



## PROJECT IMPLEMENTATION PLAN

<b>PIP Issue Date</b>	23 December 2019
<b>Project Code</b>	18-RP-46-GE-SNP-C-07
<b>Title</b>	Development of the National Productivity Master Plan for Lao PDR
<b>Reference</b>	APO Project Notification for 18-RP-46-GE-SNP-C Specific National Program for Member Countries (SNP)
<b>Timing and Duration</b>	1 December 2019 – 31 July 2020
<b>Venue</b>	Vientiane, Lao PDR
<b>Implementing Organization(s)</b>	Lao National Productivity Organization (LNPO) Department of SME Promotion, Ministry of Industry and Commerce

## 1. Background

By relying mostly on the use of natural resources, integration into the regional market, and gradual opening up of the economy, Lao PDR has made significant progress in recent years. It is now recognized as among the fastest-growing economies worldwide, with average annual GDP growth of 7.8% over the past decade. The nature of growth, however, has created limited job opportunities, resulting in discrepancies between increases in GDP and income. The agriculture sector, the largest provider of employment, faces stagnant productivity. The focus on extractive economic activities has made jobs outside agriculture scarce.

The resource-dependent growth model cannot sustain economic growth in the long run, even for resource-rich economies like Lao PDR. In addition to the depletion of natural resources, environmental degradation due to mismanagement hampers growth prospects, along with climate change and risks related to natural disasters. The strategy is therefore to promote transformation to a broader-based economy supported by resource rents that are then converted into human and physical assets, opening up markets, and integration into global value chains. Lao PDR needs to overhaul its strategy into productivity-led growth.

A general formula for productivity-led growth is the incorporation of productivity enhancement within the overall development policy and the easing of institutional constraints. Policies supporting the creation of a favorable environment for innovation are necessary, along with structural reforms that strengthen competition, improve resource allocation through better firm dynamics, and encourage the market entry of disruptors. Encouraging private investment and exports by ensuring market returns will help create more productive jobs as well as expand skill intensity in the labor market.

## 2. Objectives

To assist Lao PDR in enhancing its economic development by planning and implementing a nationwide high-productivity growth strategy, this project will analyze its current national productivity status and then propose future targets as well as strategies and policy tools to achieve them. The final National Productivity Master Plan for Lao PDR will include recommendations for all ministries, relevant agencies, and other stakeholders to enhance national productivity within a 10-year time frame (tentatively FY2021–2030).

## 3. Scope, Methodology, and Time Frame

This is a policy consultancy project carried out through several stages of activities.

**Step 1. Identification of key issues** consists of: 1) situational analysis through desk research, study visit, and literature review performed in the consultant's country of residence, including analysis based on national documents and data to deliver a preliminary set of findings on the current situation of the country under study; and 2) in-country diagnostic research to identify key productivity levers among internal and external factors affecting productivity at national and industry levels. Activities such as presentation of the research plan to the LNPO may also be carried out under this step.

Engagement with NPOs may be in the form of gaining access to relevant documents and data as well as arrangements for interactions with key stakeholders in the country.

Time frame (tentative): December 2019–March 2020

**Step 2. Consolidation and synthesizing** involve: 1) consolidating and synthesizing the findings from the situational analysis and diagnostic research to recommend actions; 2) developing the draft report; 3) an interim workshop and in-depth study visit; and 4) presenting findings and recommendations to the NPO and relevant stakeholders to obtain their views on developing the national productivity master plan.

Engagement with NPOs may include confirmation of the findings and recommendations as well as arrangements for interactions with key stakeholders in the country.

Time frame (tentative): April–May 2020

**Step 3. Development of the productivity master plan** after confirmation of the proposed findings and recommendations as well as any other relevant inputs such as a review of the current situation, overall objectives and goals, key productivity levers, and strategies for the future. The master plan will then be presented to the NPO and stakeholders, who, after agreement, can adopt it as the official national productivity plan or use it as the first draft for the development of a national productivity plan. This will also be followed by a workshop for in-depth discussion with key stakeholders.

Engagement with NPOs may take the form of ensuring stakeholders' availability to determine the course of action and time frame, approving and launching the productivity plan, and necessary follow-up actions.

Time frame (tentative): June–July 2020.

#### **4. Roles and Responsibilities**

The roles and responsibilities of the NPO and APO are:

##### **NPO**

- a. Play an active role in the relevant activities mentioned in Part 3. Scope, Methodology, and Time Frame;
- b. Assign a program manager to provide daily support to consultants, stakeholders, and the APO Secretariat;
- c. Act as a liaison in relation to the activities mentioned in Part 3. Scope, Methodology, and Time Frame;
- d. Provide budget not covered by the APO;
- e. Make all local arrangements for the project; and
- f. Ensure smooth implementation of the project in the country.

##### **APO**

- a. Design the approach/methodology of the project;
- b. Assign international consultants;
- c. Coordinate and carry out discussions with both consultants and the NPO;
- d. Monitor the overall project; and
- e. Provide administrative and financial support.

#### **5. Financial Arrangements**

The APO will meet all costs related to assigning international consultants and provide financial support to meet the following costs (up to certain limit that will be detailed during preparatory stage of the project):

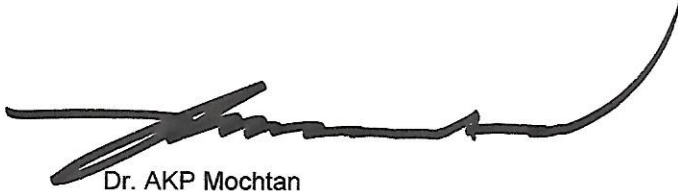
- a. Meeting package including meeting room with adequate facilities and necessary stationery, materials, and documentation based on the agreed details of the project;
- b. Interpreter service for consultation meetings and dissemination workshop;
- c. Local transport related to consultation meetings with stakeholders;
- d. Translation fee for the master plan;
- e. Printing-related fees of the master plan (in local language); and
- f. Media-related matters.

The proof of payment, e.g., bills, payment records, and receipts must be issued by third parties, submitted together at one time, written in clear English, with English translations for all documents not originally written in English. The final payment will be made based on the actual expenditure within 30 days after completion date of the project. In general, internal evidence, i.e. expenditure evidence issued by the implementing organization, are not accepted as proof of payment and will not be reimbursed.

## 6. Final Project Output

The project is expected to deliver a productivity master plan that will be adopted as the official national productivity plan.

Follow-up activities such as monitoring the development of the national productivity plan and/or overall monitoring and evaluation of the impact of the project will be determined later upon consultation and agreement between the NPO and APO Secretariat.

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Dr. AKP Mochtan  
Secretary-General