



# Business Assistance Facility BAF II

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# Newsletter

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**T**rade  
for **D**evelopment  
ກະຊວງອຸດສາຫະກຳ ແລະ ການຄ້າ  
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## BAF II progress up-date

BAF II is pleased to report that the number of matching grant agreements that have been signed with a wide range of companies in Laos now exceeds well over 250, and the funding pledged cumulatively amounts to almost US\$1.4m.

But we are not stopping here. A decision was recently made by the Ministry of Industry and Commerce, and the development partners helping fund BAF II, to raise our target number for grants to 500. And in order to achieve this, BAF II will continue in operation until April 2024.

So, with over 250 grants approved, we have passed the half way mark. In terms of grant disbursements, and despite the challenges posed by the COVID-19 pandemic, the number of grants successfully paid out now exceeds well over 150.



The first quarter of 2022 was a busy one for the BAF II team. As various travel restrictions and other public health protocols have gradually been relaxed, members of the BAF II team recommenced in-person outreach activities in a number of provinces.

If you would like the BAF II team to arrange an outreach event or workshop in your province during 2022, then please get in contact with us (see the back page of this newsletter), as we would be happy to hear from you. In addition to supporting women-led companies, we also put a high priority on assisting companies located outside of Vientiane Capital. But whether your company is led by a woman or a man, and is located in Vientiane or elsewhere, we will be here to assist you in this post-pandemic recovery period, and to help you grow, in the next chapter of your business development.

In February, the Ministry of Industry and Commerce and BAF II were delighted to arrange a visit by our main funders – Australia Aid, USAID and the World Bank – to two BAF II grantee companies, to see first-hand how BAF II support is helping businesses to recover from the pandemic, and to grow in the post-pandemic world. The photos below were taken during the visits to Pawan Farm and Diep Vu Laos, and the BAF II team would like to thank both companies for hosting the visits.



In addition, one of BAF II's grantee companies, Boutsaya Arts and Crafts, was chosen by the Australian embassy for a visit by the Australian foreign minister, Ms Marise Payne, during her brief visit to Vientiane in February.

## A new matching grant fund is launched

A new grant fund – the Lao Business Ecosystem Partnership Fund (LBEPF) – was recently launched. It is being funded by USAID, which is also one of BAF II's funders, and is also being overseen by the Ministry of Industry and Commerce. LBEPF is also working in the field of business development service (BDS) provision, like BAF II, and providing matching grants.

But here the similarities between LBEPF and BAF II largely end, as they have different areas of focus and ways of working. So, in order for companies to more clearly understand the differences, and decide which grant fund is likely to be of greater relevance, a comparison table has been created – see the next page – which sets out the main distinctions between LBEPF and BAF II. We hope you find this table useful.



## LBEPF AND BAF II COMPARED

Differentiators	Laos Business Ecosystem Partnership Fund (LBEPF)	Business Assistance Facility (BAF II)
Type of support provided	Pre-delivery of BDS provision: helping to develop the capacities of BDS providers so that they can better serve the needs of the private sector.	Delivery of BDS provision to private sector companies operating in Laos. The grant contract is with the company that is retaining the services of a BDS provider, and not with its BDS provider. Note: In addition, the BAF II project team provides generic business advisory for free.
Funding model	Matching grant, with 50% contribution from recipients. In exceptional cases, LBEPF may decide to require less than 50% or waive the contribution for vulnerable groups (women, youth, people with disabilities)	Matching grant, with 50% contribution from grant recipient companies.
Target locations	Vientiane Capital and Champassak province only.	Nation-wide
Target partners and grant recipients	Business development service providers that provide business development services. Spanning: <ul style="list-style-type: none"> <li>• Associations</li> <li>• Cooperatives</li> <li>• Community-based groups</li> <li>• Colleges/vocational institutions</li> <li>• Input suppliers</li> <li>• Non-governmental organizations (NGOs)</li> </ul>	All eligible private sector (for profit) companies, including for-profit BDS providers. Also see below on ineligible sectors.
Ineligible entities	<ul style="list-style-type: none"> <li>• Any non-legally registered Laotian organizations (with the exception of start-ups, which may need assistance to register).</li> <li>• Any "Public International Organization" (PIO).</li> <li>• Any third-country non-governmental organization.</li> <li>• Any entity affiliated with the Laos Business Environment Activity, or directors, officers, or employees of the LBE. This includes any employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization that employs or is about to employ any of these parties.</li> <li>• Individuals</li> </ul>	<ul style="list-style-type: none"> <li>• State-owned and/or -managed enterprises.</li> <li>• Non-profit associations and organizations.</li> <li>• Weapons / intoxicants / tobacco businesses.</li> <li>• Banks and finance companies.</li> <li>• Telecommunications companies.</li> <li>• Companies directly involved in mineral extraction.</li> <li>• Power generation and distribution companies.</li> </ul>
Priority sectors	Three priority sectors: <ul style="list-style-type: none"> <li>• Information and communication technology (ICT)</li> <li>• Eco-tourism</li> <li>• Handicrafts, including textiles, apparel and wood products.</li> </ul>	All sectors, with the exception of those listed above.
Government counterpart	Department of SME Promotion (DoSMEP), Ministry of Industry and Commerce.	National Implementing Unit (NIU), Ministry of Industry and Commerce.
Development partners	USAID	The World Bank with contributions from Australian Aid, Irish Aid and USAID
Activities funded	<ul style="list-style-type: none"> <li>• Technical assistance</li> <li>• Business professionalization</li> <li>• Asset acquisition</li> <li>• Market linkages</li> <li>• Piloting new concepts</li> </ul>	Any form of business development service (BDS) provision that is provided by a third party to help a recipient company ('grantee') grow its business.
Types of activities not funded	<ul style="list-style-type: none"> <li>• Purchase or leasing of land</li> <li>• Infrastructure (roads, buildings, bridges)</li> <li>• Inventory for resale</li> </ul>	<ul style="list-style-type: none"> <li>• Physical assets</li> <li>• Working capital</li> </ul>
Size of grant	Between US\$10,000 and \$75,000	Up to US\$200,000 per company, with no minimum
Selection process	A technical evaluation of the grant application is conducted.	No technical evaluation. Applicants treated on a 'first come, first served' basis, using clear eligibility rules (see above) .
Duration of grant	Between six months and three years	Typically, between one month and one year.
Contact details	Email address: LBEPF@ibi-worldwide.com	Visit: <a href="http://www.baflaos.com">www.baflaos.com</a>



## Meet the team:

### Ms Ty

Ms. Phanomphone Phomsouvanh (aka 'Ms. Ty') is BAF II's Accounting and Admin. Officer. She plays a key role in overseeing BAF II's own finances, as well as monitoring the hundreds of grants that BAF II issues. We asked her a few questions.



## Remind me: How does BAF II work ?

As the manager or owner of a business, you know your company better than anyone else. You know its strengths and its weaknesses, and you may have a good idea about where the greatest threats and opportunities lie.

But sometimes it can be difficult to develop a clear strategy for building on the strengths and seizing the opportunities, as well as reducing the weaknesses and mitigating the threats. Sometimes it is useful to get some expert assistance on how to prioritize your efforts in the most strategic way. This is where the BAF II's team of business advisors can be of help, as a free service offering.

Having conducted a thorough analysis of your company, you may decide that you need outside ('third party') technical assistance to make changes that will help strengthen and grow your business. These may relate to production and operations, or marketing and sales, or some other field where you need to make improvements. But finding these kinds of business development services (BDS) can sometimes be tricky, and their services are rarely free (particularly if they are good).

This is where BAF II comes in. Our team of business advisors can help guide you towards the right BDS expert. And if your company decides to retain the services of a BDS provider to help you grow your business, then you can apply for a matching grant from BAF II to cover 50% of those costs.

As we come out of the pandemic, all companies need to look at how the business environment has changed, and make adjustments. Some of those adjustments can be managed using internal resources, but some may require outside, expert support. BAF II is here to help if your company needs that outside support to remain relevant, resilient and competitive in the post-pandemic environment.

Can you briefly outline your role in the BAF II team?

"My primary responsibility is to assist grantees in completing their reimbursement forms and ensuring that all the required paperwork has been completed. In addition, I assist the Business Advisors in monitoring grantees' completion of the BDS activities that BAF II is supporting."

What would you advise companies thinking about applying for a BAF II grant?

"I would advise them to make a list of the things they want to request from BAF II, and then to prioritize them. Obtaining a matching grant from BAF II can be a critical stepping stone for a company that wants to grow its business. It can significantly reduce the cost of getting the kind of technical expertise they need to execute major changes in their business."

What are the most common errors that companies make when submitting their request for grant disbursement?

"First of all, I would strongly urge potential grantees to fully understand our requirements. This will save them time later, when applying for the grant disbursement. A common error that we encounter is when grantee firms belatedly realise they are missing original receipts and invoices, which are a requirement of the Ministry of Finance."

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## Contact us

If you want to learn more about BAF II, please visit our website at: [www.baflaos.com](http://www.baflaos.com). You can also email us at: [info@baflaos.com](mailto:info@baflaos.com). Or call us at: 020 55542658. Our office is located in the Lao National Chamber of Commerce and Industry in Vientiane. Feel free to pop in for a chat.

Interested to learn more? Just register on our website ([www.baflaos.com](http://www.baflaos.com)) for free, and with no obligation.

BAF II is one of four components of the Lao Competitiveness and Trade (LCT) project, co-funded by the World Bank Group, DFAT, Irish Aid and USAID, and executed by the Department of Planning and Cooperation, Ministry of Industry and Commerce. BAF II's objective is to support private sector companies of all sizes, and across all parts of Laos, to build their skills and expertise so that they can become locally, regionally and internationally more competitive, and thereby grow.