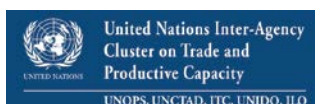
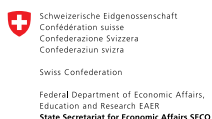


# UN TRADE CLUSTER PROGRAMME

## HIGHLIGHTS FROM LAO PDR

Opening tourism sector opportunities for Lao food products and skills



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# 1. INTRODUCTION

The innovative project “Enhancing sustainable tourism, cleaner production and export capacity in the Lao PDR” was a recent development project that was anchored in the Ministry of Industry and Commerce (MoIC) of the Lao People’s Democratic Republic (Lao PDR). The project aimed to improve livelihoods of the Lao population by strengthening Green Tourism practices, the introduction of a National Quality Certification Mark, and sourcing high quality agriculture and handi-craft products locally. As part of the UN Delivering as One, the project involved five UN agencies (UNCTAD, ITC, UNIDO, ILO and UNOPS), combining their strengths to support Lao counterparts. The project was funded by the Government of Switzerland’s State Secretariat for Economic Affairs (SECO). UNOPS is the Trust Fund Manager and provides coordination. This brochure will highlight the goal and structure of the project and will describes some of the projects key results.



## **a) Lao PDR and Tourism**

Today, tourism has become an important sector in Lao PDR<sup>1</sup>, with tourist arrivals and spending experiencing a rapid growth over the last 10 years. With this rapid expansion, it is important to further strengthen the competitiveness of the tourist sector through improved quality of services and increased food safety. Also, finding ways to improve the positive impact and integration of this expanding tourism sector on the local population, especially rural communities, has become a critical objective of the Government of Lao PDR. It is within this context that the UN Trade Cluster supported the Government of Lao PDR with a programme of support to achieve this objective. The approach combined the comparative advantage of five UN specialist agencies to deliver a cross-sectorial intervention, which improved livelihoods and helped the Government towards achieving its objective. The innovative approach used has become a valuable pioneering example for how the UN family can add value by delivering as one.

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<sup>1</sup> In 2015, the ADB reported that tourism's direct contribution to gross domestic product was 4.6% for Lao PDR, while tourism direct employment was reported as 122,900 with a 50% share of women in such jobs

## **b) The Ministry of Industry and Commerce (MoIC), the National Implementation Unit (NIU) and Trade Mainstreaming**

MoIC is the Government's focal point for trade and standard issues and the MoIC has a cross ministerial coordination function – what was required to meet the Government's objective involved cross ministerial issues relating to tourism, agriculture and standards. The MoIC is also the focal point for Global Aid for Trade assistance led by the UN and World Bank. As a result the UN Trade Cluster partnering with MoIC was chosen as the best entry point for this SECO funded initiative. The SECO-funded initiative opened up the opportunity for the Government to benefit from the technical assistance of the UN and explored innovative ways of integrating the UN system into its ODA coordination mechanism. In this context, and because of its nature, it appeared that the UN Inter-Agency Cluster on Trade and Productive Capacity was the best structure to be selected to initiate such collaboration, offering a single window for trade-related technical assistance within the UN System.



## 2. BACKGROUND

International visitor arrivals to the Lao PDR totalled 4.68 million in 2015, a 13% increase compared to 2014. Thailand is the largest source market and accounts for 49.6% of international arrivals, followed by Viet Nam (25.4%) and China (10.9%). The main medium- and long-haul markets are the Republic of Korea, France, and the United States. The fastest-growing market is the Republic of Korea. Long-haul overnight international visitors stay an average of 7.5 days and spend USD 77 per day, while intraregional visitors entering with a passport stay an average of 3 days and spend USD 43 per day.

Because of its strategic location (in the centre of Indochina and South-East Asia), the Lao PDR is considered to be an “add-on destination”. Therefore, Lao tourism performances are likely influenced by several factors at the regional level as well as worldwide tourism trends, such as climate change, political and economic circumstances, natural disasters, terrorist attacks, and other factors. The development of unique tourism products, tourists’ circuits linking the Lao PDR with neighbouring countries, and an increase in tourism cooperation with countries in the region will be the essential factors that contribute to the success of Lao tourism according to the Lao National Tourism Authority. In addition, tourism is one of the eight priority programmes of the socio-economic development of the Lao government. To address such issues, the Ministry of Information, Culture and Tourism has adopted the National Tourism Strategy for the period 2016-2025, which is in line with government policy. The project described in this document has significantly contributed to building a strong basis for the development of this strategy and to have positive impact, at the level of the tourism sector, on the socio-economic development of the country.



## **Ministry of Industry and Commerce (MoIC)**

One of the ways in which the MoIC is implementing its trade agenda is through the establishment of the permanent National Integrated Framework Governance Structure (NIFGS), a multi-agency entity. This Structure permits a more coherent, effective, and participatory implementation of a comprehensive reform plan agreed upon by development partners and reviewed on a multi-annual rolling basis, and a reduction of the transaction costs incurred with stand-alone development partner assistance. The MoIC viewed the Inter-Agency Cluster on Trade and Productive Capacity as a very relevant partner to ensure that issues related to the trade and productive sectors are adequately taken into account in the pursuit of the Millennium Development Goals (MDGs). This cluster further aims at strengthening the UN's response to the global Aid for Trade (AfT) initiative and (on a more operational level) at facilitating the interface between UN country-level operations and the Enhanced Integrated Framework (EIF) related to trade capacities according to the needs identified in the Diagnostic Trade Integration Studies (DTIS).

## **State Secretariat for Economic Affairs (SECO)**

SECO is the Swiss Federal Government's centre of excellence for all core issues relating to economic and labour market policy. Its Economic Cooperation and Development Division's aim is to contribute to greater international competitiveness of SMEs, sustained and increased income and more and better jobs, by creating the necessary regulatory, economic and foreign policy framework. Over recent years it has provided Aid for Trade development support to a number of beneficiary countries.

## **United Nations Inter-Agency Cluster on Trade and Productive Capacity (UN Trade Cluster)**

The UN Trade Cluster is an interagency mechanism dedicated to the coordination of trade and development operations at the national and regional levels within the UN system. The Cluster makes a concrete and direct contribution to the UN system-wide coherence reform by coordinating its participation in the: Delivering as One UN Pilots and countries involved in a new UNDAF process, and United Nations Development Group (UNDG) machinery, in view of the formulation of new United Nations rules and standard mechanisms for development operations. In partnership with SECO and the Government of Lao PDR, the Cluster brings together five participating agencies involved in the Lao project, namely UNCTAD, ITC, UNIDO, ILO and UNOPS, the latter functioning as the Trust Fund Manager. The work of each UN agency is also part of the wider One UN support delivered to Lao PDR by UN agencies as agreed with the Government in the United Nations Development Assistance Programme, coordinated by the Resident Coordinator and the One UN Office in the Lao PDR.

# 3. PROJECT STRATEGIC FRAMEWORK

Under the umbrella of promoting more inclusive and sustainable tourism in the Lao PDR, the Project aims at:

- **Ensuring Compliance with Food Safety, Service Quality and Environmental Standards of operators in the Tourism sector through the introduction of a voluntary National Quality Certification Mark (NQCM, “The Mark”)**
- **Management practices, workplace cooperation, as well as skills and productivity of workers in the tourism sector are improved.**
- **Enhancing backward linkages of selected handicraft and organic agricultural products to the tourism industry.**
- **Strengthening capacities of the Government in the areas of trade policy and non-tariff measures, as well as improving export opportunities of selected high-quality silk and organic agricultural products.**
- **Contributing to improved productivity in the tourism, silk and organic sectors, by implementing cleaner production principles.**

# 4. HIGHLIGHTS OF OUTCOMES

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

This outcome has been successfully delivered and presents very good prospects for sustainability according to an independent evaluation commissioned by the donor, SECO. “The Mark” has been developed in close cooperation with the Lao National Institute for Tourism and Hospitality (LANITH at <http://www.lanith.com/>), which is now the owner of the certification scheme, together with national and provincial authorities, and through extensive consultation with the private sector. “The Mark” is a fully operational scheme, based on standards of the Chartered Institute for Environmental Health (CIEH, a UK-based organization recognized as the leader in food hygiene and safety matters), with currently 28 partner establishments and 15 applicants for the 2017 certification round. Altogether, this represents approximately one third of the food businesses operating in Luang Prabang that are partnering with “The Mark”.



### **Raising standards through the National Quality Certification Mark**

The scheme, which is fee-based in order to ensure its financial sustainability, provides training to the staff of partner establishments and conducts a professional audit in those businesses that are to be awarded the certificate. The scheme is backed up by a microbiology laboratory, based within Souphanouvong University, which provides food and water testing on microbiological contaminations such as e-coli. The laboratory has been certified by the Ministry of Health and is able to provide services for all food-related businesses in the Northern Provinces of the Laos PDR.



The Provincial Government of Luang Prabang is exploring the potential to make “The Mark” the minimum standard requirement for operating a business in the province, demonstrating the strong impact the scheme has had in Luang Prabang. “The Mark” is now a very well-known scheme and has strong visibility on the internet. Over 300 professionals have been trained through CIEH courses that are now delivered by LANITH as part of their core curriculum. “The Mark” has raised strong interest in other provinces and LANITH is working towards its expansion nationwide.





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

This outcome complemented the training provided and quality mark developed under Outcome 1 by focusing on improvements in the way management and workers cooperate. This was an important component for success in achieving key targets of Outcome 1 as well as the overall objective to increase competitiveness and sustainability of the tourism sector. UNIDO and ILO have collaborated closely on Outcome 1 and 2 to maximize synergies.

The objective was to develop, extend and multiply two major interventions, namely Know About Business (KAB) as the learning tool for secondary school students, and the Good Practice Guide (GPG) for guesthouses and small hotels. Targeted at managers and staff of family-run businesses such as small hotels and guesthouses, the Good Practice Guides (GPG) for owners and managers as well as for staff development were handed over to the Tourism Training Division of the Provincial Department of Information, Culture and Tourism in Luang Prabang, to institutionalize the tool, and to ensure further utilization of the material. GPG Facilitators were trained to help expand the programme to the business community in Luang Prabang.



At least 10 out of 22 trained provincial trainers are able to facilitate the training by using the materials of the GPG. These 22 trainers were trained by the Tourism Training Centre of the Ministry of Information, Culture and Tourism, in partnership with the Luang Prabang Department of Information, Culture and Tourism, and the Hotels and Restaurants Association. The project also trained seven key provincial facilitators of the Luang Prabang Department of Information, Culture, and Tourism on how to facilitate the use of GPG. In turn, these facilitators trained owners and managers of small hotels and guesthouses in LPB city, as well as owners and managers of small hotels and guesthouses in Nambark, Pakmong, and Namthoum districts, rural districts of LPB province.

The ILO expanded on the GPG initiative beyond Laos to ASEAN more broadly, under a collaboration with the ASEAN Secretariat. Building on the SECO-funded work to create the GPG for guesthouses, ILO went on to create tools for a variety of tourism sub-sectors, including homestays, restaurants, market vendors, handicraft makers. All of these tools, 14 in all, are available online at [www.sme-tools.com](http://www.sme-tools.com) – in primary ASEAN languages, including Lao. These tools were later brought back to Laos, piloted in collaboration with Department of SME Promotion (DOSMEP) and LANITH.



The project also introduced the ILO's Know About Business (KAB) secondary school curriculum, adapted to the tourism sector, integrated into schools across Luang Prabang Province. The curriculum has been validated by the Ministry of Education and Sports, with 68 teaching hours allocated for this subject. Over 60 secondary school teachers from 36 schools from all areas in the province were trained to facilitate the students' learning of business concepts to equip them with entrepreneurial skills and attitude, enhancing their employment opportunities, while also helping many establish or improve their family tourism enterprises. Based on the results and in the long-term, the Ministry plans a broader national rollout, with the hope that KAB can help cultivate and entrepreneurial culture in Lao PDR.



The Know About Business (KAB) aims to equip learners with entrepreneurial skills and attitude, which will enhance their employment opportunities or even establish or improve their business in the tourism industry. The adaptation of the KAB curriculum to the tourism sector has been completed. The delivery of the last set of modules (Module 6-9) was adapted to the Lao context, finalized and validated by the Ministry of Education and Sports in December 2015, before printing and distribution to secondary schools in Luang Prabang in early 2016. Now the complete course of module 1-9 has been officially integrated into the senior secondary school curriculum throughout the province with at least 68 hours allocated for this subject. At least 40 teachers have been trained nationwide to deliver this specific curriculum and at least 60 secondary school teachers from 36 schools from all areas of Luang Prabang were also trained to facilitate the students' learning of KAB. In the long-term, KAB will cultivate the entrepreneurial culture in Lao PDR, as well as increase the productivity and competitiveness among current and future entrepreneurs.



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

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

This outcome has particularly focused on the hotels and restaurants in Luang Prabang Province in order to strengthen both the demand of hotels and the supply capacity of growers by addressing the weaknesses of the current demand-supply relationships in two particular fields namely in the silk sector and in organic agriculture.



High-level officials attended the label launching ceremony

## Backward linkage of the Silk Sector

Within the project framework, ITC and the Luang Prabang Handicraft Association (LPHA) have had a strong commitment to promote, preserve and develop the handicraft sector in Luang Prabang.

Looking back to 2011, LPHA had only three active members who started working with the project. A strong focus was therefore put on organizational development. Within three months, LPHA had more than 12 active members and brought in Ban Phanom handicraft center with 80 members, and weavers' groups from two villages in more remote Nayang community, to finally become a large organization, representative of the sector in the province. LPHA became stronger, more active and finally, since 2015, was able to be autonomous in most of its activities, with project funding gradually phasing out.



This label is the first handicraft label in the Lao PDR. It is a mark of authentic handicrafts made in Luang Prabang. It was launched in 2013 and after one year, an assessment showed that the label helps tourists to better identify and differentiate local handicrafts from imported goods. The emergence of the label became the pride of its users when they realized it could help them at the Night Market (Luang Prabang largest open trading market this is a central attraction for tourists) and that it resulted in initial increased sales of some 30%. However, managing and controlling the proper use of the label is challenging for LPHA. Therefore, LPHA with the Department of Industry and Commerce are cooperating to improve operation and control over the use of the label.



Emergence of the label  
“Handmade in Luang Prabang”





The label is now on display at the Night Market

## **Handicraft Festivals give a boost to the Handicraft Sector and keep traditional craft culture alive**

The project provided support to organize the Luang Prabang Handicraft Festival in 2012, 2013, 2015 and in December 2016. The Festival is now a tourist attraction and is recognized as a great opportunity to promote local crafts, and offer market opportunities to a large number of people producing handicrafts. The Festival was fully funded by the project until 2016 and is now funded through the association's budget. This demonstrates high prospects for sustainability.



The Luang Prabang Handicraft Association is now recognized as a well-performing organization, providing efficient services to its members and advocating for the promotion of locally made handicraft and the inclusion of handicraft communities in the growth of the tourism sector.



The annual handicraft festival is now part of the many tourism events offered by Luang Prabang



The Association is a recognized organization preserving Lao handicraft skills and heritage



Association's models performing for the Lao New Year Ceremony



## Phanom Handicraft Centre

At the start of the project, the handicraft centre of Ban Phanom was identified as a potential key partner to further improve the outreach of the project with local weavers and increase their sales to the tourism sector. While lack of management and leadership skills were the reality at that time, the people of Phanom became more confident in leading, managing and teaming up with other communities, becoming a major retail centre for products from communities all over the province. They are proud of what they are today and, while the project supported the soft skills development, it also contributed to improve the building of the centre through renovation and re-organization activities.



Phanom has inherited centuries-old skills and is now a must-go shopping place for tourists

## Enhanced Export Capacity of the Handicraft Sector

The project not only helped in product development, but it also helped on the market side by encouraging and supporting handicraft enterprises to bring their products to regional and international markets. By supporting participation in the “Lifestyle Vietnam” tradeshow on two occasions and participation in the China-Asian Expo in Nanning, (China), equally two times, it has contributed to opening new markets for local producers. With over five years of support, the enterprises gained much experience in export, and gained a better understanding of export buyers’ taste and requirements. Some of the companies who never exported before are now new exporters.



The Association is supporting small- and medium-sized businesses to showcase their products in international Trade Fairs

Finally, with additional support from the Swiss Development Cooperation (SDC) some support was provided to the production of natural dyes. Much energy was put into promoting natural-dye textile production as well as to train weavers in three communities, resulting in over 100 weavers trained. The project helped them to connect with the right buyers. It is a major achievement that many of the weavers left their chemical dyeing pots and now work with natural dyes. The project did not only train the weavers in working with natural dyes but it also built awareness for sustainable sourcing of natural dye materials.



The project has had a substantial impact on people's revenues. For example, at the beginning of the project, weavers in Nayang village had an average income of around USD 300 per year from selling their textiles. They experienced problems in accessing the market and in maintaining quality, and production volumes were low. At present, a major difference is visible, with weavers now having a higher annual revenue (reaching now an average of 1,000 USD per year) being able to deal with significant orders, being 5-10 times more important than was the case previously. Today, the hand woven cotton production from Nayang is popular for the domestic market, for regional markets and in the Japanese market.



Successful entrepreneurs in remote areas reach international standards on natural dyeing and started to export



Textiles being dyed with natural dyes



## Backward linkage of Organic Products to the Hotel industry

A strong focus was given to organic agricultural products, where the domestic market and backward linkages to the tourism industry were still underdeveloped. Backward linkages of organic products have concentrated mainly on international hotel chains, on 4-star and 5-star hotels, and on quality restaurants as international tourists represent an ideal target group for such products. Organic production is particularly very well suited for smallholder farmers and has a positive impact on poverty reduction.



Thanks to increased market opportunities and modernized supply chain approach, farmers have higher revenue and youngsters are more interested to work in the agricultural sector



Official opening of the Organic Farm Center



Organic Market



Vegetables grown at demo farms



Young people attending the training on organic farming and consumers





The first emphasis, in the framework of Outcome 3 of the project, was to help farmers to improve their techniques and knowledge on clean production, allowing them to increase their supply capacity in terms of high-quality vegetables. The production capacity was ready to respond to Luang Prabang's touristic consumption needs.

The core challenges consisted in the introduction of a new organizational structure, the Luang Prabang Organic Agriculture Association (LOAA), enabling efficient management of the production, while direct connections were established with local buyers. This model reaches the joint objectives of increasing producers' incomes (as middlemen are bypassed), while association ownership was strengthened and attracted more potential members.

The second emphasis was to define a relevant model to oversee and drive LOAA commercial activities, as an independent farmers organization entitled to conduct trading activities and to generate profits on its own. The business model that was elaborated considered assistance needs in terms of market assessment and access, identified simple mechanisms to ease its implementation, and selected an appropriate size for actual activities.



### **Vision for the LOAA**

An association of producers' groups sharing common objectives of livelihoods improvement, with better incomes generated through good and clean practices, and gaining customer trust thanks to consistent and high quality products or services.

Farmers feel that they belong to a wider community, own and direct the association as a real economic stakeholder in a business environment characterized by an important touristic growth. Participation and consultation allow all members to express themselves; attractive conditions are introduced with a view to extend the model to more villages.

The LOAA goal of becoming self-sufficient has been reached. The association was established in November 2014 by initially combining eight community-based producer groups in two districts of Luang Prabang and Xieng Nguen into a single provincial organic farmers' organization. Today, LOAA has 26 registered member groups in four districts and at least several dozens of the farmers are presumptive members. The association has made efforts by developing a practical system to attract other farmers to join the association.

A profitable agriculture model was introduced to replace a conventional one: it is based on a market-driven production, a key to success of LOAA, while, at the same time, it pays greater attention to production planning, monitoring, documentation, sales and marketing, and packaging. Time

and effort was put into developing a system that works for LOAA as a whole and for the farmers as individuals, to understand the benefits of being part of the farmer organization. Both a sound marketing plan and promotion material have been provided to LOAA by the project.

With support from the project, LOAA completed the construction of its organic farming centre, named the Central Farm or C-Farm, in May 2015. The C-Farm was officially launched in September of that year. This C-Farm serves as a learning centre for organic farming techniques and practices. It produces seedlings and compost, works with members (called demonstration farmers), collects products from its members, does packaging, and sells and delivers vegetables twice a week to hotels and restaurants in Luang Prabang town. The association currently sells its vegetables to at least seven hotels and restaurants, allowing it to generate sufficient revenue to cover its operation costs. It also sells to private individuals. In addition, it sells compost made at the C-Farm and provides training to people.

The association has worked with its registered members, called demo farmers (D-Farms), by training them to learn new organic farming techniques, including proper management of their farms. It supplies them with the seedlings, sends its technical personnel to monitor D-Farms, and collects crops from the members. The seedlings produced at the C-Farm are speciality varieties such as green cos, red oak and green oak, roquette, responding to a demand by hotels and restaurants.

LOAA has an organic market that is open every Wednesday and Saturday. The organic market organized and managed by the farmers themselves supplies about 5,000 kg of vegetables, valued at around 4,125 USD per month (2016). An average of 20 farmers display and sell their produce at the organic market. Most vegetables sold at the organic market are seasonal crops.



By raising awareness and showing young people in communities the new perspectives and agriculture-related incomes and job opportunities, three new graduates were employed at the association and one intern received a three-month practical internship at the C-Farm and D-Farms. The C-Farm provided the organic farming techniques to some 30 young people from the provincial educational institutions and private establishments. It also received farmers' delegations from surrounding provinces to learn how the organic farm and centre were operated. For instance, a producers group of 20 farmers from Oudomxay province visited and learned the organic farming operations.

Consumption behaviours are moving quickly in the region and especially around rapid developing spots like touristic areas. The demand for organic products is growing every year. Also, consumers are searching for some meaning behind the product, a story that would possibly make them contribute to improve the livelihoods of local communities they visit. Organic agriculture has a great future in Luang Prabang, but gaps remain between farmers and market dimensions that particularly require an efficient organization of the production.

Grouping and organizing producers should aim for further operational improvements, focusing on price-incentive measures to sustain and consolidate the membership. It is crucial to develop a model for financial mechanisms, with the objective to enable autonomy and turn the association toward a more entrepreneurship-spirited organization. The structure and operational models are in place; the challenge is now for the LOAA to grow beyond the scale it has at the end of the project support period.

#### **OUTCOME 4: Strengthened capacities of the Government in the areas of trade policy and non-tariff measures, as well as improved export opportunities of selected high-quality silk and organic agricultural products (developed or strengthened under Outcome 3)**

As part of the UN Trade Cluster project in the Lao PDR, UNCTAD supported institutions and producers to develop Organic Agriculture (OA) markets in the country. This was done via direct support to the National Certification Body, by strengthening producer groups and their training, as well as through a study on the linkages between organic agriculture and tourism, published in 2014. UNCTAD also helped to establish a platform - the Lao Organic Agriculture Forum (LOAF), which was held five times between 2012 and 2016 and has served as the primary event to bring together the private sector, government and civil society discussions relevant to the expansion of the sector in the Lao PDR.

Local business leaders, government officials, non-governmental organizations and international development sponsors keen on boosting organic agriculture in Laos have been able to exchange information since the Forum gathered for the first time in 2012. The meetings have covered evolving topics of traceability, standards, and certification – processes important for establishing the organic credibility of Lao agricultural goods.

The LOAF platform was supported by the United Nations Inter-Agency Cluster on Trade and Productive Capacity of which UNCTAD is a part. UNCTAD supported the project in partnership with the Japan International Cooperation Agency (JICA), as well as the Lao Ministry of Agriculture and Forestry and the Ministry of Industry and Commerce. The United Nations Inter-Agency Cluster on Trade and Productive Capacity in the Lao PDR is supported by the Swiss State Secretariat for Economic Affairs (SECO).



After five years of activities, The Ministry of Agriculture and Forestry, farmers and enterprises in the organic agriculture sector have called for the continuation of the LAOF beyond 2016, when aid from the United Nations comes to an end. With eyes towards the future, the LOAF platform and networks that have been part thereof will endure through support from various bi-lateral donors and direct contributions from the Government of Lao PDR.

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

Prior to this project, the Cleaner Production Centre-Laos (CPC-L) was started in 2004, whereby its capacities were strengthened under the project's phase II to up-scale and mainstream its activities to promote sustainable tourism and apply Resource Efficiency and Cleaner Production (RECP) practices in tourism-related sectors. The CPC-L was strengthened through an organizational assessment and tentative business planning strategy as well as increased business capacities as a result of dedicated managerial training. Additionally, between 2015 and 2016, awareness-raising campaigns and workshops were led by the CPC-L to inform industry representatives and government officials on RECP opportunities in the tourism and related sectors.

A manual on "Energy saving in hotels" was developed and disseminated during dedicated RECP workshops in Champasack and Luangprabang Province. With the support of UNIDO, industrial capacity was increased through knowledge transfer as a result of the conducting of intensive training sessions on wastewater and solid waste management as well as follow-up RECP assessments and demonstration solutions.



During the project, 12 intensive RECP trainings were organized in Luang Prabang as well as four awareness-raising workshops, with an overall participation of 530 participants. As a result of 18 RECP assessments and implemented improvements, overall savings of 168,000 USD with total energy reduction of 832,000 (Kwhrxroomxnight), solid waste reduction of 24,500 (m3xroomxnight), 488 tons Greenhouse Gas emission reduction and 19,600 (m3xroomxnight) wastewater reduction was achieved. Additionally, through the creation of a new Cleaner Production Centre in Luang Prabang, companies can use this platform to exchange their experience when implementing RECP solutions. Such institutional frameworks ensure the replication and sustainability of RECP-related activities beyond the project's completion.

Cleaner Production has been rooted in the Lao PDR since 2005 under the project name “Promotion of industrial cleaner production programme” until end of 2008. This was hosted by the Ministry of Industry and Commerce, executed by UNIDO and funded by the Swiss Government through SECO.

Thanks to continued funding by the Swiss Government and in collaboration with the Ministry of Industry and Commerce and UNIDO, the Cleaner Production Centre-Laos was established in October 2010. In Luang Prabang, Cleaner Production activities have been started under the Inter-Agency Cluster Project: Enhancing sustainable tourism, cleaner production and export capacity in Lao PDR - Component 5. The target sectors are Tourism, Manufacturing and Handicraft in Luang Prabang.

The CP activities have been also extended in the second phase of the Inter-Agency Cluster Project in Champasack province with some RECP awareness workshop and training.

The main CP activities provided are:

- RECP awareness raising
- RECP intensive training
- In-plant assessment

The results of the RECP activities under the IACP-Component 5 are depicted in the following table of result and impact.

### Table of RECP result

Indicator	RECP Awareness raising	RECP Intensive training	In-plant RECP assessment	CP-related Waste water training
Number of workshop/ training module	4 <ul style="list-style-type: none"> <li>• One in Vientiane 2012</li> <li>• One in Pakse 2015</li> <li>• Two in Luang 2012 and 2014 Prabang</li> </ul>	12 All in Luang Prabang	-	2
Total number of participants RECP awareness/training module	175	285	-	70
Number of RECP in-plant assessment units	-	-	18	-

### Table of RECP Impact

Specific Electricity consumption reduction [Kwhr*room* night]	Specific Water consumption reduction [m3*room* night]	Specific Greenhouse Gas reduction [ton]	Specific Waste water reduction [m3*room*night]	Specific Solid waste reduction [ton]	Total possible cost saving [USD]
> 832,000	>24,500	>488	19,600	NQ	>168,000

It is in itself a great achievement of this project to have rendered CPC-L financially sustainable and offering great prospects for future operations in the country through self-funding.

# 5. CONCLUSION

To conclude, it can be said that the UN Trade Cluster Program has achieved significant results and that prospects for sustainability are high. “The Mark” is now an important standard for Luang Prabang and it is being applied in other provinces. Service quality in Luang Prabang has increased, and both the Handicraft and the Organic Agriculture Associations are effectively supporting the promotion and inclusion of local products in the tourism value chain. Being greener, more inclusive and offering better quality, Luang Prabang remains an attractive destination in the very competitive South East Asia tourism market.

In Lao PDR, the UN support was not stand alone by individual agencies but integrated into an intervention by the UN Inter Agency Cluster for Trade and Productive Capacity that puts the UN ‘Delivering as One’ into practice under one common strategic framework as highlighted in this brochure.

The Lao PDR UN Trade Cluster approach promoted synergies among UN Agencies to deliver on national priorities. This approach was further developed and deepened through a second UN Trade Cluster project in partnership with SECO which is currently being successfully implemented in Tanzania in East Africa. The Swiss Government’s partnership with the UN Trade Cluster through SECO is set to continue in 2018.