



**TOGETHER**  
*for a sustainable future*

## OCCASION

This publication has been made available to the public on the occasion of the 50<sup>th</sup> anniversary of the United Nations Industrial Development Organisation.



**TOGETHER**  
*for a sustainable future*

## DISCLAIMER

This document has been produced without formal United Nations editing. The designations employed and the presentation of the material in this document do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations Industrial Development Organization (UNIDO) concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries, or its economic system or degree of development. Designations such as “developed”, “industrialized” and “developing” are intended for statistical convenience and do not necessarily express a judgment about the stage reached by a particular country or area in the development process. Mention of firm names or commercial products does not constitute an endorsement by UNIDO.

## FAIR USE POLICY

Any part of this publication may be quoted and referenced for educational and research purposes without additional permission from UNIDO. However, those who make use of quoting and referencing this publication are requested to follow the Fair Use Policy of giving due credit to UNIDO.

## CONTACT

Please contact [publications@unido.org](mailto:publications@unido.org) for further information concerning UNIDO publications.

For more information about UNIDO, please visit us at [www.unido.org](http://www.unido.org)

20268

Distr.  
LIMITED

PPD.246(SPEC.)  
8 July 1993

UNITED NATIONS  
INDUSTRIAL DEVELOPMENT ORGANIZATION

ORIGINAL: ENGLISH

Workshop on LAOS/UNDP/UNIDO/GTZ  
Small Enterprise Programme  
Namnum Dam, Thalad, Lao PDR  
31 May - 3 June 1993

EF  
+ adds  
disagreed

REPORT OF OOPP WORKSHOP\*

---

\* This document has not been edited.

V.93 87194

2/1/94

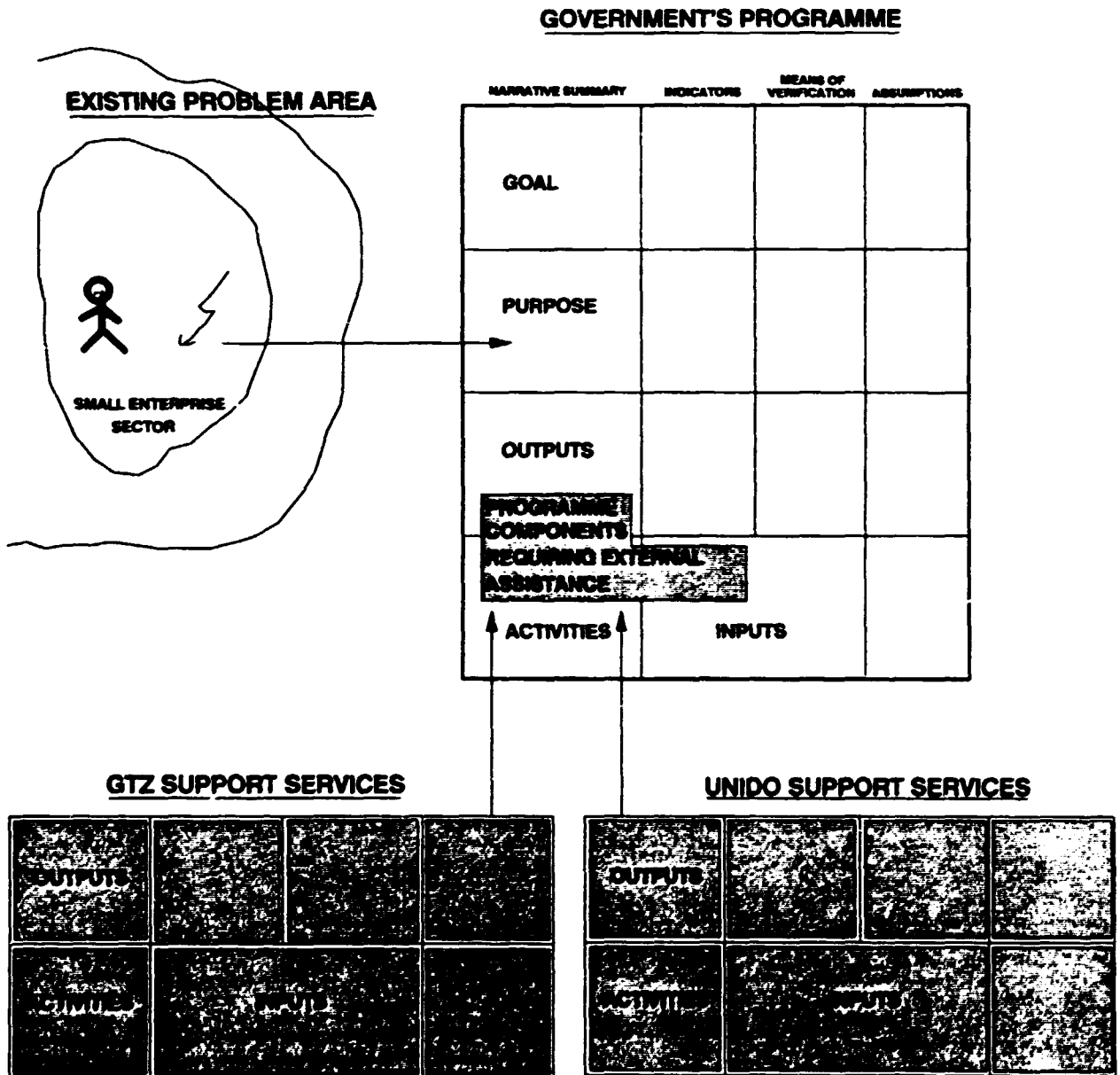
## CONTENTS

	<u>Page</u>
I. INTRODUCTION	1
II. THE WORKSHOP	2
A. ANALYSIS OF THE PRESENT SITUATION	2
1. THE GENERAL PROBLEM AREA	2
2. PARTICIPATION ANALYSIS	2
3. PROBLEM ANALYSIS	2
4. OBJECTIVES ANALYSIS	5
5. CLUSTERING OF OBJECTIVES	5
B. THE PLANNING PHASE	5
1. SCOPING/ALTERNATIVES ANALYSIS	5
2. PROGRAMME PLANNING MATRIX	5
C. FOLLOW UP	6
LIST OF PARTICIPANTS	7
<u>Annexes</u>	
Annex 1 Problem Analysis SM Programme Laos	9
Annex 2 Objectives Analysis Laos	11
Annex 3 Project Planning Matrix	13

# REPORT OF OOPP WORKSHOP SMALL ENTERPRISE DEVELOPMENT IN LAOS

## 1. INTRODUCTION

The joint UNIDO/GTZ Mission and the OOPP/ZOPP Workshop were concerned with supporting the Government's efforts to formulate a strategy for the development of the small enterprise sector in Laos. The following sketch illustrates (i) the existing problem area examined by the UNIDO/GTZ team during the 2-week fact-finding mission; and (ii) the small enterprise programme which was elaborated by the Government, banks, entrepreneurs, Chamber of Commerce, and others at the OOPP/ZOPP Workshop. The areas of external assistance are yet to be determined by the Ministry of Industry.



= Still to be determined

How to assess relevance, cost-effectiveness and sustainability of the Govt. programme and of all support services is described in 'THE IMPROVED MANAGEMENT OF DEVELOPMENT COOPERATION BY UNIDO: A PROPOSAL FOR DISCUSSION' prepared by the Programme and Project Appraisal Section (1983-05-25)

Workshop arrangements - The workshop was convened at Naungum Dam, Thalad, some 2 hours from Vientiane. The intention was to bring participants together in a location where they would not be distracted by their official business and would be able to continue discussion in the evenings. The duration of the workshop was reduced from 5 to 3.5 days.

The workshop was organized by GTZ and financed by BMZ. Some organizational problems arose at the outset with regard to moderation and workshop materials which were not available.

It was co-moderated by GTZ and UNIDO (Programme and Project Appraisal Section).

## II. THE WORKSHOP

The workshop was opened by H.E. The Minister of Industry and Handicraft who attended it for the entire first day, demonstrating the importance attached to small enterprises by the Ministry. In his opening address, he recalled the liberalization policy of the Government and the extensive privatization which had taken place. He stated that until now little attention had been paid to the small enterprise sector; however, the intention was that the workshop would help to develop a programme and implementation strategy to promote small enterprises. He stressed the Government's supportive rather than interventionist role.

The UNIDO/GTZ team presented its findings orally with the help of some flipcharts (see Report of the team).

To facilitate the running of the Workshop, the planning methods (OOPP/ZOPP) were described. The objectives of LFA and the development of ZOPP as a design tool for technical cooperation projects was explained to the participants. It was stressed that they would be designing their own programme, that the GTZ/UNIDO team was there only to answer questions on their mission findings and any advice required. OOPP/ZOPP consists of two main phases: (A) the analysis of the present situation and (B) the planning phase. The role of the moderator was also explained - as not being a chairman or leader, but rather a facilitator to ensure the application of the OOPP methodology. The overall steps of OOPP were explained as well as work methods. Participants were surprised to see the physical arrangements (no tables, only chairs, use of flip charts, etc.). The participants introduced themselves and spoke out their expectations from the workshop. These were recorded on flipcharts.

### A. ANALYSIS OF THE PRESENT SITUATION

#### 1. THE GENERAL PROBLEM AREA

This part of the OOPP method was not dealt with in any detail, since the problem area had already been defined by the Ministry and examined by the joint GTZ/UNIDO team. However, one participant representing a foreign aid agency - the Asia Foundation - requested that "small" enterprises be defined. The workshop agreed that this would be difficult to do with any precision and would not help much since most Laotian enterprises were very small.

#### 2. PARTICIPATION ANALYSIS

The workshop was attended by representatives of Government, banks including commercial banks, enterprises, Lao Chamber of Commerce, women's union (see the attached list of participants).

The moderator explained the importance of this step in the analysis of the present situation - namely, that it is people who have problems, expectations and tasks to fulfill, and therefore would constitute the basis for the problem analysis.

The parties concerned with small enterprise development were identified in plenary, and placed on cards on the pinboards. The participants then continued to analyse the parties in working groups: parties who were the "doers" - i.e. engaged in production, and those who were the "supporters" - i.e. who are supposed to provide support to the "doers".

- (i) "Doers"
- Service SM Enterprises
  - Production SM Enterprises
  - Micro enterprises in track
  - Food Processing Women
  - Urban Micro-enterprises
  - Urban Professional Services
  - (Supporting enterprises)
  - Rural women
  - Women weavers
  - Women entrepreneurs
  - Handloom weavers
  - Urban women
  - Food processing farmers
  - Micro business in handicrafts
  - Rural cottage industries
  - Potters
  - Production Co-operatives
  - Micro business in manufacturing
  - Small and cottage industries
  - "Ethnic" women
- (ii) "Supporters"
- Ministry of Industry and Handicraft
  - Ministry of Commerce
  - Lao National Chamber of Commerce and Industry
  - Lao Women Union
  - Committee for Planning and Co-operation
  - Bank of the Lao PDR
- (iii) "Others"
- Provincial authorities
  - Consultant firms
  - Antennas of MIH in Provinces
  - Foreign agencies
  - Ministry of Finance
  - Board of Investment (B.O.I.)
  - Ministry of Agriculture and Forestry
  - Competitors; Foreign parties
  - Customers
  - Rural poor throughout the Provinces
  - Rural development projects
  - Lao commercial banks
  - Credit Fund IFAD
  - Private commercial bank
  - Education and training centres
  - ENAG
  - Training Centre for Women and Development
  - Women's International Group
  - Investment Consultancy Services

This first chance for participants to work by themselves with cards revealed their unfamiliarity with work methods, the need for transparency and discussion in order to reach a common understanding.

There was a general convergence as to the nature of the problems confronting small enterprises in Laos and their expectations. It was however noticeable that some of the expectations might pose difficulties to the Government in spite of its current policy of deliberate liberalisation.

The expectations - as expressed by representatives of the Ministry of Industry and Handicrafts, the central bank and some commercial banks, Lao Chamber of Commerce, representatives of several private enterprises from the district of Vientiane - may be summarised as follows:

i) The need to strengthen the Ministry of Industry and Handicrafts in supporting the development of small enterprises through its liberalisation policies; the adoption of appropriate incentives; increased employment in the rural areas; income generation; disbursement of funds from development cooperation agencies and greater coordination amongst them; improved quality of life of women in rural and urban areas; improved balance of trade and increased GDP.

ii) Enterprises required support in entrepreneurship development and technical training; access to market, commercial and technological information; access to credit; advice on investment opportunities; protection from competition from abroad; improved competitiveness; increased exports; reduced commercial risks; coordinated Government policies (amongst different Ministries); simpler regulations and bureaucracy affecting the performance of small enterprises; improved physical infrastructure.

(iii) The banking institutions found it difficult to provide credits for small enterprises; more assistance from foreign financial institutions was required; training in credit operations and negotiations; increased investment.

On this basis, the Workshop participants could proceed to step 2 of the OOPP/ZOPP methodology: the problem analysis.

### 3. PROBLEM ANALYSIS (see Annex 1)

The steps to be taken were explained through the use of the flip charts, stressing the importance of describing only real existing negative situations, rather than imagined or future ones on the card. There was some difficulty in understanding that problems are felt by people - i.e. by the parties identified earlier and whose constraints had already been identified at least insofar as their general subject area was concerned.

The concept of "starting problem" was explained again in order to start doing the problem analysis. The selected "starting problem" was "investment in small enterprises is inadequate". Having agreed on that the participants worked in 2 working groups: one to work on the effects of the starting problem and another to work on its causes. The results of the 2 working groups were then brought together in plenary; the spokesmen of each presented their findings and justified their hierarchy of problems. At first, 7 "groups" of problems were identified but after considerable review of the exact meaning of certain problems and a verification of their causes and effects, the attached problem tree was arrived at with only 4 "groups".

It should be noted that problems of physical infrastructure in rural areas were dropped by the participants at this stage, although they had been mentioned during the participation analysis and might constitute an important critical assumption to be taken into account.

#### 4. OBJECTIVES ANALYSIS (see Annex 2)

The steps were explained, notably that the participants should be concerned with desired, future, positive situations reflecting the solution of the problems included on the problem tree. The participants then worked again in groups in order to convert the upper and bottom parts of the problem tree into objectives. In doing so, they found that adjustments were often required, since the cause-effect relationships of the problem analysis did not hold when converted into means-ends relations in the objectives analysis. This difficulty was compounded by the fact that some objectives did not always coincide with existing policy directives of the Government requiring, at one point, that a special group of participants discuss the issue separately and return to the workshop with an acceptable objective. The issue concerned the "frontier" between the roles of the State and of institutions required to support small enterprise activities.

#### 5. CLUSTERING OF OBJECTIVES

Clusters were immediately obvious from the objectives tree: these concerned income-generation and employment; competitiveness; investment in small enterprises; entrepreneurship development; incentives for the small entrepreneur; technical training to complement investment; and access to credit. Clustering was done in plenary and was the subject of little discussion.

### B. THE PLANNING PHASE

#### 1. SCOPING/ALTERNATIVES ANALYSIS

The participants discussed this in plenary, following an explanation by the moderator of the implications of this step in the OOPP/ZOPP methodology, i.e. to determine the scope or the objectives to be covered by the Government's programme for the small enterprise sector. Several proposals were made by the participants: to focus on income generation; productivity; investment in small enterprises; access to credit. In this process, various views were expressed concerning the role of the Ministry of Industry and Handicrafts: Was there a need to spell out its strategy and specific measures/directives? Did the Ministry have the capacity to develop incentives for the small enterprise sector? The difficulty arose from the fact that a draft policy/strategy had been prepared in January 1993 but had not been made available to the team. Since it was available only in Lao, a quick rough translation was prepared for the UNIDO/GTZ team during the Workshop..

Thus, on the basis of this draft strategy and as a result of further intensive and sometimes delicate discussions, the participants decided that the programme should cover the 4 major components of the objectives analysis leading to "increased investment in small enterprises", i.e. including that concerned with Government incentives.

#### 2. PROGRAMME PLANNING MATRIX (see Annex 3)

The moderator explained the concept of the matrix as providing a summary overview of the programme, determining its overall goal, purpose, results and the categories of activities to be undertaken. It was explained that each result could constitute a programme component to be planned out in detail later after the workshop. The importance of the assumptions at each level of the matrix was stressed as well as of the indicators and their means of verification in making clear and precise what would be achieved in terms of time, quantity and quality.

The attention of the participants became more intense in this planning step of the programme, following the discussion of alternatives/programme scoping - the beginning of the planning phase. The programme purpose and the other main programme elements (results, goal, activities) were placed on the PPM with relative ease.



The assumptions made at each level of the matrix required more time in order for participants to understand the notion of assumption in the PPM and the likelihood of their holding true. In some cases, some assumptions were the subject of serious discussions especially insofar as they related to government policies being enacted, coordination between Ministries, etc.

Indicators (types) were identified by the participants with some difficulty at the purpose and results levels of the PPM; in some cases, only indicative/indirect indicators could be identified (Result 2). Indicators were also identified for the assumptions included on the PPM. Participants noted the crucial nature of the indicators given the high degree of precision required.

#### C. FOLLOW-UP

What remains to be done: the Government of Laos will indicate what parts of this programme it cannot implement without external assistance from UNIDO, GTZ and any other bilateral and multilateral cooperation agency (see shaded area in Government programme on page 1 indicating non-available inputs required for activities to produce certain or part of certain results).

Once the Government has provided this information, it will be possible for UNIDO and GTZ to work out the detailed PPMs for any of the 4 programme components identified by the Workshop and define their services to support the Government's programme (see lower PPMs "UNIDO", "GTZ support services") indicated on page 1 of this Report.

LIST OF PARTICIPANTS TO THE WORKSHOP  
ORGANIZED BY THE MINISTRY OF INDUSTRY AND HANDICRAFT AND THE MISSION OF UNDP/UNIDO/GTZ  
ON SMALL SCALE INDUSTRY DEVELOPMENT  
NANGNUM DAM, THALAD, PROVINCE OF VIENTIANE, PDR OF LAO  
31 MAY TO 3 JUNE 1993

Participants

- |     |                      |   |
|-----|----------------------|---|
| 1.  | Mr. P. Dandouane     | Ministry of Industry and Handicraft                       |
| 2.  | Mr. I. Soudy         | Ministry of Industry and Handicraft                       |
| 3.  | Ms. S. Singeun       | Ministry of Industry and Handicraft                       |
| 4.  | Mr. P. Virachit      | Chamber of Commerce                                       |
| 5.  | Ms. P. Chanthao      | Chamber of Commerce                                       |
| 6.  | Ms. P. Khemphet      | Lao Women Union   |
| 7.  | Ms. S. Phouthanivanh | Lao Women Union   |
| 8.  | Mr. S. Bounphone     | Committee of Planning and Cooperation                     |
| 9.  | Mr. S. Meckham       | Committee of Planning and Cooperation                     |
| 10. | Mr. Saveng           | Bank of Tech Lao PDR                                      |
| 11. | Mr. Phanthaboun      | Bank of Tech Lao PDR                                      |
| 12. | Mr. V. Soulinmong    | Sethathirath Bank Branch in Phonhong                      |
| 13. | Mr. P. Vang          | Industry and Commerce Section, Vientiane Municipality     |
| 14. | Mr. Seumthong        | Representative of Industry Section, Province of Vientiane |
| 15. | Ms. P. Bounhul       | Representative of Industry Section, Province of Vientiane |
| 16. | Mr. K. Khamia        | Representative from ENAG                                  |
| 17. | Ms. N. Latsanikone   | Small Handicraft  |

Workshop Moderators

Mr. A. de Faria (UNIDO)  
Mr. M. Rudenauer (GTZ)

GTZ/UNIDO team

Dr. D. Mezger (GTZ)  
Mr. J. Tomecko (GTZ)  
Ms. L. Van Oyen (UNIDO)  
Ms. M. Viravong (GTZ Consultant)

UNDP, Vientiane

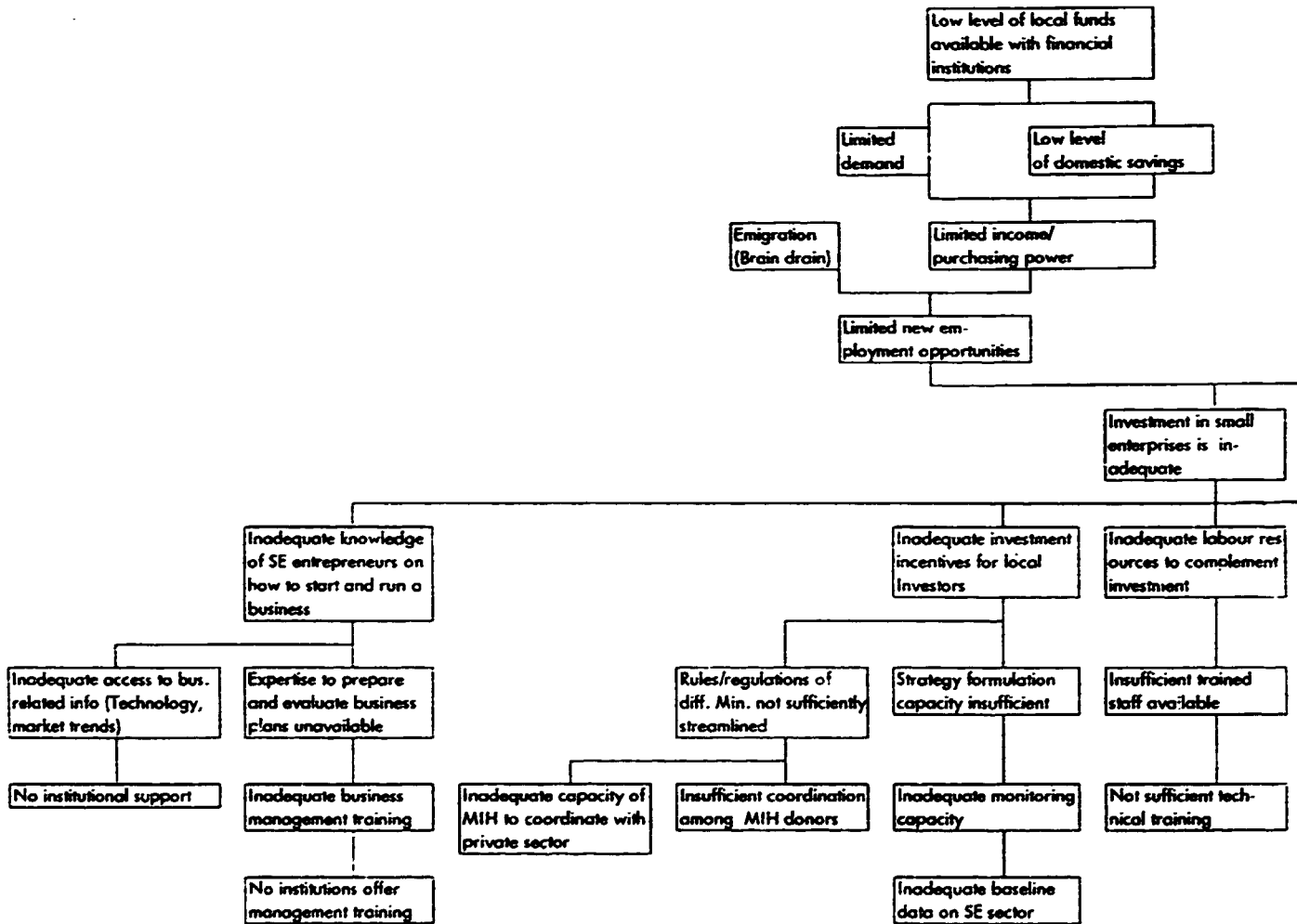
Mr. J. Huisman  
Mr. V. Sichanh

UNIDO, UCD

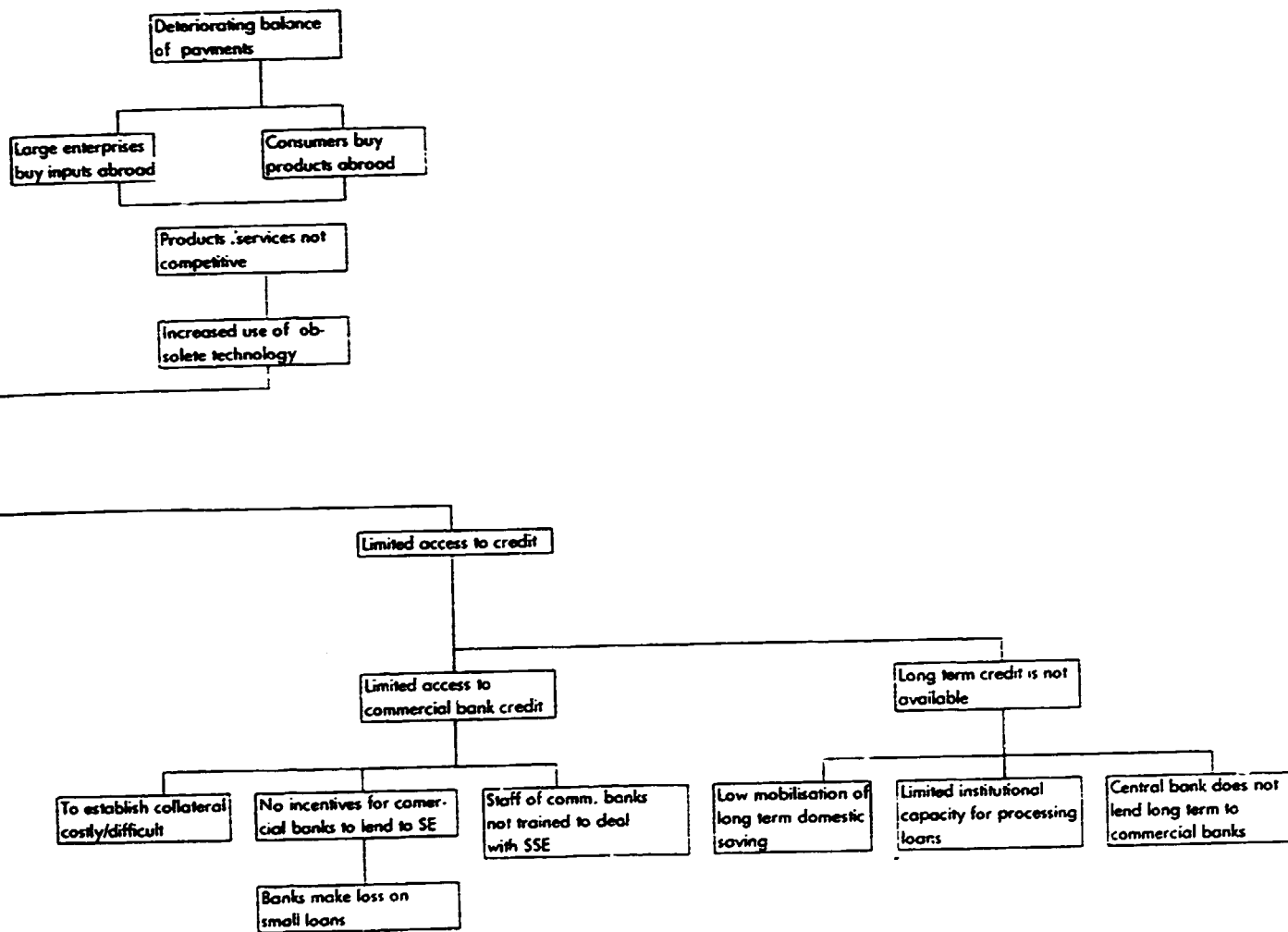
Mr. M. Meixner

Other participants

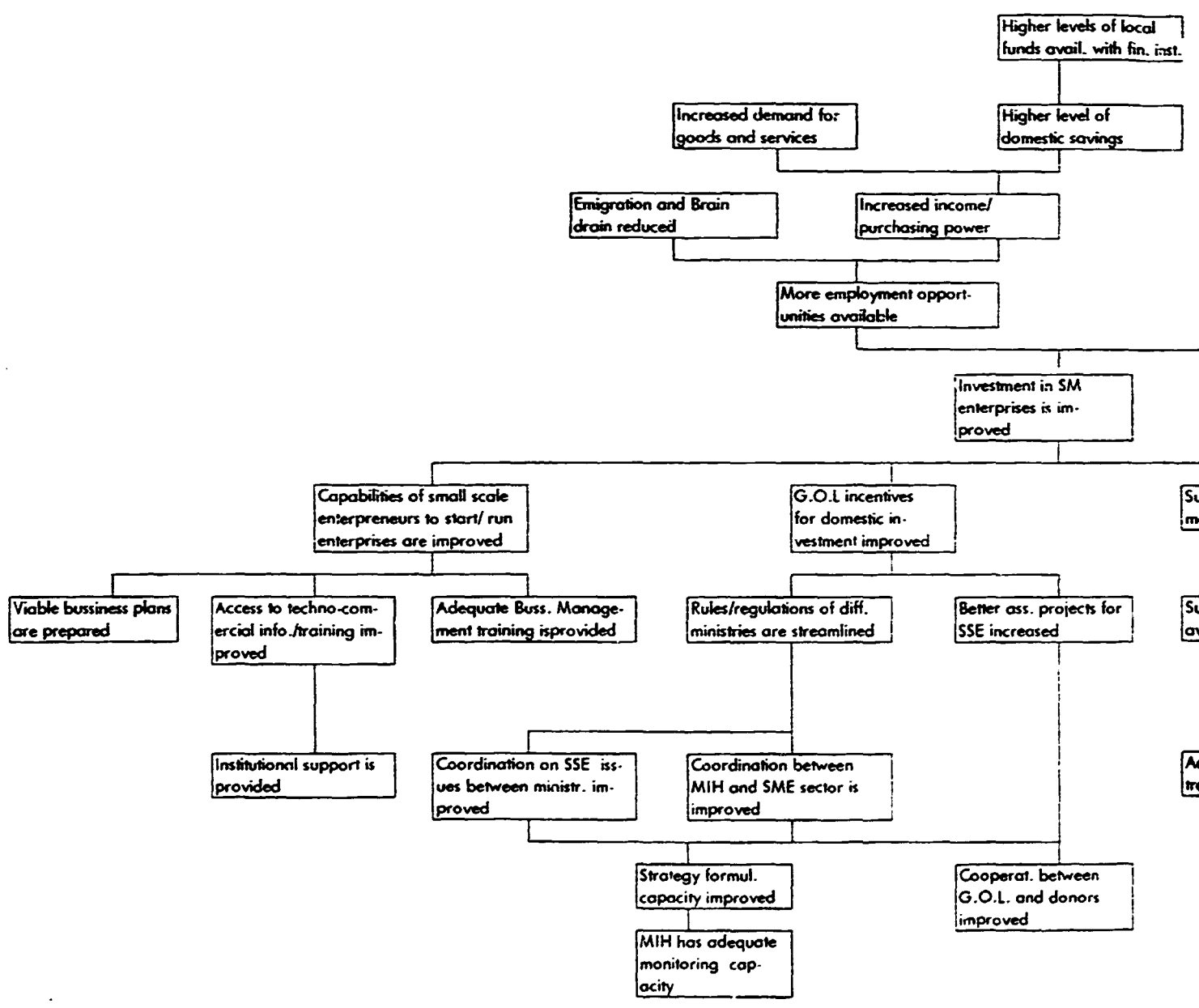
Mr. B. Ison	Ideas AID International Inc.
Mr. D. Kim	Asia Foundation
Mr. Rosenthal	Care International
Mr. C. Mike	Care International-rooms
Ms. S. Soukdalay	CIDA
Mr. B. Francois	CIDA



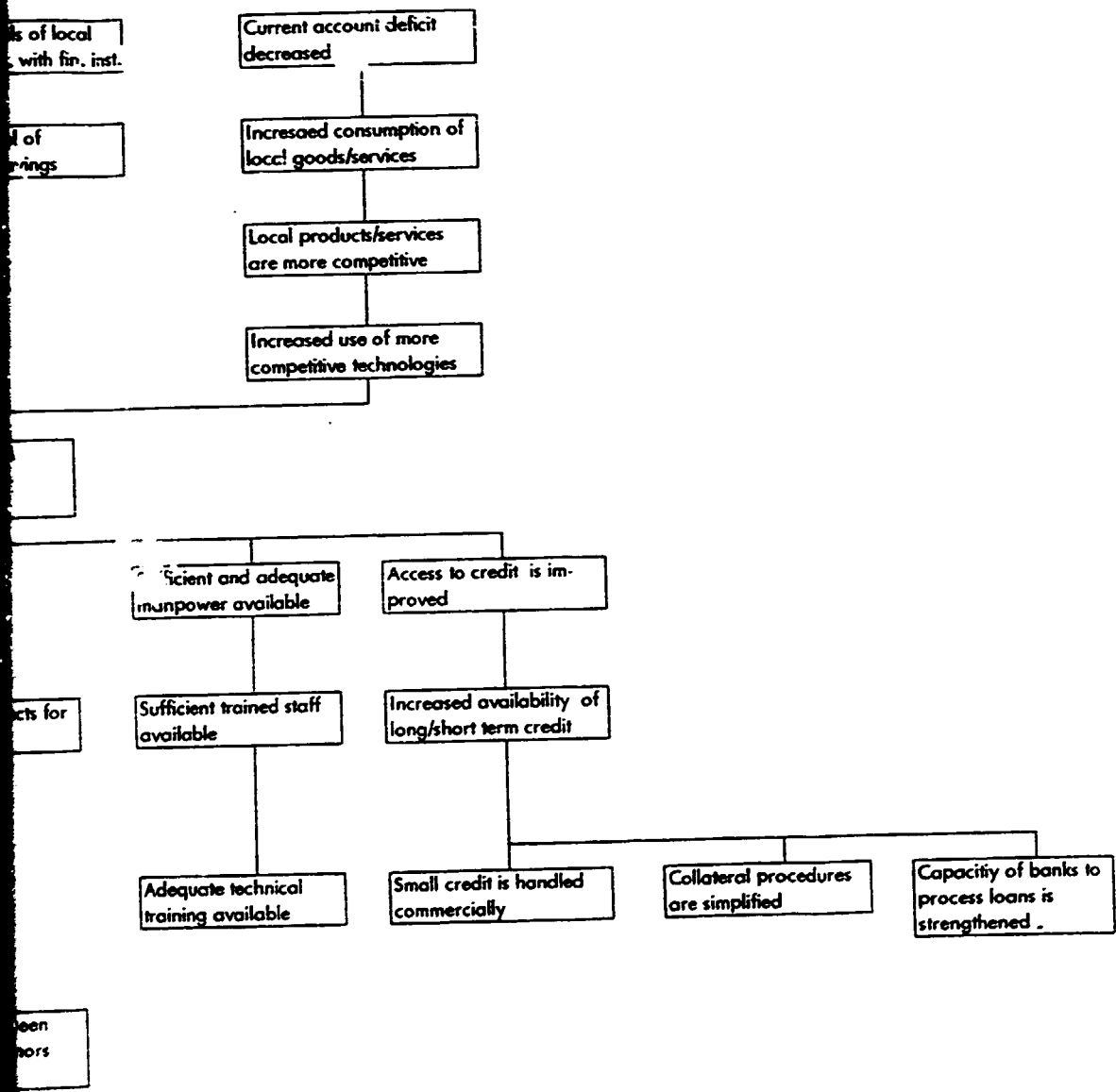
# Analysis SM Programme Laos



# Objectives Analysis La



# Analysis Laos



Project Planning Matrix (PPM)	Project Title Project Number	Duration of project Country
Summary of objectives/activities	Objectively verifiable indicators (OVI's)	Means/sources of verification
Overall goal OG Income/Purchasing power is increased	01 Income of assisted entrepreneurs/employees increased by x% between 1993 and 1997 in y central provinces of Laos.	01 Accounting documents
Project purpose PP Investment in small enterprises is increased.	01 Long/medium/short term capital investment in laotian SMB increased by y% in z years from inception of programme.	01 Documents of lending
Result R 01 Capabilities of SM entrepreneurs to start and run enterprises is improved. R 02 G.O.L incentives for domestic investment is improved. R 03 Sufficient and adequate manpower is available. R 04 Access to credit is improved.	01.01 x new enterprises created in y years in z provinces. 01.02 x% of new enterprises continue over a 3-5 year period. 02.01 See 01 as indirect indicator. 03.01 x trained entrepreneurs and workers for specific fields in 3 years based on need assessment. 04.01 Disbursed number and amount of loans for SSE increased x% in y Years.	01.01 Min. of Finance documents 01.02 Min. of Industry (documents) 02.01 See 01. 03.01 Documents of training 04.01 Documents of lending
Activity 01.01 Prepare business plans. 01.02 Improve access to techno-commercial information/training. 01.03 Provide business management training. 01.04 Establish institution for promotion of SS entrepreneurs. 02.01 Streamline rules and regulations of different ministries. 02.02 Improve coordination on SSB issues between ministries. 02.03 Increase the number of assistance projects. 02.04 Improve the quality of assistance projects. 02.05 Improve coordination between NTB and SB sector.	inputs/costs specification	

SECTION 1 ]

SHR	Duration of project Country	3 years Laos	Date: 03.06.93 Page: 1
	Means/sources of verification		Important assumptions
ees a y	01 Accounting documents of SHR, tax registers		
at in from	01 Documents of lending institutions		
z	01.01 Min. of Finance documents		
-5 year	01.02 Min. of Industry (including municipal/provincial documents)		
	02.01 See 01.		
r specific ment.	03.01 Documents of training institutions.		
or SS2	04.01 Documents of lending institutions.		
SECTION 2			01 Concerned Ministries cooperate (1). Indicator: Concerned ministries meet x times per year for SS2 programme.
			02 External concessionary funds are available. Indicator: Contract agreements for x million US\$ signed by donor organisations and G.O.L.
			03 Entrepreneurs are interested in services offered (1). Indicator: Recovery rate of costs of services offered x% in y years.
			04 Motivated staff in NIB in place. Cooperation and agreement can be reached with all concerned units. Indicator: Core of x staff in NIB and y in z provinces available and full time included in SHR programme.
			05 Entrepreneurs are willing to share in costs of services offered.



Project Planning Matrix (PPM)	Project Title Project Number	Duration of project Country
Summary of objectives/activities	Inputs/costs specification	
<p>02.06 Improve cooperation between G.O.L. and donors</p> <p>02.07 Strengthen monitoring capacity of NIE.</p> <p>02.08 Collect baseline data on SE sector.</p> <p>02.09 Improve capacities to formulate strategy.</p> <p>03.01 Provide adequate technical training.</p> <p>03.02 Train sufficient staff.</p> <p>04.01 Provide long- and short term credit.</p> <p>04.02 Strengthen capacity of banks to process loans.</p> <p>04.03 Simplify collateral procedures.</p> <p>04.04 Provide small credit on commercial basis.</p>		

SECTION 1

DO/GTZ SH PROGRAMME

Duration of project  
Country

3 years  
Laos

Date:  
Page:

03.06.93  
2

Important assumptions

Indicator: See 03.

06 Donors are willing to cooperate among each other to respond to needs of SH sector. All relevant entities are willing and able to send their people for training

Indicator: Donor committee SHR sector meets x times per year and brings out y decisions.

07 Institution will be run according to status agreed upon with G.O.L-(Contested).

Indicator: None.

08 Funds from donors are available.

Indicator: See 02.

SECTION 2