

ສາທາລະນະລັດ ປະຊາທິປະໄຕ ປະຊາຊົນລາວ Lao People's Democratic Republic



ອົງການສະຫະປະຊາຊາດເພື່ອການພັດທະນາ United Nation Development Programme

Government of Lao People's Democratic Republic Lao National Chamber of Commerce and Industry (LNCCI) National Economic Research Institute (NERI)

United Nations Development Programme Lao PDR

PROMOTING PRIVATE SECTOR DEVELOPMENT THROUGH STRENGTHENING OF LAO CHAMBERS OF COMMERCE AND INDUSTRY AND BUSINESS ASSOCIATIONS 00053343

ANNUAL PROJECT REPORT (APR)

Reporting period:

January 2008 to December 2008

I. PROJECT INFORMATION AND RESOURCES

| Project number and title: | 00053343 Promoting Private Sector Development Through Strengthening of Lao Chambers of Commerce and Industry And Business Associations |
|--------------------------------------|--|
| Implementing Partner: | Lao National Chamber of Commerce and Industry |
| Responsible Parties (if applicable): | Ministry of Planning and Investment |
| Donors: | UNDP and UNIDO |

| Project Starting date | | Project completion date | |
|-----------------------|--------------|-------------------------|------------------|
| Originally planned | Actual | Originally planned | Current estimate |
| 31 July 2006 | 31 July 2006 | 2010 | 31 July 2010 |

| Period covered by this report: | January – December, 2008 |
|--|--------------------------|
| Date of annual review: [Indicate if planned or actual] | 26.1.2009 |

| Total Budget | Original Budget (US\$) | Latest Signed Revision (US\$) |
|------------------|---|----------------------------------|
| US\$ 2, 326, 075 | UNDP US\$ 250,000 UNIDO US\$ 250,000 | US\$ 261,409.75 US\$ 250,000 |

| Resources | Donor | Amount |
|-----------|---------------|---------------------------------|
| | UNDP UNIDO | US\$ 261,409.75 US\$ 250,000 |

II. PURPOSE

[To be completed in cooperation with UNDP Programme Analyst; Summarizes Main objectives of the project and link to MDG/NSEDP/UNDAF as per the approved UNDP Country Programme Document and Country Programme Action Plan and/or project document]

The main objective of the project is to strengthen business member organizations (LNCCI, provincial CCIs and BAs) in order to enable them to provide effective services to the private sector which in turn will contribute to accelerating private sector growth.

The project seeks to support the development of the private sector in Laos, in particular SMEs, by 1) optimising the use of research findings and recommendations in the areas of private sector development and the business enabling environment; 2) strengthening the capacities of chambers of commerce and industry and business associations so that they can become independent, self-reliant and self-financing organizations providing effective and income generating services to the business community; 3) strengthening the capacities of chambers of commerce and industry and business associations to carry out advocacy on behalf of their members; strengthened analytical and advocacy capacities of selected CCIs and BAs and private public dialogue mechanisms to address issues related to the business enabling environment.

Ultimately, the project will contribute to an improved enabling business environment, accelerated growth of private businesses, increased exports, and increase in the number and profitability of SMEs. The project strategy is based on the premise that strong and functional BMOs are essential for the development of a vigorous private business sector. BMOs can support private sector development (i) by providing various kinds of services to their members, or by encouraging others (private business development service providers, training institutes, etc.) to provide such services; and, (ii) by acting as an intermediary between the public sector (central Government, line ministries, provincial governments) and private businesses in a public-private sector dialogue on business sector-related development issues.

UNDAF Goals: Developing and Maintaining an Enabling Macroeconomic Environment, and Strengthening and Deepening the Reform Process.

MDG Targets:

Goal 1. Eradicate extreme poverty and Hunger.

Goal 3. Promote gender equality and empower women.

Goal 8. Develop a global partnership for development.

III. PROJECT PERFORMANCE AND RESULTS

1. Contribution to the strategic goals [To be completed in cooperation with UNDP Programme Analyst]

| Outcome | | | | |
|---|---|---|---|--|
| [Indicate if included in SRF |] | | | |
| Progress towards achievin | g outcome [A brief analysis o | of the status of the situati | ion and any observed change, | any project contribution.] |
| Annual outputs and | Key activities completed | Expenditures | Progress towards | Reasons if progress below |
| indicators [According to project document and/or annual work plan] | during reporting period | [Actual expenditures against activities completed] | achieving outputs and targets achieved against indicators | target and response strategies[If applicable, exploreunderlying factors and reasonsfor gaps in output and target] |
| Output 1: Undertaking gap-filling research as needs are identified | Establish research survey in 4 provincials: - The survey will be collecting the information of the statistic from provinces in order to have a statistic of number of enterprises in each province, and would help analyze private sector particularly at provincial level. - The research also has been designed to assess business environment/trend of private sector in each province particularly in | Establish research survey in 4 provinces: 82,000,000 Kip (UNDP) | Survey completed | The study has taken more time that planned due to the staff rotation in the key agencies. The consultant has send the revised version, which has been incorporated UNDP regional Colombo comments. It is planned to have the study validation workshop in beginning of March. |

| Output 2: Strengthened management | province where CCI existed (9 provinces). The study will also assess enterprise perspective on CCI at there province as well as LNCCI as the whole so that we can observe how enterprises think and contribute to CCI at present as well as their future perspective. LNCCI Annual Meeting 2007 at Lao ITEC | LNCCI Annual Meeting 2007 at Lao | Completed | |
|---|---|---|-----------|--|
| capacities of selected CCI(s) and BA(s), by providing management training to CCI(s) and BA(s) | 2007 at Lao IIEC | ITEC: 48,953,360 Kip (UNIDO) | | |
| Output 2: Strengthen Leading Role of LNCCI. Enable Functioning Interaction. | Annual review meeting and the board meeting: To review the project out come in 2007. Purpose of the project further work plan of 2008. Discuss about the | Annual review meeting and the project board meeting: 9,455,000 Kip (UNDP) | Completed | |

| | re-structure of the project management. Workshop and annual meeting of Borkeo CCI: - Attending the annual meeting of Borkeo Chamber of Commerce. - To present on the draft BMO Decree at the Annual Meeting. - And to train the process to issue the certificate of Origin to Borkeo Chamber of Commerce. | Work shop and annual meeting at Borkeo CCI: 23, 000, 000 Kip (UNIDO) | Completed | |
|---|---|---|-----------|--|
| Output 3: Strengthened Services to Business from LNCCI and Bas (CCIs) | Establish: the workshop for income generation for CCI and BA in Luangnamtha and Oudomxay CCI: • In the workshop has presenting the role and activity of LNCCI. • To present the vision, strategy and | Establish workshop for income generation for CCI and BA in Luangnamtha and Oudomxay: 73,951,570 Kip (UNIDO) | Completed | |

| | action plan of LNCCI. The training of Income Generation for CCI(s) and BA(s). | | | |
|---|--|---|-----------|--|
| Output 2: Strengthened management capacities of selected CCI(s) and BA(s), by providing management training to CCI(s) and BA(s) | Income Generation Training for CCI(s) and BA(s) at LNCCI: To present the type of income for CCI(s) and BA(s). And accounting training which focusing on providing the skills and knowledge about accounting system and how to controlling the cash and cash deposit, expenses and income controlling, and the finance reporting. | Income Generation Training for CCI(s) and BA(s): 59,927,625 Kip (UNIDO) | Completed | |
| Output 2: | Training of Trainer | Training of trainer | Completed | |

| Strengthened management capacities of selected CCI(s) and BA(s), by providing management training to CCI(s) and BA(s) | Course for SMEs Support Centre at LNCCI: - To train LNCCI staff to be a trainer. In this training consist of three topics of: - 1. How to start business. - 2. How to increase sales. - 3. Trying for No. 1 shop in the area. | course for SMEs Support Centre: 21,216,000 Kip (UNIDO) | | |
|--|--|---|------------|--|
| Output 3: Strengthened Services to Business from LNCCI to BA(s) | SME(s) Training for CCI(s) & BA(s) at Champasack Province: In the workshop has presenting the role and activity of LNCCI. Presenting session on draft BMO Decree. Training CCI(s) and BA(s) on the topic of How to start business, How | SME(s) Training for CCI(s) & BA(s): 71,300,280 Kip (UNIDO) | Completed. | |

| | to increase sale and Trying for No. 1 shop in the area. | | | |
|--|--|---|---|--|
| Output 3: Strengthened Services to Business from LNCCI to BA(s) | SME(s) Training for CCI(s) & BA(s) at Borlikhamxay Province: To promote the role and function of LNCCI to CCI and BA(s). Presenting session on draft BMO Decree. Training CCI(s) and BA(s) on the topic of How to start business, How to increase sale and Trying for No. 1 shop in the area. Which brought and upgrade the knowledge and management | SME(s) Training for CCI(s) & BA(s): 34,612,000 Kip (UNIDO) | The training was completed and has the detail as follows: The training on 24 – 25 Sept. 2008 was about the topic of "Trying for No. 1 shop in the area, and How to increase sales". There are 26 participants who were the representative of SME(s) which are the members of Borlikhamxay CCI. On the others hand there are 18 participants representative from SME(s) who were not the member of Borlikhamxay CCI. They were attending the training on the same | |

| | method of SME(s) to Borlikhamxay CCI and it's members. Also make them aware of being LNCCI's member as same as to be CCI's member. | | topic on 26 Sept. 2008. | |
|---|---|--|-------------------------|--|
| Output 2: Strengthened management capacities of selected CCI(s) and BA(s), by providing management training to CCI(s) and BA(s) | Training of trainer on Occupational Safety and Health and HIV/AIDs (OSH) at LNCCI, Vientiane: This course provides For LNCCI staffs, CCI(s), Business Associations and Groups. In order to train them to become the trainer by know- how on the following skill: • Designing the training programmed carefully, • Preparing training | Training of trainer on Occupational Safety and Health and HIV/AIDs (OSH): 39,751,588 Kip (UNDP) | Completed. | |

| | materials and facilities, Making presentations on the 5 technical areas in a clear and concise manner, promoting active involvement of participants using your facilitator skills, Planning and implementing follow-up activities for sustaining improvement actions. | | | |
|--|--|--|------------|--|
| Output 3: Strengthened Services to Business from LNCCI and BA(s), CCIs | Training on Market Research and Financial Management at LNCCI, Vientiane: • To promote LNCCI roles and function; | Training on Market Research and Financial Management: 68,646,043 Kip (UNDP) | Completed. | |

| | To make right understanding for entrepreneurs and attract them to affiliate; To ungraded staff of BA(s) and groups which are members of LNCCI on Marketing and Financial aspect. | | | |
|--------------------------|---|---------------------|------------|--|
| Output 3: | Workshop on Principle of | Workshop on | Completed. | |
| Strengthened Services to | Exhibition Participation | Principle of | | |
| Business from LNCCI and | & Standard of Product | Exhibition | | |
| BA(s), CCIs | for Exhibition at | Participation and | | |
| | Champasak Province: | Standard of Product | | |
| | This workshop was to | for Exhibition: | | |
| | introduce and encourage | 38,300,000 Kip | | |
| | knowledge sharing for the | (UNDP) | | |
| | business owner particularly | | | |
| | handicraft section, jewelry, | | | |
| | furniture and the SMEs and | | | |
| | have the objective as | | | |
| | follows: | | | |
| | • To introduce about | | | |
| | exhibition. | | | |
| | • To establish the | | | |
| | preparation before | | | |

| | making decision to attend an exhibition. To establish the preparation after designed to attend an exhibition. | | | |
|--------------------------|--|---------------------|---|--|
| | • To establish the preparation after attend an exhibition. | | | |
| Output 3: | SME(s) Training for | SME(s) Training for | The training was | |
| Strengthened Services to | BA(s) and Groups at | CCI(s) & $BA(s)$: | completed and has the | |
| Business from LNCCI and | KM20, Borlikhamxay | 34,612,000 Kip | detail as follows: | |
| BA(s), CCIs | Province: | (UNIDO) | | |
| | • To promote the role | | The training on $24 - 25$ | |
| | and function of | | Sept. 2008 was about the | |
| | LNCCI to CCI and | | topic of "Trying for No. 1 shop in the area, and How | |
| | BA(s). | | to increase sales". There | |
| | Presenting session on draft BMO | | are 26 participants who | |
| | Decree. | | were the representative of | |
| | Training CCI(s) | | SME(s) which are the | |
| | and BA(s) on the | | members of Borlikhamxay | |
| | topic of How to | | CCI. | |

| | start business, How to increase sale and Trying for No. 1 shop in the area. Which brought and upgrade the knowledge and management method of SME(s) to Borlikhamxay CCI and it's members. Also make them aware of being LNCCI's member as same as to be CCI's member. | | On the others hand there are 18 participants representative from SME(s) who were not the member of Borlikhamxay CCI. They were attending the training on the same topic on 26 Sept. 2008. | |
|---|--|--|--|--|
| Output 2: Strengthened management capacities of selected CCI(s) and BA(s), by providing management training to CCI(s) and BA(s) | Purchase of sound system for training room: To promote LNCCI 's training center | Purchase of sound system for training room: 15,631,375 Kip (UNIDO) | Completed. | |
| Output 3: Strengthened Services to Business from LNCCI and Bas | Improving the training room: To promote LNCCI 's training center | Improving the training room: 75,450,024 Kip (UNIDO) | Completed. | |

| (CCIs) | | | |
|---|---|--|------------|
| Output 3: Strengthened Services to Business from LNCCI and Bas (CCIs) | Purchase of furniture for training room: To promote LNCCI 's training center | Purchase of furniture for training room: 35,783,622 Kip (UNIDO) | Completed. |
| Output 2: Strengthened management | Improving LNCCI telephone system | Improving LNCCI telephone system: 81,931,525 Kip (UNIDO) | Completed. |
| Output 2: Strengthened management | Improving accounting programmed | Improving accounting programmed: 3,000,000 Kip (UNIDO) | Completed. |
| Output 2: Strengthened management capacities | Translation of draft Decree | Translation of draft Decree: 1,330,056 Kip (UNIDO) | Completed. |
| Output 2: Strengthened management capacities | Translation and editing of the "Manual on organizing and | Translation and editing of the "Manual on | Completed. |

| Output 3: Strengthened Services to | managing of CCI" Printing of "Manual on organizing and | organizing and managing of CCI": 13,672,000 Kip (UNIDO) Printing of "Manual on organizing and | Completed. | |
|---|---|--|------------|--|
| Business from LNCCI and Bas (CCIs) | managing of CCI" and Project Leaflets | managing of CCI" and Project Leaflets: 47,852,000 Kip | | |
| Output 2: Strengthened management capacities | Recruitment of national experts on BMO system | Recruitment of national experts on BMO system: 94,396,615 Kip (UNIDO) | Completed. | |
| Output 5: Project management and technical services pertaining to output 1 to 4 delivered | Salary for National project admin. Assistant | National project admin. Assistant: 12,171,600 Kip (UNIDO) 32,457,600 Kip (UNDP) | Completed. | |
| Output 2: Strengthened management capacities | Study of the implications of the mandatory membership for LNCCI, CCIs 's operation | Study of the implications of the mandatory membership for | Completed. | |

| Output 3: Strengthened Services to Business from LNCCI and Bas | LNCCI, CCIs 's operation: 78,443,100 Kip (UNIDO) | |
|---|---|--|
| (CCIs) | | |

2. Update on implementation of the Vientiane Declaration and its Action Plan

[Brief update on any achievement and/or problem related to the implementation of the Vientiane Declaration. It should also include issues related to the introduction of HACT and actions planned for the following period.]

The main objective of LNCCI for this year is focusing on the BMOs 'Decree & Article, as the wholehearted support to achieve the goal it should have any statute to be reference. To further make LNCCI strengthening it needed a clear vision and strategy, strong leadership and all staffs perceive the same objective. However, the 2009 Annual Work Plan of our project can help a lot in term of capacity building.

3. Update on partnerships [Brief update on any achievement and/or problem in developing partnerships and inter-agency collaboration. It should also include strategies for south-south cooperation]

The problem of having two implementing partner of the project has been solved by restructuring the project management structure. Both National Project Director and Project Manager are seconded in LNCCI.

4. Update on gender mainstreaming [Brief update on any achievement and/or problem in terms of mainstreaming gender within the project activities. Strategy for the following period]

Recognizing the importance of SME development in job creation, poverty alleviation, economic growth and innovation, the GOL have the capacity to develop an SME "friendly" legal, regulatory and administrative environment. The project supports legislation and regulation that is gender insensitive, rule of law and rules of the game apply equally to men and women.

5. Update on audit recommendations [Brief update on progress achieved and problems encountered. Actions planned for the following period]

The project hasn't been audited yet.

6. List main challenges and issues (if any) faced during reporting period [as well as response strategies adopted]

The LNCCI is not well known to public, many people do not aware of the existence of Lao National Chamber of Commerce & Industry. People do not have any idea who is LNCCI, what they are doing and doing for what purposes. In order to promote private sector by strengthening of LNCCI we have to create a good image of LNCCI, increase public recognition by organizing/joining more public events, and by using various media channel.

7. Rating on progress towards results

| Output: [From table 1. Contribution to Strategic Goals] | | |
|--|--------------|-----------------|
| Output 1 | \checkmark | Positive change |
| | | Negative change |
| | | Unchanged |
| Output 2 | \checkmark | Positive change |
| | | Negative change |
| | | Unchanged |
| Output 3 | \checkmark | Positive change |
| | | Negative change |
| | | Unchanged |
| Output 4 | \checkmark | Positive change |
| | | Negative change |
| | | Unchanged |
| Output 5 | \checkmark | Positive change |
| | | Negative change |
| | | Unchanged |

IV. ADDITIONAL ACTIVITIES WHICH CONTRIBUTE TO THE OUTCOME AND/OR OUTPUTS

Provide information about any activities undertaken by the project that were NOT envisaged in the work plan but which contributed to the outcome and/or outputs? E.g. advocacy and policy dialogue.

N/A

V. FUTURE WORK PLAN

1. What are the priority actions planned for the following year to overcome constraints, build on achievements and partnership, and use of the lessons learned during the previous year?

The work plan for the year 2009 aims at combining objectives of output 2 (strengthened management capacities), output 3 (strengthened services for businesses), and output 4 (strengthened analytical and advocacy capacities) in most activities, thus to utilized the project inputs as efficiently and effectively as possible. Key to achieve outputs 2, 3, and 4 simultaneously is a strong, benevolent, and integrating leadership function of LNCCI. This requires further advocacy in regard to obtaining a suitable legal framework (2.3), modern internal work procedures and equipment (2.2), and the capacity and determination to provide required services to BMOs, improving decentralized services for businesses in a Multi-layered approach to membership services (2.1).

2. List major adjustments in the strategies, targets or key outcomes and outputs planned.

The project has designed to postponed the online support system due to the LNCCI is not ready in term of resource persons. To the same reason the set up of internal library with CCI catalogue system also postponed.

3. Estimated total budget required for the following year:

UNDP US\$ 160,000 UNIDO EUR

VI. ANNEXES

- 1. Annex 1: Combined Delivery Report
- 2. Annex 2: Annual Work Plan for following year
- 3. Annex 3: Monitoring and Evaluation Plan
- 4. Annex 4: Project Issue Log
- 5. Annex 5: Lessons learned log
- 6. Annex 4: Project Risk Log

PREPARED AND APPROVED BY:

Ms. Phonethipha Sensoulintha Assistant/Accountant

Dr. Sananh Chounlamany Project Executive (NPD)

Annual Project Work Plan 2009

Promoting Private Sector Development Through Strengthening of Lao Chamber of Commerce and Industry and Business Associations

| Expected CP OUTPUTS and | PLANNED ACTIVITIES List all | т | IMEF | RAM | E | | PL | JDGET | 2009 | | |
|--|--|-----------------|------|-----|----|----------------------|--------------------|---------------|-----------------------|--------|--|
| indicators including baseline and annual targets | activities including M&E to be undertaken during the year towards state CP outputs | Q1 | Q2 | Q3 | Q4 | Resp. Party | Source of Funds | Actt. Code | Budget Description | Amount | |
| 2. Strengthened management | 2.1. 2008 Annual Review Meeting of LNCCI Support | Х | Х | Х | Х | LNCCI/CCIs/ BA(s) | UNDP | | | | |
| capacities of selected CCIs and BA(s). | Project through Strengthening Capacity Building of LNCCI, | | | | | DA(3) | UNDP | | | | |
| Target: | CCIs and BA(s). 2.2. Dissemination workshop on new BMO Decree and the role | CCIs and BA(s). | | | | | | UNDP | | | |
| - Improving internal management of LNCCI, | | | | | | | UNDP | | | | |
| CCI(s) and BA(s). | 2.2.1. LNCCI Annual Meeting 2008. | | | | | | UNDP | | | | |
| Indicator: - 08 CCIs out of 14, 50% | 2.2.2. Dissemination workshop on new BMO Decree at | | | | | | UNDP | | | | |
| of BAs can improve their management operation. | BAs can improve their provincial level. | | | | | | UNDP | | | | |
| | Internal Committee to discuss on the internal management of | | | | | | UNDP | | | | |
| | LNCCI. | | | | | | UNDP | | | | |
| | | | | | | | UNDP | | | | |

| Baseline:- CCIs and BAs staffs not yet understand clearly about their role and function.2.2. The BMO Decree promulgate by 2009 | 2.2.4. Quarterly LNCCI Board of Director Meeting will be held quarterly in order to report the chamber work and to meet each other among the board. | | | | | UNDP UNDP UNDP UNDP UNDP UNDP | | |
|--|---|---|---|---|----------------------|--|--|--------|
| | Total | | | | | | | 92,000 |
| 3. Strengthen business services of LNCCI, | 3.1. Increase rang and quality of services, and increase revenues | Х | Х | Х | LNCCI/CCIs/ BA(s) | UNDP | | |
| CCIs and BA(s). | from service fees, as well as | | | | DA(3) | UNDP | | |
| <u>Target:</u> - 15% of membership | increase satisfaction with services. 3.1.1. The Quality Control | | | | | UNDP | | |
| increasing and this would represent an | Management will be train to the related members. | | | | | UNDP | | |
| automatically increasing of income for LNCCI, | 3.1.2. The Negotiation Skill Management will be train to the | | | | | UNDP | | |
| CCIs and BA(s). | related members. 3.1.3. The workshop on | | | | | UNIDO | | |
| | opportunity for export will be held | | | | | UNIDO | | |

| Indicator: - 85% of members will be train on a topic they need. | introduce the role and principle of export, to prepare them before exporting. 3.1.4. The training on SMEs for | | | | | | UNIDO UNIDO | |
|--|--|---|---|--|---|-------|----------------|--------|
| Baseline: | the members or enterprises will be held in order to support Small | | | | | | UNIDO | |
| - some provincial CCI has never been trained. | & Mid. Enterprise for the member as well as non member.3.1.5. The training on principle of exhibition will be train for the | | | | | | UNIDO | |
| | | | | | | | UNIDO | |
| | members to increase an understanding of the exhibition. | | | | | | UNIDO | |
| | | | | | | | UNIDO | |
| | | | | | | | UNIDO | |
| | | | | | | | UNIDO | |
| | | | | | | | UNIDO | |
| | | | | | | | UNIDO | |
| | | | | | | | UNIDO | |
| | Total | | | <u>ı </u> | | | | 46,000 |
| 5. Project management and technical services | 5.1. Management of planning, budgeting, implementation | Х | X | X | X | LNCCI | UNIDO | |

| pertaining to outputs 1 to 4 delivered. | and reporting on all project outputs. Preparation of annual and quarterly plans and budgets; Monitoring and ensuring smooth implementation; Preparation of job descriptions for support staff and recruitment of project secretary; Procurement of equipment and office supply (laptops, LCD, external hard drive, printer; Preparation of annual quarterly reports. | | UNIDO UNIDO UNIDO UNIDO UNIDO UNIDO UNIDO UNIDO | | |
|--|---|------|--|---------|--------|
| | | | UNIDO | | - |
| | Total | | | | 17,900 |
| | | | | 155,900 | |

Monitoring and Evaluation Plan

| Date: Award ID: Description: | | | | |
|------------------------------------|------------------------------|---------------|---------------|--------|
| Type of Action | Stakeholders | Due by | Completed on | Status |
| Monthly Meeting | NPD, project staff, PO | | | |
| Annual review meeting | PM, NPD, Project Staff, UNDP | 12 March 2008 | 12 March 2008 | |
| Project Board meeting | PM, NPD, Project Staff, UNDP | | | |
| Donor report | PM, NPD, Project Staff, PO | | | |
| Audit | PM, NPD, Project Staff, UNDP | | | |
| Workshops | PM, NPD, Project Staff, PO | | | |
| Quarterly Work plans | PM, NPD, Project Staff, PO | Quarterly | | |

Lack of available staff in implementing partner