



FACT SHEET

Economic Cooperation



Swiss Economic Cooperation Strategy in Lao PDR

Background

The Swiss Cooperation Strategy in the Mekong region is covering Vietnam, Lao PDR, Cambodia and Myanmar. SECO is supporting sustainable economic growth of these countries by promoting the private sector, contributing to the establishment of a conducive economic framework and the integration into the world economy. Through its programmes SECO is successfully contributing to generating income and thus to have a positive impact on poverty reduction.

SECO programmes in the region are focused mainly on Vietnam. Selected projects have been implemented on the basis of a regional approach. Especially the programmes in the area of trade promotion qualify for a regional approach because trade per se implies a regional dimension. The regional scope of the programmes allows Lao PDR to profit from an outstanding experience sharing with Vietnam. This approach therefore has been aiming at fostering South-South relations between Vietnam, Laos and Cambodia.

Lao PDR's transformation into a market economy is still in its infancy. Nevertheless economic growth has substantially accelerated in recent years based on strong export. The efforts of the government to integrate into the regional and international trade system are supported by SECO's trade related technical assistance and its private sector promotion programme. The focus of the trade promotion programme is on building capacities in trade promotion for SMEs and on improving the competitiveness of export-oriented SMEs. The latter combined with environmental objectives is also the aim of the Cleaner Production Centre program of SECO. Furthermore, SECO through its policy advice project is facilitating Lao PDR's accession to the WTO.

■ Support the Lao's accession to WTO

Lao PDR is the last country in South-East Asia (and the only ASEAN member) that is not yet a Member of the World Trade Organization (WTO), but has been seeking membership since 1997. SECO is financing a programme that proposes support on policy and negotiating issues. The overall objective of the project is to facilitate and accelerate Lao PDR's accession to the WTO through the provision of international level policy advice and negotiating strategy. Three overarching project components have been elaborated to achieve this objective: 1) Policy advice and negotiating strategy; 2) Preparation for working parties; 3) Process management support on the domestic level. As a Least Developed Country, Lao PDR has an acute capacity constraint in this regard. An important global output of the project is "on the job" capacity building (i.e. familiarity with WTO instruments and negotiation processes) with a view to ensuring Lao ownership of the accession negotiations and meaningful participation in WTO negotiations once Lao becomes a Member.

Partner: Ministry of Industry of Commerce
Implementing Agency: IDEAS Centre
Budget: CHF 370'000.-
Duration: 2007 – 2009



■ Support to Trade Promotion and Export Development

The Program aims to develop national and sectoral export strategies based on the Government development plans and strategies and export potential assessments. It is expected that at the end of the project, sustainable national capacities in trade promotion and trade development will exist among Government trade policy and strategy makers as well as trade supporting institutions. These will operate in a coordinated and truly supportive manner. The value of exports will have substantially increased and markets will have been diversified. Enterprises will fully understand market mechanisms and practice export marketing, including market research, product adaptation, pricing and sales promotion. A national trade information capacity will exist to service the basic needs of exporting enterprises who, in return, will know how to use information efficiently to support their marketing plans.

Partner: Ministry of Trade, Lao Trade Promotion Centre
Implementing Agency: International Trade Centre
Budget: USD 1 million
Duration: 2003-2008

■ Cleaner Production Program

The Program aims to support Lao PDR in approving the productivity and competitiveness of their growing industry, as well as to improve their access to international and local markets, through the application of cleaner production technologies. This project is implemented by UNIDO and is run with the second phase of the Vietnam Cleaner Production Centre (VNCPC) in a regional context. The four-year project's activities focus on building national capacity in cleaner production through awareness-raising, conduction of in-plant demonstrations and running of training programs. All project activities are undertaken by national staff under the supervision of UNIDO with the assistance of experts from the VNCPC as well as other international and UNIDO experts. By the end of the project, it is expected that Lao enterprises have increased their productivity and competitiveness as well as their environmental performance through greater resource efficiency.

Partner: Ministry of Industry and Handicraft
Implementing Agency: UNIDO
Budget: USD 1 million
Duration: 2003-2008

■ Mekong Private Sector Development Fund

MPDF is a technical assistance facility of the International Finance Corporation (IFC). Its aim is to promote private sector development, in particular SMEs in Vietnam, Laos and Cambodia. MPDF started operations in 1998 and the 3rd program cycle of 5 years is in its preparation. MPDF focuses its advisory services on five program areas: The Business Enabling Environment program seeks to improve the framework conditions for business by supporting the development and implementation of key policies, regulations and institutions at the national and provincial level. The Access to Finance program aims to expand SMEs' access to finance by improving the financial infrastructure and strengthening financial institutions. The Environment and Social Sustainability program encourages the adoption of sustainable business practices by local private firms. The Supply Chain Linkages program seeks to increase the value added in selected agribusiness supply chains. The Access to Infrastructure program aims to improve access to infrastructure for smaller firms by increasing private sector participation in provision of services through an improved enabling environment.

Partner: multiple donor agencies
Implementing Agency: International Finance Corporation (IFC)
Contribution of SECO to overall Budget (50 mio.): USD 4 million
Duration: 2008-2013