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**HANDICRAFT INNOVATION THROUGH IMAGE BUILDING
AND ENTREPRENEURSHIP CUM PRODUCT
DEVELOPMENT STRATEGIES**

DP/RAS/88/001

Terminal report*

Prepared for the Governments of The Republic of Indonesia, Malaysia,
The Republic of the Philippines, and the Kingdom of Thailand
by the United Nations Industrial Development Organization,
acting as executing agency for the United Nations
Development Programme

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* This document has not been edited.

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Note: All annexes are located in the Project File, UNIDO Headquarters.

II. LIST OF ABBREVIATIONS

1. **CITEM** Center for International Trade Expositions and Missions (Philippines)
2. **IE** International Expert
3. **MHDC** Malaysian Handicraft Development Corporation
4. **NE** National Expert
5. **NTFP** National Technical Focal Point
6. **PMO** Project Management Officer
7. **PDDCP** Product Development and Design Center of the Philippines
8. **SCM** Steering Committee Meeting
9. **THPD** Thai Handicrafts Promotion Division
10. **WMT** Western Market Trends

III. ABSTRACT

Development Objective

1. Aim: The project is intended to improve the image of ASEAN entrepreneurs and products in the handicraft sector, principally but not exclusively, in key export markets.

Summary of Conclusions

1. The UNDP-funded and UNIDO-executed project was implemented with satisfactory overall results, well exceeding expectations. The project was designed to accommodate a range of entrepreneurs encompassing widely varied levels of expertise and experience in design, production and marketing. The entrepreneurs produced prototypes of the aesthetic and technical quality required for participation in the prestigious international "Scènes d'Intérieur" trade fair in Paris. Considering it should be antithetical to such a project to measure results for all entrepreneurs in the same terms, it is noteworthy that the prototypes were deemed, on the basis of reactions from design and marketing organizations, trade buyers, the press and the general public, to have projected a high-quality product image. The producers attracted the attention and received orders from major international clients, and products were featured in key design publications. With rare exceptions, all products have been recommended by the international experts for further development. At the Steering Committee Meeting in Vienna on 18 November 1991, the Committee agreed the project should not be regarded merely as an end in itself, but rather as a basis for further development, and agreed unanimously to plan strategies for post-exhibition activities.

2. The project's multiple achievements are the result of coordination and cooperation against formidable odds.

3. In terms of its results for the entrepreneurial target group, small handicraft entrepreneur-producers whose limited resources are continuously subject to hardships such as tropical storms and floods, made an impressive showing in a highly sophisticated international market. It is worth noting that most of the participants in this project were women from the rural areas in far-flung islands.

4. There is substantial testament to the project's success on the image-building front: media attention from leading design publications, follow-up contact and orders, and invitations for future participation in exhibitions geared to up-markets.

5. Financially, the exhibition enjoyed returns which well exceeded the expectations of an endeavor primarily geared to image-building in contrast to short-term economic gains.

6. The project depended upon the mechanisms of networking and coordinating an intricate network of people, distances, timetables and activities, whose delicate balance was subject to upset by unforeseen illnesses, violent volcanoes and typhoons, and whose forward movement was often threatened by bureaucratic and technical breakdown. The Project Steering Committee members, under the leadership of Dato' Sulaiman Othman and the UNIDO project team, coordinated and monitored the network.

7. Particular appreciation is due to responsible UNDP officers in NY, UNDP Resident Representative Carl Wiberg and Programme officers in Malaysia, Nils Ramm-Erikson, UCD, based in Thailand, and the UNDP offices in Indonesia and the Philippines, who helped ease the project through the bottlenecks by their timely communication of critical information.

8. Finally the project owes its success to the goodwill and dynamic cooperation among the operational officers, International Experts, the National Technical Focal Points, the National Experts, and the entrepreneur-producers, some of whom deserve particular praise and thanks for having done "whatever it takes" to get ahead.

Summary of Recommendations

1. The ASEAN regional project successfully set the following long-term processes in motion:

- a. Image building in key export markets through media exposure and participation in prestigious international fairs and exhibitions;
- b. Product development geared to highest export market standards and nevertheless emphasizing cultural references and distinct indigenous qualities;
- c. Efficient and cost-effective sharing of resources to develop entrepreneurial orientations and technology transfer.

2. It must be recalled at all time that this is a private sector-oriented project addressing a particularly volatile group, namely artisans in the handicraft sector, most of them in rural areas and relying upon institutional infrastructures far from their production locations, and targeting their production operations toward highly competitive markets.

3. The project's successful fulfillment of its aim has confirmed the great potential opportunities for handcrafted products in western markets and has opened new possibilities which, if further consolidated and systematically addressed, could have a significant long-term impact on the entire handicraft sector of the ASEAN region. If appropriately and adequately tapped, handicrafts can be offered as cultural products and, therefore, as never-ending private sector opportunities with far-reaching implications on the development of human resources and their respective environments.

IV. INTRODUCTION

Background Information

1. Handicrafts play an important socio-economic role throughout ASEAN. The value of sales reported by the leading producing countries have been showing steady growth, in both export and home market sales. Consequently, it is believed, with some justification, that there is scope for further growth, especially in the important export markets of Europe, the United States and Japan. A significant amount of ASEAN's handicraft production is carried out in rural areas where it provides both a convenient form of labor intensive employment and a valuable source of primary or secondary income for many women, young people, and rural families.

2. Some weaknesses, identified in the following section, have been identified which, if not overcome, will limit not only the capacity of ASEAN's handicraft industry to respond to opportunities for growth - in sales, employment and therefore the incomes and standards of living of those employed - but actually prevent it from maintaining its present position.

3. These weaknesses which reflect a state of entrepreneurship in the handicraft sector are common throughout ASEAN and not specific to a particular country, product category or type of manufacturer. For this reason, an all-ASEAN approach to dealing with them was regarded as the most appropriate and cost-effective solution.

The Entrepreneurial Challenge

1. The project was designed to address the following problems:

Many ASEAN handicraft products, while superficially attractive, are of poor physical quality. This may result from inadequate preparation or poor handling of raw materials and the inability to achieve the standard finish required by increasingly discriminating demands of key export markets. The design and development of new products is often undertaken without sufficient reference to or knowledge of the markets in which it is hoped to sell them. Entrepreneurs are inadequately informed about market opportunities, and how to take advantage of them. Designers and producers are ill-prepared to meet the challenges of innovation, and the prevailing market demand in the handicrafts sector for high quality products with strong cultural references.

2. The project had its origins in concerns about remedying the negative aspects of interventions in the handicraft sector. While the project has a developmental economic thrust within the framework of UNIDO's industrialization mandates, it has socio-cultural implications with far-reaching consequences: on the handicraft producers, on the products, on the markets, and on the environments of both producers and consumers.

V. THE PROJECT

1. The concerns addressed by the project were formulated in terms of the following objectives.

Immediate Objectives

1. To enhance the image of ASEAN countries as a reliable source of well-designed handicraft products manufactured to a high standard of quality through:

1.1 A regional training venue for improving the understanding, knowledge and skills of two human resource target groups:

a. Promotional agents (mostly from governmental institutions) and

b. Entrepreneurial groups engaged in design, production and commercial export-oriented activities.

1.2 Regional measures for the entrepreneurial group to promote a new stronger image of ASEAN handicraft products in key markets and thus create positive impact among other handicraft producers in the region.

1.3 Establishing institutional mechanisms and networking arrangements to facilitate mutual support and information exchange on a sustained and long-term basis.

Methodology

1. International marketing and image-building expert Paola Navone's innovative strategy for handicraft development was adopted by the UNIDO project team, who conceived, formulated, and organized the project, providing a framework based on a unique comprehensive approach aimed at fostering entrepreneurial development through technical assistance at the institutional and the enterprise level. The Project Steering Committee adopted the UNIDO framework for regional cooperation as a basis for this project.

2. Following the identification and selection of National Technical Focal Points and the National Experts, the First Steering Committee Meeting was held in Kuala Lumpur, Malaysia, 11-13 October 1989. The initial 2.5 year period allocated for the project was extended through 1992 to accommodate the dates of the Paris fair and the Vienna exhibition, and to allow for a follow-up phase to monitor post-fair activities. The project was budgeted at US \$690,000, with in-kind inputs from each of the four (4) participating countries. No adjustment of the total budget was necessary.

3. At the first SCM, the project issues, implementation strategies, work plan and short-, medium- and long-term goals were discussed and consolidated. The project's main objective was defined as having a two-fold thrust:

3.1 Product development with distinctive ASEAN cultural references and national identities

The basic strategies and innovative features of the project included a private sector thrust focusing on entrepreneur-producers to produce something qualitatively different from what was generally referred to as handicraft products, i.e. cheap, mainly souvenir articles and low-quality giftware dictated by western traders. Cultural products from the participating countries would be highly visible in terms of changing the generally low image of handcrafted products in both local tourist and the export markets.

3.2 Imaging

This project focused especially on the need to develop entrepreneurial orientation skills and capacities among handicraft entrepreneur-producers, and addressed imaging of products as a critical element in export promotion as part of this entrepreneurial orientation. Imaging is a communications issue requiring particular care and specific skills in response to targeted markets and consumer groups. Product adaptation and the application of design skills have to be matched with how, when, and where to position or expose those products.

4. IE Paola Navone distilled the project methodology into three key innovative features formulated as Steering Committee directives:

- a. How can we assist entrepreneur-producers to respond adequately to western market trends?
- b. How can we help them to come up with a collection of handicraft products having a distinctive ASEAN identity as reflected in distinctive cultural references?
- c. How can we help them build the appropriate resource and marketing connections for their products?

5. These key features formed the basis for:

- a. Defining the target groups;
- b. Defining the project activities.

VI. OUTPUTS AND ACTIVITIES

1. This chapter tells the story of the project, and aims in a chronological context to reveal and clarify the linkages between multiple parallel activities involving two (2) target groups in four (4) countries, and emphasizing entrepreneurial development and institution building. Each project output is presented, followed by a description of corresponding activities, results, and lessons learned.

Output 1

1. Two target groups (i.e. 8 technical focal points and 15-20 entrepreneur-producers) resulted from the direct consulting process and training and were assessed on the following levels:

- a. An evaluation of the degree of improvement in understanding and performance demonstrated by the products produced by the target group, based on design and quality standards.
- b. The qualitative reaction of trade buyers to the products.
- c. Quantitatively, based on the number of serious buyer inquiries received for the products, and subsequently, the value of orders placed (both sample and follow-up).

Activities Related to Output 1

1. Establishment of a Regional Management Unit: Nomination of National Technical Focal Points and the Recruitment of National Experts to the Project

1.1 NTFPs were appointed from established small-industry promotion and/or craft-oriented agencies:

Indonesia: Mr. Dyoko Mulyanto
 Director for Programming
 Directorate General of Small-Scale Industries
 Ministry of Industry

Malaysia: Mr. Dato' Sulaiman Othman
 Regional Project Coordinator
 Director General
 Malaysian Handicraft Development Corporation

Philippines: Ms. Minerva P. Franco
 Executive Director
 Product Development and Design Center
 of the Philippines

Thailand: Ms. Puangthip Tantirat
 Director
 Thai Handicraft Promotion Division

1.2 The NTFPs participated in the shaping of the project at the 1st Steering Committee Meeting in October 1989, and were instrumental in identifying and nominating qualified national experts. The NTFPs were responsible for providing administrative and facilitative support to the NES.

1.3 National experts were selected from nominees having experience in or familiarity with product design for handicraft-related activities, and able to demonstrate capacities for promoting entrepreneurial-cum-design-orientation of the handicrafts sector on a long-term basis.

1.4 The National Experts were appointed as of 1 January 1990:

Indonesia: Mr. Wagijono Soemodinoto
 Assistant to the Secretary General
 Ministry of Industry

Malaysia: Mr. Mohd Azmi Ibrahim
 Director, Product Development Division
 Malaysian Handicraft Development Corporation

Philippines: Mr. Joel Enriquez
 Consultant
 Product Development and Design Center
 of the Philippines

Thailand: Mr. Mana Sangkhawuttichaikul
 Senior Industrial Technical Officer
 Thai Handicrafts Promotion Division
 Department of Industrial Promotion

1.5 The NES were to assist the project counterparts in carrying out the following responsibilities:

- a. Propose policies, priorities and work programs for the consideration of the Project Steering Committee;
- b. Prepare and provide requisite technical information on their respective countries to facilitate the short-term services of the international consultants;
- c. Research and make available to the Regional Secretariat requisite information on their respective countries as a basis for the regional networking system that will be established as an output of the project;
- d. Assist on a sustained basis and monitor progress of the target group of entrepreneurs;
- e. Participate in the project workshops and seminars with a view to assimilating and organizing the dissemination of technical information to relevant national agencies and

handicraft groups in their respective countries.

1.6 The national experts were expected to carry out the work required on a full-time basis, providing sustained direct support to the entrepreneur-producers.

1.7 The specific activities of the NEs are elaborated in the corresponding descriptions of the various activities.

2. Identification and Selection of the Entrepreneurship Target Group

2.1 The following account of Activity 2 offers a view of the entrepreneurial selection process, and the results of that process in terms of the participants' performance in the "Scènes d'Intérieur" Fair, Paris, and in the exhibition at the Museum of Ethnology, Vienna.

2.2 The selection of the entrepreneur-participants, conducted by the NEs with the assistance of the IEs, was a critical process involving the identification of craftspersons who not only demonstrated capacities for producing high-quality items with good market potential, but who were themselves of an entrepreneurial bent. The entrepreneur-producers had also to possess the willingness and means to invest in a project, the primary focus of which was image building and exposure, rather than profit.

2.3 The following selection criteria was established at the 1st SCM:

2.3.1 Indicative Criteria for Entrepreneur Identification and Selection

- a. Can be a producer, trader or designer managing an operation in the handicraft sector with a strong feeling for design as a key component of high-quality products.
- b. Must have a strong motivation to capture a place in the handicraft sector.
- c. Has a business idea/plan to enter the tourist and export up-markets.
- d. Must have own resources to support that plan and to invest in:
 - (1) working toward the goal of producing high-image and high-value handicraft products, including time to absorb technical and marketing strategy input;
 - (2) prototype development;
 - (3) exposure trip to Europe.

2.3.2 The project focused on a strategic outreach program, delineated with a description of its implementation by IE Paola Navone in an activities report, 29 June, 1990:

- a. Through an analysis of the local markets, the IE and NTFPs reached agreement on the segments of the handicraft industry to be targeted for the project.
- b. The NTFPs presented the IE and NEs with a preliminary list of potential participants.
- c. The IE and NEs conducted initial visits January - April 1990 to:
 - (1) access the current handicraft "landscape";
 - (2) expand the roster of potential participants;
 - (3) designate locations for outreach seminars geared to specific social target groups, particularly those in rural areas;
 - (4) compose a list of promising participants.
- d. Over 100 candidates were advised, monitored and evaluated in a series of visits and follow-up sessions spanning from January 1990 - May 1991.
- e. Each candidate was profiled in terms of strengths, weaknesses, potential and recommendations in technical reports for each country submitted by IEs Paola Navone and Philip Cutler.
- f. The project finalists were selected and prepared for participation in an international fair. The project budget was designed to facilitate international fair participation for 5-7 entrepreneurs from each country, representing diverse national regions and handicraft areas.

Results

1. The entrepreneurs produced prototypes of the aesthetic and technical quality required for participation in the "Scènes d'Intérieur" international trade fair in Paris.
2. Producers attracted the notice of such houses as Christian Dior, Neiman-Marcus and Henri Bendel. The ASEAN group received a letter of congratulations and an invitation to participate in "Scènes d'Intérieur" 1992. Galerie Lafayette, Paris, commissioned a display for 1992.
3. Multiple serious buyer enquiries in Paris resulted in pre-orders amounting to US \$1,289,263.

4. At the exhibition at the Museum of Ethnology, Vienna (18 November - 2 December 1991) nearly all the sample articles were sold. The group was invited to participate in the Hall of Nations Exhibition, Vienna, planned for 1992.
5. The Philippine group has followed up the Paris fair activity with participation in several fairs and two (2) exhibitions in Manila with pre-orders amounting to approximately US \$124,000. A number of the participants took part in "Scènes d'Intérieur" 1992.
6. The Thai group has followed up the Paris fair activity by giving presentations in two (2) image building and high-quality product development seminars for entrepreneur-producers, a handicrafts competition, and three (3) exhibitions.
7. The MHDC sponsored an ASEAN Handicrafts Expo in October 1992.
8. Invitations for future fair participation and exhibitions were secured by the entire group for Paris and Vienna, and by the Malaysian group in Frankfurt and Bremen. An ASEAN regional fair strategy is being considered.
9. A large number of entrepreneur-producers from the project have undertaken major business expansions as a result of fair participation.

Lessons Learned

1. A majority of the 36 entrepreneur-producers participating in the "Scènes d'Intérieur" Fair enjoyed successes on a variety of levels; it was particularly rewarding to see a number of small producers, some of whom had never traveled to the capital city of their home country, receive media attention and orders from prestigious clients.
2. It was within the project's mandate to include entrepreneur-producers encompassing a varied range of entrepreneurial experience. The less experienced entrepreneurs required intensified monitoring and assistance, particularly with regard to presentation and communication in an international market.
3. Communication with the entrepreneurs as to the project's goals and corresponding expectations is crucial. A small number of candidates eager to participate in the project, agreed to the terms while harboring doubts about certain of the requirements, with the idea that the problems could be ironed out in the course of the project. Between this eagerness to participate and a corresponding desire to help certain candidates who showed promise, occasional communication gaps occurred. Misunderstandings arose particularly with regard to the project's investment requirements. A small number of candidates participated in the fair either misunderstanding or resenting the financial conditions for prototype development, which involved an investment for the entrepreneur with unquantifiable returns in terms of improved know-how, image, exposure, and potential international market contacts. Although financial return on the prototypes were by no

means guaranteed, most entrepreneurs were able to receive a return on their prototype investments resulting from sales at the Vienna exhibition.

4. Misunderstandings also arose, again for a small number, with regard to the project's regional image concept, which served as the basis for the design scheme of the ASEAN exhibition in Paris and Vienna.

5. Thorough and rigorous communication at initial stages is necessary to ensure that all participants understand, are in accord with, and have or are helped to obtain the means to fulfill the expectations of the project.

3. Training for the NEs and Entrepreneur-Producers

3.1 The following activities pertain to the training of the NEs and their work with the entrepreneur-producers. As the project began to take on real dimensions through the individual participants and their contexts, the activities stated in the Project Document were tailored to meet the exigencies of specific circumstances. Adjustments were made not so much in terms of content, but rather in the situations in which the activities were implemented. All revisions were approved by the Steering Committee members, either as a group, or individually through contact with the project managers and coordinators.

3.1.1 Workshop: Design Methodology, Marketing and Market Appreciation

3.1.2 Content: It was decided to conduct the workshop by means of a combination of lectures, tutorials and practical demonstrations and exercises covering the following topics:

- a. Nature, scope and structure of the marketing process;
- b. The market; market segmentation; analyzing markets and methods of undertaking small-scale market research; characteristics of the different markets for ASEAN handicraft products;
- c. Marketing objectives: business, financial, and product;
- d. Planning a market strategy and product introduction;
- e. Market testing and the evaluation of results;
- f. Decision making and implications for the business.

3.1.3 It was deemed important that the NTFPs become familiarized with the issues presented above to facilitate close cooperation with the NEs. It was agreed that IE Paola Navone design the workshop for intensive work with NTFPs and NEs in their respective countries.

3.1.4 In the interim between the SCM in October 1989 and visits to each country (January - April 1990), Ms. Navone developed visual tables illustrating western market trends (WMT), presented in the international "language" of visual images. The Visual Tables were a critical tool used by both the IEs and NEs throughout the project for identifying and educating the producers, for developing product lines, and for acquiring know-how in keeping abreast of trends subject to constant change.

Lessons Learned

1. The NEs were designated to play a critical role in transfer of information and technology to the entrepreneur-producers, both in the short and long term.
2. The project addressed an important need: In the ASEAN region, there was hitherto little experience in dealing in a systematic way with western market trends, and with approaching that market as innovators. Therefore, technology-transfer through process-consultation with the NEs was a major thrust of the project, involving intensive individual as well as group work.
3. Prior to the SCM in 1989, IE Paola Navone began to develop a transfer-cum-process-consulting training program for this regional project with information conveyed largely through visual images. The materials served as training tools and reference resources, both in form and content (elaborated under Output 3).
4. The visual materials were an effective training method for a project involving communication between four (4) different countries, and communication from the IEs to the NEs, and the NEs to the entrepreneurial target groups.

3.2 Technical Implementation of Project Assignments: Design Methodology, Product Development, and Prototyping

3.2.1 Content:

- a. Review of the market, business, production and distribution context in which the design process takes place.
- b. Study of the design process including: identification of objectives; evaluation of market data; selection of design sources; raw materials and processes; identification of market standards; identifying financial, production and distribution constraints; planning, budgeting and setting timescales; team building and briefing.
- c. Design activity including: concept development; visualization of concepts through drawing, photography and modelmaking; prototyping;

production evaluation and preliminary costing;
pre-production prototypes; procedures for market testing;
evaluation of results; responses and decision making.

- d. Raw materials acquisition and process/technique testing; training implications for workshop/factory staff; factory implementation including: setting quality standards and maintenance of quality control.

3.2.2 Inputs: One international expert visited the target groups, monitored the implementation and collected information upon which further work was based.

3.2.3 This phase of the project focused on developing ideas for refining technologies and new designs, drawing from three (3) sources:

- a. Exigencies of the international market;
- b. Indigenous materials and local cultural reference;
- c. Available skills, technologies, resources, and potential.

3.2.4 The following is a summary of the report submitted by IE Paola Navone on 29 June 1990 on the project activities of this phase:

- a. The IE conducted meetings with the NTFP and NE for a thorough discussion of the NE's role and concomitant activities.
- b. Ms. Navone conducted extensive visits with each NE to handicraft shops and exhibitions, antique shops, archives and museums, for identifying:
 - (1) types of products which would be appropriate for the project;
 - (2) types of products which would be inappropriate for the project;
 - (3) valuable cultural, technical and design references.
- c. Ms. Navone worked on an individual basis with each NE in methods for conducting a national resource analysis and organizing a visual presentation of country materials.

d. The NEs conducted an analysis and compiled visual records of their countries' resources, covering the following areas:

(1) Raw Materials

- (a) indigenous
- (b) locally available

(2) Cultural Reference

- (a) ethnic
- (b) historically
- (c) popular/folk
- (d) actual

(3) Current Conditions of the Manufacturers

- (a) level of technology
- (b) production potential
- (c) human resources
- (d) financial resources
- (e) history of the company

3.2.5 The research and conceptual activities of this phase were conducted concurrently with the search for and work with potential participants. This phase was extended to comply with the project mandate for identifying and working with potential participants among specific social target groups, particularly those in rural areas.

Lessons Learned

1. The target group is working with limited means in a very competitive market. The level of cooperation achieved in this regional project, given the intrinsically competitive context, can be considered an accomplishment.

2. In sharing information such as that compiled in the above activity, including ideas for product development, it is important that the group presentations in the early stages of the project be kept somewhat general to reduce the apprehension about inadvertent coopting of specific ideas, thereby dampening the spirit of creativity and innovation.

3.3 Market and Design Appreciation: Itinerant Workshop cum Study Tour

3.3.1 Location: Europe with a three (3) day familiarization/ orientation seminar at UNIDO Headquarters, Vienna

3.3.2 Content: A structured program of visits guided by an international consultant integrated with seminars and tutorials, including:

- a. Visits to important trade fairs;
- b. Visits to department stores and specialist outlets;
- c. Meetings with key retailers (individual and group buyers, export and central buying houses);
- d. Gallery and museum visits;
- e. Meetings with key trade press journalists with special responsibility for consumer and contract goods;
- f. Introduction to main trade and standard organizations.

3.3.3 Originally it was planned that the entrepreneur-producers would partake in the Study Tour. However, there was a reluctance on their part to invest in an exposure trip without the possibility of recouping travel expenses by selling their products in the fairs and exhibitions to be visited, which at that stage was impossible. It was agreed that the NEs would undertake the Frankfurt/Paris Study Tour and the responsibility for transferring information on current buyer interests and market trends to the project participants. (See Annex 3.) IE Philip Cutler accompanied the national experts. Meetings were held with the UNIDO project team to address any questions about the project, and with IE Paola Navone to insure the transfer of image building and marketing techniques.

3.3.4 In light of the above, the exposure trip was conducted over a 2-week period (24 August - 9 September 1990). This adjustment in project implementation entailed a transfer of funds from the experts' line to BU-LI 15-00, keeping within the project budget.

3.3.5 The following is a summary of the activities report submitted by IE Philip Cutler:

a. Study Tour Strategy:

- (1) The advantage of attending the Frankfurt Fair prior to the Paris fairs as Ms. Navone recommended, was at once apparent, as the Paris fairs presented a clearly elevated level of quality. The NEs gained a working knowledge of trends in Frankfurt and could devote more time in Paris to specific details, and in identifying directions that could be applied to the project.

- (2) The tour was organized to culminate in a meeting with Ms. Azoulay, Director General of the company sponsoring the "Scènes d'Intérieur" Fair, which had been targeted as the ideal venue for the project.

b. Schedule

(1) 24 - 29 August

- (a) Orientation Session, review of Visual Tables in WMTs;
- (b) Review of the Country Visual Tables;
- (c) Visits to the Frankfurt Fair;
- (d) Discussion of observations, applications of Fair experience to the Handicraft Project;
- (e) Visit to a Frankfurt shopping center; orientation on pricing, and products sought by commercial retail shops;
- (f) Meetings, group and individual, with the UNIDO project team.

(2) 31 August

- (a) Visits to important shops, department stores, designer showrooms.

(3) 1 - 4 September

- (a) Visit to six (6) trade fairs;
- (b) Visits to Museum of Decorative Arts, shops, and showrooms;
- (c) Review meetings with IE Paola Navone;
- (d) Luncheon meeting with Priscilla Carluccio, Head of the Design and Product Development Group, STOREHOUSE, Conran's.

(4) 5 September

- (a) Visit to "Scènes d'Intérieur" Fair with the UNIDO project team.

(5) 6 September

- (a) Group Meeting: Ms. Navone, Mr. Cutler, the NES and the UNIDO project team, for general discussion and questions on project.
- (b) Meeting: Maria Christine Azoulay, Director General, PR Director, Padco Blenheim (Sponsor, Paris fairs);

(c) Individual Meetings: Ms. Navone, Mr. Cutler, the NEs and the UNIDO project team. These meetings were held to evaluate each Country Visual Tables presentation, and to discuss approach/timing for participation in the next year's exhibition.

(6) 7 - 9 September

(a) Visits to shops; departure of NEs.

3.3.6 The NEs submitted reports detailing their experience, with observations and analyses relating to technology and design.

Lessons Learned

1. The Study Tour was regarded by all as an invaluable experience, essential to preparation for the project's participation in an international fair, because it provided the following:

- a. Strategic, detailed exposure to current market trends;
- b. Methodology on applying current trends to product development;
- c. Issues relating to quality, design, price and delivery;
- d. Understanding standards needed for admission and success in prestigious international trade fairs;
- e. Reaffirmation of the timeliness of the ASEAN Handicraft Project, since current trends stressed natural materials and handicrafts of quality with distinctive cultural identity.

3.4 New Product Design and Prototyping Project

3.4.1 Location: Nationally - within each participant's own workshop/factory.

3.4.2 Content: Preparation of a business plan including execution of full design and product development process based on the business' identification of a new product line or idea, carried through to the stage of pre-production prototypes.

Activities

1. Upon returning to their home countries after the Frankfurt/Paris Study Tour (24 August - 9 September 1990), the NEs intensified their search for and work with participants, and solidified ideas for product development.

2. The NEs were to further proceed with this activity following on-site visits and consultations with IE Paola Navone spanning from 12 October 1990 - 9 January 1991. In November 1990 Ms. Navone contracted a serious illness resulting in temporary paralysis. The project was able to engage IE Philip Cutler to resume the mission full-time from February - 15 July 1991, and as needed for the remainder of the project. Mr. Cutler is an American who had been previously involved in handicraft projects in Asia of the World Bank, the EEC and the U.N. International Trade Center. Thus lost time was regained through the activities of a second international expert.
3. Multiple visits to over 100 participants were conducted, the first series of which involved evaluation of the business design concept and initial visualisations. After manufacture of the pre-production prototypes, critical analyses were undertaken and guidance given on modifications and final specifications. The results of these consultations and the participants' progress between visits, is documented in technical reports for each country submitted by Mr. Cutler.
4. Ms. Navone joined Mr. Cutler in Jakarta for consultation in March 1991. Mr. Cutler supplied the producer and product background information to Ms. Navone for an imaging analysis in preparation for the "Scènes d'Intérieur" Fair.
5. This phase of the project culminated in a sample display of products for the Steering Committee Meeting, Jakarta, May 1991.
6. At the SCM, the following conclusion was reached:

"No serious problems were faced in the implementation of the project. On the activities for the preparation for the exhibition in Paris, the participants conveyed that it had been a strenuous exercise, but it was worth the effort."

Lessons Learned

1. The project relied in method, strategy, content and deed on input from the international experts. The most qualified people for such a project are highly successful businesspersons of international reputation. Therefore the project must have built-in scheduling flexibility for coordination with the demanding schedules of the experts.
2. The project relied also upon a full-time commitment from the NEs. It is important to ascertain that the NEs are in a position to accept the full-time assignment for the designated time period, with no major interruptions.
3. It is recommended that a longer time span be allotted for the production phase.

4. This project set for itself the difficult task of reconciling long-term development objectives and approaches validating the necessity for process, with the fevered pitch of a highly competitive, fickle market. In such an endeavor, conflict is almost inevitable. The conflicts between the IEs and the NEs and the entrepreneur-producers reflect the difference between the private sector concerns and approaches and developmental strategies of a multilateral organization like UNIDO.

5. The IEs' concern was to train the NEs and entrepreneurs to survive in a market where the pace of change allows for no time lapses. If it seemed that ultimately constructive criticism was imparted in "hard knocks", it bears remembering that the market responds, in contrast, with rejection without comment.

6. Each person in the project was operating under serious time constraints, and each is to be commended for the energy, effort and co-operation under trying circumstances, that made this project a success.

3.5 Seminar cum Technical Workshop: Product Presentation, Design, Production and Use of Promotional Aids

3.5.1 Content: Lectures, practical demonstrations, and practical activities covering the following topics:

- a. Definition of marketing and promotional aids; illustration of their types and functions;
- b. Design factors and an integrated design approach to the development of: logos, trademarks, leaflets, brochures, price lists and stationery;
- c. Photography: approaches and standards of product photography;
- d. Merchandising aids: design and use of packaging, labelling and point of sale aids;
- e. Copywriting;
- f. Evaluating market and product needs and planning a strategy of promotional aids to support it;
- g. Assessing the results.

3.5.2 Mr. Cutler and the NEs carried this out through intensive on-going work with the participants, consisting of:

- a. Practical exercises;
- b. Presentation and review of the report: "Expectations of a Buyer."

3.5.3 This work culminated in a sales portfolio for each country compiled by the NEs. The portfolio consisted of Product Development Sheets devised by IEs Paola Navone and Philip Cutler to provide all basic information needed by clients for each product, clearly formatted for easy reference on one page, including a high-quality color photograph.

3.5.4 The Product Development Sheets were completed by each participant with the assistance of the NEs, and distributed for promotional use by the IEs, NEs, and participants at the "Scènes d'Intérieur" Fair.

Output 2

1. The activities related to Output 2 include preparations for and participation in the "Scènes d'Intérieur" Fair, Paris, the exhibition at the Museum of Ethnology, Vienna, and the publication of an All-ASEAN Trade Buyers' Guide. The following is an account of the major factors influencing the final shape of the activities.

2. The results of direct support for representing a new image were an international touring exhibition and the concurrent publication of an all-ASEAN buyers' guide to handicraft products and was assessed:

- a. Primarily by the qualitative response of the press, key international design and marketing organizations, trade buyers and the general public to the new image presented.
- b. Secondarily by a quantitative assessment made on the basis of the number of serious enquiries received as a result of exposure to these activities: trade press enquiries resulting in press and media coverage; buyer enquiries resulting in direct contact with manufacturers.

Immediate Objective 2

1. Regional measures for the entrepreneurial group to promote a new stronger image of ASEAN handicraft products in key markets and thus create positive impact among other handicraft producers in the region.

Activities in relation to Output 2

1. An exhibition of ASEAN handicraft products covering the following areas:
 - a. Raw materials and traditional techniques;
 - b. Export orientated products;
 - c. Tourist market products;

- d. Products produced during the Design and New Product Development project.

2. The "Scènes d'Intérieur" Trade Fair

2.1 At the project's inception, IE Paola Navone had singled out the "Scènes d'Intérieur" Fair as the most prestigious, high quality international lifestyle and design fair in Europe. "Scènes d'Intérieur" is of the highest level in terms of design, quality and imagination, and attracts the most media coverage. Unlike many trade fairs, it is neither product- nor trade- specific. Therefore it was an ideal context for the wide variety of product areas developed in the UNIDO handicrafts project. Aiming for participation in this fair imbued the project with both the highest possible ambition and motivation.

2.2 Ms. Navone cultivated contact with Marie Christine Azoulay, Director General and PR Director of PADCO Blenheim, the "Scènes d'Intérieur" fair organizer. Out of interest in the UNIDO project, Ms. Azoulay offered the ASEAN group a sizeable discount in space and organizational services, and valuable PR services free of cost.

3. Exhibition Tour: The Museum of Ethnology

3.1 In keeping with the project's image-building aims, there was perhaps no greater tribute to the quality of the products than the opportunity to exhibit at the Museum of Ethnology, Vienna. The museum provided the opportunity to view the products in the context of traditional East Asian culture, highlighting their distinctive cultural identity and richness in reference. UNIDO's long-standing relationship with the city of Vienna was instrumental in procuring this exceptional showcase.

4. Budgetary Issues

4.1 In the Project Document, US \$50,000 had originally been allotted to the touring exhibition, based on the assumption that the Fair organizers could be requested to consider a reduction for a UN agency's participation. Special consideration was indeed given to the UNIDO project, in the form of free PR services and reduced rent for a strategic location. The decision to take the strategic location in favor of a less visible site entailed an adjustment from the all-ASEAN Buyers' Guide budget line to the exhibition budget line.

5. Exhibition Concept

5.1 The exhibition concept was streamlined to profile the prototypes produced towards fulfilling the project objective: to improve the image of ASEAN entrepreneurs and products in the handicraft sector in key export markets.

5.2 Preparation and Implementation Activities:

(For detailed information on all sub-contracts see Annex 3).

- a. Prototype samples readied under supervision of IE Philip Cutler and the NEs February - May 1991;
- b. Samples packed for shipping June 1991;
- c. Sub-contractor Schenker shipped products to Paris 17 July - 20 August 1991;
- d. Padco Blenheim provided space of 126 m2 in a strategic location, and basic facilities;
- e. Stylist Paola Navone designed and supervised the installation of the ASEAN display September 1991, with the assistance of sub-contractors;
- f. Arrival of the delegations from UNIDO, 4 participating countries, 5 September 1991 (See Annex 1 for a list of Fair participants);
- g. Meetings of NTFPS, NEs, IEs and Executing Agency PMOs 6 September and 10 September 1991;
- h. Fair activities 6 - 10 September 1991;
- i. Schenker moved exhibition to Vienna and stored in customs free zone;
- j. Stylist Paola Navone designed and supervised installment of display in the Museum Aula, assisted by sub-contractor 14 - 16 November 1991;
- k. SCM, Vienna, 18 November 1991;
- l. Exhibition activities 18 November - 3 December 1991;
- m. Follow-up on orders, deliveries December 1991 - June 1992;

Results

1. The exhibition was displayed at the "Scènes d'Intérieur" International Trade Fair, Paris, 6 - 10 September 1991. The exhibition was then transferred to Vienna to coincide with the UNIDO General Conference, and was displayed at the Museum of Ethnology from 18 November - 3 December 1991.

2. Invitations for future fair participation and exhibitions were secured by the entire group for Paris and Vienna for the following year, and by the Malaysian group for Frankfurt and Bremen for the next three (3) years.

3. Follow-up fairs are being planned in the ASEAN countries.

4. The Philippine group proceeded to the Manila F.A.M.E. Market Week 22 - 26 October 1991, and staged an exhibition at the Product Development and Design Center, 21 October - 15 November 1991. The exhibition then moved to the Main Lobby of the National Development Bank, where it was displayed from 16 November - mid-January 1992. Under the auspices of CITEM and the guidance of Paola Navone, some project participants took part in "Scènes d'Intérieur" 1992. Most of the project participants have since displayed in several F.A.M.E. events, where a number have been recipients of awards.

5. Thailand has conducted two (2) seminars on "High Quality Handicrafts Development - Export and Image Building" in Bangkok and in Chiang Mai for new groups of potential entrepreneurs, highlighted by presentations from participants in the "Scènes d'Intérieur" Fair. The THPC has sponsored two (2) ASEAN project exhibitions in Thailand, featuring a lecture-visit series for design students, in addition to a high-quality handicraft competition, awards ceremony, and exhibition.

6. The MHDC sponsored an ASEAN Handicrafts Expo in October 1992.

7. The participants were deemed, on the basis of reactions from design and marketing organizations, trade buyers, the press and the general public, to have projected a high-quality product image. In Paris, products were featured in such magazines as Metropolitan Home, Maison et Jardin, and Marie-Claire. In Vienna, the exhibition was highlighted in the weekly cultural magazines Schaufenster and Falter, was featured on the Blue Danube Radio Mid-Day Magazine, and was covered by the daily newspaper, Der Standard.

8. Follow-up buyer contact has been consistent with expectations based on buyer enquiries at the fair.

9. The sales of the prototype samples in Vienna are a testament to the irrepressible appeal and momentum of the ASEAN Handicraft Project products.

10. Many of the participating entrepreneur-producers have expanded their operations since the "Scènes d'Intérieur" Fair. Some have doubled, even trebled the number of employees, providing much-needed jobs in their regions.

11. Country evaluation of fair participation:

11.1 Malaysia:

- a. Previous status of handicraft sector: weak, almost no export activity; boosted through the efforts of MHDC;
- b. Number of serious enquiries awaiting follow-up: 30
- c. Other contacts: French firm (A.G.R. Les Gatines Rouges) to undertake orders for the French market;
- e. Fair participation secured for Bremen and Frankfurt fairs for the next three (3) years;
- f. Exhibition participation was deemed very rewarding; the Malaysian group extended their "sincere appreciation" to the IEs and to UNIDO.

- g. Follow-up activities:
 - (1) ASEAN Handicrafts Expo, MHDC, October 1992.

11.2 Indonesia:

- a. Previous status of handicraft sector: need to upgrade quality and image;
- b. Orders fulfilled as of June 1992: US \$141,899.00, plus orders for 300 rattan chairs, and 1/2 of a 20 ft. container of rattan chairs, amount to be calculated;
- c. Prototype sales from Vienna Exhibition: US \$9,505.00 (74.42% of fob prices);
- d. The Exhibition experience was deemed successful in promoting a new, stronger image; the valuable exchange of information was also commended. The Indonesian team expressed disappointment in the amount of orders for five (5) of the eight (8) entrepreneur-producers.

11.3 Thailand:

- a. Previous status of handicraft sector: much activity, need to upgrade quality and image;
- b. Total orders from Paris as of 18 November 1991: approximately US \$1,020,000.00
- c. Orders fulfilled as of May 92: US \$489,420.00
- d. Number of serious buyer inquiries: 178
- e. The group expressed its enthusiasm for the experience, and desire to participate the following year.
- f. Follow-up activities:
 - (1) Seminar on "High Quality Handicrafts Development: Export and Image Building," Bangkok, 5-6 August 1992;
 - (2) Seminar on "High Quality Handicrafts Development: Export and Image Building: Chiang Mai, 26-27 August 1992;
 - (3) ASEAN Handicrafts Project Exhibition, THPD, Bangkok, 4 August - early September 1992;
 - (4) ASEAN Handicrafts Project Exhibition, Northern Craft Promotion Centre, Chiang Mai, 25 August - 4 September 1992;

- (5) Exhibition lecture-visit series for design students;
- (6) High-Quality Handicrafts Competition, awards ceremony, exhibition, Sept-Nov 1992;
- (7) Illustrated documentation of the follow-up activities for the ASEAN regional data base.

11.4 Philippines

- a. Previous status: need to foreground finer products for export markets, improve quality and upgrade image;
- b. Total orders from Paris as of 18 November 1991: approx. US \$200,000.00
- c. Total orders from Manila exhibitions: approx. US \$124,000.00 (pending update);
- d. The exhibition experience was deemed rewarding; the products were received with enthusiasm.
- e. Follow-up activities:
 - (1) Participation in F.A.M.E. Market Week, Manila, 22 - 26 October 1991;
 - (2) Exhibition at the Product Development and Design Center, Manila, 26 October - 15 November 1991;
 - (3) Exhibition at the Development Bank of the Philippines;
 - (4) 1992 "Scènes d'Intérieur" Fair participation for some of the project participants;
 - (5) Participation in F.A.M.E. Market Week, Manila, 17-25 October 1992;
 - (6) Illustrated documentation of the Philippine experience in the project for the ASEAN regional data base.

Lessons Learned

1. The participants felt the effort to prepare for the exhibition was well worth the while; in future projects, more time should be allotted for the prototyping/production phase.
2. Projecting a higher image for the region was the major objective of the regional project. Had the primary objective been a monetary goal, the products would have to have been split up and dispersed to fairs serving specialist target markets. Higher sales

might have resulted, but the overall impact for ASEAN's image would have been diffused and, therefore, considerably reduced, thereby serving only short-term, producer-specific goals.

3. In keeping with the primary objective, the display was designed to reflect the regional nature of the project and create the most visually arresting effect, and was therefore arranged according to the aesthetic principles of color and shape. A small number of individual producers felt that contact with buyers would be simplified through a display arranged by nation. This would have been antithetical to the regional project aesthetically and in content. In future undertakings, all efforts must be made to ensure that these objectives are clarified for the entrepreneur-producers. In this project, it was assumed that the NEs had done this.

4. A comment was made that the "business area" provided at the "Scènes d'Intérieur" Fair was "chaotic," and not in keeping with the high image of the exhibition itself.

5. The products of seven (7) producers who were not present at the fair received less attention on the whole. A contingency plan needs to be developed for representing absent producers.

6. In future projects the NEs need to be guided in offering extra preparatory training and education to the least experienced entrepreneurs, to ensure behavior appropriate to a sophisticated market setting, and that disappointment be circumvented.

7. To facilitate fulfilling orders in future, contingency plans need to be considered in the event of natural disasters, such as a central depot for materials and wares.

8. Laws regarding the sale of sample items imported for trade fairs vary from country to country.

An All- ASEAN Trade Buyers' Guide

1. A promotional publication, planned to be launched concurrently with the ASEAN touring exhibition.

2. Characteristics

- a. High quality;
- b. Illustrated and incorporating full color photography;
- c. Based on strong new ASEAN image in the design concept;
- d. Aimed primarily at the export market, but also addressing the requirements of the ASEAN regional market, and national domestic markets including national tourist markets.

3. Contents

- a. Strong concept-oriented cover-design;
- b. Introduction and an all-ASEAN overview;
- c. National sections: summary of distinctive characteristics of individual ASEAN countries - design and product availability;
- d. Product sections: divisions according to product categories but without separation by country. Each entry to be by business; each entry to be accompanied by a full color product/range photograph;
- e. Product index;
- f. National trade showrooms/organizations listing.

4. The Budget

4.1 With the US \$50,000 budget, it would have been possible to produce a Guide of "coffee table" book quality, which, however attractive, would have lent the products the static permanence of museum artifacts, rather than the dynamic identity of original contemporary handicraft products created by producers rising to meet an ever-changing market.

5. Production

5.1 The production of the Guide was taken on by the Malaysian Handicraft Development Corporation, to whom special appreciation is due.

6. Expenses

| | |
|------------------------|-----------------------|
| Printing: | US \$13,038.00 |
| Paper: | US \$ 725.00 |
| Photography and Misc.: | <u>US \$ 6,000.00</u> |

| | |
|--------|----------------|
| Total: | US \$19,753.00 |
|--------|----------------|

The remainder of the budget was transferred to cover fair expenses.

7. Methodology

7.1 It was agreed that the cover was to be of handcrafted paper to reflect the handicraft nature of the products.

7.2 As an international buyers' guide, clarity of presentation was essential, and best achieved through an "information-at-a-glance" strategy:

- a. Conveying product information visually through high-quality photographs;
- b. Each photograph accompanied by relevant information for contacting the producer;
- c. At most two products per page.

7.3 Organization and Content

- a. 1st page:
 - (1) UNIDO, UNDP emblems at top;
 - (2) 1-page description of the ASEAN Handicraft project and participation in the "Scènes d'Intérieur" Fair.
- b. 2nd page:
 - (1) Acknowledgement of the people responsible for the project.
- c. Body:
 - (1) product presentation by nation, with each section introduced by a photograph of the country's national flower (to reinforce the association of distinctive cultural identity and indigenous raw materials).

8. Activities

8.1 Photographs and content were produced and assembled by IE Philip Cutler, assisted by NEs.

8.2 Information was due in Kuala Lumpur by 30 June 1991.

8.3 The Guide was completed in Kuala Lumpur in August 1991.

Lessons Learned

1. No entrepreneur-producer can function in the international market without a fax contact. Producers without fax machines need to arrange for a convenient public fax contact to be printed in the Guide.

Immediate Objective 3

1. Establishing institutional mechanisms and networking arrangements to facilitate mutual support and information exchange on a sustained and long-term basis.

Project Output 3

1. The results of institutionalizing networking arrangements will be:
 - a. A feasibility study recommending the structure, technical requirements, operating systems, management, capital and operational requirements of improving upon an all-ASEAN computer-based information network, the groundwork of which will have been established in the life of the project;
 - b. An inventory and resources survey recommending measures to rationalize, increase and enable access to the use of existing organizations and institutions throughout ASEAN that can provide traditional and cultural source materials as a basis for diversifying/innovating in the handicraft sector;
 - c. The Project Steering Committee and Regional Management Unit coordinating and managing the activities designed for the life of this project and the institutional organizational basis of an ASEAN coordinating and support infrastructure to the handicrafts sector in the medium and long term.

Activities

1. Feasibility Study

1.1 On the creation of a computer-based information network in ASEAN to support the commercial and developmental requirements of the handicraft industries (and supporting national agencies).

1.2 Content: Recommendations on the structure, technical requirements, operating systems, capital (i.e. equipment) requirements and operational costs.

2. Inventory and Resources Survey

2.1 An examination of the facilities, programmes and activities of organizations and institutions throughout ASEAN that are devoted to the study of traditional visual sources of ASEAN culture. The objective is to determine the extent to which these facilities can be developed and improved, and whether or not a network could be developed between them to further:

- a. the study of traditional cultural sources of design;
- b. develop contemporary designs based on traditional sources;
- c. encourage public interest (nationally) within ASEAN itself, traditional sources as a basis for new product development;
- d. stimulate designer and manufacturer interest in using traditional sources as a basis for new product development.

3. Regional Information and Documentation Exchange System

3.1 In 1987, IE Paola Navone conducted extensive on site evaluations and set priorities for the project. Ms. Navone determined the this regional project involving four (4) countries and two (2) target groups, one of which was dispersed throughout remote regions of each country, would be optimally served by a systemic documentation of information resulting in a visual data base. Therefore it was felt that there was no need for a computerized information network. This recommendation was approved by the Steering Committee in October 1989 (details are included in the information and documentation system).

3.2 The training and documentation system devised by Ms. Navone served to:

- a. provide and ensure a common working basis for the project among the four countries;
- b. transcend linguistic boundaries and geographical distances;
- c. facilitate "hands-on" group as well as individual work;
- d. fulfill the four (4) aims of the Inventory and Resources Survey.

3.3 Activities

3.3.1 Each country has been provided with a complete set of all training and reference materials:

- a. **Visual Tables illustrating Western Market Trends**

Ms. Navone designed large-scale charts for reference and for group training presentations (see Output 1, Activity 3).

b. Country Resources Analysis

Each NE collected and compiled the analysis according to the model provided by Ms. Navone (see Output 1, Activity 4).

c. Sales Portfolio

The portfolio was assembled by the NEs based on product development sheets provided by Ms. Navone, for marketing use (see Output 1, Activity 7).

d. Display: "Scènes d'Intérieur" Fair

Ms. Navone provided step-by-step illustrated documentation of the design and set up of the ASEAN display booth, to be used as a reference for future exhibition planning.

e. Video: ASEAN Project Exhibition, the Museum of Ethnology, Vienna

The video produced by the UNIDO Public Relations and Information Section documents the fulfillment of the project's high-quality imaging aim by demonstrating the successful adaptation of the "Scènes d'Intérieur" Fair display to the museum setting, employing the same concepts and components, but integrating the marble-pillared grandeur of the exhibition space and its antique artifacts. Initial copies have been distributed to all participating countries.

3.4 At the Tripartite Review, Kuala Lumpur, 13-14 October 1992, it was agreed that continued regional cooperation would be best served by expanding upon the existing visual data base.

3.4.1 Updating the Regional Information and Documentation System

a. The Philippines have compiled an illustrated Guide documenting their experience in the project, aimed at providing an instructive basis for future projects, and have been requested to reproduce it for the regional data base.

b. Thailand was granted support to document the fair participation experience for workshops held in Bangkok and Chiang Mai, to be contributed to the regional data base. In addition, Thailand has offered to provide documentation on two (2) THPD-sponsored ASEAN regional project exhibitions and a high-quality handicrafts competition and exhibition.

- c. Malaysia should be requested to provide documentation on the ASEAN Handicrafts Expo, 1992.
- e. Copies of the ASEAN Projects Exhibition video from the Museum of Ethnology should be made available for the regional data base.

3.4.2 Mechanisms for Expanding the Regional Information and Documentation Exchange System

a. Regional Newsletter

It was agreed that a Regional Newsletter printed and distributed on a regular basis, would be a cost-effective way to share both ideas and information, and to continue dialogue. It is recommended that the NEs determine the format and submit the entries.

The following organizational structure is presented as an example:

- entries are submitted to KL by a certain date every month;
- the entries are collated - typed and photocopied or computer-printed - and distributed to the NEs each month;
- each NE can then decide, perhaps even issue per issue, to what extent it is useful to distribute the newsletter - translated - to regional offices, government and educational institutions, individual entrepreneur-producers, etc.
- entries should not be limited to regional and international calendar events, but should also include all activities related to handicraft development, and, possibly, questions, which would launch the newsletter as a forum for dialogue.
- any participant can suggest a special issue of the newsletter addressing one particular topic.

b. Regional Register

- (1) The Buyers' Guide has performed a useful function with regard to maintaining the region's image, yet will soon be out of date. A Regional Register of high-quality handicraft products in an easy-to-update form, such as a loose-leaf format, would serve the following ends:

- to help maintain the prestige factor of inclusion in an exclusive association for individual entrepreneur-producers;
 - to provide a reference for buyers concerned with avoiding poorly-made imitations of successful products;
 - to maintain a conscientious regional overview of product development, for the purpose of avoiding a market glut;
 - to refer buyers in search of specific types of products.
- (2) First and foremost, a register must be of a format which is easy to update, append and amend. A loose-leaf arrangement might be best, with new entries submitted to KL for reproduction and distribution.
 - (3) The content could be kept to the essentials, providing a list of high-quality producers in each product area with a brief indication of their product range in addition to location, address, telephone and fax numbers, with quality assured by the fact that it is an official publication of the ASEAN Regional Secretariat for Handicraft Development.
 - (4) A more elaborate version could take its impulse from the Product Development Sheets or Buyers' Guide, illustrated, and streamlined to accommodate 1-3 producers per page.
 - (5) It is recommended that the NEs design a format and collate material for a Regional Register.

c. New Raw Materials

Ms. Navone emphasized the importance of supplying information on new raw materials and processing techniques - through samples and pictures - to buyers. The extent to which this is material for a shared database is questionable. Each country could maintain and update a record of this sort. The format should be simple: sample and/or photo, and a brief description of the processing technique, in the country language and in English, to be gleaned from and made available to entrepreneur-producers for two purposes:

- practical use;
- information for buyers - ergo English.

3.4.3 Promotional Materials

- a. At the Tripartite Review, it was agreed that the story of the project - its processes and its successes, not only in image building but also in terms of regional cooperation - should be presented in a high-quality format suitable:
 - for publicity purposes;
 - as a reference for future projects.
- b. It is recommended that a narrative illustrated with color photographs and printed on high-quality paper, be produced.

4. Project Steering Committee

1. A Project Steering Committee will be formed initially to manage and coordinate the project. This body will meet once every six months. To complement this policy-making and directive body, a Regional Management Unit constituted by technical focal points will be established to conduct/monitor operations on a sustained basis.

2 Location: Kuala Lumpur

3. Duration: Phase I (for the management of the project)

- to be completed within the three (3) months after project start.

Phase II (preparation of longer term role)

- to be completed by the end of the project
i.e. within 2 years.

4. Inputs: National experts

5. The Steering Committee meetings were scheduled as needed. The SCM convened three (3) times to address the following issues:

5.1 11 - 13 October 1989, Kuala Lumpur

- a. **Primo:** To reach an understanding and a possible consensus among all parties on the basic issues of project implementation:
 - (1) Strategy;
 - (2) Operational requirements;
 - (3) Target groups and selection criteria.
- b. **Secondo:** To agree on modalities of implementation and Work Plan:
 - (1) Immediate;
 - (2) Short-term;
 - (3) Long-term.
- c. **Tertio:** To set specific action steps and time-frame and to assign responsibilities accordingly.

5.2 21 May 1991, Jakarta:

- a. **Primo:** Evaluation of the Project Implementation
- b. **Secondo:** Future Work Plan
- c. **Tertio:** Other Business

5.3 18 November 1991, Vienna:

- a. **Primo:** Lessons emanating from preparations for and the experience in the Paris and Vienna exhibitions.
- b. **Secondo:** Future Activities:
 - (1) Intensive monitoring by national experts of production operations to ensure quality standard and delivery dates for negotiated orders;
 - (2) Assistance to entrepreneurs in following up contacts established with prospective buyers and market outlets;

- (3) Collection and consolidation of all information, particularly visual material, to enhance the institution-building aspect of the project;
 - (4) Issues regarding participation of the project in setting up an ASEAN booth at Galerie Lafayette in Paris in April 1992, negotiated by Paola Navone, who would provide an up-date during the meeting;
 - (5) Work plans and organizational steps required, including possible follow-up program.
- c. Tertio: Preparation of the Project Performance Evaluation Report (PPER) as required by UNDP.
6. In addition, the NTFPs, NEs and Executing Agency held meetings on:
- 6.1 6 September 1991, Paris:
 - a. Follow-up;
 - b. SCM: Next Meeting;
 - c. PPER preparation.
 - 6.2 10 September 1991, Paris:
 - a. Vienna Exhibition;
 - b. Holding of SCM in Vienna, as an option.

VII. CONCLUSIONS

1. The major objective of the project was to upgrade the image of the ASEAN region as a source of reliable producers of high quality handcrafted products. The project achieved the aim of successful participation in Europe's most prestigious, high-quality international trade fair. The exhibition was subsequently shown in a museum setting in Vienna. Success can be measured in terms of the level of media attention, buyer interest, follow-up activities, and the secondary index of financial returns.

2. The "Scènes d'Intérieur" Fair, Europe's premier standard-bearing lifestyle and design forum, was a particularly appropriate context for the wide range of product lines developed in the project, for, unlike many trade fairs, it is neither product- nor trade-specific. While there were sympathies expressed for purely economic objectives and the producers' profit-making goals, an operational response would have meant splitting up and/or dispersing the products to fairs serving specialist target markets. The overall impact for ASEAN's image would have been diffused and, therefore, considerably reduced, thereby serving only short-term, producer-specific goals.

3. Thus in keeping with the primary objective, the display was designed to reflect the regional nature of the project and create the most visually arresting effect. The ASEAN display was therefore arranged according to the aesthetic principles of color and shape, and in accordance with the market trends that provided the basis for the project. A small number of individual producers felt that contact with buyers and therefore, orders, would have been optimized through a display arranged by nation. This would have been antithetical to the product's regional image, aesthetically and in content, and needs in future to be explained thoroughly to the participants.

4. The project provided entrepreneurial training not only through technical assistance, but also through example. The project itself was conducted as an entrepreneurial venture, depending upon entrepreneurial responses such as initiative in using informal networks and contacts for facilitating arrangements and overcoming bureaucratic obstacles in order to operate within the given budget. Primary examples of these activities are the financial support and PR services obtained through Paola Navone for the exhibition at the "Scènes d'Intérieur" Fair, and UNIDO's procurement of the Museum of Ethnology in Vienna as an exhibition site. The willingness to engage personal and group resources to expand beyond the boundaries of designated project activities and UNDP support, was demonstrated in the decision to take the project, which had already fulfilled its mandate through participation in the "Scènes d'Intérieur" Fair, to Vienna.

5. Indeed, perhaps the greatest tribute to the high quality of the products was the opportunity to display the exhibition in Vienna's world-renowned Museum of Ethnology. In that framework, the products were given a recognition on par with outstanding museum collections of craft objects from various ethnic groups all over the world. The exhibition was timed to coincide with the UNIDO General Conference, November 1991.

5.2 "Doing whatever it takes", a well-known trait for successful entrepreneurs, was also demonstrated by all of those who had been involved in the project. This fact alone clearly justifies the project's entrepreneurial orientation and can be viewed as an experience worth replicating.

6. The project operated under severe time constraints. A longer time frame should have been designated to allow the entrepreneur-producers more time for work with the experts, particularly with regard to acquiring technical knowledge.

7. A secondary yet significant effect of the project bears mentioning here: many of the entrepreneur-producers interviewed in the latter half of 1992 have expanded their businesses as a result of buyer contacts cultivated through participation in the "Scènes d'Intérieur" Fair. Some have doubled, even trebled their operations, providing much-needed jobs in their regions.

8. At the Steering Committee Meeting, 18 November 1991, Vienna, the Regional Management Unit presented their reports as follows, which they have reiterated in their inputs to this Terminal Report, and expanded at the Tripartite Review, 13-14 October 1992, in Kuala Lumpur:

8.1 Indonesia: Mr. Djoko Mulyanto reported that the Indonesian group was pleased with the results. Mr. Mulyanto voiced his approval for the continuation of the project, and proposed the formation of a Permanent Committee for Small Industry/Handicraft Development, which would investigate and instigate multiple programs.

8.1.1 At the Tripartite Review, Mr. Mulyanto explained that the project had been useful for the "Bapat Angkat" or "Foster Parent" network, an essential feature of Indonesia's small industry promotion strategy, whereby large industries "adopt" and nurture small-scale industries. The regional project helped to demonstrate the potential for success for high quality, low volume handicrafts in foreign markets, and to promote connections between small - in some instances very small - and large industries.

8.1.2 The report submitted 26 June 1992 as Indonesia's input for the TPR criticized the project as having deviated from the exact schedule and program laid out in the Project Document.

8.1.3 It therefore bears reiterating that alterations in/and re-scheduling of plans in the way project activities were carried out were flexible responses to situations which arose as the project progressed. All revisions were approved by the Steering Committee members, either as a group, or individually through contact with the project managers and coordinators. In such a project it is critical to maintain flexibility in terms of:

- a. needs: the project relied very much upon the individuals involved. Upon the appointment of the NEs, it became clear that they required thorough direct support and consultations individually in order to successfully carry out their roles. The IEs redesigned their training strategy to be able to provide individual instruction, assistance, and advice in each NE's working context.
- b. schedules of IEs: the Project Document cannot anticipate specifics with regard to the demanding schedules of leading businesspersons, and must include a time frame with built-in flexibility. In this case, IE Paola Navone's scheduling was complicated by unforeseen illness. To compensate for time which elapsed before she was able to pick up the project, IE Philip Cutler spent significantly more time in each country than had been prescribed by the Project Document.

8.2 Malaysia: Dato' Sulaiman Othman, as the Regional Chairman and Project Coordinator, took the opportunity at the SCM to thank UNIDO for a valuable experience, and was happy to report that the main project objective had been reached very satisfactorily. In the final report, UNIDO was thanked for making the project feasible and successful.

8.2.1 At the Tripartite Review, Dato' Sulaiman emphasized the value of the regional project as a learning process and a forum for exchange. Mr. Ibrahim expressed particular thanks to Ms. Navone and Mr. Cutler.

8.3 Philippines: At the SCM, Ms. Franco stated that the project results were generally satisfactory, and that most of the objectives had been achieved. Ms. Franco stressed the importance of continuity between this and follow-up projects, and proposed employing the structure and phases of the program in succeeding cycles.

8.3.1 At the Tripartite Review, Ms. Franco stated that any initial fear that a regional project would result in unhealthy competition had proved unreasonable; in fact, the project had provided the opportunity for each group and each participant to identify and develop their strengths.

8.3.2 Mr. Enriquez reported that not only had all of the participants from the Philippine group expanded their operations

since "Scènes d'Intérieur," but that the majority had at least doubled the number of employees. In their follow-up activities, the group has continued to apply approaches learned in the project to product development and display set-up, and were award recipients in both categories at the F.A.M.E. market trade fairs in 1991 and 1992. The project's influence on the Philippine handicraft imaging and marketing strategy as a whole was visibly demonstrated in the fact that CITEM engaged Paola Navone to supervise the Philippine participation in "Scènes d'Intérieur" 1992, and to adapt the displays from that fair to form the central theme showcase for the F.A.M.E. Market Week in Manila, October 1992.

8.3.3 Ms. Franco underlined the importance of participation in the "Scènes d'Intérieur" Fair. The concept of "high-end markets" which had hitherto been an abstract idea, had been demonstrated in this project, thereby opening up a market for small entrepreneurs with high-quality, low-volume production. The project had been a "stepping stone," without which the Philippine group, under the auspices of CITEM and with the continued guidance of Paola Navone, would not have had the courage to participate in "Scenes d'Interieur" 1992.

8.4 Thailand: At the SCM, Ms. Puangthip reported that the Thai group of entrepreneur-producers had praised the integrated nature of the project and the experience gained in marketing, design, product development, and fair participation. Mr. Mana expressed the group's enthusiasm for the cooperative spirit that prevailed among the participating nations, and expressed the hope for further close cooperation in the ASEAN group. In the final report, Mr. Mana declared the ASEAN Handicraft Project to be the best project in which any of the group had ever participated.

8.4.1 At the Tripartite Review, Mr. Mana reported that since "Scènes d'Intérieur," most of the entrepreneur-producers have expanded their operations and increased the number of employees, some considerably. In particular, the participants have recognized the importance of R+D and market trend awareness; it is these areas in which they need further assistance.

8.4.2 The Thai group have undertaken to spread the project experience to other entrepreneur-producers through follow-up training seminars highlighted by presentations from "Scènes d'Intérieur" Fair participants, and a high-quality handicrafts competition and awards ceremony (in which many project participants were winners). The competition culminated in an exhibition of all entries, employing display set-up concepts gleaned from the project experience. The ASEAN regional project has been profiled for the general public through exhibitions in Bangkok and in Chiang Mai. The exhibitions were also used as bases for an extensive lecture-visit series conducted for students of design.

8.4.3 Ms. Puangthip stressed that UNIDO's choice of international experts had been essential to the project's success. The IEs must be commended for their selection of young dynamic producers, and for the rigorous assistance and direction they provided.

8.4.4 Ms. Puangthip reported that the participants had cited both short-term and long-term benefits from the project. The short-term gains can be measured with regard to buyer contact, orders, and profits. The project experience has also resulted for the long term, in tangible improvement in business strategies, awareness of market trends, and their impact on product development.

9. At the Tripartite Review Meeting, October 1992 in Kuala Lumpur, it was unanimously agreed that the region stands to profit from continued cooperation and exchange.

10. The project should not be regarded as an end in itself, but as a "stepping stone," both in its approach to entrepreneurship and handicraft development, and to regional cooperation.

VIII. Recommendations**1. The project has created the following potential:**

- a. Entrepreneur-producers who participated in the "Scènes d'Intérieur" international trade fair, Paris, now have contact to international buyers. They need to:
 - (1) accrue and fulfill orders;
 - (2) expand production to meet increased demand;
 - (3) be kept abreast of ever-fickle western market trends;
 - (4) adapt product lines according to market trends while retaining their distinctive cultural identities;
 - (5) refine entrepreneurial competencies.
- b. Many other producers with good export potential took part in project workshops; with more time and focused guidance, they could develop their products to the standards required to participate in high-quality international trade fairs to develop export contacts.

They need further:

 - (1) training and guidance in product development (technology and design);
 - (2) training and guidance in developing entrepreneurial skills;
 - (3) assistance in establishing marketing techniques and mechanisms;
 - (4) assistance in following market trends.
- c. The international market and the media have been alerted to ASEAN as producers of high-quality handicrafts. The ASEAN handicrafts sector needs to maintain the high image which has been established.
- d. The target groups are working with limited resources in a highly competitive market. The level of cooperation achieved in the project, given the intrinsically competitive context, may need further support and enhancement.

2. The structures for continuing to address these needs in the most time-, energy- and cost-effective way are in place:

2.1 The Regional Management Unit:

- a. One technical focal point in each country from established craft-oriented agencies responsible for policy measures, as well as coordination of organizational and administrative requirements and inputs;
- b. One national expert in each country experienced in:
 - (1) evaluating and keeping abreast of changing western market trends;
 - (2) training and guiding entrepreneur-producers in both production and marketing.

2.2 The national experts should be enabled to:

- a. provide continued advice and guidance to the participants in the "Scènes d'Intérieur" Fair;
- b. continue to identify and train entrepreneur-producers with good potential;
- c. continue to identify and emphasize areas of strength in product development;
- d. maintain a regional overview to avoid a market glut of particular types of products.

3. Permanent Regional Secretariat

3.1 All further cooperative ventures, including future projects, could be conducted under the auspices of a Permanent Regional Secretariat for Handicraft Development. This concept was discussed and agreed upon at the Steering Committee Meeting in Vienna, November 1991. Hence, all recommendations for post-project activities are addressed to that secretariat.

4. Issues Requiring Follow-Up

4.1 At the Tripartite Review in Kuala Lumpur, 13-14 October 1992, the following issues were identified as requiring immediate follow-up:

a. Marketing Mechanisms

The most critical gap for fulfilling orders, solidifying and expanding contact to buyers, and maintaining a presence in the western market, was deemed to be the absence of an

export/sales representative. It was decided that a study be carried out for identifying appropriate marketing and export mechanisms. It is recommended that export and marketing expertise be sought immediately in the form of an individual expert with the requisite marketing background, or a consulting firm.

b. Image Maintainance

Concern was expressed as to how to maintain a high image for the region in the face of the inevitable cheap imitations of successful products. It is recommended that:

- each country aim for international fair participation on a regular basis;
- the Permanent Regional Secretariat organize country and regional trade fairs, coordinated with each other and with large trade fairs in Asia.
- the Permanent Regional Secretariat become an instrument for and symbol of quality insurance. It might well be useful for the Secretariat to work toward standardizing quality testing and certification procedures, and potentially attaining to a standard quality level, signalled by a product quality label.

5. Regional Information and Documentation System

5.1 It was agreed that continued regional cooperation would be best served by expanding upon the existing visual Regional Information and Documentation Exchange System.

5.2 Updating the Regional Information and Documentation Exchange System

- a. The extensive follow-up activities of the Philippines and Thailand, and the MHDC Handicrafts Expo (see p.32) should be documented and contributed to the regional data base.
- b. Copies of the video produced by the UNIDO Public Relations and Information Section documenting the exhibition at the Museum of Ethnology, Vienna (see p.32), should be procured for the regional data base (an initial copy has been distributed to all participating countries).

5.3 Mechanisms for Expanding the Regional Information and Documentation Exchange System

a. Regional Newsletter

It was agreed that a Regional Newsletter printed and distributed on a regular basis, would be a cost-effective

way to share both ideas and information, and to continue dialogue (see p.32). It is recommended that the NEs determine the format and submit the entries.

The following organizational structure is presented as an example:

- entries are submitted to KL by a certain date every month;
- the entries are collated - typed and photocopied or computer-printed - and distributed to the NEs each month;
- each NE can then decide, perhaps even issue per issue, to what extent it is useful to distribute the newsletter - translated - to regional offices, government and educational institutions, individual entrepreneur-producers, etc.
- entries should not be limited to regional and international calendar events, but should also include all activities related to handicraft development, and, possibly, questions, which would launch the newsletter as a forum for dialogue.
- any participant can suggest a special issue of the newsletter addressing one particular topic.

b. Regional Register

(1) The Buyers' Guide has performed a useful function with regard to maintaining the region's image, yet will soon be out of date. A Regional Register of high-quality handicraft products in an easy-to-update form, such as a loose-leaf format, would serve the following ends:

- to help maintain the prestige factor of inclusion in an exclusive association for individual entrepreneur-producers;
- to provide a reference for buyers concerned with avoiding poorly-made imitations of successful products;
- to maintain a conscientious regional overview of product development, for the purpose of avoiding a market glut;
- to refer buyers in search of specific types of products.

- (2) First and foremost, a register must be of a format which is easy to update, append and amend. A loose-leaf arrangement might be best, with new entries submitted to KL for reproduction and distribution.
- (3) The content could be kept to the essentials, providing a list of high-quality producers in each product area with a brief indication of their product range in addition to location, address, telephone and fax numbers, with quality assured by the fact that it is an official publication of the ASEAN Regional Secretariat for Handicraft Development.
- (4) A more elaborate version could take its impulse from the Product Development Sheets or Buyers' Guide, illustrated, and streamlined to accommodate 1-3 producers per page.
- (5) It is recommended that the NEs design a format and collate material for a Regional Register.

c. New Raw Materials

Ms. Navone emphasized the importance of supplying information on new raw materials and processing techniques - through samples and pictures - to buyers. The extent to which this is material for a shared database is questionable. Each country could maintain and update a record of this sort. The format should be simple: sample and/or photo, and a brief description of the processing technique, in the country language and in English, to be gleaned from and made available to entrepreneur-producers for two purposes:

- practical use;
- information for buyers - ergo English.

6. Topics for Information Exchange

6.1 It was requested that the region share information regarding laws and regulations in each country pertaining to handicrafts, e.g. export, import, etc. This might be a topic for a special issue of the regional newsletter.

6.2 A desire was expressed for continued technical expertise exchange on a regional basis. This could be accomplished in a number of ways, conceivably in workshop settings in the context of a regional project, or through consultancies, or even through "question and answer" exchanges in the regional newsletter. Yet such an exchange is always contingent upon the extent to which people are willing to share detailed technical information.

7. Promotional Materials

7.1 At the Tripartite Review, it was agreed that the story of the project - its processes and its successes, not only in image building but also in terms of regional cooperation - should be presented in a high-quality format suitable:

- for publicity purposes;
- as a reference for future projects.

7.2 It is recommended that a narrative illustrated with color photographs and printed on high-quality paper, be produced.

8. Promotional Activities

8.1 In terms of engendering interest in and support for future regional activities on a variety of levels, the ASEAN Regional Handicrafts project and its successes are a tremendous resource. The following promotional activities have been recommended:

- a. Renu Chahil-Graf, UNDP Deputy Regional Representative in Bangkok, suggested that an excerpt from the forthcoming publicity brochure be submitted to a UNDP publication such as "Choices" or "South-South Cooperation", emphasizing mutual reinforcement and (economic) cooperation in the region;
- b. Further, publication of the publicity brochure could lend the occasion for profiling the project again in press releases throughout the ASEAN region (timed, ideally, to coincide with the advent of a new regional activity).

9. Future Regional Projects

9.1 At the TPR, the Steering Committee discussed a suggestion for a future regional project proposal, and outlined an initial five-year scheme. For the latter four (4) of the five (5) years, a specific theme, such as textiles or ceramics, would be targeted, and participation in the most prestigious trade fairs in that area be set as a goal. The group having undergone image-building training in the first year, would then embark upon the product development phase for the second year, including and culminating in fair participation. During that year, a second group would undergo image-building training, and so on.

9.2 It was recommended that the Permanent Regional Secretariat continue their discussion of a potential regional project with an eye to submitting a proposal to the ASEAN Secretariat.

9.3 At the TPR, the Steering Committee was apprised of UNDP guidelines for project selection:

- (1) The proposal put forth at the meeting would qualify for the ASEAN secretariat's consideration as an ICP5 project in the category of small industries/handicraft development.
- (2) The general framework for ASEAN projects includes:
 - a. an integrated or common-needs oriented basis; regional projects are given particular consideration.
 - b. an emphasis on three (3) themes:
 - human development;
 - economic reform,;
 - environment.
 - c. qualities lending a comparative advantage:
 - neutrality;
 - flexibility.
- (3) Project proposals should be addressed to the ASEAN Secretariat, c/o UNDP, Jakarta.

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