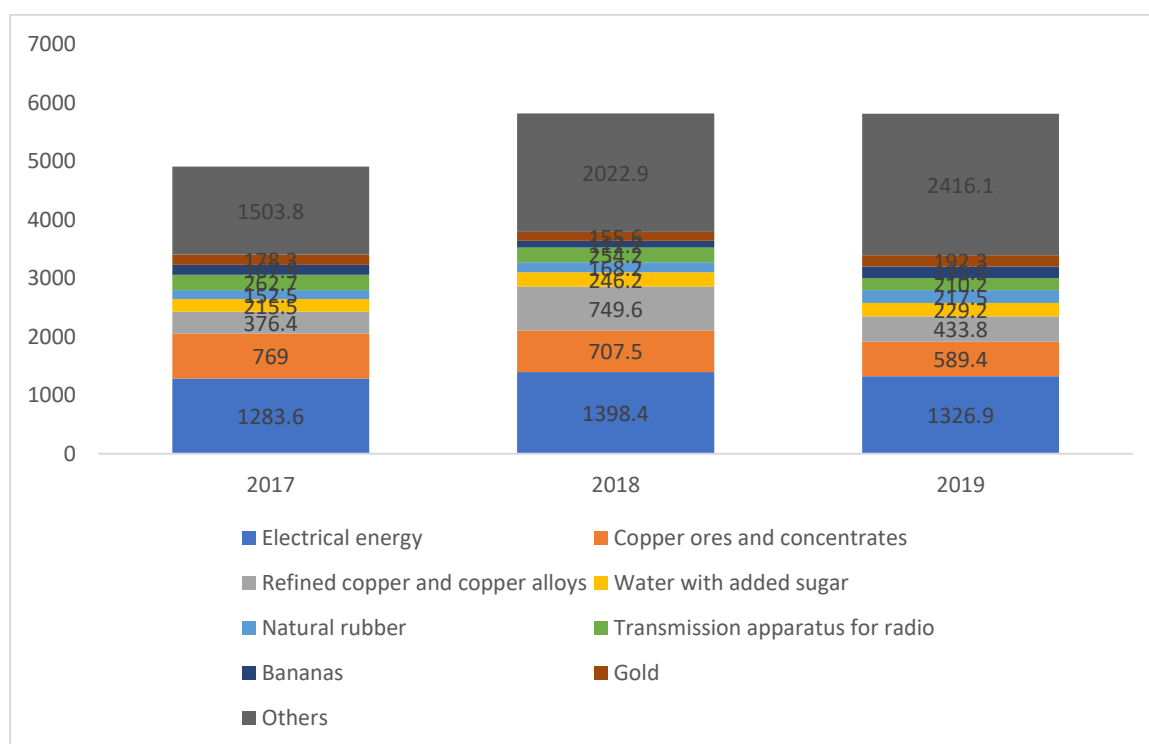
²⁷ Bannister, G., M. Ghazanchyan, T.P. Bikoi: LAO P.D.R.: Assessing the Quality of Trade Statistics. IMF Working Paper WP/17/251, October 2017, p.1.

²⁸ United Nations (Ed.): 2019 International Trade Statistics Yearbook, Vol I, New York 2020, p. 205.

amounted to about 64% of GDP. Exports are highly concentrated in terms of products as well as regarding destinations. Electricity exports constituted about 23% of all exports, copper for almost 18%. The top 3 export destinations accounted for almost 89% of all commodity exports – Thailand 45.8%, China 27%, and Vietnam 16.1%.

Regarding merchandise imports, Petroleum was the most important products accounting for 12.6% of all imports, followed by live bovine animals (4%) and insulated wire (3.7%). The top 3 partners for merchandise imports accounted for 86% of all imports – Thailand 50.7%, China 26.6%, and Vietnam 8.5%.

Figure 3: Merchandise exports of the Lao PDR in million USD



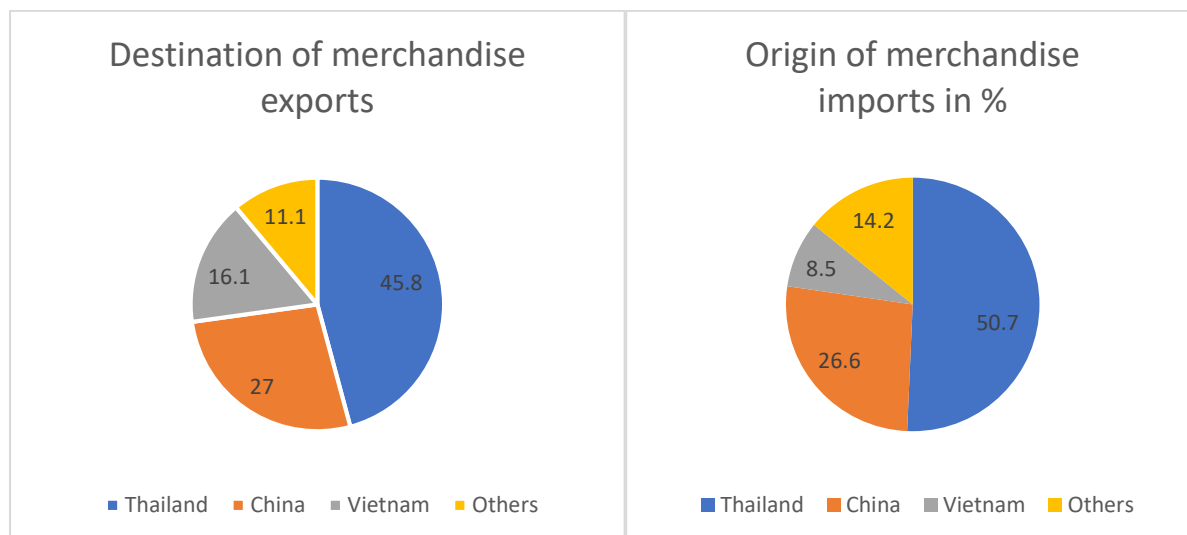
Source: United Nations (Ed.): 2019 International Trade Statistics Yearbook, Vol I, New York 2020, p. 204.

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Whereas electricity and copper are the most important export goods, agricultural products account for a comparatively small percentage of exports; important agricultural goods for export are natural rubber with China and Vietnam as the main customers, bananas, whose export value has almost quadrupled between 2015 and 2019 with China and Thailand as the

main buyers²⁹ and unroasted coffee. Wood pulp exports, mainly bund for China have significantly increased over the last years, so have cattle exports to Vietnam.

Figure 4: Main commodities trading partners of the Lao PDR in 2019



Source: United Nations (Ed.): 2019 International Trade Statistics Yearbook, Vol I, New York 2020, p. 204, 205.

More important than agricultural exports are manufacturing exports, in particular transmission apparatus for radio broadcasting and television as well as telephone sets destined for Thailand, camera accessories, which are produced among others in Savannakhet, followed by food and beverages, such as brewery products, and products of the Vientiane centered garment industry.

With 2.1 bln. USD the trade in services is much smaller than the trade in commodities. In 2019 the export of services increased by 18% to 0.9 bln. USD whereas the import of services increased by 3.4% to 1.2 bln. USD, resulting in a deficit of 232.7 mln. USD.³⁰ Travel is with roughly 80% of service exports and imports the most important traded service, followed by transportation.

²⁹ International Trade Centre, Trade Map: https://www.trademap.org/Product_SelCountry_TS.aspx?nvpm=1%7c418%7c%7c%7c85%7c%7c%7c4%7c1%7c1%7c2%7c2%7c1%7c1%7c1%7c1%7c1 as of August 27th 2020.

³⁰ United Nations (Ed.): 2019 International Trade Statistics Yearbook, op.cit., p. 204.

2.1.5 Micro, Small and Medium Enterprises (MSME)

MSME, i.e. enterprises with less than 100 employees, account for about 99% of all registered firms in the Lao PDR and for some 85% of non-agricultural employment, but they contribute less than 20% to the GDP.³¹ Often pictured as the backbone of the Lao economy it has to be admitted that it has characteristics of a frail backbone which is in need of structural strengthening due to its relevance for employment.

In the Lao PDR the average small company had less than 2 employees. The Lao economic Census showed that 86% of the Lao companies employed less than 5 workers and that 60% of the Lao enterprises had a turnover of less than 5m LAK (623 USD) per month and not even 10% had more than 25m LAK (3,218 USD).³²

It should be noted however that according to the World Bank “Unregistered informal firms account for about 78.5 percent of the total non-agricultural employment in the country, while total informal employment which includes informal employment in informal sector units, formal sector units and households equals 94 percent.”³³ The productivity and thus the competitiveness of the informal sector is often even lower than that of the formal sector.³⁴

Besides operating in a not very conducive business enabling environment (see above), MSME face some specific problems.

Most MSME have a very small capital base and little liquidity which makes them vulnerable. They also struggle, when it comes to access to finance, in particular access to bank loans. In 2018 only 8.6% of Lao firms used banks to finance investment – a figure lower than in all other ASEAN countries save Cambodia and Myanmar.³⁵ When it comes to bank loans the biggest obstacles are high interest rates and costly, complex application procedures.³⁶

Another issue for registered MSME is the competition from the informal sector as the latter is able to dodge to a certain degree issues of compliance, regulations and tax payments.

MSME use often low technology, operated by employees with rather limited skills. Productivity is often low and barely increasing over the years; economies of scale are mostly not achievable. Access to business development services as well as to new markets is limited.

In order to strengthen MSME it is necessary to increase their capacity in financial as well as general management and business planning, improve their access to finance and business development services as well as their ability to access new markets.

³¹ World Bank Group: Maintaining Economic Stability. Lao Economic Monitor, August 2019, Vientiane, p. 11.

³² Bruesseler, R.: Lao PDR. Charts and Figures. Vientiane, July 2019, p. 98 and 103. <https://eccil.org/euro-lao-business/lao-economy/lao-pdr-charts-and-figures-july-2019/> as of April 20th 2020.

³³ World Bank Group: Maintaining Economic Stability. Op. cit., p. 48.

³⁴ Ibid.

³⁵ World Bank: <https://data.worldbank.org/indicator/IC.FRM.BNKS.ZS?view=chart> as of April 17th 2020.

³⁶ World Bank Group: Maintaining Economic Stability. Op. cit., p. 44.

2.2 Impact of COVID-19

At the time this strategic plan has been developed – 2020 - the world was facing the outbreak of the probably biggest pandemic in a century, the spread of the COVID-19 corona virus.

The impact of the pandemic depends on its further development, which is highly uncertain. Sectors most affected are travel, tourism, hospitality, processing industry for export, and trade; a significant decline in domestic demand is likely, so are disruptions of supply chains and productions.

The growth prospects for Laos have been downgraded constantly over the last several months. The National Economic Research Institute still expected early March that the Lao PDR's GDP would grow in 2020 by 6%, compared with a pre-COVID estimate of the authorities of about 6.7%.³⁷

In June the Lao Prime Minister informed the National Assembly that the country's GDP might grow between 3.3 and 3.6% in 2020.³⁸ This seems rather optimistic – in the same month the World Bank estimated the growth of Lao GDP for 2020 at just 1%³⁹ and the Asian Development Bank at -0.5%⁴⁰

The weak fiscal situation – government debt of about 60% of GDP, a fiscal deficit of -4.9% and low reserves as well as inflationary pressures not only limit the ability of the government to mitigate the crisis, a severely reduced economic growth might even result in difficulties to repay the country's debts in 2020.⁴¹

Small businesses, which constitute the huge majority of the Lao business sector, are probably the ones most exposed – lacking deep pockets, short of liquidity and with limited access to finance, there is a great risk that a substantial amount go bankrupt.

Sectors like hospitality and to some extent retail and construction are at the risk of being hard hit. Estimates quantify the loss to the Lao service industry including tourism at 250 – 300m USD.⁴²

It is too early to assess the impact on FDI inflows but since 2019 almost 60% of those inflows came from China⁴³ it would be plausible to assume that FDI inflows into Laos in general will

³⁷ Kang, T.: Coronavirus Outbreak Affects Lao Tourism, Investment and Trade. The Laotian Times, March 04th 2020. <https://laotiantimes.com/2020/03/04/coronavirus-outbreak-affects-lao-tourism-investment-and-trade/> as of March 31st 2020.

³⁸ Gov't proposes lowering growth target. KPL, <http://kpl.gov.la/En/Detail.aspx?id=53026> as of June 26th 2020.

³⁹ World Bank: Global Economic Prospects. Washington, June 2020, p. 74.

⁴⁰ Asian Development Bank: Asian Development Outlook. Supplement June 2020. Manila 2020, p.8.

⁴¹ The World Bank quantifies Laos' debt obligation for 2020 at 1bln USD. World Bank: East Asia and Pacific in the Time of COVID-19. East Asia and Pacific Economic Update, April 2020., p. 175 f.

⁴² Cho, S. (Ed.): Monthly ROK-LPDR Bilateral News. Embassy of the Republic of Korea. February 2020, p. 3.

⁴³ Own calculations based on figure from Ministry of Industry and Commerce published on <http://erm.gov.la/index.php/en/explore-data-en/statistics> as of March 31st 2020.

be reduced and, due to a slowdown in the growth of the main investors, those originating from China in particular.⁴⁴

Remittances, which have risen steeply over the last years and amounted to over 284 mln. USD in 2019,⁴⁵ will most likely decline as a consequence of the exodus of many Lao labourers out of Thailand and other countries. Combined with foregone income due to lay-offs and reduced revenues of small businesses, households may fall into poverty and consumer demand will suffer which could lead to further business closures and a deeper and longer downturn. Informal workers and self-employed persons, i.e. the lion's share of Lao citizens outside of agriculture, are the most vulnerable and also the hardest to help. The importance of (subsistence) agriculture in which most of the population is involved may serve as a partial shelter to catastrophic economic impacts.

2.2.1 LNCCI survey on the impact of COVID 19 on Lao businesses

In May 2020 LNCCI published the results of a survey among 474 enterprises, implemented in March and April 2020 on the impacts of the COVID 19 pandemic on Lao businesses which showed potentially catastrophic results.⁴⁶

36% of the respondents saw a 100% risk of going out of business while 14% estimated that risk at 80%, particularly severe was the risk of going under in the sectors transportation and logistics, accommodation and food services as well as arts, entertainment and recreation.⁴⁷

The biggest obstacle of remaining in business were salary payments and the servicing of loans. Consequently, 70% of the respondents believed that they had to dismiss staff, 40% reckoned they had to let over 50% of their staff go; particularly negative was the situation in the hospitality sector.

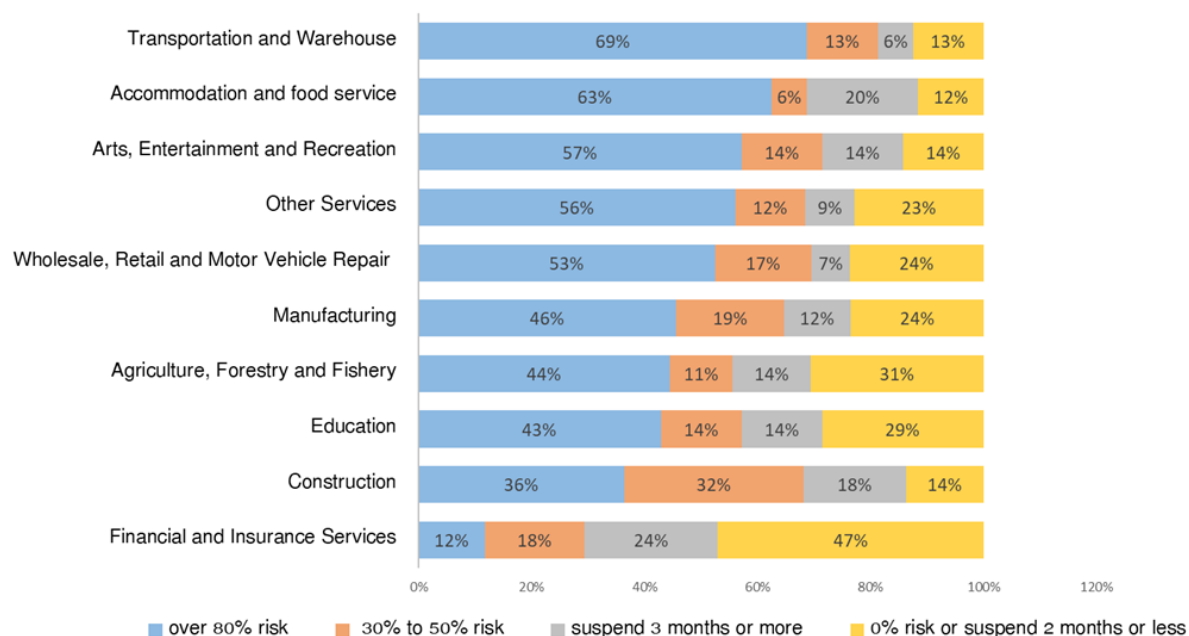
⁴⁴ Menon, J.: Assessing the economic impacts of COVID-19 on ASEAN countries. East Asia Forum, March 27th 2020, p. 1.

⁴⁵ World Bank: <https://data.worldbank.org/indicator/BX.TRF.PWKR.CD.DT?locations=LA> as of August 27th 2020.

⁴⁶ Lao National Chamber of Commerce and Industry: Survey report in impact of COVID 19 on businesses. Vientiane 2020.

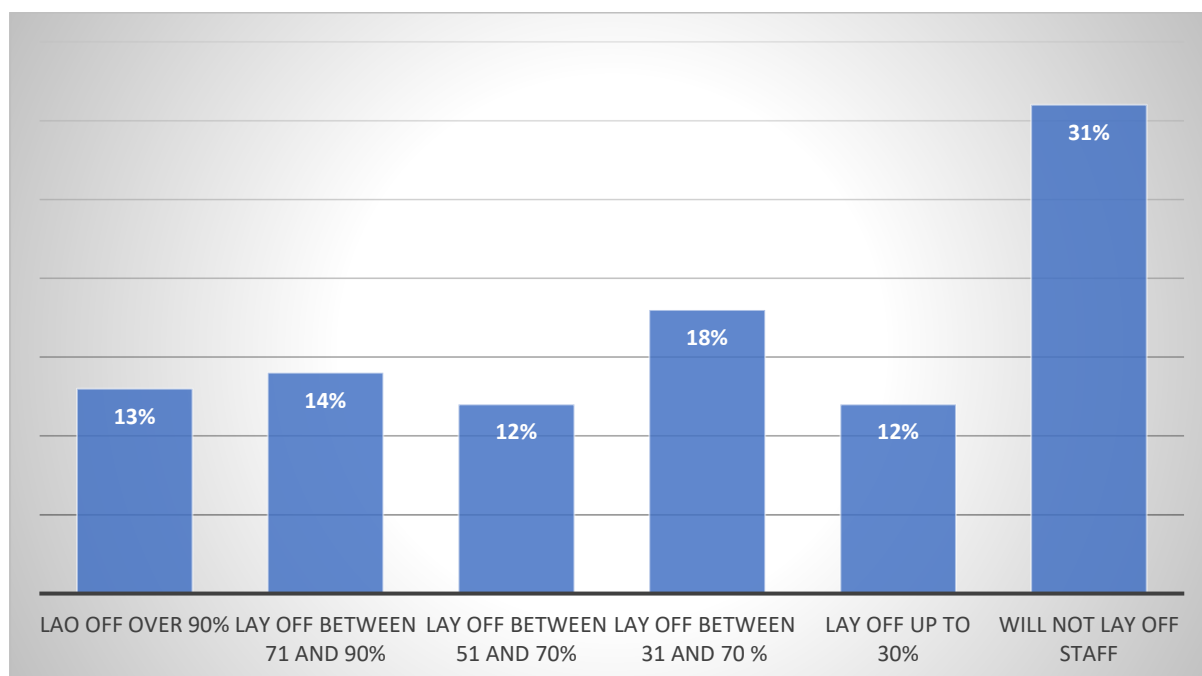
⁴⁷ Lao National Chamber of Commerce and Industry, op. cit, p. 7.

Figure 5: Perceived risks of going out of business in different sectors



Source: Lao National Chamber of Commerce and Industry: Survey report in impact of COVID 19 on businesses. Vientiane 2020, p. 7.

Figure 6: Percentage of business operators expecting to lay off staff



Source: Lao National Chamber of Commerce and Industry: Survey report in impact of COVID 19 on businesses. Vientiane 2020, p. 9.

It is surprising that the financial institutions reported only modest impact of the pandemic. One reason might be that the loans of many of the businesses that now struggle to survive are not owned to banks, another explanation could be that loans were still serviced at the time of the survey but have the risk of becoming non-performing in the near future.

In a somewhat simplified approach, i.e. not taking into account potential seasonality, LNCCI calculated that for Q1/2020 the revenue of the business sector was 1.8bln USD less than in Q1/2019 which would be over 6% of Lao GDP in 2019. More than a quarter of the surveyed companies reported a loss of revenue of over 80% in Q1/2020 compared to the corresponding period a year earlier.

Besides fiscal and anti-cyclical stimulus measures from the government it will be necessary for LNCCI to implement measures in the form of pilot projects to mitigate the economic impact of the COVID 19 pandemic to avoid a severe national economic crisis.

2.3 The strategic environment of LNCCI

2.3.1 Role, mandate and core activities of LNCCI

The Lao National Chamber of Commerce and Industry (LNCCI) has been established in 1989 and is operating and organised under the guidelines of Prime Minister Decree 237 of May 18th 2020. The chamber is a civil society organisation of business people, operates on its own and with an own budget and serves as a bridge between state organisations and business units and is the representative not only of companies but also of employers, business associations and business groups. In addition, it directs the 17 provincial chambers of commerce and industry as well as the Vientiane Capital Chamber of Commerce and Industry.

LNCCI represents more than 1,000 members, supervises a growing number of foreign chambers of commerce and industry as well as business groups, domestic business associations and groups and it is the national employers' representative, which makes LNCCI the most relevant Business Membership Organisation (BMO) in the country.

Among others the P.M. Decree 237 allocates the following tasks to LNCCI:

- **Represent** employers, business associations, business group, cooperatives, independent entrepreneurs and various enterprises in order to promote the economy and protect the legitimate rights of the enterprises;
- To guide and **provide information** to business units, to **facilitate the establishment of new businesses and to upgrade the business knowledge of its members**;
- To be the **secretariat of the Lao Business Forum (LBF)** and to **provide** comments, consultation, and **recommendations** to government organization **on** development or revision of **laws and policies in order to create better business environment**;

- To establish, build capacity and **guide the organization and operation of provincial CCI, city CCI and district CCI** to ensure the effective and unified implementation of its regulation and Charter;
- To promote good labour relations and to attend **dialogue and negotiation on trade, investment, labor issues**, such as minimum wages, and other issues held **in country or abroad**, in order to protect the legitimate rights and benefits of member business units;
- To regularly **collect and store data on enterprises and markets**;
- To organise and to encourage member business units to participate in **business matching, exhibitions, fairs, roadshows** in country and abroad;
- To take various measures to **protect legitimate rights and benefits of its members** based on laws and regulations;
- To be the **representative of the business sector to negotiate with concerned organizations** on trade, industry, services, agriculture and other businesses;
- To manage and issue a **certificate of product's origins**;
- To **receive grant aid or support** from the Government, individuals and legal entities in the country and abroad and international organizations;
- To establish and develop **SME Service Center, Made in Lao PDR product's Marketing and Promotion Office** as well as participatory training in the form of public private partnership on **trainings** with approval from the government;
- To monitor, **inspect**, evaluate **business operations** and certify the status of all enterprises, **which enter into bidding for the government projects** that use government budgets as requested from government;
- To propose or **request** the related **agencies to review** the **in-transparent bidding projects**, unfair business competition to protect the legitimate rights of business units;
- To award or propose to the government agencies and international organizations to **award excellent business performance**.

To conform with the regulations of the P.M. Decree 237 and the P.M. Decree 316 which governed the chamber previously, LNCCI has organized itself along the following core activities:

- Advocacy: Representing and promoting the interest of the Lao business community. In particular it coordinates and facilitates the dialogue between the business and the government by performing the secretariat function of the Lao Business Forum (LBF).

In order to improve the Lao business environment LNCCI will in future additionally focus on issues regarding the World Bank's Ease of Doing Business Index.

- International business relations and issues: The Chamber represents the Lao business community in business sector related negotiations between the Lao government and foreign governments as well as international organisations. So far, these negotiations deal mainly with trade and labour issues, but it is intended that LNCCI should in future also focus on the attraction of high-quality inbound business investment.
- Providing services for the business community: LNCCI offers information, seminars, workshops, trainings, trade fairs and exhibitions to strengthen the capabilities of the companies and entrepreneurs.
- Guiding and upgrading business associations/groups and provincial chambers of commerce and industry (provincial CCI): LNCCI strategically directs the associations and in particular the provincial CCI under its supervision, supports the improvement of their governance structures and of their ability to render valuable services to the business community.
- Employer related activities: The Chamber is the Employers' Organisation of the Lao PDR and represents the private sector in tripartite consultations on labour standards and social welfare issues; one of the issues is the negotiation on minimum wage regulations.
- SME development: LNCCI has established a SME Promotion Facility (SME Service Centre, SSC) which among others provides trainings and workshops for small and medium enterprises as well as for business start-ups and entrepreneurs-to-be.
- Promotion of Lao products: In order to promote Lao products domestically and internationally LNCCI operates a Made in Laos Promotion Facility which is in charge of organising exhibitions and roadshows and branding of selected Lao products and services.
- Regional economic integration: LNCCI's Regional Integration Facility deals among others with business matching, economic corridor development, international trade facilitation, and ASEAN, GMS (Greater Mekong Subregion), and other regional and bilateral issues.

The current LNCCI Strategic Private Sector Development Plan (2018-2020) has guided the activities of the chamber in the recent past and resulted in numerous positive outcomes.

The plan consists of 4 pillars, each with a number of fields of activities and corresponding detailed activities: (i) Developing an enabling business environment; (ii) Service provision for Lao businesses and the development of SME Service Centres; (iii) Promotion and marketing of Lao products (Made in Laos and Brand Lao); (iv) Information Management System and Public Relations.

2.3.2 SWOT Analysis

Whereas a PESTLE analysis looks at the environment of an organisation and its impact on the organisation itself, irrespective whether that environment can be controlled, a SWOT⁴⁸ analysis looks at the external situation of an entity and how it can / should react to these externalities. For LNCCI the situation has been assessed as follows:

2.3.2.1 Strengths

LNCCI is the largest business membership organisation (BMO) of the Lao PDR and has a broad representation in the economy. It has received a new, significantly strengthened status through P.M. Decree 237. Through its comprehensive although partially still weak network of provincial CCIs it is the only private sector BMO that is represented nationwide. The chamber enjoys political acceptance and good connections to the government, support from the PMO and a range of ministries which, among others, give it access to advocacy channels on the central level, like the LBF. A further asset is its access to the parliament. LNCCI has well established and growing institutional linkages domestically and abroad and receives technical and financial assistance from a variety of donors. The chamber's management is highly motivated and its board consists of influential and experienced business people.

2.3.2.2 Weaknesses

In spite of significant progress made over the last decade the chamber has still some weaknesses, among others concerning its sustainability and its comparatively low number of members. However, the latter can be addressed by the implementation of P.M. Decree 237. There is still some lack of resources and no systematic income generation or business development. The services have improved but due to certain capacity gaps among the staff members still suffer from some deficiencies regarding quality and quantity which leads to insufficient income from services and members to ensure sustainability if donor support stops. Limited legal and economic capacity and expertise limit information generation and advocacy activities. The absence of comprehensive job descriptions, ToR, and KPI, lack of comprehensive standard operating procedure of some activities and a consistent management handbook and consistent communication guidelines complicates the application of modern management methods.

Given the large number of tasks and the high and various external expectations there is a risk of losing operational focus which is exacerbated by the lack of an effective monitoring unit, limited horizontal internal communication and the weak coordination among projects. Ironically, among others also due to significant donor support, this implies the risk for LNCCI

⁴⁸ SWOT stands for Strengths, Weaknesses, Opportunities and Threats.

to operate donor driven and project oriented rather than strategically and to pursue occasionally government or politically initiated targets which are beyond the scope and fundamental purpose of the organization. A side effect is the extensive participation of decision makers in external meetings which leads to a rather high absence from the working place and impedes a strong, result oriented management.

Most of the provincial chambers and business associations are still structurally weak and operate therefore with limited effectivity; a significant number has no clear status and direction.

2.3.2.3 Opportunities

A potential opportunity of critical significance is the passing of a new, conducive chamber decree or law which foresees and enforces mandatory membership for Lao businesses beyond a certain size in the chamber system.

Due to its systematic creation of a database LNCCI has improved knowledge of its members which can be used to offer more targeted services and thus to generate more income. If pursued vigorously additional income can also be generated by Brand Lao – Made in Laos activities and the SME Service Centre(s).

Improved knowledge of its members and knowledge generated by surveys and studies can help LNCCI to give expertise and become a key advisor of the government in economic affairs and recommend economic priorities and activities.

An improved donor coordination and alliances with government organisations can improve the efficiency and effectivity of the chamber. The chamber can link itself to an already exiting, albeit still embryonic private sector driven eco-system for high-potential start-ups and thus contribute significantly to the diversification and modernization of the Lao economy. The government has proclaimed its willingness to improve the business enabling environment and economic diversification and LNCCI can play a major role in that process and ensure positive results. Regional economic trends with shifting investments from China and Thailand to CLMV countries open opportunities for the chamber with its international connections to promote the participation of its members in new supply and value chains and to support the attraction of FDI. LNCCI can promote the use of new technologies for market information and market access (e.g. information services, e-commerce) and be a main driving force for the development of Lao businesses and products.

2.3.2.4 Threats

Despite the outlined opportunities LNCCI and the Lao economy still faces a number of threats. Imminent external threats are of environmental nature like animal diseases, pests, floods and

droughts which have reduced the economic growth in 2019 or human diseases like the COVID 19 pandemic which severely impacts the Lao economy in 2020.

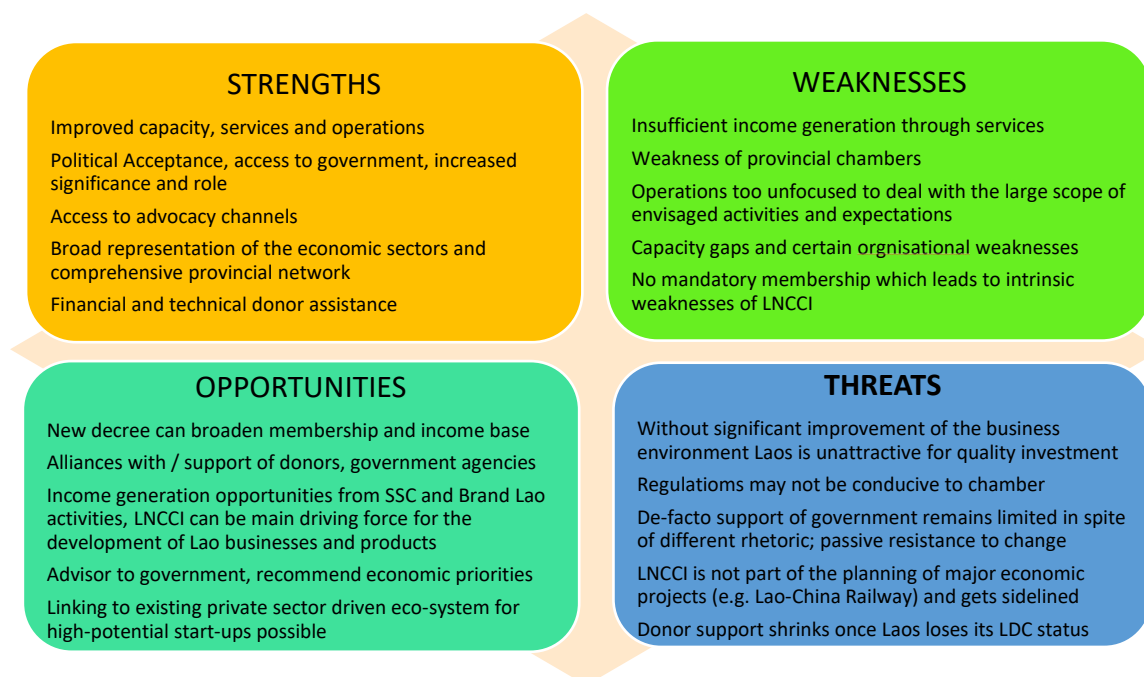
There are also economic-political risks and threats. The planned new chamber regulations could not be conducive to the chamber development. This would potentially generate a number of negative consequences: the business sector and certain parts of the government would not realise the important role of LNCCI, membership and income would remain below potential, a situation that would be aggravated if donor support would dwindle away in future due to the foreseeable loss of LDC status of the Lao PDR. The chamber and its network could offer less services (i.e. benefits) which reduces the attractiveness of LNCCI and the provincial chamber and would initiate a downward spiral.

Without significant improvement of the business environment the country becomes not attractive for high value investment. A slow-down of economic growth, lack of reform, limited innovation capability of the economy and low productivity would make the Lao PDR unattractive as a place to invest and to do business.

Another threat is that the de-facto support of government remains limited in spite of different rhetoric and that LNCCI is not part of major economic decisions and developments (e.g. Lao-China Railway) and gets sidelined.

A threat not only for LNCCI but for the national integrity and cohesion is that the Lao PDR becomes a client state of a major economic power which gains disproportionate influence.

Figure 7: Synopsis of SWOT analysis



2.3.3 Legacy of LNCCI's Private Sector Development Strategy 2018-2020

The LNCCI Lao Private Sector Development Strategic Plan 2018-2020 consists of four pillars:

- I. Developing an Enabling Business Environment for the Lao PDR;
- II. Service Provision for Lao Businesses and SMEs;
- III. Lao Product Promotion and Marketing;
- IV. Information System Management and Public Relations.

By the end of 2019 a thorough monitoring and evaluation of the implementation of the plan has been implemented and it has been assessed what degree its goals and indicators can be achieved until the end of the planning period, which activities should be continued and which targets pursued modified or skipped with regard of the new strategic plan (2021-2025).

Pillar I has achieved its objectives and indicators partially and might achieve most but most likely not all of its indicators before the end of 2020, provided the necessary resources are made available.

The Lao Business Forum is considered as a successful mechanism for public private dialogue that can solve advocacy issues and contribute to the improvement of the business enabling environment.

A new law for the settlement of economic disputes has been passed and an implementation decree is being drafted. Once this is in place there might be the possibility for LNCCI to create and operate its own dispute settlement facility.

It is obvious that LNCCI has to continue and possibly enhance its advocacy activities in the period 2021-2025. The two indicators that have not been achieved – a national system for enhancing productivity, innovation and technology transfer and reducing the Lao PDR's ranking in the World Bank's Ease of Doing Business Index to below 100 - should also be pursued, albeit with a new approach and a better Public and Private working/collaboration mechanism.

Pillar II has a broad range of activities, objectives and indicators and due to limited funding the management chose to set priorities. The indicators regarding business awards have already been fulfilled and those regarding the facilitation of SME access to finance as well as capacity building for the SME Service Centre will most likely be fulfilled before the end of the planning period.

The capacity and the scope of the service provision, which is rendered under the SME Service Centre (SSC) should be expanded and a new approach given to the promotion of innovation and business incubation.

Pillar III, Lao product promotion and marketing, has shown mixed performance. Lao champion products have been identified but the infrastructure in form of a marketing and coordination office has only been created at LNCCI, not (as planned) in any province. Even the marketing office at LNCCI is not yet fully operational in a way that it could render valuable services to companies.

The promotion of Lao products should be one objective in the new strategy but doing so might require additional resources and a better designed (and implemented) organisational set-up with a conducive infrastructure.

In **Pillar IV** almost all targets have already been achieved or will most likely be achieved during the planning period. There is only one indicator (setting up and operate a SME Call Center) that will most likely not be reached during the planning period.

The information generation and provision capacity of LNCCI should be maintained and further improved.

Some departments had additional tasks and implemented activities that were not part of LNCCI's strategy.

The unit "Business Enabling and Employers' Activity Bureau" is responsible for two, more or less unrelated tasks: advocacy and ILO, labour and minimum wage related issues. Whereas there are strategic objectives for the advocacy related tasks (i.e. Pillar I), there are no such set objectives for the other tasks.

A new strategy should also set objectives for the employers related issues and enhance its focus as well as its autonomy.

The new strategy has to take into account and implement the regulations and tasks outlined in the P.M. Decree 237. It is therefore also necessary to align the provincial chambers under the organization and administration of LNCCI.

The strategy 2018-2020 does not really provide for systematic approach to regional economic integration or to the attraction of FDI which should be addressed in the strategy 2020-2025.

The current strategy focuses mainly on LNCCI and not on provincial chambers or business associations. The provincial chambers are far from uniform, but most of them are rather weak and have very limited capacity and resources. In order to strengthen the business sector in the provinces and to contribute to the Vision 2030 which calls for a reduction of rural-urban economic disparities, additional activities are necessary to enhance the capacity of the provincial chambers.

The chamber is to a certain extent project and donor driven which produces opportunities – like additional funding – but also complexities like coordination issues and the risk that frictional losses prevail over synergies.

The strategy 2018-2020 has no focus on income generation and thus not on the sustainability of the organization. Due to the fact that the expenses of some activities are directly covered by third parties (e.g. donors) the chamber is currently not in a position to determine how much own income would have to be generated to keep the current activities alive if the contribution of donor projects stop.

What is clear though that income generation and ensuring the sustainability of the chamber is a key requirement that should be incorporated as cross-cutting issues in the strategy 2021-2025.

Given the limited resources, expertise and capacity, the implementation of the strategy would still benefit from a closer alignment of projects and department activities. In particular the flow of information, the follow up of orders and activities as well as ownership could be enhanced by introducing comprehensive job descriptions and management tools like ToR frameworks and management cybernetics.

2.3.4 External expectations for economic development priorities

2.3.4.1 Targets of the 9th National Social and Economic Development Plan 2021-2025

The objective of the 9th NSEDP (draft) is to promote socio-economic development based on the existing potentials, to ensure quality, inclusive and green growth and to achieve the Sustainable Development Goals (SDGs) by 2030.⁴⁹

One objective of the 9th NSEDP is to increase the efficiency and the effectivity of investment (Priority 2). It is intended to focus on priority sectors according to the Law on Investment Promotion of 2016, which are listed in article 9 of the law. Included are among others:

- HighTech, R&D, innovation, environmentally friendly technology application;
- Agriculture, forestry, agricultural processing;
- Handicrafts;
- Sustainable tourism;
- Education, skill development;
- Health sector;

⁴⁹ Outhavong, P.: The initial concept of the 9th NSEDP. Presentation of MPI 2019. https://rtm.org.la/wp-content/uploads/2019/11/2019-RTIM-Pre-Consultation-on-NSEDP-and-State-Budget-Plan_Initial-Concept-of-the-9th-NSEDP_English.pdf as of April 22nd 2020. P. 3.

Additional cross cutting priority areas of the NSEDP include:

- Technology transfer;
- Production of essential consumer goods for import substitution;
- Job creation;
- Investment in SEZ and industrial zones;
- Improve business enabling environment (in reference to WB Ease of Doing Business);
- Establish an efficient public and private sector forum on investment.

2.3.4.2 Sustainable Development Goals (SDGs)

The SDGs which are of particular importance for the development of LNCCI’s strategy are:

Figure 8: Selected SDG and their potential implication for LNCCI

SDG	Selected potential implication for LNCCI
SDG 1: no poverty	Indirect contribution by promoting thriving business sector
SDG 4: quality education	Active support of Technical Vocational Education and Training (TVET)
SDG 5: gender equality	Support of activities of Lao Business Women Association
SDG 8: decent work and economic growth	Employers’ Bureaus activities; improving business enabling environment via advocacy
SDG 9: industry, innovation, infrastructure	Main task of LNCCI and SME Service Centre
SDG 10: reducing inequality	FDI promotion; Employers’ Bureau activities; promotion of regional development via strengthening of provincial CCIs
SDG 12: responsible consumption and production	Promote eco-friendly products and integrate these into branding activities
SDG 13: climate action	Educate and support businesses to reduce emissions, waste; promote renewable energy
SDG 16: Peace and justice, strong institutions	Advocacy through the Lao Business Forum Promotion of rule of law

3 The Strategic Action Plan for Private Sector Development in the Lao PDR 2021 – 2025

VISION:

The Lao PDR has a conducive and competitive business environment with a strong business sector that contributes substantially to a sustainable economic growth.

MISSION:

LNCCI and the provincial chambers strengthen the capacity of the business sector by advocacy, service provision for MSME/SME, product development and marketing. They support regional economic integration and sustainable investment.

Based on the analysis of the economy and the environment LNCCI is operating in the new strategic action plan has 6 strategic priorities or “Pillars” and two cross cutting issues, namely ensuring the financial sustainability of the chamber and increasing the capabilities and capacities of the provincial chambers of commerce and industry as well as of the business associations.

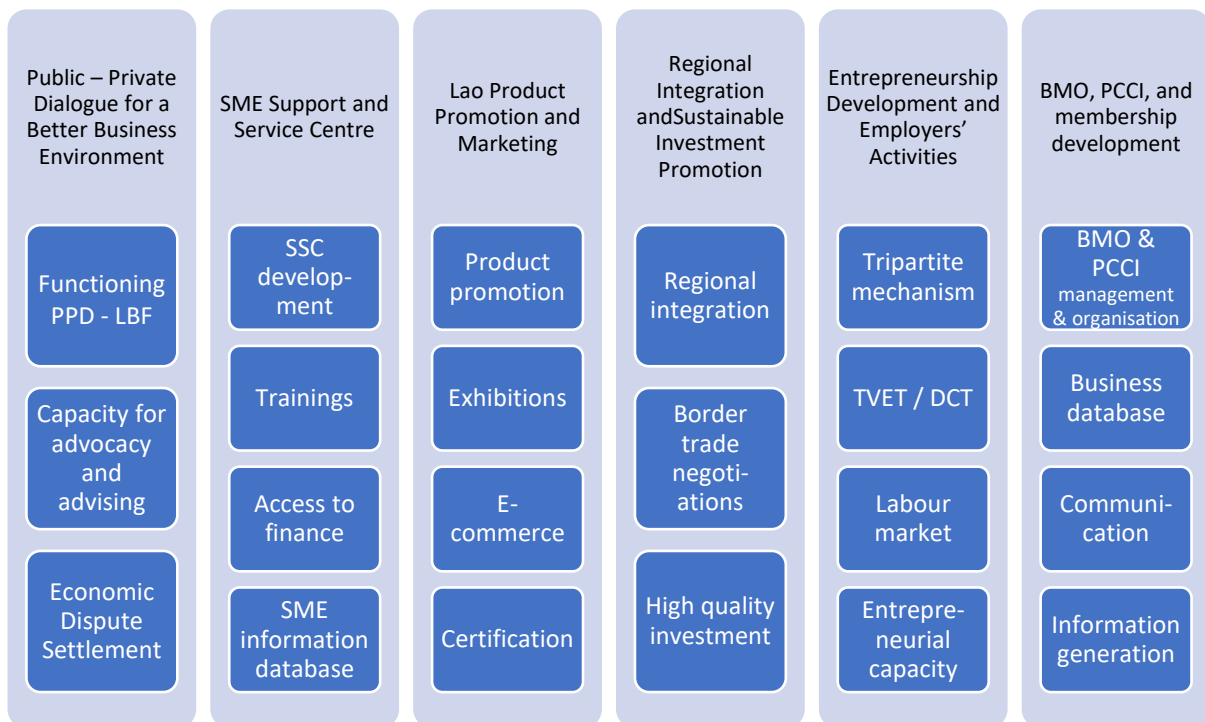
To facilitate the management and implementation of the strategy and avoiding a complicated matrix organization the cross-cutting issues have been integrated into the strategic pillars.

The 6 strategic pillars and their field of activity are:

- 1) Pillar I: Public private dialogue for a better business environment** with
 - a) ensuring a functioning and effective public private dialogue on the central and provincial level through the LBF mechanism and the monitoring of the Ease of Doing Business (EoDB) Indicators,
 - b) building capacity for advocacy and policy advise in LNCCI, provincial chambers and selected business associations,
 - c) setting up and operating an economic dispute settlement centre at LNCCI.
- 2) Pillar II: SME Support and Service Centre (SSC)** with
 - a) Strengthening of the existing SSC at LNCCI and setting up SSCs in provincial chambers and in business associations,
 - b) Offering valuable trainings and a co-working space,
 - c) Supporting SMEs in their access to finance,
 - d) Setting up and operating an SME information database.
- 3) Pillar III: Lao product promotion and marketing** with
 - a) Product promotion,
 - b) Professional implementation of and participation in trade fairs and exhibitions,
 - c) Promotion of e-commerce,
 - d) Issuing of certificates and barcodes.

- 4) **Pillar IV: Regional integration and investment promotion with**
 - a) Promotion of regional economic integration with focus on ASEAN, the GMS and other regional partnership agreements,
 - b) Contribution to and participation in border trade negotiations and implementations,
 - c) Promotion of high-quality investment.
- 5) **Pillar V: Entrepreneurship development and employers' activities with**
 - a) Professionalizing the tripartite mechanism,
 - b) Support of TVET / DCT,
 - c) Improving the functionality of the labour market,
 - d) Development of entrepreneurial capacity.
- 6) **Pillar IV: Information, public relations and membership with**
 - a) Supporting the management and organization of Provincial Chamber of Commerce and Industries and BMOs,
 - b) Operation of a business database,
 - c) Communication,
 - d) Information generation.

Figure 9: Strategic Pillars of LNCCI 2021-2025



3.1 Pillar I: Public private dialogue for a better business environment

Vision: The business environment of Laos is one of the most attractive in South East Asia

Mission: To advocate on the highest level and cooperation with all stakeholders to improve the business enabling environment

As outlined above one of the main issues that negatively impacts a sustainable and inclusive economic development of the Lao PDR is the less than favourable regulatory environment in which business have to operate. The overall target of Pillar I therefore is to improve the business enabling environment. This requires a functioning and productive public private dialogue and a mechanism to settle economic disputes between businesses in a fair and conducive manner.

A public private dialogue that promotes the economic development of the Lao PDR needs two fundamental elements: (i) a system that can constructively address shortcomings in existing legislation and their implementation and scrutinise and advise on upcoming and future legislation and; (ii) a mechanism that tackles fundamental and systemic issues that prevents the country to improve its business environment, indicated by its ranking in international comparisons like the Ease of Doing Business (EoDB) of the World Bank.

Key element to reach these objectives is the Lao Business Forum which shall be upgraded to include an EoDB Mechanism to support the implementation of P.M. Order 02 of February 01st 2018⁵⁰ and provincial LBF.

However, a public private dialogue is only meaningful if the private sector can contribute with constructive and well-prepared inputs. To achieve this, some capacity building is necessary.

Furthermore, a conducive business environment requires not only a conducive regulatory environment but also a mechanism that provides for the settlement of economic disputes between businesses without necessarily being forced to go through a lengthy court procedure. Therefore, an economic dispute settlement centre is needed.

LNCCI's strategic approach to these considerations has therefore three objectives:

1. To ensure that there is a functioning and effective public private dialogue system in place in the centre and in the provinces that involves all relevant stakeholders (LBF, EoDB, Provincial LBF, PPD on "hot" economic issues);

⁵⁰ Prime Minister No. 02/PM: Order on Improvement of Regulations and Coordination Mechanism in Doing Business in Lao PDR. Vientiane Capital, February 1st 2018.

2. To ensure that LNCCI has the capacity for better advocacy (Regulatory Impact Assessment, international due diligence) and advise on strategic macro-economic issues;
3. To ensure that an effective economic dispute settlement mechanism is in place and is being used.

Objective 1 will be considered as achieved when the following indicators are met:

- a) At least 10 Provincial Chambers of Commerce and Industry (PCCI) as well as significant number of relevant companies have been trained on the job regarding raising issues to LBF;
- b) 70% of prioritized issues raised at the Lao Business Forum (LBF) are resolved;
- c) Information regarding to Public Private Dialogue in the provinces are collected and reported by all provinces through the Provincial Facilitation for Investment and Trade Index (ProFIT) annually, and ProFIT award is given to best provinces;
- d) The World Bank's Ease of Doing Business Indicator for Laos is in two digits by 2025.

To achieve the indicators LNCCI will pursue the following activities:

- i. On the job training for CCI, issue leaders and company representatives to prepare and present fact-based recommendations for LBF;
- ii. LBF dialogue meetings and conference are organised every year;
- iii. Follow up mechanism on resolutions of LBF is in place and issues that have not been resolved are reported quarterly to the Prime Minister's Office (PMO);
- iv. Annual implementation and publication of ProFIT;
- v. ProFIT awards are handed over every year in combination with LNCCI recognition awards;
- vi. Reorganisation of LBF Secretariat to coordinate activities of LBF and EoDB Task Forces;
- vii. EoDB Task Forces assess the situation for each indicator, plan improvements, implement and report to PMO quarterly

To achieve objective 2 it is planned to cooperate with external professionals via expanding the existing network of legal advisors and to set up a think tank with experts from different fields.

Objective 2 will be considered as achieved when the following indicators are met:

- a) LNCCI is able to review all existing and upcoming economically relevant legislation, give high quality advise and at least 60% of the recommendations are taken up;
- b) Issue based expert groups (think tank group) have been created and produce recommendation papers on upcoming urgent issues and 1 per year on longer term issues that impact the private sector;
- c) Assessment of implications of expiry of preferential market access (e.g. EU, USA) on trade and investment has been completed by end of 2021;
- d) Recommendations for future negotiations with major trading partners have been given to GoL by early 2022.

To achieve the indicators LNCCI will pursue the following activities:

- i. Establish mechanisms to gather intelligence on upcoming legislation;
- ii. Expanding the network of economic legal advisors;
- iii. Production of recommendations on upcoming legislation and meetings with government;
- iv. LNCCI expert group (think tank) is established under LBF and produces recommendation paper on urgent economic issues as they come up;
- v. Develop proposal for mitigation strategy for the loss of LDC status related privileges and potentially additional ad hoc issues;
- vi. Analyse trade development and quantify affected trade in different products.

Regarding objective 3 it is planned to cooperate with the Lao bar association to set up and operate an economic dispute centre.

Objective 3 will be considered as achieved when the following indicators are met:

- a) A mediation centre on investment disputes is set up in cooperation with the Lao Bar Association and operating in LNCCI;
- b) An international mediation and arbitration mechanism is set up in LNCCI and operating (issues related to international trade: INCOTERMS, ICC Convention).

To achieve these objectives the following activities will be pursued:

- i. Achieve agreement with Lao Bar association to jointly operate a mediation and arbitration centre in LNCCI;
- ii. Create mediation and arbitration unit with a secretariat;
- iii. Promotion campaign for mediation and arbitration unit
- iv. Enter into cooperation with mediation and arbitration centres in the region (ASEAN+) and internationally under the International Chamber of Commerce (ICC) mediation and arbitration fora.
- v. Workshop / seminar on international and local dispute resolution mechanisms.

3.2 Pillar II SME Support and Service Centre

Vision: Lao companies, in particular MSME, are able to compete successfully in domestic and international markets

Mission: To support businesses, in particular MSME, with high quality services and to support their access to the ASEAN markets and beyond

MSME form the large majority of Lao businesses but they suffer from intrinsic weaknesses. Whereas the micro enterprises have an important function primarily by providing (self-) employment, at least some of the bigger SME are assumed to have the potential to become

competitive players on a bigger domestic or even regional and international scene if they receive adequate assistance. In particular high-potential start-ups must be identified and supported.

Currently MSME promotion is very limited if not non-existent. Traditional systems have often focused on poverty alleviation and food security but have not been able to increase the competitiveness and the market access of small and micro enterprises. Required – and not least mandated by P.M. Decree 237 - is a stable information and support system that effectively and sustainably strengthens MSME

The overarching target of Pillar II is to improve the support for SME by rolling out an infrastructure in form of SME Service Centres (SSC) that provides non-industry specific trainings, supports access to finance and collects and processes data and information on SME in order to further improve its services.

In order to make a significant impact the services of the SSC must be of high quality and widely available – and widely known. These services must include non-industry specific training like marketing, market research, management, accounting etc. but also support the access to different forms of finance. In a rapidly changing economic environment it is important to keep the service portfolio of the SSC up-to-date and to increase its outreach by collecting and analysing information about the Lao SME sector.

To achieve this target LNCCI with its SSC has set the following four objectives:

1. Develop SSC capacity and facilities, support start-ups, innovation and expand SME support infrastructure;
2. SSC provides valuable trainings;
3. LNCCI has enhanced MSME's access to finance;
4. A SME information database is operational and SME Centre is well known.

Objective 1 will be considered as achieved when the following indicators are met:

- a) An SSC Operation Manual is developed, disseminated and applied in all SSCs;
- b) SSC are operating and offering services in a minimum of 6 provinces (LNCCI, Luang Prabang, Champasack, Vientiane Province, Savannaketh, Luang Namtha N.N.);
- c) SSC are operating and offering services in 4 Business Associations;
- d) Start-up and incubation service (mentorship network, access to finance, access to markets, management trainings etc.) has been set up and used by 50 companies per year;
- e) At least 70% of SMEs receiving services from the SME Service Centres and the SME clinic indicate to be satisfied with the services received;
- f) Co-working space at LNCCI is used by an average of 20 companies per year,
- g) 50 SME have introduced innovations into their business;
- h) An ASEAN SME trade portal is set up and operational.

To achieve the aforementioned indicators the following activities will be pursued and further developed:

- i. Set up SME Clinic to provide regular consultation services to SME;
- ii. Develop an SSC operation manual and ensure its application so that all SSCs operate effectively and are managed efficiently;
- iii. Prepare and build capacity for 6 or more PCCI to set up SSC according to LNCCI criteria;
- iv. Prepare and build capacity for 4-5 BAs in agriculture, processing industry, transportation and logistics, hospitality, trade (tentatively agriculture association, ICT, ALGI, Transport & Logistics, Hotel & Restaurant,) to set up SSC according to LNCCI criteria;
- v. Develop templates or blue prints for organisation as well as trainings, seminars and other activities in the SSC system and disseminate to provincial CCI and BA SSC;
- vi. Implement pilot activities in provincial and BA SSC to generate funding for at least one permanent SSC staff and to kick-start activities;
- vii. Annual reporting of SSC to LNCCI; follow-up by LNCCI;
- viii. Development of concept for the creation of an incubation eco-system in Laos and stock taking of existing infrastructure as well as cooperation possibilities; development of a mentorship programme;
- ix. Set up start-up and incubation centre / service, possibly with external partners
- x. Conduct training courses on introduction and management of innovation;
- xi. Development and implementation of SME projects (i.e. mentorship network, plastic free, smart farms, gender or youth related projects);
- xii. Develop and implement SME award;
- xiii. Co-working space is made available and guidelines for its usage are developed;
- xiv. Produce promotion material and promotion activities (i.e. newsletter, maintaining of website);

In many Lao SME there is a shortage of basic or fundamental skills other than skills in the trade pursued by the companies. Without mastering these fundamental skills like marketing bookkeeping, logistics etc. a company struggles to be competitive and to achieve its potential. LNCCI and the SSC intend to close these skill gaps by providing training, predominantly executed by external providers.

Objective 2 will be considered as achieved when the following indicators are met:

- a) More than 1,000 companies have gone through trainings, workshops, seminars etc.;
- b) At least 70% of participants in trainings, workshops seminars, etc. indicate to be satisfied with the services received.

To achieve these indicators the following activities will be pursued:

- i. Provide trainings for SME in different fields (e.g. enterprise management, bookkeeping etc.);

- ii. Promotion activities for SME, e.g. SSC business talks, entrepreneurship days;
- iii. Support the digitalisation of companies.

Objective 3 will tackle a major obstacle for SME development – the often-problematic access to finance – in a multi-track approach: it will facilitate the access of SME to loan programmes operated by banks by cooperating with banks and, via external trainers, by providing financial literacy training to SME and It will operate its own angel fund for guaranteeing loans from commercial banks and Micro-Credit Institutions to SME/MSMEs. Since loans in the Lao PDR usually require collateral in the form of real estate which is not always available to SME it is planned to set up its own SME/MSME guarantee scheme to provide non-collateralised loans.

Objective 3 will be considered as achieved when the following indicators are met:

- a) At least 100 SMEs receiving advisory from SSC report having successfully accessed finance by 2025;
- b) An angel fund is operated by LNCCI and provides funding to 50 companies through its SME/MSME guarantee scheme;
- c) Set up a mechanism to provide non-collateralised loans to SME.

To achieve the objectives the following activities will be pursued:

- i. Develop plan / structure to operate SME Fund;
- ii. Set up network of participating banks for loan programmes;
- iii. Establish network of business development service providers (BDS) and coaches to support companies to access SME Fund;
- iv. Training and coaching of companies (incl. certification) for access to SME fund;
- v. Operate angel fund⁵¹ and acquire clients;
- vi. Set up regulations for MSME loan guarantee facility;
- vii. Register LNCCI as loan guarantee facility.

Objective 4 is considered to be met if the following indicators are reached:

- a) An information database is set up and regularly updated,
- b) SME awards are awarded annually;

⁵¹ ANGEL FUND: Angel investment normally describes a form of financing, in which an investor supplies funding to a company in exchange for equity or a share in the business. Usually this form of financing is applied to start-ups and early stage company in which ordinary investors are reluctant to provide funding in the face of the high risk involved.

Here, however, the funding of the angel fund, which is provided by LNCCI member companies, is provided as a guarantee for small repayable loans.

- c) A SME pilot project that can be scaled and replicated has been successfully implemented.

To achieve the indicators the following activities are planned:

- i. Develop concept for SME database, implement it and keep it regularly updated;
- ii. Develop guidelines for SME awards and award companies annually;
- iii. Conceptualise, develop and implement a scalable and replicable SME pilot project.

3.3 Pillar III: Lao product promotion and marketing

Vision: Lao produces competitive (regarding quality, quantity, price, availability) products and services and exports a significant amount of these

Mission: To provide services to corporates and SMEs on branding, marketing, value chain development in order to make these businesses competitive in domestic and foreign markets

Many Lao products are neither well known nor readily available on the international market. The overall target of Pillar II is to improve the marketing of Lao products in a multi-track approach.

It is intended to identify and further develop with the help of LNCCI's Product Promotion Service Centre (PPSC) a number of products and respective value-chains which adhere to high quality and ethical standards. The Centre will set standards for the identified "Lao champion products", analyse and improve value chains, train producers, support the branding in form of creating a "Brand Laos" and help with the export of these products. Different from the trainings offered by Pillar II the trainings offered by Pillar III are highly specific and catered to the industry and value chain specific requirements of the Lao champion products.

To further professionalise the marketing of the Lao champion products, but also other products and, following the spirit of the ODOP (One District, One Product approach, services (like tourism) for the domestic market, LNCCI will promote traditional channels by professionalising the Made in Laos trade fair and by training companies to professionalise their exposure in domestic and international trade fairs. To promote more innovative ways of marketing and doing business in general, the chamber will promote e-commerce and, more fundamental, digital business.

Products need to be certified if they are exported if they want to enjoy trade privileges or attract higher margins which customers that are looking for specific qualities of a product. LNCCI will not only continue issuing certificates of origin but also define the standards of products that are branded under "Brand Lao" and certify products under this label. To round its marketing activities off LNCCI will also develop and issue Lao barcodes.

To achieve its marketing support target LNCCI has set the following objectives:

1. Lao products are professionally promoted;
2. Professionalising the participation in and organisation of exhibitions;
3. Promotion of e-commerce and digital business;
4. Certificates and product indications are issued.

Objective 1 is considered as achieved if the following indicators have been met:

- a) Product Promotion Service Centre (PPSC) is established at LNCCI and has developed specific services for e.g. standards, market access;
- b) A branding and marketing and information system (Brand Laos) that promotes high quality ethical products towards affluent consumers is developed that leads to an increase in the value of exports of selected champion products by an average of 10% p.a.;
- c) At least 200 companies receive services from the PPSC and at least 70% of these indicate to be satisfied with the services received;
- d) Standard models for supply chains and their requirements (finished and semi-finished products) are developed at least for all 6 Lao champion products and tourism as pilot projects);
- e) Updated information about market situation of at least 3 champion products in each province is available.

In order to achieve these indicators, the following activities will be pursued:

- i. Develop concept and build capacity for PPSC (value chain analysis, service provision, e.g. marketing support, certification support etc.);
- ii. Adaption of international training modules and criteria to Lao conditions and start coaching/training with two modules, adding every year one module;
- iii. Map, diagnose and improve existing value chains at least for 6 Lao champion products with the support of export groups (potential, challenges, obstacles, barriers value chain link) and create model value chains);
- iv. Development of sustainable marketing programme based on supply chains at least for 6 Lao champion products;
- v. Setting up of product promotion and marketing help desk which gives advice to potential and actual Lao exporters;
- vi. Develop and implement tourism marketing plan and campaign for domestic market (Lao Visit Lao campaign) and for selected international tourism markets;
- vii. Develop market information system, incorporating PCCIs and BAs for Lao champion products in 5 relevant markets and production of annually updated reports.

Objective 2 is considered to be achieved if the following indicators will be met:

- a) Made in Laos is a well-known professional B2B platform and generates contracts for participating companies of 5m USD per year;

- b) At least 200 companies have been trained in professional trade fair participation and 70% of these confirm to be satisfied with the training.

To achieve these indicators the following activities will be pursued:

- i. Develop concept for professionalised Made in Laos trade fair and implement it;
- ii. Develop guidelines for the participation in trade fairs and exhibitions;
- iii. Workshops on professional trade fair participation for companies (trade fair participants) and preparation measures for international trade fair participation.

Objective 3 is considered to be achieved if the following indicator is met:

- a) The number of companies that use e-commerce and digital business increases every year by 20%.

To achieve this indicator, it is planned to pursue the following activities:

- i. Baseline survey on e-commerce usage and annual follow-up;
- ii. Develop a functional e-commerce platform incl. consolidation of e-payment and delivery systems and B2C applications;
- iii. Promotion of adaptation of e-commerce among companies (trainings, seminars, workshops etc.);
- iv. Trainings, seminars to promote digital management and marketing for Lao hospitality, tour and travel companies.

Objective 4 is considered as achieved if the following indicators are met:

- a) LNCCI issues certificates of origin (CO), certificates for Brand Laos, Made in Laos etc.;
- b) LNCCI issues barcodes

To achieve the indicators the following activities will be pursued:

- i. Define standard for Made in Laos and Brand Laos and support products/companies to be certified according to standard;
- ii. Develop and register "Heart of Laos" and brands for 6 Lao champion products;
- iii. Issue certificates (e.g. certificate of origin (including digital one), Brand Laos, Made in Laos etc.);
- iv. LNCCI becomes GS1 member and issues barcodes.

3.4 Pillar IV: Regional integration and sustainable investment promotion

Vision: The Lao economy and Lao businesses are integrated into regional and global value chains through increased inflow of diversified and equitable foreign and domestic direct investment

Mission: To facilitate regional economic integration and to promote incoming quality foreign direct investment

The overall goal of Pillar VI is to improve the international business of Laos, in particular regarding ASEAN integration and promoting high quality investment.

Despite being member of ASEAN and AFTA there are still non-tariff measures and non-tariff barriers in place, sometimes even increasingly so, which impede the ability and the interest of Lao business to do business across the borders. Particular the border trade situation is often opaque and not as favourable as it could be. It is therefore intended to address and improve quota regulations via border trade negotiations and to improve the functioning of cross-border value chains.

Furthermore, Laos has so far attracted a significant amount of investment, but few of it can be regarded as “high quality investment” when it comes to issues like technology transfer, creation of jobs etc. In particular the Lao-China railway, which is currently under construction, should open opportunities to attract a diversified portfolio of quality investments.

In order to achieve its overarching international goal LNCCI has set the following objectives:

1. Integrate Lao businesses into ASEAN, ASEAN+, GMS and other economic cooperation agreements;
2. LNCCI has a major role in border trade negotiations of the Lao PDR;
3. Promoting high quality investment.

In order to achieve objective 1 the following indicators have to be met:

- a) A repository of NTB and NTM experienced by Lao companies has been developed, implemented and is constantly updated;
- b) Formal intra-ASEAN trade of Laos has increased by 10% between 2021 and 2025.

The following activities will be implemented to achieve the aforementioned indicators:

- i. Focus group(s) for industry trade, transport (business representatives) are set up, collect information on NTB and NTM, create a systematic repository, produce recommendations;

- ii. ABA Laos Award mechanism is set up and awards are granted annually;
- iii. Preparation and Organisation of ASEAN BIS and other ASEAN business related activities 2024 (Lao chairmanship of ASEAN);
- iv. Preparation and implementation of ASEAN-BAC events.

Objective 2 will be achieved when the following indicators are met:

- a) Teams with qualified individuals (staff and board) are set up for annual negotiations with China, Thailand and other economies;
- b) The Lao government agencies do not sign any border trade quota without consulting LNCCI, PCCI.

In order to achieve the indicators, the following activities will be pursued:

- i. Capacity building for staff to set up border trade desk at LNCCI / PCCI;
- ii. Create structure in provinces to collect information on border trade (based on example from Champassak);
- iii. PCCI collect information on structure and quantities of border trade;
- iv. Workshops with PCCIs on border trade issues twice annually
- v. LNCCI and PCCI elaborate plans to improve Lao position in border trade and negotiate with relevant authorities;
- vi. LNCCI makes recommendation to the National Trade Facilitation Committee and to the National Task Force for Commodity Production and Regulation on the Importation of Consumer Products;
- vii. Regular meeting with government to prepare negotiations with third countries;
- viii. Negotiations on border trade with neighbouring countries.

Objective 3 will be achieved when the following indicators are met:

- a) LNCCI Lao-China Business Cooperation Committee and secretariat provides 4 comprehensive studies about investment potentials,
- b) LNCCI acquires 12 investment projects along the Lao-China Railway in form of Joint ventures between Lao and foreign companies (tentatively 3 projects in eco-tourism projects, agri-food industry, industrial parks, or logistics) until 2025 with an assumed actual investment volume of at least 250m USD;
- c) There is a systematic overview over investment projects (existing, approved, planned) in the whole country;
- d) "Invest Laos Summits" in 2021 and 2024 (possibly combined with ASEAN-BIS 2024).

To achieve the indicators the following activities will be pursued:

- i. Operation of Lao-China Business Cooperation Secretariat at LNCCI;
- ii. Studies on potential projects (trade, manufacturing, logistics) along railway corridor with PCCI;

- iii. Selection of projects with potential for FDI/joint investment, focus on Lao-China investment cooperation;
- iv. Matching of companies for 12 investment projects, following LNCCI-CCPIT agreements;
- v. Facilitate investment projects / Joint Ventures;
- vi. Create permanent investment matching market place;
- vii. Establish fora for investments in the field of digital economy to attract respective investment;
- viii. Elaborate nationwide map/list of investment projects in cooperation with MPI;
- ix. Prepare, advertise, implement 10 investment road shows (incl. outgoing business delegations) | cooperation with Pillar III annually;
- x. Prepare, advertise, implement 10 incoming business delegations annually;
- xi. “Invest Laos Summits” are prepared, advertised, implemented in 2021 and 2024.

3.5 Pillar V: Entrepreneurship development and employers’ activities

Vision: LNCCI is the prime employers’ representative, provides services to employers and ensures that skilled labour meets decent jobs

Mission: To represent the interests of employers and to assist employers

LNCCI is the official employer organization and Pillar V deals with labour and employer issues which encompasses several different topics. Setting minimum wages in the Lao PDR has so far more deal based than fact based which might have resulted in unfair wages – be it from the point of view of the employer or from the employee. LNCCI wants to contribute to a more fact-based scientific approach of setting these wages in a way that needs of livelihood and development in productivity are both fairly addressed. The chamber further wants to ensure that minimum standards in occupational safety and health are adhered to so that employees have a proper working environment.

A weak point of the Lao economy is the lack of skilled labour. Therefore, LNCCI will promote Technical Vocational Education and Training (TVET) and will focus on the Dual Cooperative Training (DCT) approach.

The labour market in Laos is still far from being transparent and from promoting labour mobility which results in unemployment, underemployment while of many positions in companies remain unfilled. LNCCI wants to address this issue by implementing not only job fairs but also by conducting labour market and skills gap assessments and providing policy proposals to the government.

Finally, more entrepreneurs have to will to efficiently run and successfully grow a company than those who actually have the ability to do so. LNCCI will address this issue by providing MBA trainings together with experienced partners to entrepreneurs.

In order to achieve these goals LNCCI has set the following objectives:

1. Tripartite mechanism leads to a fair and just minimum wage and decent working conditions that follow ILO standards;
2. Mechanisms are in place for private sector interest representation and support for TVET;
3. Improve mobility in the labour market;
4. Improve entrepreneurial capacity.

Objective 1 will be considered as achieved if the following indicators are met:

- a) A fact-based system to set minimum wages is in place;
- b) 70 individuals per year that have received respective services from LNCCI have received OHS certification (national and / or international certification) and implement OHS measures.

In order to achieve the indicators but also to additionally promote the social safety of the workforce LNCCI will pursue the following activities:

- i. Set up fact based minimum wage finding system together with relevant stakeholders;
- ii. Implement Occupational Health and Safety trainings (for individuals and companies)
- iii. Implement seminars together with Social Security Fund to encourage companies to join Social Security System.

Objective 2 will be considered as achieved if the following indicators are met:

- a) National occupational / competency standards in are incorporated in a DCT regulatory framework;
- b) DCT helpdesks are established in provincial SSC where DCT is implemented;
- c) Each year 25 new companies in each province engage in DCT.

To achieve the indicators the following activities will be pursued:

- i. DCT centre organises and implements promotional activities;
- ii. Training and certification of in-company-trainers and assessors;
- iii. Creation of 5 DCT help desks and built capacity of desk officers;

- iv. Each DCT help desk organises at least 2 information events on DCT p.a. in cooperation with DCT implementing schools;
- v. TVET award system is created and annual award ceremony is organised.

Objective 3 will be achieved when the following indicators are met:

- a) Organisation of 4 job fairs annually (in capital and provinces) with at least 80 participating companies in total for 2021, increasing by 10% each year;
- b) Skills information is available.

To achieve the indicators the following activities will be pursued:

- i. Organisation of 4 job fairs p.a.;
- ii. DCT service centres conduct labour market needs / skills gap surveys every other year;
- iii. Develop proposals for policy makers and training providers based on surveys.

Objective 4 will be achieved if the following indicators are met:

- a) A MBA programme is in place and takes in 50 students annually;
- b) A Mini MBA course is implemented twice per year with an average of 20 students each.

To achieve these indicators the following activities will be implemented:

- i. Agreement with international universities on MBA implementation in Laos;
- ii. Install coordinator for MBA programme;
- iii. Promotion campaign to attract students;
- iv. Implement MBA programme with partner;
- v. Implement Mini MBA programme with partner.

3.6 Pillar VI: BMO, PCCI, and membership development

Vision: Valuable information and intelligence for business sector, government and other stakeholders are readily available and BMOs and PCCIs are operating effectively and according to their mandate

Mission: To collect, process, analyse business and economic data and to disseminate information and to guide BMOs and PCCIs professionally

Pillar IV deals with two systemic issues: the business membership organisations (BMOs) in the Lao PDR work under different operation and management systems which impedes an efficient and smooth cooperation. Furthermore, some BMOs are rather weak which makes it difficult for them to deliver valuable services to their members. Particularly in the light of Article 19 of PM decree 237 the membership of the Lao chamber system will rise significantly which calls for a reorganisation of the provincial CCIs and a streamlined and unified organisation and operation of the BMOs.

The second issue Pillar IV will address is the scarcity of business relevant information in the Lao PDR. Given the current situation there will be a focus on the impact of the COVID 19 pandemic.

Pillar IV has therefore two overarching targets: create a uniform management and operation system for BMOs and collect, create, analyse, and disseminate information.

To achieve this overarching target LNCCI has set the following objectives:

1. Development of an efficient LNCCI, CCI, Business Association (BA) management and organisation system;
2. A digital business data base centre has been developed and is operational at LNCCI
3. Communication and dissemination of information;
4. Valuable economic information is generated and regularly published (issue-based studies).

To achieve the first objective the following indicators, have to be met:

- a) All chambers, BAs operate according to the organisation template and chamber management manual regulations of LNCCI;
- b) Services rendered are rated as being of high quality and good value for money by 80% of the respondents in a comprehensive annual survey (membership survey);
- c) A plan for mandatory membership is in place and being implemented.

In order to achieve the aforementioned indicators, the following activities will be pursued:

- i. Develop organisational template and management manual including SOP on services, administration, monitoring, evaluation etc. for provincial, cities and district chambers (ref. to PM Decree 237);
- ii. Build capacity in provincial CCIs and in BAs along organisational template and chamber management manual;
- iii. Develop standardised services for PCCIs and BAs;
- iv. Training of PCCI in administration and service delivery including monitoring;
- v. Develop and implement plan for mandatory chamber membership;

- vi. Develop transparent criteria for LNCCI Recognition award and create awarding structure (e.g. cooperation agreement with independent partner in media for selecting award winners) and implement annual awarding process.

Objective two will be achieved if the following indicators are met:

- a) The data base system stores updated information on
 - Complete membership data including company and product profiles, employment,
 - Consolidated data from enterprise registration, tax and other departments,
 - ProFIT information, LBF reports and other studies,
 - Laws and regulations related to business (incl. provincial regulations).
- b) All PCCI and BAs have the capacity to collect data and feed the data regularly into the system;
- c) Annual information audit confirms that 90% of the information in the system is correct and updated.

In order to achieve these indicators, the following activities will be pursued:

- i. Set up comprehensive regulations on system integrity, data safety, access rights, data management and data sharing incl. privacy policy;
- ii. Legal database is set up and LNCCI, PCCI and BA feed legal database via desk research (checking existing information sources) and direct collecting of regulations and publications;
- iii. PCCI and BA staff are trained to collect and clean/validate data from different sources;
- iv. Ensure data access by cooperation with MoIC and MoF as well as DoIC and DoF in provinces;
- v. PCCI and BA collect DoF and DoIC data, compare them and create a data set of existing (operating) companies and feed this into the LNCCI data base;
- vi. Annual information audit.

Objective 3 will be considered as achieved if the following indicator is met:

- a) Website and mobile application are viewed and used by at least 80% of LNCCI members.

In order to achieve this indicator, the following activities will be pursued:

- i. Create communication and design guidelines which apply throughout the whole chamber system, incl. SSC, Service Centres and possibly PCCI;
- ii. Create and implement integrated communication and PR plan and update annually;
- iii. Develop and implement promotion campaign on LNCCI's benefits and services;
- iv. Publish regularly information on TV and in newspapers.

Objective 4 is considered to be achieved if the following indicators are met:

- a) Half-yearly survey and assessment of economic impact of COVID 19 and recommendation for economic rehabilitation measures;
- b) Annual membership survey is implemented.

In order to achieve these indicators, the following activities will be pursued:

- i. Implement COVID 19 impact survey every 6 months;
- ii. Design and implement membership Survey.

4 The new organisational set-up of LNCCI

LNCCI will be reorganized to implement the activities specified in the Strategic Action Plan. The structure of the organization will have additional Departments and Divisions to implement the activities specified in the 6 pillars.

4.1 Board of Directors

LNCCI is governed by its General Assembly with elected board members. For the 8th Constituency (2021-2023) there are 55 Board Members in which 17 are from the Provinces and Vientiane Capital. PCCI's are by function board members of the LNCCI's. Vientiane Capital CCI's President is appointed Vice-President of LNCCI by function. The General Assembly is chaired by LNCCI's President.

LNCCI Has an Honorary President appointed by the Board of Directors. The Honorary President has no executive functions.

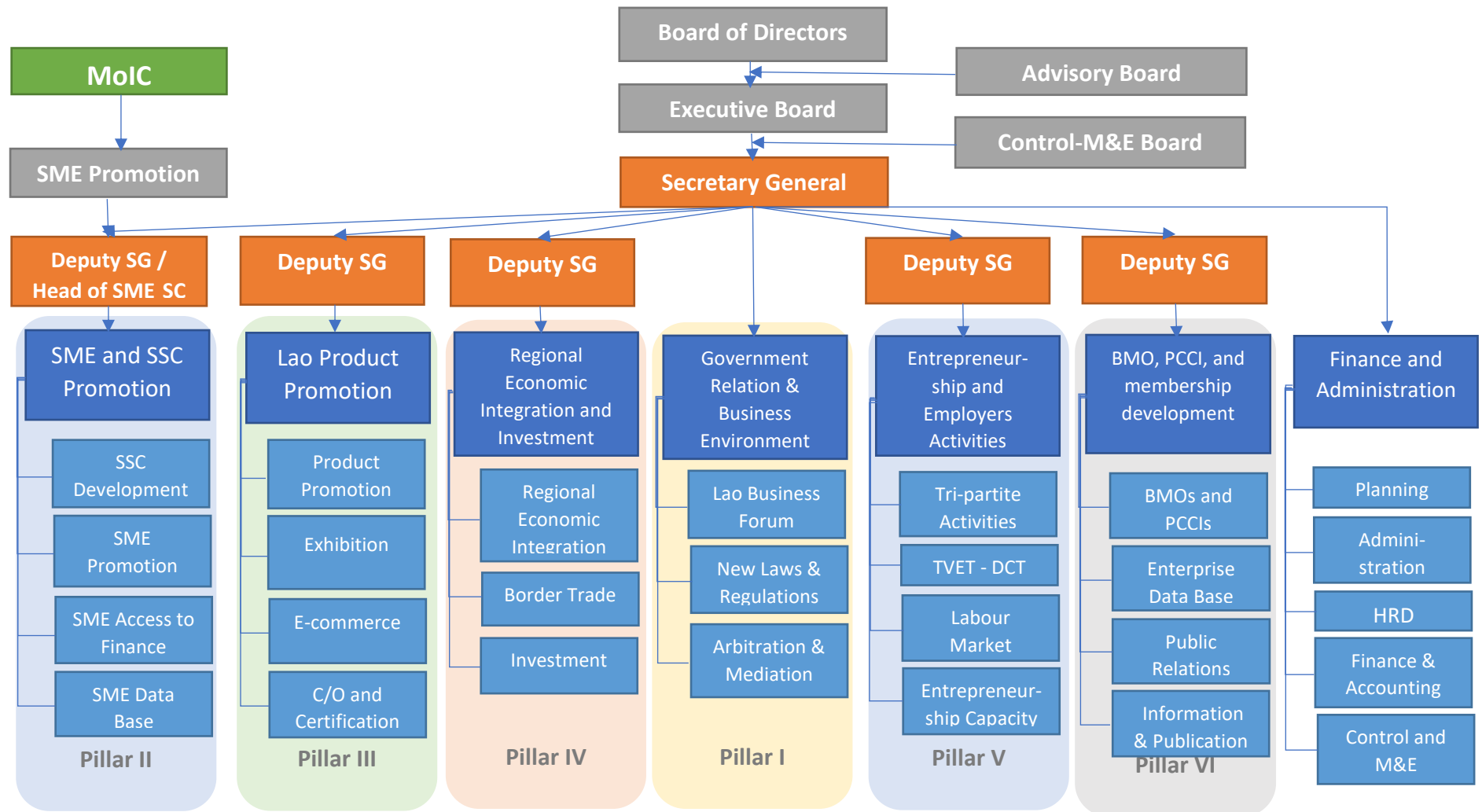
4.2 Executive Board of Directors

LNCCI's Executive Board of Directors is running the operation of chamber. It comprises of the President, Vice-Presidents (12) and Controllers (2). The Vice-Presidents are assigned to overlook the implementation of the 6 pillars. The Controllers are assigned to control the management and operation of the chamber as well as the monitoring and evaluation of its activities.

4.3 LNCCI Advisory Council

The Board of Directors appoint The President, Vice-President and Members of the LNCCI Advisory Council Members. The LNCCI Advisory Council is formed by representatives from well-established foreign and domestic enterprises in the Lao PDR. The role of the council is to provide advise on long term private sector development strategy and to support LNCCI's Working Committees.

Figure 10: New organisational structure of LNCCI



5 Implications of the new strategy on human resources

The new strategy outlined in this paper is broader in scope and higher in ambition than the strategy for the years 2018-2020. It does not only tackle new fields like regional integration and the promotion of sustainable investment, it addresses cross-cutting issues like the strengthening of the PCCI and BAs and enhanced income generation – it also has to provide for the implementation of the PM Decree 237.

Therefore, additional staff and an enhanced management system are required. Whereas LNCCI currently employs 38 staff members, it is calculated that the implementation of the new strategy requires a personnel strength of about 70. It is planned to hire the additional staff during the years 2021/22. This includes only staff directly employed at LNCCI (headquarters). As outlined above it is envisaged to strengthen the provincial chambers. A plan to do so will be developed in 2021 and it there is a likelihood that part of strategy to strengthen the PCCIs will be to second personnel to provincial chambers for a medium-term assignment. This would require the hiring of additional human resources which would. At least for an initial period, have to be financed by LNCCI before PCCIs will be offered the option to take over the respective staff on their own payrolls.

The distribution of staff in the management and payment hierarchy and their allocation to pillars and department will be as follows:

Figure 11: Staff hierarchy

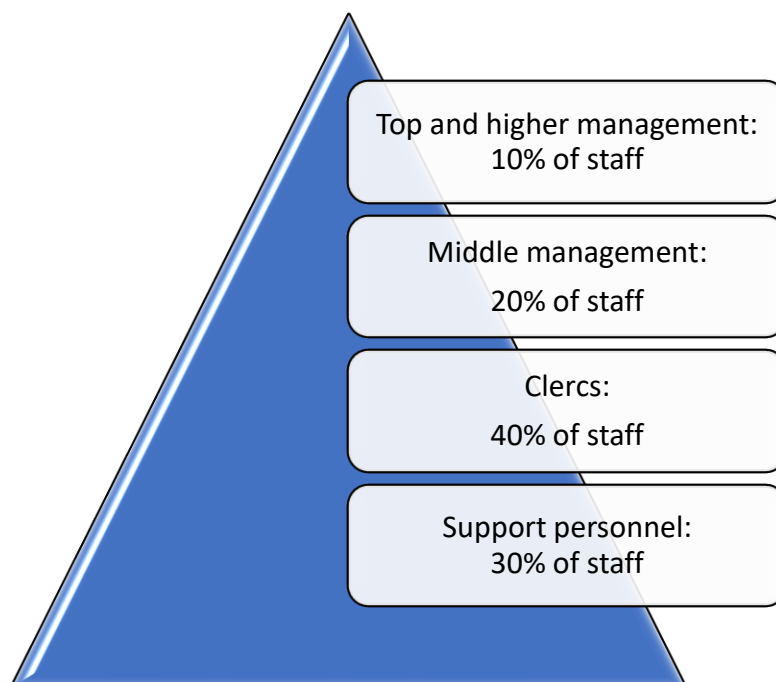


Figure 12: HR set-up of new structure

Pillar I	Pillar II	Pillar III	Pillar IV	Pillar V	Pillar VI	Permanent Office
<ul style="list-style-type: none"> •1. Lao Business Forum and PPD: <i>2-3 staff</i> •2. Laws and regulation studies: <i>2 staff</i> •3. Economic dispute arbitration and mediation: <i>1 staff</i> 	<ul style="list-style-type: none"> •1. SME Co-working space and SME clinic: <i>2-3 staff</i> •2. SME training and promotion events: <i>2 staff</i> •3. Access to SME funding and finance: <i>2 staff</i> •4. SME information database and PR: <i>2 staff</i> 	<ul style="list-style-type: none"> •1. Product Promotion Service Centre: <i>9 staff</i> •Made in Laos and exhibitions: <i>2 staff</i> •3. E-commerce development: <i>2 staff</i> •4. Certification Unit: <i>2 staff</i> 	<ul style="list-style-type: none"> •1. (ASEAN, ASEAN+ and other) economic cooperation agreements: <i>3 staff</i> •2. Border trade desk: <i>1 staff</i> •3. Promoting quality investment: <i>4 staff</i> 	<ul style="list-style-type: none"> •1. Tripartite mechanism: <i>2 staff</i> •2. TVET development: <i>2 staff</i> •3. Labour market: <i>2 staff</i> •4. Entrepreneurial capacity: <i>1 staff</i> 	<ul style="list-style-type: none"> •LNCCI, PCCI and BA management and organisation system: <i>3 staff</i> •2. Digital database: <i>2 staff</i> •3. Information and communication: <i>1 staff</i> •4. Economic information: <i>1 staff</i> 	<ul style="list-style-type: none"> •1. General Planning: <i>2 staff</i> •2. Administration: <i>2 staff</i> •3. HR development: <i>1 staff</i> •4. Finance and accounting: <i>3 staff</i> •5. Others (housekeeping, drivers, etc.): <i>5 staff</i>
5 - 6 staff	8 - 9 staff	15 staff	8 staff	7 staff	7 staff	13 staff

In addition: 1 secretary general and 5 deputy secretaries general which amounts to a total staff number of about 70. To ensure efficient operations and management a comprehensive management handbook and key performance indicators will be elaborated in 2021.

ANNEX: Timetable for strategy implementation

Pillar I

Public Private Dialogue for a Better Business Environment

Vision: The business environment of Laos is one of the most attractive in South East Asia

Mission: To advocate on the highest level and cooperation with all stakeholders to improve the business enabling environment

Department: Government relations and cooperation

Objective 1:	There is a functioning and effective public private dialogue system in place in the center and in the provinces that involves all relevant stakeholders (LBF, EoDB, PPPD, hot economic issues)	
Responsible:	Unit 1: Lao Business Forum and PPD	
Indicators:	Indicator 1a:	10 PCCIs as well as companies have been trained on the job regarding raising issues to LBF
	Indicator 1b:	70% of prioritised issues raised at the Lao Business Forum (LBF) are resolved
	Indicator 1c:	Information regarding to Public Private Dialogue in the provinces are collected and reported by all provinces (ProFIT) annually and ProFIT award is given to best provinces
	Indicator 1d:	EoDB Indicator is in two digits by 2025

Pillar I (contd.)

Objective 1

Activities	Timeframe																				Suggested Stakeholders	Potential Sources of Support
	2021				2022				2023				2024				2025					
	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4		
<i>Activity 1: On the job training for PCCI, issue leaders and company representatives to prepare and present fact-based recommendations for LBF</i>	X		X		X		X		X		X		X		X		X		X		MoIC, PMO, DoIC, PCCI, BA and private sector working groups (PSWG)	LCT (World Bank, multi donor prog.), sponsors
<i>Activity 2: LBF dialogue meetings and conference are organised every year</i>				X				X				X				X				X		

Pillar I (contd.)
Objective 1 (contd.)

Activities	Timeframe																				Suggested Stakeholders	Potential Sources of Support
	2021				2022				2023				2024				2025					
	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4		
<i>Activity 3: Follow up mechanism on resolutions of LBF is in place and issues that have not been resolved are reported quarterly to PMO</i>	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		
<i>Activity 4: Annual implementation and publication of ProFIT</i>			X				X				X				X				X		PCCI, BA	
<i>Activity 5: ProFIT awards are handed over every year in combination with LNCCI recognition awards</i>	X				X				X				X				X					ADB

Pillar I (contd.)
Objective 1 (contd.)

Activities	Timeframe																				Suggested Stakeholders	Potential Sources of Support
	2021				2022				2023				2024				2025					
	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4		
<i>Activity 6: Reorganisation of LBF Secretariat to coordinate activities of LBF and EoDB Task Forces</i>	X	X																			MoIC, MPI	LCT (World Bank, multi donor prog.)
<i>Activity 7: EoDB Task Forces assess the situation for each indicator, plan improvements, implement and report to PMO quarterly</i>	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	PMO, MPI, MoIC et al.	LCT (World Bank, multi donor prog.)

Pillar I (contd.)

Objective 2

Objective 2: LNCCI has the capacity for better advocacy (Regulatory Impact Assessment, international due diligence) and advises on strategic macro-economic issues

Responsible: Unit 2: Laws and regulation studies

Indicators:	Indicator 2a:	LNCCI is able to review all existing and upcoming economically relevant legislation, give high quality advise and at least 60% of the recommendations are taken up
	Indicator 2b:	Issue based expert groups (think tank group) have been created and produce recommendation papers on upcoming urgent issues and 1 per year on longer term issues that impact the private sector
	Indicator 2c:	Assessment of implications of expiry of preferential market access (e.g. EU, USA) on trade and investment has been completed by end of 2021
	Indicator 2d:	Recommendations for future negotiations with major trading partners have been given to GoL by early 2022.

Pillar I (contd.)
Objective 2 (contd.)

Activities	Timeframe																				Suggested Stakeholders	Potential Sources of Support
	2021				2022				2023				2024				2025					
	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4		
<i>Activity 1: Establish mechanisms to gather intelligence on upcoming legislation</i>	X	X																			Line ministries	
<i>Activity 2: Expanding the network of economic legal advisors</i>	X	X	X	X																	Law firms, consultants	
<i>Activity 3: Production of recommendations on upcoming legislation & meetings with government</i>	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	Line ministries	
<i>Activity 4: LNCCI expert group (think tank) is established under LBF & produces recommendation paper on urgent economic issues as they come up</i>	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	LNCCI Expert group	

Pillar I (contd.)
Objective 2 (contd.)

Activities	Timeframe																				Suggested Stakeholders	Potential Sources of Support	
	2021				2022				2023				2024				2025						
	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4			
<i>Activity 5: Develop proposal for mitigation strategy for the loss of LDC status related privileges and potentially additional ad hoc issues</i>									X	X	X	X	X										
<i>Activity 6: Analyse trade development and quantify affected trade in different products</i>				X	X	X	X	X	X	X												Pillar IV, MoIC	

Pillar I (contd.)

Objective 3

Objective 3: Economic dispute settlement mechanism is in place and is being used

Responsible: Unit 3: Economic dispute mediation and arbitration

Indicators:	Indicator 3a:	Create mediation and arbitration unit with a secretariat
	Indicator 3b:	Promotion campaign for mediation and arbitration unit

Activities	Timeframe																				Suggested Stakeholders	Potential Sources of Support
	2021				2021				2022				2024				2025					
	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4		
<i>Activity 1: Achieve agreement with Lao Bar association to jointly operate a mediation and arbitration centre in LNCCI</i>	X	X																			Lao Bar Assoc., MoJ	

Pillar I (contd.)
Objective 3 (contd.)

Activities	Timeframe																				Suggested Stakeholders	Potential Sources of Support
	2021				2021				2022				2024				2025					
	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4		
<i>Activity 2: Create mediation and arbitration unit with a secretariat</i>			X	X	X	X																LBE
<i>Activity 3: Promotion campaign for mediation and arbitration unit</i>							X	X														
<i>Activity 4: Enter into cooperation with mediation and arbitration centres in the region (ASEAN+)</i>								X	X	X	X										Arbitration centres in neighbouring countries	

Pillar I (contd.)
Objective 3 (contd.)

Activities	Timeframe																				Suggested Stakeholders	Potential Sources of Support	
	2021				2021				2022				2024				2025						
	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4			
Activity 5: <i>Workshop / seminar on international and local dispute resolution mechanisms</i>				X																			

Pillar II

SME Support and Service Centre

Vision:	Lao companies, in particular MSME, are able to compete successfully in domestic and international markets
Mission:	To support businesses, in particular MSME, with high quality services and support their access to the ASEAN markets and beyond
Department:	SME Service Centre (SSC)

Objective 1:	Develop SSC capacity and facilities, support start-ups, innovation and expand SME support infrastructure	
Responsible:	Unit 1: SME Co-working space and SME Clinic	
Indicators:	Indicator 1a:	An SSC Operation Manual is developed, disseminated and applied in all SSCs
	Indicator 1b:	SSC are operating and offering services in at least 6 provinces (LNCCI, Luang Prabang, Champasack, Vientiane Province, Savannaketh, Luang Namtha, N.N.)
	Indicator 1c:	SSC are operating and offering services in 4 BAs
	Indicator 1d:	Start-up and incubation service (mentorship network, access to finance, access to markets, management trainings etc.) has been set up and used by at least 25 companies per year
	Indicator 1e:	At least 70% of SMEs receiving services from the SME Service Center and the SME clinic indicate to be satisfied with the services received (i.e. at least 3 in a scale of 5, with 5 being extremely satisfied)
	Indicator 1f:	Co-working space is used by an average of 20 companies per year
	Indicator 1g:	50 SME have introduced innovations into their business
	Indicator 1f:	An ASEAN SME trade portal is set up and operational

Pillar II (contd.)

Objective 1

Activities	Timeframe																				Suggested Stakeholders	Potential Sources of Support
	2021				2022				2023				2024				2025					
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
<i>Activity 1: Set up SME Clinic to provide regular consultation services to SME</i>	X																				DOSMEP, MoIC, NUoL, polytechnical schools and colleges, PCCI, BAs, SSC in provinces and BAs, BDS providers, existing incubators and start-up services, and others	DOSMEP, ILO, GIZ, JICA, KOICA, Khon Kaen University, Thai Chamber of Commerce, Chiang Rai International Institute for Skill Development, USAID, ADB, World Bank, LuxDev, Helvetas, FAO, and others
<i>Activity 2: Develop SSC Operation Manual to ensure effective management in all SSCs</i>	X	X																				
<i>Activity 3: Prepare & build capacity for at least 6 PCCI to set up SSC acc.to LNCCI criteria</i>	X		X		X		X		X		X											
<i>Activity 4: Prepare and build capacity for 4 BAs (tentatively Hotel & Restaurant, ICT, Garment, Transport & Logistics) to set up SSC according to LNCCI criteria</i>															X		X		X			

Pillar II (contd.)
Objective 1 (contd.)

Activities	Timeframe																				Suggested Stakeholders	Potential Sources of Support
	2021				2022				2023				2024				2025					
	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4		
<i>Activity 5: Develop templates or blue prints for organisation as well as trainings, seminars and other activities in the SSC system and disseminate to provincial CCI and BA SSC</i>	X	X	X																		DOSMEP, MoIC, NUoL, polytechnical schools and colleges, PCCI, BAs, SSC in provinces and BAs, BDS providers, existing incubators and start-up services, and others	DOSMEP, ILO, GIZ, JICA, KOICA, Khon Kaen University, Thai Chamber of Commerce, Chiang Rai International Institute for Skill Development, USAID, ADB, World Bank, LuxDev, Helvetas, FAO, and others
<i>Activity 6: Implement pilot activities in provincial and BA SSC to generate funding for at least one permanent SSC staff and to kick-start activities</i>					X	X	X			X	X	X			X	X	X					

Pillar II (contd.)

Objective 1 (contd.)

Activities	Timeframe																				Suggested Stakeholders	Potential Sources of Support
	2021				2022				2023				2024				2025					
	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4		
<i>Activity 7: Quarterly reporting of SSC to LNCCI; follow-up by LNCCI</i>	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	DOSMEP, MoIC, NUoL, polytechnical schools and colleges, PCCI, BAs, SSC in provinces and BAs, BDS providers, existing incubators and start-up services, and others	DOSMEP, ILO, GIZ, JICA, KOICA, Khon Kaen University, Thai Chamber of Commerce, Chiang Rai International Institute for Skill Development, USAID, ADB, World Bank, LuxDev, Helvetas, FAO, and others
<i>Activity 8: Development of concept for the creation of an incubation ecosystem in Laos and stock taking of existing infrastructure as well as cooperation possibilities</i>																						
<i>Activity 9: Set up start-up and incubation centre / service, possibly with external partners</i>																						

Pillar II (contd.)

Objective 1 (contd.)

Activities		Timeframe																				Suggested Stakeholders	Potential Sources of Support
		2021				2022				2023				2024				2025					
		Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4		
<i>Activity 10:</i>	<i>Development and implementation of SME projects (i.e. plastic free, smart farms, gender or youth related projects)</i>				X				X				X				X				X	DOSMEP, MoIC, NUoL, polytechnical schools and colleges, PCCI, BAs, SSC in provinces and BAs, BDS providers, existing incubators and start-up services, and others	DOSMEP, ILO, GIZ, JICA, KOICA, Khon Kaen University, Thai Chamber of Commerce, Chiang Rai International Institute for Skill Development, USAID, ADB, World Bank, LuxDev, Helvetas, FAO, and others
<i>Activity 11:</i>	<i>Develop and implement SME award</i>	X	X																				
<i>Activity 12:</i>	<i>Co-working space is made available and guidelines for its usage are developed</i>	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		

Pillar II (contd.)

Objective 1 (contd.)

Activities	Timeframe																				Suggested Stakeholders	Potential Sources of Support
	2021				2022				2023				2024				2025					
	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4		
Activity 13: <i>Produce promotion material and promotion activities (i.e. newsletter, maintaining of website) in coordination with Pillar VI</i>	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		
Activity 14: <i>Set up, operate and maintain ASEAN SME trade portal</i>	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	See above	See above

Pillar II (contd.)

Objective 2

Objective 2: SSCs provide valuable trainings

Responsible: Unit 2: SME training and promotion events

Indicator 2a: More than 1,000 companies have gone through trainings, workshops, seminars etc.

Indicator 2b: At least 70% of participants in trainings, workshops seminars, etc. indicate to be satisfied with the services received (i.e. at least 3 in a scale of 5, with 5 being extremely satisfied)

Activities	Timeframe																				Suggested Stakeholders	Potential Sources of Support
	2021				2022				2023				2024				2025					
	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4		
<i>Activity 1: Provide trainings for SME in different fields (management, book-keeping etc.)</i>	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	DOSMEP, MoI, BAs, SME, Indian Entrepreneurship Development Centre	Kawasaki CCI, ILO,
<i>Activity 2: Promotion activities for SME, e.g. SSC business talks, entrepreneurship days</i>		X		X		X		X		X		X		X		X		X		X		
<i>Activity 3: Support digitalisation of companies</i>	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		

Pillar II (contd.)

Objective 3

Objective 3: LNCCI has enhanced MSME's access to finance

Responsible: Unit 3: Access to SME funding and finance

Indicators:	Indicator 3a:	At least 100 SMEs receiving advisory from SSC report having successfully accessed finance by 2025
	Indicator 3b:	An angel fund is operated by LNCCI and provides funding to 50 companies
	Indicator 3c:	A corporate credit guarantee scheme is operated under LNCCI

Activities	Timeframe																				Suggested Stakeholders	Potential Sources of Support
	2021				2022				2023				2024				2025					
	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4		
<i>Activity 1: Develop structure to support the operation of SME fund</i>	X	X																			SME Fund, banks, World Bank, Banking Association, BDS providers	World Bank, ADB, DOSMEP, KfW (LAF)
<i>Activity 2: Set up network of participating banks for loan programmes</i>	X	X	X	X																		

Pillar II (contd.)
Objective 3 (contd.)

Activities	Timeframe																				Suggested Stakeholders	Potential Sources of Support
	2021				2022				2023				2024				2025					
	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4		
<i>Activity 3: Establish network of business development service providers (BDS) and coaches to support companies to access SME Fund</i>		X	X	X	X																SME Fund, banks, World Bank, Banking Association, BDS providers	World Bank, ADB, DOSMEP, KfW (LAF)
<i>Activity 4: Training and coaching of companies (incl. certification) for access to SME fund</i>	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		
<i>Activity 5: Acquire money providers (public and private) for angel fund (LNCCI SME Fund)</i>	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		

Pillar II (contd.)
Objective 3 (contd.)

Activities	Timeframe																				Suggested Stakeholders	Potential Sources of Support
	2021				2022				2023				2024				2025					
	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4		
<i>Activity 6: Set up mechanism to guarantee bank and MFI loans to MSME</i>	X	X																			SME Fund, banks, World Bank, Banking Association, BDS providers	World Bank, ADB, DOSMEP, KfW (LAF)
<i>Activity 7: Implement loan guarantee model in different sectors as LNCCI pilot projects</i>	X	X	X	X	X	X																

Pillar II (contd.)

Objective 4

Objective 4: A SME information database is operational and SME Centre is well known

Responsible: Unit 4: SME information database and PR

Indicators:

Indicator 4a: An information database is set up and regularly updated

Indicator 4b: SME awards are awarded annually

Indicator 4c: A SME pilot project that can be scaled and replicated has been successfully implemented

Activities	Timeframe																				Suggested Stakeholders	Potential Sources of Support
	2021				2022				2023				2024				2025					
	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4		
Activity 1: <i>Develop concept for SME database, implement it and keep it regularly updated</i>	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		
Activity 2: <i>Develop guidelines for SME awards and award companies annually</i>	X	X		X				X				X				X				X		

Pillar II (contd.)

Objective 4 (contd.)

Activities	Timeframe																				Suggested Stakeholders	Potential Sources of Support
	2021				2022				2023				2024				2025					
	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4		
<i>Activity 3: Conceptualise, develop and implement a scalable and replicable SME pilot project</i>	X	X	X	X																		

Pillar III

Lao Product Promotion and Marketing

Vision: Lao produces competitive (regarding quality, quantity, price, availability) products and services and exports a significant amount of these

Mission: To provide services to corporates and SMEs on branding, marketing, value chain development in order to make these businesses competitive in the domestic and in foreign markets

Department: Product promotion and marketing

Objective 1:		Lao products are professionally promoted
Responsible:		Unit 1: Product Promotion Service Centre
Indicators:	Indicator 1a:	Product Promotion Service Centre is established at LNCCI and has developed specific services for e.g. standards, market access
	Indicator 1b:	A branding and marketing and information system (Brand Laos) that promotes high quality ethical products towards affluent consumers is developed that leads to an increase in the value of exports of selected champion products by an average of 10% p.a.
	Indicator 1c:	At least 200 companies receive services from the PPSC and at least 70% of these indicate to be satisfied with the services received (i.e. at least 3 in a scale of 5, with 5 being extremely satisfied)
	Indicator 1d:	Standard models for supply chains and their requirements (finished and semi-finished products) are developed at least for all 6 Lao champion products and tourism as pilot projects)
	Indicator 1e:	Updated information about market situation of at least 3 champion products in each province is available

Pillar III (contd.)

Objective 1 (contd.)

Activities	Timeframe																				Suggested Stakeholders	Potential Sources of Support
	2021				2022				2023				2024				2025					
	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4		
<i>Activity 1: Develop concept and build capacity for PPSC (value chain analysis, service provision, e.g. marketing support, certification support etc.)</i>	X	X	X	X																	Producers, Business Associations, PCCI, MoIC, MAF, MoITC	UNDP, ITC, PLAN International, Lux Dev, private companies, sponsors
<i>Activity 2: Adaption of international training modules and criteria to Lao conditions and start coaching / training with two modules, adding every year one module</i>	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		

Pillar III (contd.)

Objective 1 (contd.)

Activities	Timeframe																				Suggested Stakeholders	Potential Sources of Support
	2021				2022				2023				2024				2025					
	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4		
<p><i>Activity 3: Map, diagnose and improve existing value chains at least for 6 Lao champion products with the support of export groups (potential, challenges, obstacles, barriers, value chain links) and create model value chains</i></p>	X	X	X	X	X	X															Producers, Business Associations, PCCI, MoIC, MAF, MoITC	UNDP, ITC, PLAN International, Lux Dev, private companies, sponsors
<p><i>Activity 4: Development of sustainable marketing programme based on supply chains at least for 6 Lao champion products</i></p>		X	X	X	X	X	X															

Pillar III (contd.)

Objective 1 (contd.)

Activities	Timeframe																				Suggested Stakeholders	Potential Sources of Support
	2021				2022				2023				2024				2025					
	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4		
<i>Activity 5: Setting up of product promotion and marketing help desk which gives advice to potential and actual Lao exporters</i>				X																	Producers, Business Associations, PCCI, MoIC, MAF, MoITC	UNDP, ITC, PLAN International, Lux Dev, private companies, sponsors
<i>Activity 6: Develop and implement tourism marketing plan and campaign for domestic market (Lao Visit Lao campaign) and for selected international tourism markets</i>	X	X	X	X	X	X	X	X	X	X	X	X										

Pillar III (contd.)

Objective 1 (contd.)

Activities	Timeframe																				Suggested Stakeholders	Potential Sources of Support
	2021				2022				2023				2024				2025					
	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4		
<i>Activity 7: Develop market information system, incorporating PCCIs and BAs for Lao champion products in 5 relevant markets and production of annually updated reports</i>	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	Producers, Business Associations, PCCI, MoIC, MAF, MoITC	UNDP, ITC, PLAN International, Lux Dev, private companies, sponsors

Pillar III (contd.)

Objective 2

Objective 2: Professionalising the participation in and organisation of exhibitions

Responsible: Unit 2: Made in Laos and exhibitions

Indicators:	Indicator 2a:	Made in Laos is a well-known professional B2B platform and generates contracts for participating companies of 5m USD per year
	Indicator 2b:	At least 200 companies have been trained in professional trade fair participation and 70% of these confirm to be satisfied with the training

Activities	Timeframe																				Suggested Stakeholders	Potential Sources of Support
	2021				2022				2023				2024				2025					
	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4		
<i>Activity 1: Develop concept for professionalised Made in Laos trade fair and implement it</i>		X	X	X			X				X				X					X	Business Associations, PCCI, MoIC	Private companies and sponsors, GoL, donors
<i>Activity 2: Develop guidelines for the participation in trade fairs and exhibitions</i>	X																					

Pillar III (contd.)

Objective 2 (contd.)

Activities	Timeframe																				Suggested Stakeholders	Potential Sources of Support				
	2021				2022				2023				2024				2025									
	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4						
<i>Activity 3: Workshops on professional trade fair participation for companies (trade fair participants) and preparation measures for international trade fair participation</i>			X				X				X				X				X				X		Business Associations, PCCI, MoIC	Private companies and sponsors, GoL, donors

Pillar III (contd.)

Objective 3

Objective 3: Promotion of e-commerce and digital business

Responsible: Unit 3: E-commerce development

Indicator 3a:	The number of companies that use e-commerce and digital business increases every year by 20%
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Activities	Timeframe																				Suggested Stakeholders	Potential Sources of Support
	2021				2022				2023				2024				2025					
	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4		
<i>Activity 1: Baseline survey on e-commerce usage and annual follow-up</i>			X			X				X				X					X		PCCI, Business Associations	ADB, World Bank, ITC, LuxDev
<i>Activity 2: Develop a functional e-commerce platform incl. consolidation of e-payment and delivery systems</i>					(X)	(X)	(X)	(X)														

Pillar III (contd.)

Objective 3 (contd.)

Activities	Timeframe																				Suggested Stakeholders	Potential Sources of Support
	2021				2022				2023				2024				2025					
	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4		
<i>Activity 3: Promotion of adaptation of e-commerce among companies (trainings, seminars, workshops etc.)</i>	X	X	X	X	X	X	X	X													PCCI, Business Associations	ADB, World Bank, ITC, LuxDev
<i>Activity 4: Trainings, seminars to promote digital management and marketing for Lao hospitality, tour and travel companies</i>	X	X	X	X																	PCCI, Tourism associations	

Pillar III (contd.)

Objective 4

Objective 4: Certificates and product indications are issued

Responsible: Unit 4: Certification unit

Indicators:	Indicator 4a:	LNCCI issues certificates of origin (CO), certificates for Brand Laos, Made in Laos etc.
	Indicator 4b:	LNCCI issues barcodes

Activities	Timeframe																				Suggested Stakeholders	Potential Sources of Support
	2021				2022				2023				2024				2025					
	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4		
<i>Activity 1: Define standard for Made in Laos and Brand Laos and support products/companies to be certified according to standard</i>	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	PCCI, Business Associations, MoIC, Ministry of Science, MoNRE	UNDP, ITC

Pillar III (contd.)

Objective 4 (contd.)

Activities	Timeframe																				Suggested Stakeholders	Potential Sources of Support
	2021				2022				2023				2024				2025					
	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4		
<i>Activity 2: Develop and register “Heart of Laos” and brands for 6 Lao champion products</i>		X																				UNDP, ITC
<i>Activity 3: Issue certificates (e.g. certificate of origin (including digital one), Brand Laos, Made in Laos etc.)</i>	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		
<i>Activity 4: LNCCI becomes GS1 member and issues barcodes</i>								(X)	(X)	(X)	(X)	(X)	(X)	(X)	(X)	(X)	(X)	(X)	(X)	(X)		

Pillar IV

Regional Integration and Investment Promotion

Vision: The Lao economy and Lao businesses are integrated into regional and global value chains through increased inflow of diversified and equitable foreign and domestic direct investment

Mission: To facilitate regional economic integration and to promote incoming quality foreign direct investment

Department: International cooperation and investment promotion

Objective 1:	Integrate Lao businesses into ASEAN, ASEAN+, GMS and other economic cooperation agreements	
Responsible:	Unit 1: (ASEAN, ASEAN+ and other) economic cooperation agreements	
Indicators:	Indicator 1a:	A repository of NTB and NTM experienced by Lao companies has been developed, implemented and is constantly updated
	Indicator 1b:	Formal intra-ASEAN trade of Laos has increased by 10% between 2021 and 2025

Pillar IV (contd.)

Objective 1 (contd.)

Activities	Timeframe																				Suggested Stakeholders	Potential Sources of Support
	2021				2022				2023				2024				2025					
	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4		
<i>Activity 1: Focus group(s) for industry trade, transport (business representatives) are set up, collect information on NTB and NTM, create a systematic repository, produce recommendations</i>			X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	PCCI, BAs, companies, different ministries and departments	
<i>Activity 2: ABA Laos Award mechanism is set up and awards are granted annually</i>		X	X	X		X	X	X		X	X	X		X	X	X		X	X	X		Donor, sponsors

Pillar IV (contd.)

Objective 1 (contd.)

Activities	Timeframe																				Suggested Stakeholders	Potential Sources of Support	
	2021				2022				2023				2024				2025						
	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4			
Activity 3: <i>Preparation and organisation of ASEAN BIS and other ASEAN business related activities 2024 (Lao chairmanship of ASEAN)</i>													X	X	X	X	X					ASEAN	Sponsors
Activity 4: <i>Preparation and implementation of ASEAN-BAC events</i>				X				X				X	X	X	X	X	X				X	ASEAN-BAC	

Pillar IV (contd.)

Objective 2

Objective 2: LNCCI has a major role in border trade negotiations of the Lao PDR

Responsible: Unit 2: Border trade desk

Indicators:	Indicator 2a:	Teams with qualified individuals (staff and board) are set up for annual negotiations with China, Thailand and other economies
	Indicator 2b:	The Lao government agencies do not sign any border trade quota without consulting LNCCI, PCCI

Activities	Timeframe																				Suggested Stakeholders	Potential Sources of Support
	2021				2022				2023				2024				2025					
	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4		
<i>Activity 1: Capacity building for staff to set up border trade desk at LNCCI / PCCI</i>		X	X	X																	PCCI, BA	Companies
<i>Activity 2: Create structure in provinces to collect information on border trade (based on example from Champassak)</i>			X	X	X																	

Pillar IV (contd.)

Objective 2 (contd.)

Activities	Timeframe																				Suggested Stakeholders	Potential Sources of Support
	2021				2022				2023				2024				2025					
	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4		
<i>Activity 3: PCCI collect information on structure and quantities of border trade</i>				X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	PCCI, BA	Companies
<i>Activity 4: Workshops with PCCIs on border trade issues twice annually</i>						X		X		X		X		X		X		X		X		
<i>Activity 5: LNCCI and PCCI elaborate plans to improve Lao position in border trade and negotiate with relevant authorities</i>							X	X	X	X	X	X	X	X	X	X	X	X	X	X		

Pillar IV (contd.)
Objective 2 (contd.)

Activities	Timeframe																				Suggested Stakeholders	Potential Sources of Support
	2021				2022				2023				2024				2025					
	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4		
<i>Activity 6: LNCCI makes recommendation to the National Trade Facilitation Committee and to the National Task Force for Commodity Production and Regulation on the Importation of Consumer Products</i>											X	X	X	X	X	X	X	X	X	X	PCCI, BA	Companies
<i>Activity 7: Regular meeting with government to prepare negotiations with third countries</i>											X	X	X	X	X	X	X	X	X	X		
<i>Activity 8: Negotiations on border trade with neighbouring countries</i>											X	X	X	X	X	X	X	X	X	X		

Pillar IV (contd.)

Objective 3

Objective 3: Promoting high quality investment

Responsible: Unit 3: Promoting quality investment

Indicators:	Indicator 3a:	LNCCI Lao-China Business Cooperation Committee and secretariat provides 4 comprehensive studies about investment potentials
	Indicator 3b:	LNCCI acquires 12 investment projects along the Lao-China Railway in form of Joint ventures between Lao and foreign companies (tentatively 3 projects in eco-tourism projects, agri-food industry, industrial parks, or logistics) until 2025 with an assumed actual investment volume of at least 250m USD
	Indicator 3c:	There is a systematic overview over investment projects (existing, approved, planned) in the whole country
	Indicator 3d:	“Invest Laos Summit“ 2021 and 2024 (possibly combined with ASEAN-BIS 2024)

Activities	Timeframe																				Suggested Stakeholders	Potential Sources of Support
	2021				2022				2023				2024				2025					
	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4		
<i>Activity 1: Operation of Lao-China Business Cooperation Secretariat at LNCCI</i>	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	Companies, CCPIT, MPI, MoIC	CCPIT, companies, sponsors

Pillar IV (contd.)

Objective 3 (contd.)

Activities	Timeframe																				Suggested Stakeholders	Potential Sources of Support
	2021				2022				2023				2024				2025					
	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4		
<i>Activity 2: Studies on potential projects (trade, manufacturing, logistics) along railway corridor with PCCI</i>	X	X	X	X																	Companies, CCPIT, MPI, MoIC	CCPIT, companies, sponsors
<i>Activity 3: Selection of projects with potential for FDI/joint investment, focus on Lao-China investment cooperation</i>			X																			
<i>Activity 4: Matching of companies for 12 investment projects, following LNCCI-CCPIT agreements</i>	X	X	X	X																		

Pillar IV (contd.)

Objective 3 (contd.)

Activities	Timeframe																				Suggested Stakeholders	Potential Sources of Support
	2021				2022				2023				2024				2025					
	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4		
<i>Activity 5: Facilitate investment projects / Joint Ventures</i>	X	X	X	X	X	X	X	X													Companies, CCPIT, MPI, MoIC	CCPIT, companies, sponsors
<i>Activity 6: Create and operate permanent investment matching market place</i>																					MPI	
<i>Activity 7: Establish fora for investments in the field of digital economy to attract respective investment</i>																					ICT Association	World Bank, ADB
<i>Activity 8: Elaborate nationwide map/list of investment projects in cooperation with MPI</i>	X																				MPI	

Pillar IV (contd.)

Objective 3 (contd.)

Activities	Timeframe																				Suggested Stakeholders	Potential Sources of Support
	2021				2022				2023				2024				2025					
	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4		
<i>Activity 9: Prepare, advertise, implement 10 investment road shows (incl. outgoing business delegations) in cooperation with Pillar III annually</i>			X	X			X		X			X		X			X		X		Companies	Companies
<i>Activity 10: Prepare, advertise, implement 10 incoming business delegations annually</i>					X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	Foreign business organisations	Companies
<i>Activity 11: "Invest Laos" summit are prepared, advertised, implemented</i>	X	X	X	X					X	X			X	X	X	X			X	X	MPI, MoIC, companies	sponsors, companies

Pillar V

Entrepreneurship development - Employers' activities

Vision: LNCCI is the prime employers' representative, provides services to employers and ensures that skilled labour meets decent jobs

Mission: To represent the interests of employers and to assist employers

Department: Employer's Activitiy Bureau and entrepreneurship development

Objective 1:		Tripartite mechanism leads to a fair and just minimum wage and decent working conditions that follow ILO standards
Responsible:		Unit 1: Tripartite mechanism
Indicators:	Indicator 1a:	A fact-based system to set minimum wages is in place
	Indicator 1b:	70 individuals per year that have received respective services from LNCCI have received OSH certification (national and / or international certification) and implement OSH measures

Pillar V (contd.)

Objective 1 (contd.)

Activities	Timeframe																				Suggested Stakeholders	Potential Sources of Support
	2021				2022				2023				2024				2025					
	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4		
Activity 1: <i>Set up fact based minimum wage finding system together with relevant stakeholders</i>					X	X	X														MLSW, Trade Union	ILO
Activity 2: <i>Implement Occupational Safety and Health trainings (for individuals & companies)</i>	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		ILO
Activity 3: <i>Implement seminars together with Social Security Fund to encourage companies to join Social Security System</i>		X				X				X				X				X			Lao Social Security Organisation	

Pillar V (contd.)

Objective 2

Objective 2: Mechanisms are in place for private sector interest representation and support for TVET

Responsible: Unit 2: TVET Development

Indicators:	Indicator 2a:	National occupational / competency standards in are incorporated in a DCT regulatory framework
	Indicator 2b:	DCT helpdesks are established in provincial SSC where DCT is implemented
	Indicator 2c:	Each year 25 new companies in each province engage in DCT

Activities	Timeframe																				Suggested Stakeholders	Potential Sources of Support
	2021				2022				2023				2024				2025					
	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4		
<i>Activity 1: DCT centre organises and implements promotional activities</i>			X	X			X	X			X	X			X	X			X	X	MoES, NTC	VELA
<i>Activity 2: Training and certification of in-company-trainers and assessors</i>		X		X		X		X		X		X		X		X		X		X		

Pillar V (contd.)

Objective 2 (contd.)

Activities	Timeframe																				Suggested Stakeholders	Potential Sources of Support
	2021				2022				2023				2024				2025					
	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4		
Activity 3: <i>Creation of 5 DCT help desks, built capacity of desk officers</i>			X	X			X	X			X	X			X	X			X	X	PCCI	VELA
Activity 4: <i>Each DCT help desk organises at least 2 information events on DCT p.a. in cooperation with DCT implementing schools</i>					X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	DoLSW, NTC, DoES, Technical Colleges	
Activity 5: <i>LNCCI DCT award system is created and annual award ceremony is organised</i>			X	X				X				X				X				X		

Pillar V (contd.)

Objective 3

Objective 3: Improve mobility in the labour market

Responsible: Unit 3: Labour market

Indicators:	Indicator 3a:	Organise 4 job fairs annually (in capital and provinces) with at least 80 participating companies in total for 2021, increasing by 10% each year
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Indicator 3b:	Skills information is available
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Activities	Timeframe																				Suggested Stakeholders	Potential Sources of Support
	2021				2022				2023				2024				2025					
	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4		
<i>Activity 1: Organisation of 4 job fairs p.a.</i>		X		X		X		X		X		X		X		X		X		X	ECCIL, NUoL, PCCI, Technical colleges	Companies, sponsors
<i>Activity 2: Labour market needs / skills gap and other similar surveys are conducted every year</i>				X				X				X				X				X	Companies, MoLSW, MoES	VELA, ILO

Pillar V (contd.)

Objective 3 (contd.)

Activities	Timeframe																				Suggested Stakeholders	Potential Sources of Support	
	2021				2022				2023				2024				2025						
	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4			
<i>Activity 3: Develop proposals for policy makers and training providers based on surveys</i>					X				X				X				X						

Pillar V (contd.)

Objective 4

Objective 4: Improve entrepreneurial capacity

Responsible: Unit 4: Entrepreneurial capacity

Indicators: Indicator 4a: A MBA programme is in place and takes in 50 students annually

Indicator 4b: A Mini MBA course is implemented twice per year with an average of 20 students each

Activities	Timeframe																Suggested Stakeholders	Potential Sources of Support				
	2021				2022				2023				2024						2025			
	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4			Q 1	Q 2	Q 3	Q 4
<i>Activity 1: Agreement with international universities on MBA implementation in Laos</i>								X													Universities	companies, University of Thai chamber of commerce
<i>Activity 2: Install coordinator for MBA programme</i>									X												MBA Partner	
<i>Activity 3: Promotion campaign to attract students</i>									X	X	X	X									MBA Partner	

Pillar V (contd.)

Objective 4 (contd.)

Activities	Timeframe																				Suggested Stakeholders	Potential Sources of Support
	2021				2022				2023				2024				2025					
	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4		
<i>Activity 4: Implement MBA programme with partner</i>										X	X	X	X	X	X	X	X	X	X	X	MBA Partner	
<i>Activity 5: Implement Mini MBA programme with partner</i>	X	X			X	X			X	X			X	X			X	X			Sangmyung University	

Pillar VI

BMO, PCCI, and membership development

Vision: Valuable information and intelligence for business sector, government and other stakeholders are readily available and BMOs and PCCIs are operating effectively and according to their mandate

Mission: To collect, process, analyse business and economic data and to disseminate information and to guide BMOs and PCCIs professionally

Department: Public relations and membership

Objective 1: Development of an efficient LNCCI, CCI, BA management and organisation system		
Responsible: Unit 1: LNCCI, CCI, BA Management and organisation system		
Indicators:	Indicator 1a:	All chambers, BAs operate according to the organisation template and chamber management manual regulations of LNCCI
	Indicator 1b:	Services rendered are rated as being of high quality and good value for money by 80% of the respondents in a comprehensive annual survey (membership survey)
	Indicator 3c:	A plan for mandatory membership is in place and being implemented

Pillar VI (contd.)

Objective 1 (contd.)

Activities	Timeframe																Suggested Stakeholders	Potential Sources of Support				
	2021				2022				2023				2024						2025			
	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4			Q 1	Q 2	Q 3	Q 4
<i>Activity 1: Develop organisational template and management manual including SOP on services, administration, monitoring, evaluation etc. for provincial, cities and district chambers (ref. to PM Decree 237)</i>	X	X																			Provincial CCI, Business Associations	USAID, LuxDev
<i>Activity 2: Build capacity in provincial CCIs and in BAs along organisational template and chamber management manual</i>		X	X	X	X	X				X				X					X			

Pillar VI (contd.)

Objective 1 (contd.)

Activities	Timeframe																				Suggested Stakeholders	Potential Sources of Support
	2021				2022				2023				2024				2025					
	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4		
<i>Activity 3: Develop standardised services for PCCIs and BAs</i>			X	X	X	X	X	X													Provincial CCI, Business Associations	
<i>Activity 4: Training of PCCI in administration and service delivery including monitoring</i>					X	X	X	X		X				X					X			
<i>Activity 5: Develop and implement plan for mandatory chamber membership</i>	X	X	X	X																		PCCI, BA, MoIC, MoF, Provincial governors, DoIC, DoF

Pillar VI (contd.)

Objective 1 (contd.)

Activities	Timeframe																				Suggested Stakeholders	Potential Sources of Support
	2021				2022				2023				2024				2025					
	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4		
<i>Activity 6: Develop transparent criteria for LNCCI Recognition award and create awarding structure (e.g. cooperation agreement with independent partner in media for selecting award winners) and implement annual awarding process</i>	X	X																				

Pillar VI (contd.)

Objective 2

Objective 2: A digital business data base centre has been developed and is operational at LNCCI

Responsible: Unit 2: Digital Business Database

Indicators:	Indicator 2a:	The data base system stores updated information on <ul style="list-style-type: none"> •Complete membership data including company and product profiles, employment •Consolidated data from enterprise registration, tax and other departments •ProFIT information, LBF reports and other studies •Laws and regulations related to business (incl. provincial regulations)
	Indicator 2b:	All PCCI and BAs have the capacity to collect data and feed the data regularly into the system
	Indicator 2c:	Annual information audit confirms that 90% of the information in the system is correct and updated

Activities	Timeframe																				Suggested Stakeholders	Potential Sources of Support				
	2021				2022				2023				2024				2025									
	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4						
Activity 1: <i>Set up comprehensive regulations on system integrity, data safety, access rights, data management, data sharing incl. privacy policy</i>	X	X	X	X																						LuxDev

Pillar VI (contd.)

Objective 2 (contd.)

Activities	Timeframe																				Suggested Stakeholders	Potential Sources of Support
	2021				2022				2023				2024				2025					
	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4		
<i>Activity 2: Legal database is set up and LNCCI, PCCI and BA feed legal database via desk research (checking existing information sources) and direct collecting of regulations and publications</i>	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	PCCI, BA	
<i>Activity 3: PCCI and BA staff are trained to collect and clean/validate data from different sources</i>		X	X			X				X				X				X				

Pillar VI (contd.)

Objective 2 (contd.)

Activities	Timeframe																				Suggested Stakeholders	Potential Sources of Support
	2021				2022				2023				2024				2025					
	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4		
Activity 4: <i>Ensure data access by cooperation with MoIC and MoF as well as DoIC and DoF in provinces</i>	X	X	X																		MoIC, DoIC, MoF, DoF, PCCI, BA	
Activity 5: <i>PCCI and BA collect DoF and DoIC data, compare them and create a data set of existing (operating) companies and feed this into the LNCCI data base</i>			X	X	X																DoF, DoIC, PCCI, BA	
Activity 6: <i>Annual information audit</i>			X				X				X				X					X		

Pillar VI (contd.)

Objective 3

Objective 3: Communication and dissemination of information

Responsible: Unit 3: Information and communication

Indicator: Indicator 3a: Website and mobile application are viewed and used by at least 80% of LNCCI members

Activities	Timeframe																				Suggested Stakeholders	Potential Sources of Support
	2021				2022				2023				2024				2025					
	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4		
<i>Activity 1: Create communication and design guidelines which apply throughout the whole chamber system, incl. SSC, Service Centres and possibly PCCI</i>				X	X	X															SSC, PCCI	VELA, Sponsors
<i>Activity 2: Create and implement integrated communication and PR plan and update annually</i>	X				X				X				X				X					

Pillar VI (contd.)

Objective 3 (contd.)

Activities	Timeframe																				Suggested Stakeholders	Potential Sources of Support				
	2021				2022				2023				2024				2025									
	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4						
<i>Activity 3: Develop and implement promotion campaign on LNCCI's benefits and services</i>				X				X				X				X				X						VELA, Sponsors
<i>Activity 4: Publish regularly information on TV and in newspapers</i>	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		

Pillar VI (contd.)

Objective 4

Objective 4: Valuable economic information is generated and regularly published (issue-based studies)

Responsible: Unit 4: Economic information

Indicators:	Indicator 4a:	Half-yearly survey and assessment of economic impact of COVID 19 and recommendation for economic rehabilitation measures
	Indicator 4b:	Annual membership survey is implemented

Activities		Timeframe																				Suggested Stakeholders	Potential Sources of Support
		2021				2022				2023				2024				2025					
		Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4		
<i>Activity 1:</i>	<i>Implement COVID 19 impact survey every 6 months</i>	X		X		X		X		(X)		(X)		(X)		(X)		(X)		(X)		PCCI, BA	ITC
<i>Activity 2:</i>	<i>Design and implement membership Survey</i>	X				X				X				X				X				PCCI, BA	

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Supported by the Regional Economic Integration of Laos into ASEAN, Trade and Entrepreneurship Development (RELATED) Project of the German Development Cooperation.