



WORKING  
BETTER TOGETHER

## SUMMARY

European Joint Programming for Lao People's Democratic Republic 2016-2020

# Private Sector & TVET

(Technical & Vocational Education & Training)



## OVERALL OBJECTIVE

Aiming to support the Government of Lao PDR in continuing on the path of economic openness and sound structural policies towards long-term sustainable economic development, European Joint Programming focus is on the development of the economy, Technical and Vocational Education and Training and access to finance by MSMEs.



European Joint Programming in these sectors align with the 8th National Socio-Economic Development Plan (NSED) of Lao PDR and focuses on the development of the economy, especially:

- Value chains, trade and investment policy in the context of the ASEAN Economic Community (AEC)
- Technical and Vocational Education and Training (TVET)
- Facilitating financial sector development to ensure better access to finance for Micro-, Small and Medium-sized Enterprises (MSMEs).

## SPECIFIC OBJECTIVES

**SO 1 – Enabling Lao PDR to make use of the potentials and reduce the economic risks of the AEC**

- European Joint Programming supports:
- Intra-ASEAN trade to broaden its market base and increase production and exports, and become more competitive
  - Lao companies to manage risks posed by other AEC member states that are more productive competitors.

**SO 2: Improving Quality, Relevance and Inclusiveness of the TVET system**

- Higher quality and volume of workers' skills training (including special consideration of disadvantaged groups) and TVET teachers are supported in:
- agriculture
  - industrial processing and automated manufacturing

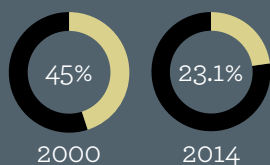
- garment
- construction
- hospitality and tourism
- mechanical systems and small motors repair
- furniture
- high technology equipment for buildings
- electronics
- energy

**SO 3 - Facilitating financial sector development: support to access to finance for Micro-, Small- and Medium-sized Enterprises (MSMEs)**

European JP facilitation of the development of a healthy and stable financial system that ensures credit-growth targets are met will enable access to financial products by MSMEs (producers, manufacturers, entrepreneurs, smallholders, micro enterprises and traders) including those in rural areas. Support is also provided to financial institutions to develop such services and products.

## BACKGROUND

Agriculture GDP share

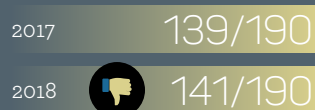


>75%  
labour force in informal sector

96,000  
young people entering labour market per year

## UPDATE

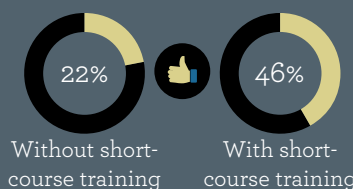
Ease of doing business



Graduates from Tourism/ Hospitality TVET/IVET



Self Employment



## JOINT PROGRAMMING CONTRIBUTION IN THIS SECTOR FROM 2016 TO 2020



**Germany and Ireland** support Lao PDR via the Trade Development Facility II (TDF II) which accompanies trade integration and work with the private sector, including on improved labour standards.

**Switzerland** delivers support for trade policy, negotiations, the implementation of WTO commitments and obligations, and also for the development of productive capacities (UN Trade Cluster). In addition, Switzerland is present with its Swiss Investment Fund for Emerging Markets (SIFEM AG) which participates in local, regional and global venture capital funds.

Through a project implemented by the French National Association of Chartered Accountants, **France** is supporting the drafting of the new Lao accounting and auditing standards based on international standards

(ISA and IFRS), and related training for public and private operators. France is supporting access to finance for MSMEs through the mechanism "ARIZ", a risk-sharing mechanism designed for local banks and financial institutions to partially cover their "SME risk".

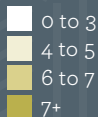
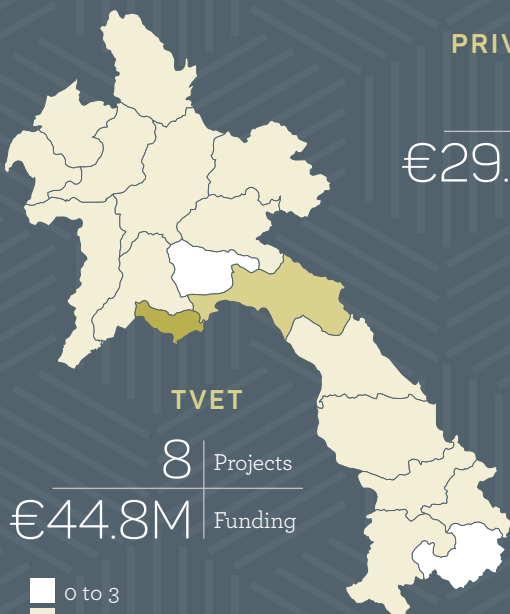
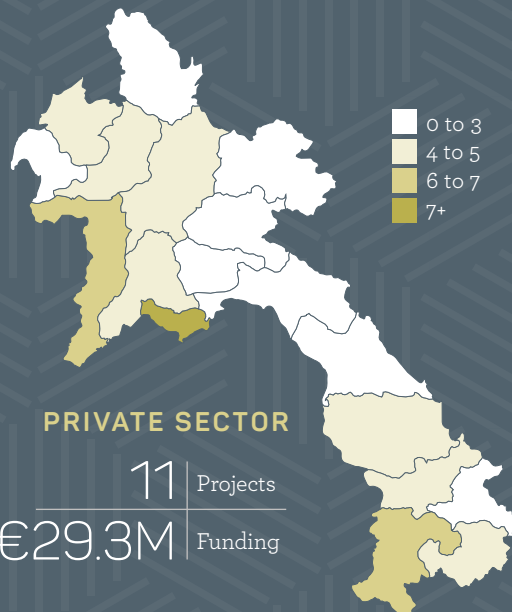
Technical assistance is also provided by **Germany** in the field of "Trade and Investment Policy for ASEAN integration". The support aims at the improvement of the regulatory and administrative framework for intraregional trade in goods, services and trade-related investments. In addition to this, technical support aims at strengthening the private sector, particularly SMEs, to prepare themselves for the AEC in order to take advantage of the improved regulatory and administrative framework for more trade and investments. Germany also supports the mining sector with a focus on capacity building and the improvement of mining legislation, inspection and licensing system. The support aims at enhancing the technical and management capacity

of the government agencies responsible for the development and supervision of a sustainable mineral sector on both national and provincial level. Germany is supporting the financial sector of Lao PDR via financial and technical cooperation and the work of NGOs. Through the Lao Access to Finance Fund (LAFF), SMEs are able to get access to loans. Microfinance approaches supported by technical cooperation (e.g. village banks) together with MSME-initiatives are further developed and strengthened at national, provincial and village level, in order to increase financial literacy, enhance consumer protection, induce economic thinking and encourage entrepreneurship.



The support provided to Lao PDR by **Germany, Switzerland** and **Luxembourg** focuses on improving the quality, relevance and inclusiveness of the TVET system with special consideration for disadvantaged groups in society.

The maps below shows the provincial distribution of Private Sector and TVET programmes funded by European Partners through Joint Programming. Projects with national coverage are reported in Vientiane Capital.



## IN FOCUS

### Lao National Institute of Tourism and Hospitality (LANITH)



Students at the Lanith Luang Prabang Training Centre celebrate completing 3-month certificate training programmes in Food Production and Food and Beverage Service © LuxDev



PICTURES FRONT PAGE CLOCKWISE FROM TOP LEFT: Micro- and Small Enterprises in Vientiane Capital, Khammouane, Luang Prabang and Houaphan © Dominique le Roux. Ground breaking ceremony for tourism and hospitality training facility project co-funded by Luxembourg and Switzerland ©LuxDev. Students show a mobile app for English in tourism and hospitality © LuxDev