



Lao PDR

Government of the Lao People's Democratic Republic

**United Nations Development Programme,
United Nations Industrial Development Organization,
National Economic Research Institute,
And
Lao National Chamber of Commerce and Industry**

**Promoting Private Sector Development
Through
Strengthening of Lao Chambers of Commerce and Industry
And Business Associations**

Brief Description

Private sector development is recognized as the engine of growth that is essential for poverty reduction. This 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. The project activities are rooted in Government policies on private sector development, commitments of the UN system articulated in the current United Nations Development Assistance Framework and the UNDP-UNIDO cooperation agreement on private sector development. 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.

Section I—elaboration of the narrative

Part I. Situation Analysis

Private Sector Development in Laos. Private sector development is a multi-disciplinary subject that covers a wide variety of topics including, *inter alia*, domestic and foreign investment; trade relations and export promotion; industrial development strategies; promotion of small and medium-sized enterprises (SMEs); the Government's legal, regulatory and policy frameworks for business; the banking system and access to credit; and basic infrastructure for development.

The private sector in Laos is coming into its own as a more open enabling environment is being created for business. Most State-owned enterprises have been privatised, closed or restructured. Statistics on number of private businesses and employment in Laos are unreliable and vary widely depending on source and definitions. One source (MIH/GTZ, 1996) estimates the total number of businesses at 146,000 with 259,000 full-time equivalent persons employed. Another source (MIH/UNIDO) estimates the number of *industrial* establishments only at 22,187 with about 80,000 employees, whereof most are classified as small.

The Government has gradually come to attach increasingly more focus on private sector development, in particular development of SMEs, as is well demonstrated by the National Growth and Poverty Eradication Strategy (NGPES). Notably, private sector development is seen as the engine of growth, employment and poverty reduction. Donors too have been very interested in providing support for private sector development in various areas. A recent tabulation for the donor working group on macro-economic policy and private sector development listed 35 ongoing and 9 planned donor-supported activities in this area. At least 18 development agencies are involved in the planning and implementation of these activities (see Annex 2).

In the context of private sector development, business member organisations (BMOs) have a significant role to play. They represent and serve a large number of enterprises and their nature of self-help organisations ensures sustainability of support to enterprises when donor support is phased out.

Under the auspices of the Lao National Chamber of Commerce and Industry (LNCCI), some related businesses have organized themselves into self-help associations or groups according to their common interests. The spectrum of BMOs in Laos include (i) an apex body, the Lao National Chamber of Commerce and Industry; (ii) 7 provincial chambers of commerce and industry; and (iii) 5 sectoral business associations and 12 business groups. (There is no apparent difference between associations and groups, except the name.) The members of provincial chambers and the business associations and groups are all members of the LNCCI whose total membership is 640 businesses.

Areas to be Addressed by this Project. Laos is a small country surrounded by larger and economically more powerful neighbours. To survive and prosper, Lao businesses, in particular SMEs, need to improve their management skills and to strengthen their capacity for advocacy through professional business member organisations. In addition, Lao businesses need the full support of the Government.

This project will focus on three elements in this broad spectrum of private sector development activities, namely, (i) deficiencies in the policy and regulatory environments for business resulting from the under-utilization of research findings and gaps in the research on private sector development; (ii) weak business member organisations; and (iii) inadequate mechanisms and methods for the articulation of issues in business-government dialogue. Each of these problems is further elaborated upon below.

1. Under-utilization of Research Findings and Gaps in Research on Private Sector Development.

Practical problem solving research can play an invaluable role in helping to guide the formulation and effective implementation of government policies, laws and regulations in support of private sector development. On the surface, there would appear to be an abundance of policy studies, plans, road maps and strategies for private sector development in Laos. Indeed, Government officials and agencies may not be able to cope with the volume of reports and recommendations received from donor organisations and business member organisations. At the same time, the persistent absence of basic data and information on the private business sector in Laos does raise some questions on how well such reports and related recommendations have been grounded in fact and research. In addition, there would appear to be problems with the packaging, presentation, and marketing of available research findings and related recommendations. In many cases, the costs of implementing proposed recommendations have not been analysed or presented. Occasionally, some potentially important research topics have been overlooked or the importance of findings has not been recognized. In sum, insufficient attention has been paid to the problem of why available research findings and recommendations have not been taken up in policy discussions or applied to problem solving in the business environment. The underlying reasons for this deficiency often have more to do with the processing and presentation of research findings than with the substance of recommendations.

2. Weak Business Member Organisations.

The LNCCI is undergoing an important transition from a state-supported entity to an independent, self-financing association. In accordance with a Prime Minister's Decree on the LNCCI (No. 125/PM, 24 July 2003), financial support from Ministry of Commerce will be discontinued and LNCCI is supposed to become financially self-reliant. This change in status and funding arrangements is likely to necessitate a major restructuring of the chamber.

At present, LNCCI has a board of 15 directors who are elected by the members. A majority of the directors are also chairmen of sectoral associations or groups. The directors are all engaged in their own businesses and have insufficient time to deal with general issues facing their sectors as a whole.

The LNCCI secretariat comprises the Secretary-General and 20 staff, ten of whom have been seconded and paid by the Ministry of Commerce. The secretariat has a number of divisions covering membership, publications, administration and accounting, export promotion, labour relations, and issuance of certificates of origin. However, the services actually provided by the secretariat are limited. For example, the issuance of certificates of origin (CO) covers only a narrow range of products. Board members take the lead in advocacy with little support from the secretariat. For more details on the LNCCI, see Annex 1.

The 17 sectoral associations and groups vary widely in their strengths and activities. Some offer training and limited market access support; others are addressing advocacy issues only. The 7 provincial chambers are in the process of being re-established and most of them are still at the

starting point. The above mentioned Prime Minister's Decree on LNCCI granted the provincial chambers some independence from the national chamber. Provincial Government departments have set up informal business groups which they utilize for their own purposes to address sectoral issues. These groups do not appear to be self-directing. For more information on the sectoral business associations and provincial chambers, see Annex 1.

The various business member organisations in Laos are relatively small. Most have insufficient financial resources and this limits their scope for providing effective advocacy and business services, in particular for SMEs. Lacking the capacity to provide visible and attractive benefits to potential members, the business member organisations have had difficulty increasing their membership.

All BMOs find themselves in a vicious circle. They all have weak membership and financial bases and, therefore, they are not in a position to provide good services. As long as non-members and members don't see that they can get good services and other benefits from the BMOs, they are not willing to become members or pay their membership fees (or only pay symbolic fees). Thereby, the membership and financial base remains weak or, in some cases, even deteriorates. Subsequently, services remain limited or even deteriorate in range and quality, which in turn leads to even less willingness to join BMOs or pay membership fees, *et cetera*. Breaking this vicious circle is crucial for the future development of BMOs. By being given a chance to demonstrate what services and benefits a BMO can provide, memberships and revenues can increase significantly, thereby enabling BMOs to support private sector development, in particular the SME sector. As only a fraction of Lao businesses are members of a BMO, there is ample scope for improvements.

Like LNCCI, other BMOs are also in the midst of a transition from dependency on the Government to independence. At present, some Government departments are still giving instructions to some BMOs and some BMOs still see their roles as implementers of Government policies rather than as advocates for the interests of their members.

3. Inadequate Private-Public Mechanisms and Methods for Business Problem Solving

The lack of systematic and transparent private-public dialogue is particularly damaging for the SMEs that don't have the same connections and clout as larger enterprises to make their voices heard. A few mechanisms are in operation or planned to address issues in private sector development. At the highest level, Government-donor roundtables include discussion of the enabling environment for private sector development in their twice-yearly meetings. LNCCI acts as the official conduit to the Government for issues generated by business associations and individual members. The National Small and Medium Sized Enterprise Promotion and Development Committee (SMEPDC) has recently been established to support the Prime Minister's Decree on the Promotion and Development of SMEs (No. 42/PM, 20 April 2004). This committee held its first meeting on 8 April 2005 and will provide a venue for public-private discussion of issues related to SMEs. Finally, the Mekong Private Sector Development Facility (MPDF) and the Department of Domestic and Foreign Investment (DDFI) in the Committee for Planning and Investment (CPI) have agreed to establish a public-private Lao Business Forum. The Forum will meet twice each year to discuss issues in the Lao business environment. These meetings will be supported by working groups that will focus on selected issues.

All of the initiatives above may be useful in addressing issues in the business environment. However, they take place infrequently, do not yet have resources for adequate analysis of issues

or assessment of optional solutions, and lack follow up capacity to ensure that essential decisions and actions are taken to implement solutions to problems. Thus, there is still extensive scope for the development of joint business-Government approaches to improving the business environment.

At the provincial level, a genuine private-public dialogue is missing. Many Provincial Governors and Departments still treat the private sector in accordance with the principles of central economic planning. Business associations are seen as tools of the state and are given instructions accordingly.

The following conditions are common at sectoral associations: (i) serious unresolved issues between the association and its counterpart Government organisations; (ii) a lack of capacity to clarify and analyse the nature of those problems; (iii) an inability to identify and analyse possible solutions; and (iv) weak mechanisms for direct discussion of issues and options with their public sector counterparts or regulators. The associations thus lack the capacity to exert influence in private-public sector dialogue on the basis of a synthesis of the views of their members. Their lack of analytical capacity has occasionally resulted in the presentation to Government of lists of complaints rather than constructive suggestions to solve problems. This practice may have led to adversarial relationships and inhibited the development of public-private partnerships.

Part II. Strategy

Government Strategy and Commitment

The Government's strategy and commitment to private sector development, in particular SMEs, are primarily spelled out in its socio-economic plans (yearly and five-yearly plans), its National Growth and Poverty Eradication Strategy (NGPES) and the Prime Minister's Decree No. 42, dated April 2004, on the promotion and development of small and medium-sized enterprises in Lao PDR (the SME Decree).

The National Socio-Economic Plan. The Government has been committed to a transition from a centrally planned to a market economy since the promulgation of the New Economic Mechanism in 1986. The reform process stalled during the Asian economic crisis that began in 1997 but was reactivated in 2001. The implementation of the National Socio-Economic Development Plan for 2004-2005 (the last year of the current five-year socio-economic plan) has been continuing the reform process in the following areas:

- continuation of re-structuring of State-owned enterprises;
- strengthening the legal and regulatory framework in the banking sector;
- continuing preparations for participation in the ASEAN Free Trade Area (AFTA) and WTO including a variety of facilitation measures for export and domestic trade;
- revision of domestic and foreign investment laws to equalize incentives for both local and foreign investors;
- establishment of a one stop service for registration and approval of new investments; and,
- the passage of the decree on the promotion and development of small and medium sized enterprises (SMEs).

National Growth and Poverty Eradication Strategy (NGPES). The NGPES was adopted by the Government and endorsed by the National Assembly in 2004. The document defines the strategies and policies for growth and poverty eradication and defines important components of such a strategy. It states that the private sector is one of the prime factors in driving the economy and every effort must be made to ensure a positive business environment for them. Consultation with the private sector should be enhanced. Policies encouraging in particular the development of SMEs should be adopted. The NGPES also explicitly states that the Government will work together with LNCCI, the provincial chambers of commerce and industry, and the business associations/groups under LNCCI to support development of the industry/manufacturing sector.

SME Promotion. The Government recognizes that private sector and SME development is the cornerstone of overall economic development and poverty reduction and intends to implement the SME Decree to remove policy and legal obstacles to SME growth. The immediate SME development goals of the decree are to (i) improve the business regulatory environment; (ii) enhance SME competitiveness; (iii) expand domestic and international market access; (iv) improve access to finance; (v) develop business organisations; and (vi) promote entrepreneurial activity. The SME Decree was promulgated in 2004. The decree establishing the SME committee responsible for implementing the SME Decree – the SME Promotion and Development Committee (SMEPDC) - was issued in March 2005. The inaugural meeting of SMEPDC took place on 8 April 2005.

UN System Strategy and Commitment

UNDAF. The UN system is fully committed to support private sector development under the current UN Development Assistance Framework (UNDAF) covering the period 2002-2006. Under the heading “Developing and Maintaining an Enabling Macroeconomic Environment, and Strengthening and Deepening the Reform Process”, the UN Country Team including the Bretton Woods Institutions and ADB will support key structural reforms to enhance private sector activity and investment. The reforms will contribute to the overall goal of developing and maintaining an enabling macroeconomic environment. The reform package will include concerted measures to strengthen macroeconomic stabilization, restructuring of state-owned commercial banks, development of the enterprise sector, promotion of private sector development and trade liberalization as well as to the development of a dynamic, outward-looking private sector that will contribute to increased per capita income and a reduction in poverty incidence.

UNIDO. The Government and UNIDO, in November 2004, signed an agreement for phase II of an integrated programme of cooperation for the period 2004-2008 (UNIDO-Lao IP/II). The programme comprises four main components, viz. (i) industrial governance and enabling environment; (ii) private sector development and SME promotion; (iii) manufacturing productivity and environmental soundness; and, (iv) market access, investment and trade facilitation. The present project, while fully in line with components (ii) and (iii) of this programme, distinctly expands on the interventions intended to support the strengthening of business member organisations in Lao PDR.

UNDP-UNIDO Agreement. In September 2004, UNDP and UNIDO concluded a global cooperation agreement whose main purpose is to develop joint programmes in the area of private

sector development. The aim of such programmes will be to stimulate broader inter-agency coordination on private sector development.

The cooperation agreement lists a number of areas that specific joint programmes may address. Those areas that are relevant to the needs identified of this project include:

- capacity building of relevant government institutions to create an enabling environment and formulate policies and strategies for private sector development;
- promoting administrative reform and streamlining regulatory frameworks, particularly in rural areas;
- supporting the private sector, in particular small and medium-sized enterprises, to prepare for policy dialogue and advocacy;
- promoting business partnerships in support of private sector and SME development.

Project Strategy

The overall strategy of the project will support the achievement of the Government's poverty reduction and economic growth objectives as well as a number of the country's other Millennium Development Goals (MDGs). Vigorous private sector development will be essential for rapid growth in employment, a substantial increase in household incomes, further poverty reduction and the further development of the needed tax base to finance improved access to quality health, education and other basic social services.

The project activities, outputs and outcome will contribute to the Government's strategy and commitments as outlined in its socio-economic plans, NGPES and the SME Decree, and contribute to the UN strategy and commitment in the UNDAF to support the development of the enabling environment for private sector development. In addition, the project will directly implement activities in focal areas of the UNDP-UNIDO and Government-UNIDO cooperation agreements.

The project strategy is based on the premise that strong and functional BMOs are essential for the development of a vigorous private business sector. This has been solidly demonstrated all over the world. 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.

The thrust of the project strategy is to promote private sector development, in particular SMEs, through the strengthening of Lao chambers of commerce and industry (CCIs) and business associations. Specifically, the project will provide support to Lao BMOs for (i) optimisation of utilization of research findings on private sector development; (ii) management and capacity building; (iii) improved services for businesses; (iv) strengthened advocacy capability. The main elements of each of these components are outlined below.

Optimising the utilization of research findings. The project will undertake reviews of existing research on private sector development in order to determine ways and means of optimising the utilization of research findings and to identify and fill gaps in research.

Management and capacity building. The project will provide support to selected BMOs to (i) improve their legal and organizational structures; (ii) enlarge their membership base; (iii) strengthen their management functions; (iv) improve staffing, including financial support for some staff during a transition period; (v) improve procedures; (vi) enhance their revenue generating activities; and, (vii) in cases of need, provide some computers, Internet access, motorbikes and support for operational costs on a cost-sharing basis, taking into account financial capacities and constraints.

Improved member services. The project will provide support to strengthen the capacity of selected BMOs in areas of (i) trade and market development (e.g. fairs and exhibitions, showrooms, buyer/sellers meetings, sub-contracting exchanges, etc.); (ii) training; (iii) advice and consulting; (iv) information and networking (e.g. websites, meetings, conferences, dissemination of information about Government regulations; (v) office services (e.g. secretarial services, computer services, telecommunication services, Internet access); and, (vi) delegated Government services (e.g. certificates of origin).

Strengthened advocacy capability. The project will provide support to strengthen the capacity of LNCCI and selected provincial CCIs and business associations to provide advocacy. The project will provide support to (i) creating new mechanisms, where needed, for public-private sector dialogue (although the project, to the extent possible, will build on existing dialogue mechanisms); (ii) developing strategies and procedures for advocacy; (iii) carrying out applied research underpinning the public-private sector dialogue; (iv) direct advocacy through existing public-private sector dialogue mechanisms; and, (v) coordinating private sector advocacy through LNCCI at central level.

Target Beneficiaries

The project will not deliver *all* the above mentioned kinds of support to *all* Lao BMOs. Instead it will provide demand-driven technical assistance in a selective manner, taking into account the priorities and needs of the selected BMOs and technical assistance being provided by other donors. Annex 7 contains a matrix with four major types of support to be provided to selected CCIs and business associations. This matrix will be further elaborated upon during the initial phase of the project. The intention is also that BMOs to be selected should be those with greatest scope, potential and commitment for affecting positive change for their members.

Target beneficiaries will be (i) the BMOs benefiting from the direct support that the project will provide to them; (ii) the private sector enterprises, in particular SMEs, benefiting from the advocacy activities and services provided by the CCIs and business associations; and, (iii) Government agencies benefiting from well-articulated advice from the CCIs and business associations.

Project Duration

The project duration will be four years. It will consist of an initial one-year phase, when the focus will be on fundamental capacity strengthening activities, final selection of cooperating partner organisations, fine-tuning of project activities and quick-win activities. During the subsequent three-year period, the full range of technical assistance will be provided.

Expected End-of-Project Situation

The expected end-of-project situation (intended outcome) consists of strengthened business member organizations (LNCCI, 7 provincial CCIs and 5 BAs) and an improved enabling business environment contributing to accelerated private business sector growth.

Output indicators are as follows:

1. *Strengthened business member organizations* as indicated by increase in number of members, increased revenues, increased range of services, improved quality of services and improved advocacy capability (in turn measured by increased number of written recommendations submitted to the Government and/or presented in dialogue fora and acted upon).
2. *An improved enabling business environment* as indicated by base-line surveys and investment climate surveys carried out by ADB, GTZ and the World Bank.
3. *Accelerated private business sector growth* as indicated by statistics on growth of the industry sector total, the construction sector total, the service sector total and selected targeted sub-sectors as well as increase in the number of registered private sector enterprises.

Risks

Main risks, and measures to mitigate these risks, are as follows:

- *Lack of commitment on behalf of the selected BMOs.* By having a one-year pilot phase, including an in-depth analysis of the potential cooperation partners and carrying out some pilot activities, this risk will be minimized;
- *Lack of sustainability beyond the project duration.* This risk will be minimized by introducing various cost-sharing arrangements from the outset of the project and the gradual phasing out of other financial support during the project life; and,
- *Inadequate recognition by Government officials of strong and independent BMOs.* The gradual implementation and enforcement of the SME Decree (prescribing, *inter alia*, the encouragement of private sector business organizations) is assumed to mitigate this risk.

Links to Related Donor Projects

Related donor projects are described in Annex 2. The following factors differentiate the present project from the activities of other donors:

- (i) The thrust of the present project is to establish basic capacities for development of key BMOs as independent and efficient organizations at the central, sectoral and provincial levels. Other donor projects have multiple purposes with support to BMOs as only one of several purposes;
- (ii) The present project targets *all* mutually reinforcing facets of BMOs' operations in an integrated, comprehensive and coordinated manner. Other donor projects are limited to specific areas of support only; and,
- (iii) The institutional entry point (counterpart organisation) of the present project is LNCCI. Other donor projects have various government agencies as their institutional entry points, such as the Committee for Planning and Investment, the Ministry of Industry and Handicraft and the Ministry of Commerce.

Part III. Management

In accordance with the requirement of UNDP projects being compliant with PRINCE 2 (Projects in Controlled Environments) guidelines, which are the new corporate guidelines for UNDP project management, the Management Arrangements for this project comprise the following entities (cf. also Annex 20):

- Project Board (highest decision making body of the project)
- Project Assurance (periodic monitoring of the project)
- Project Management (day to day management of the project)
- Project Support (support to project management)

Project Board: the Project Board would represent 3 distinct interest groups – the Executive, the Senior Users and the Senior Suppliers.

Executive: it is proposed that CPI hold this role, given the fact that CPI supervises NERI and the overall responsibility of the project would lie with the GoL. CPI is also part of steering committee of other PSD-related projects, namely the GTZ HRD-ME project, and so such a position would strengthen CPI's overall coordination function regarding PSD activities in Lao PDR.

Senior Users: Since LNCCI and the provincial CCIs (which form part of the LNCCI network) are beneficiaries of the project, it is proposed that they be the Senior Users on the Project Board. As NERI is responsible for Output 1 of the project, it is suggested that its senior management is also represented on the Project Board.

Senior Suppliers: In recognition of the dual objectives that this project seeks to address (firstly, the research component, for which the key responsibility lies with NERI; and secondly, the capacity building component, for which responsibility lies with LNCCI), it is proposed that both UNDP and UNIDO will serve as suppliers on project board.

Project Assurance: The programme officers at UNDP and UNIDO will undertake the role of periodic monitoring of the project and hence function as project assurance.

Project Management: In recognition of the dual objectives that this project seeks to address (firstly, the research component, for which the key responsibility lies with NERI; and secondly, the capacity building component, for which responsibility lies with LNCCI), it is proposed that the Project Management be appointed by CPI, in consultation with both NERI and LNCCI.

Project Support: Senior Technical Advisor, UNDP/UNIDO programme associates, technical experts, project staff (such as accountants, assistants, drivers etc) will serve as project support staff.

Project Execution and Implementation. The Committee for Planning and Investment (CPI) will execute the project in its capacity as Implementing Partner. CPI will appoint the Project Management. In recognition of the dual objectives that the project seeks to address, the Project Management comprises one member from NERI at the post formerly known as National Project Director (NPD) and one member from LNCCI at the post formerly known as National Project Manager (PM).

Regarding Output 1, “Research utilization”, NERI will be the “Responsible Party”, and will work in close cooperation with the UNDP Lao PDR office.

LNCCI will be the “Responsible Party” for Outputs 2 – 5 with UNIDO assuming the responsibilities and duties for these Outputs as specified in a separate agreement, to be signed as soon as project funds have been secured jointly or individually by UNDP, UNIDO or the Government of Lao PDR. The format of this agreement is subject to the requirements of the respective funding source. LNCCI will participate in the project as a partner, by providing inputs in kind and by carrying out activities as specified in the project document and work plan. LNCCI will also take part in monitoring the progress towards achieving results. LNCCI will be the main counterpart as well as, together with its associated provincial CCIs and BAs, the main recipient and direct beneficiary of the project.

The proposed project is the product of UNDP-UNIDO collaboration under the joint cooperation agreement between the two agencies on private sector development. Furthermore, the concept follows from UNIDO’s experience in the implementation of the first (2001-2004) and second (2004-2008) phases of the Integrated Programme for Industrial Development for Laos, including, *inter alia*, its ongoing support for the implementation of the Prime Minister’s Decree on the promotion and development of SMEs. UNIDO is thus well positioned to provide substantive support to the project both in terms of its in-country experience and its substantive capacities.

National Counterpart Contribution. LNCCI will provide facilities, office space and administrative support for project operations. The National Project Manager appointed by the NPD, based on a proposal by LNCCI, will act as the counterpart of the Senior Technical Advisor on day-to-day matters of project implementation.

The above outlined management structure is illustrated in a graph in Annex 20.

Part IV. Monitoring and Evaluation

The project will be managed and monitored on the basis of qualitative and quantitative benchmarks of project progress and indicators of production and use of outputs. The benchmarks will be set out in the annual work plan and will indicate the extent of progress towards the completion of activities. Outcome indicators are set out below in the results framework.

The Senior Technical Advisor, in cooperation with the Project Management, will be responsible for preparing periodic progress reports and an annual report. These reports will be presented to all stakeholders for review. UNIDO will carry out three missions per year for monitoring and substantive support. An evaluation of the project will be carried out in Year 3 of the project duration.

The project will be subject to audit in accordance with UNDP and UNIDO financial rules and procedures.

Part V. Legal Context

This project document shall be the instrument referred to as such in Article I of the Standard Basic Assistance Agreement (SBAA) between the Government of Lao PDR and the United Nations Development Programme, signed on 10 October 1988, which also applies, mutatis mutandi, to the United Nations Industrial Development Organization.

Section II. Project Results and Resources Framework

Intended Outcome: Strengthened business member organizations (LNCCI, 7 provincial CCIs and 5 BAs) and an improved enabling business environment contributing to accelerated private business sector growth.
Outcome indicators: <i>Strengthened business member organizations</i> as indicated by increase in number of members, increased revenues, increased range of services, improved quality of services and improved advocacy capability (in turn measured by increased number of written recommendations submitted to the Government and/or presented in dialogue fora and acted upon). <i>An improved enabling business environment</i> as indicated by base-line surveys and investment climate surveys carried out by ADB, GTZ and the World Bank. <i>Accelerated private business sector growth</i> as indicated by statistics on growth of the industry sector total, the construction sector total, the service sector total and selected targeted sub-sectors as well as increase in the number of registered private sector enterprises.
Applicable MYFF Service Line: 1.4 Globalisation for the benefit of the poor.
Partnership Strategy: The project will form effective implementing partnerships among LNCCI, provincial CCIs and business associations as well as with foreign and regional CCIs and business associations. The project will also maintain partnerships and network arrangements with related donor and NGO activities, especially ADB, GTZ, MPDF, ILO and SNV.
Project Title: Promoting Private Sector Development through Strengthening of Lao Chambers of Commerce and Industry and Business Associations
Atlas Award ID:

Project Results and Resources Framework			
Intended Outputs	Indicative Activities	Responsible parties	Inputs
<p>1. Reports of synthesized, simplified, user friendly research findings and new research findings on the business enabling environment</p> <p>Output Indicators</p> <p>1.1 Research findings and recommendations that have been revised or reshaped in ways that are attractive, understandable, and actionable by intended recipients.</p> <p>2. Strengthened management capacities in Lao Chambers of Commerce and Industry and Business Associations</p> <p>Output indicators</p> <p>2.1 Improved organization and procedures 2.2 Improved management 2.3 Increased membership 2.4 Improved capacity of staff 2.5 Increased revenue and cost recovery 2.6 Equipment delivered and in use</p>	<p>1.1 Undertaking reviews of existing research findings and recommendations and repackaging or remarketing them in concise actionable presentations</p> <p>1.2 Undertaking gap-filling research as needs are identified.</p> <p>2.1 Analysis and advice for the development of plans for improvement of the management, organization and performance of LNCCI, selected provincial CCIs and business associations</p> <p>2.2 Facilitating the implementation of plans for improvements in management, organization and performance of all targeted BMOs through training and advisory services</p> <p>2.3 Secondment of staff to selected BMOs</p> <p>2.4 Provision of office equipment according to action plan</p>		<p>Senior Technical Advisor (STA, international) International consultants Local consultants Miscellaneous</p> <p>Output 1 total US\$ 250,000</p> <p>STA (international) International consultants Local consultants and seconded staff Local travel Contractual services (work-shops, training and construction of websites) International travel (study tours and placements abroad) Equipment (vehicles) Tele equipment (computers, printers, etc.) Communications (Internet) Miscellaneous</p>

			Output 2 total US\$ 534,525
Project Results and Resources Framework, Continued			
Intended Outputs	Indicative Activities	Responsible parties	Inputs
<p>3. Strengthened services to businesses from Lao Chambers of Commerce and Industry and Business Associations</p> <p>Output indicators:</p> <p>3.1 Increase in the range and quality of services 3.2 Increase in the number of service clients 3.3 Increase in revenue from service fees 3.4 Increase in % of members that are satisfied with services</p>	<p>3.1 Advising on needs assessment (members and non-members), analysis, prioritisation of services, and action plans 3.2 Conducting staff training on selected non-technical services (See Annexes 3-5) 3.3 Advising on the implementation of service activities 3.4 Advising on monitoring and evaluation of services (assessing member satisfaction)</p>		<p>STA (international) International consultants Local consultants Local travel Contractual services (workshops, training) Miscellaneous</p> <p>Output 3 total US\$ 248,000</p>
<p>4. Strengthened analytical and advocacy capacities at Lao Chambers of Commerce and Industry and Business Associations</p> <p>Output indicators:</p> <p>4.1 Issues identified 4.2 Effective mechanisms for private-public dialogue 4.3 Analytical papers prepared and presented 4.4 Business issues successfully addressed</p>	<p>4.1 Identification of specific issues affecting selected BMOs and businesses 4.2 Development of new approaches to strengthen analysis, advocacy and coordination 4.3 Implementation of new approaches for issue analysis, review of options, consensus building, coordination, presentation to Government counterparts, and follow up 4.4 Training and institutionalisation of successfully implemented approaches for analysis, advocacy and</p>		<p>STA (international) International consultants Local consultants Local travel Contractual services (workshops, training) Miscellaneous</p> <p>Output 4 total US\$ 249,500</p>

4.5 Advocacy better coordinated by CCIs and Business Associations	dialogue		
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Project Results and Resources Framework, Continued			
Intended Outputs	Indicative Activities	Responsible parties	Inputs
<p>5. Project management and technical services pertaining to outputs 1-4 delivered</p> <p>Output indicators</p> <p>5.1 Project implemented on time and budget 5.2 Satisfied project clients 5.3 Appropriate substantive advisory and training services provided (75% of STA time)</p> <p>NOTE: UNDP reporting/recording requirements, in particular its newly introduced ATLAS budgeting/accounting system, result in a need to consolidate project management-related inputs/activities as a separate output, rather than through a breakdown by individual outputs. The bulk of Output 5-related expense is attributable to the STA (US\$ 720,000) who, in turn, is expected to spend 25% of his/her time on project management issues, while 75% will be geared towards substantive advisory services for outputs 1-4</p>	<p>5.1 Management of planning, budgeting, implementation, reporting on Outputs 1-4 5.2 Providing substantive advisory and training services to CCIs and business associations</p>		<p>STA (international) NP staff (translator, admin. assistant) GS staff (secretary, driver) Local travel Vehicle Communications Operational supplies Monitoring missions Evaluation mission Miscellaneous</p> <p><i>Output 5 total US\$ 1,044,050</i></p> <p>GRAND TOTAL US\$ 2,326,075</p>

Section III: The Total Work Plan and Budget

See Annexes 9-12.

Section IV: Other Agreements

The project will form effective implementing partnerships among LNCCI, provincial CCIs, business associations and international funding and technical assistance providers, including UNDP and UNIDO. The project will also maintain partnerships and network arrangements with related donor and NGO activities, especially ADB, GTZ, MPDF, ILO and SNV.

SIGNATURE PAGE

Country: Lao PDR

UNDAF Outcome(s)/Indicator(s): **Developing and maintaining an enabling macroeconomic environment, and strengthening and deepening the reform process**

Expected Outcome(s)/Indicator (s): **MYFF CO Goal 2 Achieve the MDGs and Reducing human poverty**

Expected Output(s)/Annual Targets: **Capacity building or relevant government institutions; promoting administrative reform and streamlining regulatory framework; supporting the private sector, in particular small and medium-size enterprise; promoting business partnerships in support of private sector and SME development**

(CP outputs linked to the above CP outcome)

Improvement of the business regulatory environment, enhancement of SME competitiveness, Expanding domestic and international market access, improving access to finance, business organization development, and promote entrepreneurial activity

Implementing partner: Committee for Planning and Investment (CPI), Lao PDR

Responsible parties: National Economic Research Institute (NERI) (Output 1), LNCCI (Outputs 2-5)

Programme Period:	2006-2010
Programme Component:	MYFF Goal (Service line 2.2 Pro-poor policy reform)
Project Title:	Promote Private Sector Development
Project ID:
Project Duration:	48 months
Management Arrangement:	UNDP/UNIDO

Budget:	\$2,326,075.00
General Management Support Fee:
Total budget:	\$2,326,075.00
Allocated resources:	
Government:
UNDP TRAC:	\$250,000.00
UNIDO:	\$250,000.00
Joint Resource Mobilization Target:	\$1,826,075.00
In kind contributions:	
LNCCI will provide facilities, office space and administrative support for project operations	

Agreed by the Government of Lao PDR	Agreed by UNDP	Agreed by UNIDO
Mr. Bounthavy SISOUPHANTHONG, Permanent Secretary, CPI	Ms. Setsuko YAMAZAKI, Resident Representative a.i.	Mr. Philippe SCHOLTES, Representative in Vietnam
Date: 31 July 2006	Date: 31 July 2006	Date: 31 July 2006

Project Document Annexes

ANNEX 1: Background Information on Business Member Organisations in Laos

1. The Lao National Chamber of Commerce and Industry (LNCCI)

LNCCI was established in 1989 as part of the national Government, operating under the Ministry of Commerce. In 2003, a Prime Minister's Decree (No. 125/PM, 24 July 2003) re-established LNCCI as an independent association with its own regulations and budget. However, some Government subsidies have continued.

The LNCCI Articles of Association emphasize the chamber's role as an intermediary that gathers the views of businesses (state and non-state) and makes recommendations to the Government. LNCCI is also to provide various business services, e.g., information, training/workshops, arbitration, and is urged to promote business associations.

The LNCCI Secretariat currently includes the following sections: export promotion (assisted by ITC, EU-Asia Invest), employer relations (assisted by ILO), and the Certificate of Origin (CO) service. According to the Secretariat, the Government has requested LNCCI to urgently develop its (new) vision and organization. Chamber representatives expressed a number of needs related to this re-structuring exercise for which the chamber would like assistance:

- Analysing the business environment in Laos;
- How to carry out effective advocacy;
- General management strengthening;
- Building the skills and capacities of staff members; and,
- Reviewing the role and functioning of the Board and its committees.

The main source of the Chamber's income (70%) comes from the issuance of COs. The Chamber charges a fee for member registration and annual membership (US \$10), but the latter fee is only paid regularly by about half of the business members. The member associations (see below) are also charging a membership fee, which is supposed to be shared with LNCCI. The Chamber's budget amounts to about US\$ 30-50,000 per annum. The Government's subsidy has consisted of providing the Chamber with an office building and salaries for 10 staff, with the latter having been terminated in April 2005.

2. Provincial Chambers of Commerce and Industry (CCIs)

Prior to the issuance of the Prime Ministerial decree on LNCCI, the provincial CCIs were LNCCI branches. Under the new arrangements, they shall now elect their own boards. This changed status should facilitate increased local initiative and make the provincial chambers more attractive for local members.

The Prime Minister's Decree on LNCCI states that the provincial CCIs have the right to manage the work in their own region. They will have their own members and budget. Their development will depend on their initiative and vision and also on the leeway which local governments provide. Provincial Governors recognize the independence of the local CCIs, but provincial government departments are not yet clear about their roles. In some provinces (e.g. Khammouane), the provincial government provides office space and staff, which maintains the dependency relationship with the provincial government. In Champassak Province, the provincial

CCI has made use of its new status, elected a board of its own and has organized its own staff and office. The development of the provincial CCIs is a slow process. Most of them have yet to recruit members, establish offices, and get their new boards elected.

All provincial CCIs are in need of assistance concerning all aspects of chamber development (vision, staff capacity building, equipment, membership development, funding, advocacy skills, etc.).

3. Business Sector Associations and Business Groups

Most of the Business Associations and Groups are members of LNCCI. The different terms, association and group, do not signal a difference. The current preference is to label all of these types of BMOs as business associations and to dispense with the term business group. Henceforth, “business association” will be used to refer to both categories of organizations.

The first business associations were initiated by LNCCI (starting in 1994) on behalf of the Government. Many of these associations have matured to become self-directed organizations. Some of the stronger associations receive international assistance (e.g. from MPDF, GTZ and SNV). None receives direct Government budget support. On average, the membership in business associations has doubled over the last 15 years. The LNCCI directory lists about 600 members of business associations. At present, the majority of business association members are Vientiane-based SMEs.

The most prominent task of business associations is to represent and protect their members’ interest; some associations provide limited services, such as information on policy and legal issues. Only a few associations offer additional services, such as market information and training (and these usually only with foreign assistance). The shortage of funds which is prevalent among the associations leads to poor and limited services to members which in turn discourage potential members from joining the associations.

Major weaknesses among most of the business associations are: unclear direction/objectives, weak/unfocused advocacy, inadequately staffed secretariats (if any) with insufficient equipment, poor operational systems, low resource mobilization, small memberships, and weak business services. Most associations are in need of assistance to help them grow and address the above obstacles.

ANNEX 2: Related Donor Projects

Projects of other donors which have the closest links to the present project are the following:

ADB. In the near future, ADB will conclude a TA with the Ministry of Commerce on promotion of SMEs which included, *inter alia*, a review of business-related laws. As a tangible result, the project is likely to achieve an amendment of the Secured Transactions Law and has made contributions to a forthcoming amendment of the Business Law. ADB is furthermore about to start a TA for the preparation of a Private Sector Development Programme as the basis for a programme loan.

ADB/World Bank. A joint research project “Improving the Climate for Investment and Productivity”. The project will conduct a study on business operating environment in the country through analysing existing support institutions, policies and regulations affecting business operations with an objective to establish baseline indicators on investment climate and identify ways to promote private investment and improve productivity.

EU. In 2004 the Government and EU signed a framework agreement on technical assistance for an SME Development Programme at a value of Euro 3 million. The overall objective of this project is to contribute to poverty reduction and economic growth through the strengthening of SMEs. Specific objectives include increasing the number, the profitability and the growth rate of SMEs in Laos. A project identification mission is scheduled for May/June 2005.

GTZ. GTZ is implementing a Lao-German Programme “Human Resource Development for Market Economy”. This three-part programme, which is getting underway, is addressing (i) legal, policy and regulatory issues in the business environment; (ii) the creation of an integrated vocational education system; and, (iii) the promotion of SME development. The latter part is focusing on support for SMEPDO and the implementation of the above-mentioned SME Decree, including support for BDS providers and BMOs.

IFC/MPDF. IFC/MPDF provides direct support to individual enterprises, four business development service providers and two LNCCI associations (Lao Hotel and Restaurant Association and Lao Garment Industry Association) and will provide secretariat functions for the organization by the Committee for Planning and Investment of the forthcoming bi-annual Lao Business Forum, a high-level meeting of representatives from Government, business and the international community to discuss and seek solutions to issues confronting the private sector. Public-private committees are to be established to prepare for and follow up on the Lao Business Forum meetings.

ILO. ILO has its focus on micro-enterprises and small enterprises. Through the Ministry of Industry and Handicraft at central and provincial levels, ILO, *inter alia*, organizes Small Enterprise Days, carries out business climate surveys and introduces its manuals on “Start Your Business”, “Improve Your Business” and “Small Business Associations” in Khammouane, Savannakhet and Champassak provinces.

ITC. ITC is providing support for the Lao Trade Promotion Centre under the Ministry of Commerce to carry out export promotion activities in cooperation with LNCCI.

SNV. In close cooperation with the Ministry of Industry and Handicraft, SNV works in three areas, viz. (i) financial services and access to financial services; (ii) sub-sector interventions (e.g.

eco-tourism and non-timber forestry products); and, (iii) enabling environment. It has plans to work in cooperation with ILO to assist the National Small and Medium Enterprise Promotion and Development Office (SMEPDO) to implement the Prime Minister's Decree on the Promotion and Development of SMEs (No. 125/PM, 26 April 2004) at provincial level, e.g. by assistance to selected chambers of commerce and industry and business associations.

UNIDO: Medium-term Strategy and Action Plan for Industrial Development, Final Report (UNIDO) 2003: This report consolidates the major findings of 14 studies carried out by UNIDO during 2002-03 into one document in the form of a proposal to the Government for a medium-term strategy and action plan for industrial development in Lao PDR for 2004-2008. The subjects of the 14 studies were:

- (i) Composition and Evolution of Lao PDR's External Trade;
- (ii) Report on Food Processing Sector in Lao PDR;
- (iii) Product Innovation in the Food Processing and Packaging Sector;
- (iv) Construction Materials Industry in Lao PDR;
- (v) Product Innovation in the Construction Materials Industry in Lao PDR;
- (vi) Strategy for Development of the Wood Processing Industry;
- (vii) Artisan Craft Development;
- (viii) The Textile and Garment Industry in Lao PDR;
- (ix) Prospects for Further Integration of Manufacturing Sector into ASEAN;
- (x) Technical Report on the Industrial Land Development Programme;
- (xi) Technology Needs Assessment in Lao PDR;
- (xii) International Experience of Promotion of SMEs;
- (xiii) Small and Medium-sized Enterprise Development Framework; and,
- (xiv) Proposal for Promotional Tools for Promotion of Foreign Direct Investment.

ANNEX 3: Membership Recruitment and Retention Measures

In chambers and associations in many countries in the world, membership recruitment and retention measures are often neglected. The subject typically does not receive sufficient attention of boards and is often left to a poorly staffed membership division, which usually administers members but does not promote membership.

Examples of measures that can be taken to promote recruitment and retention of BMO members include:

- Planning annual membership targets for recruitment and retention and regular monitoring of progress (e.g. at board meetings);
- Appointing a board member and qualified staff to promote membership;
- Reminding staff and board members that membership development is a prime duty for all;
- Training staff and advising board members on ways and means to recruit and retain members;
- Fixing attractive membership fees on a sliding scale by size of enterprise.
- Offering a loyalty bonus for long time membership, a discount if fees are paid early or for longer periods of time, or free membership for a limited time for a trial period;
- Offering long-term membership fees for say 10 or 20 years. This funding modality may be suitable when a larger fund is needed, e.g. for construction of a building. Its use also has the benefit of reducing the cost of membership administration.
- Establishing clear rules and regulations for non-payment of fees and follow-up procedures. A procedure for termination of membership for non-payment of fees should be included in the rules of the chamber or association;
- Member recruitment by members (“each one bring one”). Incentives for members who recruit new ones (e.g. discount on fees, awards etc.) can be provided;
- Placing an obligation on board members to recruit new members;
- Holding an open-house for potential members and an official reception for new members with introduction to board members and staff;
- Special invitations to ‘targeted’ non-members to chamber or association events;
- Public relations and visibility activities, e.g., professionally done brochures and directories that are distributed or sold through members and at events;
- Charging lower fees for services for members than for non-members;
- Actively soliciting members’ views (needs surveys, satisfaction surveys, etc.) and extending thanks to members for their participation or support (awards, message in chamber publication, etc.);
- Hiring recruitment officers on commission basis;
- Establishing a member-to-member discount system that give the membership card monetary value;
- Negotiating discounts for members (hotels, car hire, credit card charges, insurance premiums etc.); and,
- Creating the image of a business club that non-members may want to belong to by holding social events, golf tournaments, awards for outstanding members, etc.; operating ‘club’ or meeting facilities.

ANNEX 4: Topics for Possible Staff Training and Capacity Building

1. Strengthened Management Capacities

- Proper orientation for new staff (BMO role and functions, etc);
- Management systems and procedures;
- Preparing job descriptions;
- On-the-job training by job rotation;
- Writing minutes of meetings and reports;
- Developing a business plan or a work plan;
- Brainstorming methods;
- Networking methods;
- Planning, implementing and evaluating membership development (see Annex 3); and,
- Skills training (e.g. IT, accounting, etc.) through local training providers

2. Strengthened Services to Business

- Planning, implementing and evaluating various types of services for business (see Annex 5);
- Conducting member and non-member needs assessment for services;
- Accessing information resources on the Internet; and,
- Developing service manuals during training events.

3. Strengthened Analytical and Advocacy Capacities

- Developing a systematic approach to advocacy; and,
- Advocacy skills training such as:
 - Writing skills (concise proposals, press statements, etc)
 - Negotiating skills
 - Writing TOR for a study or fact finding task to support advocacy
 - Evaluating studies and research reports.

ANNEX 5: Types of Services Delivered by BMOs

Services	Examples
Trade and market development	<ul style="list-style-type: none"> • Organizing product exhibitions and trade fairs • Information on prospective (export) markets • Buyer-seller meetings and subcontracting exchanges • Trade delegations • Facilitating market research • Marketing of samples and showrooms • Matchmaking
Training	<ul style="list-style-type: none"> • Management training • Technical training • Exchange of experience • Vocational training centres • Seminars and group consultancy • Development of training manuals • Training curricula and standards
Advice and consultancy	<ul style="list-style-type: none"> • Exchange visits and business tours • Best practice benchmarking among members • Individual counselling and mentoring • Legal services • Financial and taxation advice • Help with accountancy and bookkeeping • Quality, environment, social responsibility standards • New technologies and environmental aspects
Information and networking	<ul style="list-style-type: none"> • Regular business meetings • Industry clubs and committees • Web site and Internet-based business contacts • Membership directory and database • Library services • Conferences and high level meetings • Annual report
Office facilities and infrastructure services	<ul style="list-style-type: none"> • Secretarial services • Computer services • Telecommunications • Internet access • Developing and managing industrial estates • Running testing facilities • Storage and port services
Delegated government functions	<ul style="list-style-type: none"> • Business registration • Issuing certificates of origin • Registration of samples (ATA carnet) • Organization of vocational training schools • Holding examinations and professional licensing • Export quota allocation • Running courts of arbitration

ANNEX 6: Example of an Advocacy Strategy for Business Member Organizations

Step	1 Formation of Advocacy Committee	2 Selection of Issues to Advocate	3 Membership Survey	4 Focus Group Discussions	5 Establishment of Priorities	6 Implementation of Strategy	7 Identification of Key Leverage Points	8 Customisation
Important Factors	<ul style="list-style-type: none"> ▫ 5 to 7 members ▫ Suitable chairman ▫ Assigned budget and staff ▫ Regular meetings 	<ul style="list-style-type: none"> ▫ Pre-select most important issues ▫ Criteria: relevance to members, ease of formulation, chance of success, potential opposition 	<ul style="list-style-type: none"> ▫ Develop questionnaire ▫ Distribute it ▫ Complete it by certain date 	<ul style="list-style-type: none"> ▫ Hold workshops with selected members ▫ Discuss relevant policies ▫ Identify concerns 	<ul style="list-style-type: none"> ▫ Compilation of concerns ▫ Budget available ▫ Ranking of issues and solutions ▫ Selection 	<ul style="list-style-type: none"> ▫ Define tools ▫ Timeframe for implementation 	<ul style="list-style-type: none"> ▫ Key issues and policy makers ▫ Proponents ▫ Opponents ▫ Understanding motivations 	<ul style="list-style-type: none"> ▫ Tailor message ▫ Appeal to self interest ▫ Be convincing and concise ▫ Work out agenda ▫ Include answers
Possible Donor Instruments	<ul style="list-style-type: none"> ▫ Manuals 	<ul style="list-style-type: none"> ▫ Planning workshops ▫ Brainstorming 	<ul style="list-style-type: none"> ▫ Short-term experts ▫ Manuals ▫ Joint financing 	<ul style="list-style-type: none"> ▫ Moderate the workshops ▫ Prepare advocacy materials 	<ul style="list-style-type: none"> ▫ Only minor interventions necessary ▫ Planning workshops 	<ul style="list-style-type: none"> ▫ Media training ▫ Coalitions ▫ Manuals ▫ Support for public-private partnership 	<ul style="list-style-type: none"> ▫ Spread contact information ▫ Background studies 	<ul style="list-style-type: none"> ▫ Short-term experts ▫ Manuals

Source: Building the Capacity of Business Member Organizations, Sequa (Germany) for the World Bank

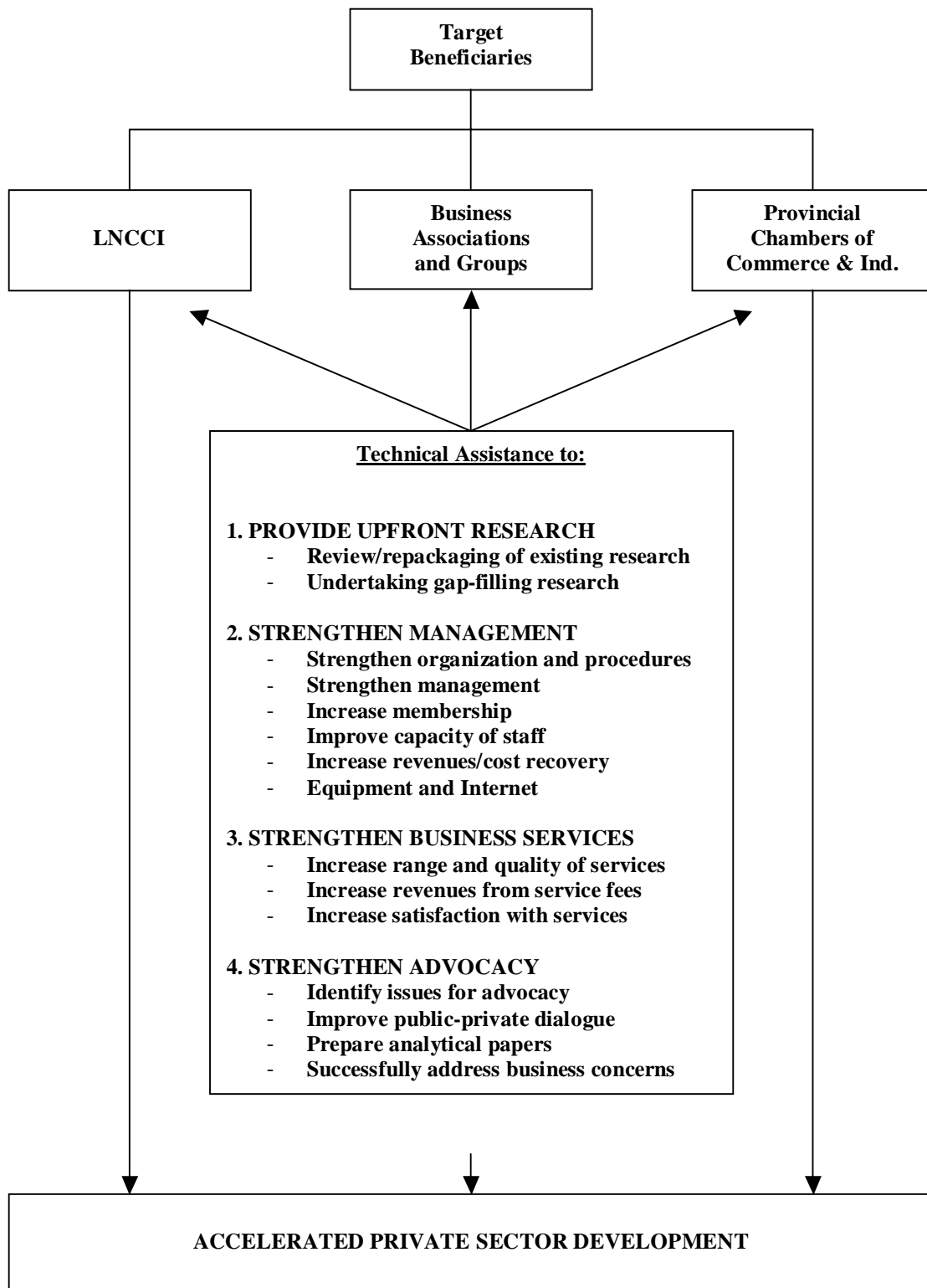
ANNEX 7: Technical Assistance for LNCCI, Provincial CCIs and Business Associations

<i>Name of BMO</i>	<i>Type of technical assistance</i>			
	Policy and practical research	Strengthening management and capacity	Strengthening services to businesses	Strengthening advocacy capacity
LNCCI	•	•	•	•
Provincial CCIs - Champasak - Savannakhet - Bokeo - Khammouane - Luang Prabang - Borikhamxy - Saravan Business Associations and Groups - Lao Handicraft Association - Lao Hotels and Restaurants Ass. - Lao Travel Agents Ass. - Lao Coffee Exporters Ass. - Assembly Industry Ass. - Lao Garment Industry Ass. - Lao Agricultural Proc. Group - Lao Business Construction Gr. - El./Install & Construction Gr. - Food Stuff/Consumer Goods Gr. - Furniture and Design Group - Lao Manufacturing Group - Lao Construction Material Gr. - Lao Petroleum & Gas Group - Lao Pharmaceutical/Med. Gr. - Salt Producers Group - Vehicle & Spare Parts Group - Lao Wood Products Exp. Gr. - General Company Group				

During the project formulation mission, the mission received numerous requests for assistance regarding capacity strengthening, membership development, development of business services, staff, improvement of advocacy, equipment, preparation of websites, marketing, etc., from a large number of BMOs.

As the relationship between donors and BMOs is a very dynamic one (over time projects are terminated, others are added), the above matrix has not been completed. At the outset of the project, requests will be verified or rejected. Furthermore, initial fact finding/scanning of BMOs upon start of the project will identify cooperation partners and areas for cooperation as well as BMOs and areas that are already covered by other donors.

Figure with Simplified Overview of the Project



ANNEX 9: Work Plan, Year 1

Intended Outputs	Indicative Activities	Inputs
<p>OUTPUT 1:</p> <p>Reports of synthesized, simplified, user friendly research findings and new research findings</p> <p>Total Output 1: US\$ 100,000</p>	<p>1.1 Undertaking reviews of existing research findings and recommendations and repackaging or remarketing them in concise, actionable presentations.</p> <p>1.2 Undertaking gap-filling research as needs are identified.</p>	<p><u>Activity 1.1:</u></p> <p>STA (cost included in 5.1-5.2) International consultants, 2 w/m x 15,000 = 30,000 Local consultants, 8 w/m x 2,000 = 16,000 Miscellaneous expenses = 4,000</p> <p><u>Total Activity 1.1:</u> <i>US\$ 50,000</i></p> <p><u>Activity 1.2:</u></p> <p>STA (cost included in 5.1-5.2) International consultants, 2 w/m x 15,000 = 30,000 Local consultants, 8 w/m x 2,000 = 16,000 Miscellaneous expenses = 4,000</p> <p><u>Total Activity 1.2:</u> <i>US\$ 50,000</i></p>
<p>OUTPUT 2:</p> <p>Strengthened management capacities of selected CCIs and BAs</p>	<p>2.1 Analysis and advice for the development of plans for improvement of the management, organisation and performance of selected CCIs and BAs.</p> <p>LNCCI:</p> <ul style="list-style-type: none"> - SWOT analysis of LNCCI, including hierarchical structure of LNCCI and relations with provincial CCIs and BAs; - Sensitisation workshop with LNCCI Board and senior staff regarding vision, mission, organisation (incl. reshaping of Committees), staffing, performance, funding, etc.; 	<p><u>Activity 2.1:</u></p> <p>STA (cost included in 5.1-5.2)</p> <p>Local consultants, 7 x 1 w/m x 2,000 = 14,000</p> <p>Local travel, 20 x 125 = 2,500</p> <p>DSA local consultants, 50 x 50= 2,500</p> <p>Contractual services for workshops, 8 x 1,000 = 8,000</p>

	<ul style="list-style-type: none"> - Orientation workshop with LNCCI staff and designated Board members on future direction, organisation, performance etc. of LNCCI; and, - Advise on preparation of an Action Plan for LNCCI, including targets, priorities, organisational change, division of work, staffing, work procedures, performance indicators, etc. <p>Four selected provincial CCIs:</p> <ul style="list-style-type: none"> - SWOT analysis of four provincial CCIs (tentatively Khammouane, Savannakhet, Champasak and Luang Prabang); - Sensitisation workshops with Boards, selected members and staff; - Advise on preparation of Action Plans for the CCIs, including targets, priorities, organisational change, division of work, staffing, work procedures, performance indicators, etc.; and, - Assessment of potential for cooperation with other, mainly neighbouring, provincial CCIs. <p>Two selected BAs:</p> <ul style="list-style-type: none"> - SWOT analysis of two BAs (tentatively chosen from Lao Furniture and Interior Decoration Group, Lao Wood Exporters Group or Lao Garment Industry Association); - Sensitisation workshops with Boards, selected members and staff; - Advise on preparation of Action Plans for the four BAs, including targets, priorities, organisational change, division of work, staffing, work procedures, performance indicators, etc.; and, - Exploring cooperation potential with other BAs at national and provincial levels. 	<p>Miscellaneous expenses, 8 x 500 = 4,000</p> <p><u>Total Activity 2.1:</u> US\$ 31,000</p>
	<p>2.2 Facilitating the implementation of Action Plans for improvement of management, organisation and performance of selected BMOs through training and advisory services</p> <p>LNCCI:</p> <ul style="list-style-type: none"> - Advise on implementation of the Action Plan; - Study tour to BMOs in the Philippines and Vietnam for selected 	<p><u>Activity 2.2:</u></p> <p>STA (cost included in 5.1-5.2)</p> <p>International consultants, 1 w/m x 15,000 = 15,000</p> <p>Local consultants, 2 w/m x 2,000 = 4,000</p>

	<p>Board members and senior staff;</p> <ul style="list-style-type: none"> - Advise on preparation of job descriptions and recruitment/release of staff; - Advise on development of a membership database; - Advise on member recruitment and retention activities, incl. differentiated membership fees (see Annex 3); - Advise on innovative revenue generating activities; - Advise on information dissemination and upgrading of website and related databases; - Advise on preparation of an LNCCI flyer and new edition of the LNCCI Directory; - Development of staff capacity by short-term and on-the-job training (see Annex 4 for details); and, - Short-term placement of staff with relevant organisations in Lao PDR and CCIs in the region. <p>Four selected provincial CCIs:</p> <ul style="list-style-type: none"> - Advise on implementation of the Action Plans; - Study tours to BMOs in Thailand and Vietnam for selected Board members and senior staff; - Advise on preparation of job descriptions and recruitment/release of staff; - Advise on development of a membership database; - Advise on member recruitment and retention activities, incl. differentiated membership fees (see Annex 3); - Advise on innovative revenue generating activities; - Advise on information dissemination; - Advise on preparation of flyers; - Development of staff capacity by short-term and on-the-job training (see Annex 4 for details); and, - Short-term placement of staff with LNCCI, other relevant organisations in Lao PDR and CCIs in the region. <p>Two selected BAs:</p> <ul style="list-style-type: none"> - Advise on implementation of the Action Plans; - Study tours to BMOs in Thailand and Vietnam for selected Board members and senior staff; 	<p>Local travel, 5 x 125 = 625</p> <p>DSA local consultants, 10 x 50 = 500</p> <p>Contractual services (2 websites, 2 workshops) = 14,000</p> <p>International travel (study tours and placements), 15 x 2,000 = 30,000</p> <p>Miscellaneous expenses = 5,000</p> <p><u>Total Activity 2.2:</u> US\$ 69,125</p>
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	<ul style="list-style-type: none"> - Advise on preparation of job descriptions and recruitment/release of staff; - Advise on development of a membership database; - Advise on member recruitment and retention activities, incl. differentiated membership fees (see Annex 3); - Advise on innovative revenue generating activities; - Advise on information dissemination and in one case the development of a website; - Advise on preparation of flyers; and, - Development of staff capacity by short-term and on-the-job training (see Annex 4 for details). 	
	<p>2.3 Seconding national staff to weak BMOs with potential for development.</p> <p>LNCCI:</p> <ul style="list-style-type: none"> - Seconding a National Business Development Director (funding to be gradually phased out according to a predetermined plan) with LNCCI. <p>Four selected provincial CCIs:</p> <ul style="list-style-type: none"> - Seconding two National Business Development Officers (funding to be gradually phased out according to a predetermined plan) to two of the provincial CCIs. <p>Two selected BAs:</p> <ul style="list-style-type: none"> - Seconding one National Business Development Officer (funding to be gradually phased out according to a predetermined plan) to one of the BAs). 	<p><u>Activity 2.3:</u></p> <p>NBDD, LNCCI = 9 w/m x 1,500 = 13,500 (the fixed monthly salary will be US\$ 800; in addition, a monthly bonus will be paid calculated as a percentage of incremental revenues generated)</p> <p>NBDOs = 3 x 6 w/m x 800 = 14,400</p> <p><u>Total Activity 2.3:</u> US\$ 27,900</p>
	<p>2.4 Provision of equipment and Internet support</p> <p>LNCCI:</p> <ul style="list-style-type: none"> - 2 computers, 1 printer, 1 scanner, 1 LCD, Internet subscription. 	<p><u>Activity 2.4:</u></p> <p>Equipment and furniture (motorbikes, etc.) = 10,000</p> <p>Tele equipment (computers, printers, etc) = 25,000</p>

<p>Total Output 2: US\$ 166,025</p>	<p>Three selected provincial CCIs:</p> <ul style="list-style-type: none"> - 3 computers, 3 printers, 3 scanners, 3 overhead projectors, 3 fax machine, 3 motorbikes; and, - Internet subscriptions. <p>One selected BAs:</p> <ul style="list-style-type: none"> - 1 computer, 1 printer, 1 scanner, 1 overhead projector, 1 fax machine, 1 motorbike; and, - Internet subscriptions. 	<p>Communications (phone, Internet) = 1 x 12 months, 6 x 6 months = 48 x 60 = (about) 3,000</p> <p><u>Total Activity 2.4:</u> <i>US\$ 38,000</i></p>
<p>OUTPUT 3: Strengthened services to members from selected CCIs and BAs</p>	<p>3.1 Advising on needs assessment (members and non-members), analysis, prioritisation of services, and the preparation of Action Plans.</p> <p>LNCCI:</p> <ul style="list-style-type: none"> - Advise on needs assessment survey; - Advise on informed group discussions; - Advise on review of present services and follow-up action; and, - Advise on preparation of an Action Plan. <p>Four selected provincial CCIs:</p> <ul style="list-style-type: none"> - Advise on needs assessment survey; - Advise on informed group discussions; - Advise on review of present services and follow-up action; and, - Advise on preparation of Action Plans. <p>Two selected BAs:</p> <ul style="list-style-type: none"> - Advise on needs assessment survey; - Advise on informed group discussions; - Advise on review of present services and follow-up action; and, - Advise on preparation of Action Plans. <p>3.2 Conducting staff training on selected non-technical services (see Annexes 4 and 5 for more details).</p> <p>LNCCI:</p>	<p><u>Activity 3.1:</u></p> <p>(3 needs assessments) STA (cost included in 5.1- 5.2)</p> <p>International consultants, 1 w/m x 15,000 = 15,000</p> <p>Local consultants, 2 w/m x 2,000 = 4,000</p> <p>Local travel, 4 x 125 = 500</p> <p>DSA local consultants, 10 x 50 = 500</p> <p>Contractual services (workshops), 2 x 1,000 = 2,000</p> <p>Miscellaneous expenses, 2 x 2,000 = 4,000</p> <p><u>Total Activity 3.1:</u> <i>US\$ 26,000</i></p> <p><u>Activity 3.2:</u></p> <p>STA (cost included in 5.1- 5.2)</p>

	<ul style="list-style-type: none"> - Training of staff by a series of short-term training courses; - Training of trainers; and, - On-the-job training. <p>Four selected provincial CCIs:</p> <ul style="list-style-type: none"> - Training of staff by a series of short-term training courses; and, - On-the-job training. <p>Two selected BAs:</p> <ul style="list-style-type: none"> - Training of staff by a series of short-term training courses; and, - On-the-job training. <p>3.3 Advising on the implementation of services to businesses (see Annex 5 for more details).</p> <p>LNCCI:</p> <ul style="list-style-type: none"> - Advise on implementation of Action Plan for services to businesses; and, - Advise on attractive, easy to handle, income-generating non-technical services, e.g. office services, referral services for inquiries, business meetings, buyer-seller meetings, business matching, simple information services, seminars and training for SMEs, including where appropriate outsourcing; and - Explore possibilities for organisation of exhibitions and trade fairs in coming years. <p>Four selected provincial CCIs:</p> <ul style="list-style-type: none"> - Advise on implementation of Action Plan for services to businesses; and, - Advise on attractive, easy to handle, income-generating non-technical services, e.g. office services, referral services for inquiries, business 	<p>International consultants, 1 w/m x 15,000 = 15,000</p> <p>Local consultants, 2 w/m x 2,000 = 4,000</p> <p>Local travel, 2 x 125 = 250</p> <p>DSA local consultants, 10 x 50 = 500</p> <p>Contractual services (workshops), 1 x 1,000 = 1,000</p> <p>Miscellaneous expenses = 2,000</p> <p><u>Total Activity 3.2:</u> US\$ 22,750</p> <p><u>Activity 3.3:</u></p> <p>STA (cost included in 5.1-5.2)</p> <p>International consultants, 1 w/m x 15,000 = 15,000</p> <p>Local consultants, 2 w/m x 2,000 = 4,000</p> <p>Local travel, 2 x 125 = 250</p> <p>DSA local consultants, 10 x 50 = 500</p> <p>Contractual services (workshops), 1 x 1,000 = 1,000</p> <p>Miscellaneous expenses = 2,000</p> <p><u>Total Activity 3.3:</u> US\$ 22,750</p>
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<p>Total Output 3:</p>	<p>meetings, buyer-seller meetings, business matching, simple information services, seminars and training for SMEs, including where appropriate outsourcing; and,</p> <ul style="list-style-type: none"> - Explore possibilities for organisation of exhibitions and trade fairs in coming years. <p>Two selected BAs:</p> <ul style="list-style-type: none"> - Advise on implementation of Action Plan for services to businesses; and, - Advise on attractive, easy to handle, income-generating non-technical services, e.g. office services, referral services for inquiries, business meetings, buyer-seller meetings, business matching, simple information services, seminars and training for SMEs, including where appropriate outsourcing; and, - Explore possibilities for organisation of exhibitions and trade fairs in coming years. <p>3.4 Advising on monitoring and evaluation of services to businesses.</p> <p>LNCCI:</p> <ul style="list-style-type: none"> - Guidance in planning, implementing and evaluating the selected services in order to establish service fees and carrying out marketing of the selected services. <p>Four selected provincial CCIs:</p> <ul style="list-style-type: none"> - Guidance in planning, implementing and evaluating the selected services in order to establish service fees and carrying out marketing of the selected services. <p>Two selected BAs:</p> <ul style="list-style-type: none"> - Guidance in planning, implementing and evaluating the selected services in order to establish service fees and carrying out marketing 	<p><u>Activity 3.4:</u></p> <p>STA (cost included in 5.1-5.2)</p> <p><i>Total Activity 3.4:</i> <i>US\$ 0</i></p>
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US\$ 71,500	of the selected services.	
OUTPUT 4: Strengthened analytical and advocacy capabilities of selected CCIs and BAs and private-public dialogue mechanisms to address issues related to the business enabling environment	<p>4.1 Identification of specific issues affecting selected BMOs and businesses.</p> <p>LNCCI:</p> <ul style="list-style-type: none"> - Advise on identification of priority advocacy issues, e.g. by surveys and informed group discussions; and, - Advise Boards on problems of informal advocacy, the need to ensure broad support by the business community and the need to appropriately articulate the advocacy issues. <p>Four selected provincial CCIs:</p> <ul style="list-style-type: none"> - Advise on identification of priority advocacy issues, e.g. by surveys and informed group discussions; and, - Advise Boards on problems of informal advocacy, the need to ensure broad support by the business community and the need to appropriately articulate the advocacy issues. <p>Two selected BAs:</p> <ul style="list-style-type: none"> - Advise on identification of priority advocacy issues, e.g. by surveys and informed group discussions; and, - Advise Boards on problems of informal advocacy, the need to ensure broad support by the business community and the need to appropriately articulate the advocacy issues. <p>4.2 Assist in developing new approaches to strengthen analysis and advocacy capacities and coordination.</p> <p>LNCCI:</p> <ul style="list-style-type: none"> - Guidance to move the advocacy towards a more systematic approach (see Annex 6) and proactive agenda with a clear strategy to be pursued and followed up; 	<p><u>Activity 4.1:</u></p> <p>STA (cost included in 5.1- 5.2)</p> <p>Activity will mainly take off in Year 2</p> <p><u>Total Activity 4.1:</u> US\$ 0</p> <p> </p> <p><u>Activity 4.2:</u></p> <p>STA (cost included in 5.1-5.2)</p> <p>International consultants, 2 x 0.5 w/m x 15,000 = 15,000</p> <p>Local consultants, 2 w/m x 2,000 = 4,000</p>

	<ul style="list-style-type: none"> - Advise on selection of mechanisms for different advocacy issues and improvement of such mechanisms or establishment of new ones, as required; - Initiate and coordinate private sector comments on Government policies, draft laws, decrees and budgets; - Advise on development of a system of coordination and information sharing in respect of advocacy issues; and, - Organise a high level conference with Government and private sector representatives on the “Role of CCIs and BAs in Private Sector Development”, including also international resource speakers to “boost” the visibility and reputation of BMOs (to be repeated, also in provinces). <p>Four selected provincial CCIs:</p> <ul style="list-style-type: none"> - Guidance to move the advocacy towards a more systematic approach (see Annex 6) proactive agenda with a clear strategy to be pursued and followed up; and, - Advise on selection of mechanisms for different advocacy issues and improvement of such mechanisms or establishment of new ones, as required. <p>Two selected BAs:</p> <ul style="list-style-type: none"> - Guidance to move the advocacy towards a more systematic approach (see Annex 6) and proactive agenda with a clear strategy to be pursued and followed up; and, - Advise on selection of mechanisms for different advocacy issues and improvement of such mechanisms or establishment of new ones, as required. <p>4.3 Advising on implementation of new approaches for issue analysis, review of options, consensus building, coordination and presentation to Government counterparts, and follow up.</p> <p>LNCCI:</p>	<p>Contractual services (workshop) = 2,000</p> <p><u>Total Activity 4.2:</u> <i>US\$ 21,000</i></p> <p><u>Activity 4.3:</u> STA (cost included in 5.1- 5.2) Activity will mainly take off in Year 2</p> <p><u>Total Activity 4.3:</u></p>
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	<ul style="list-style-type: none">- Advise on practical research and articulation of issues underpinning the advocacy function and undertaking such research;- Advise on marketing/selling of advocacy issues;- Advise on implementation of a system of coordination and information sharing in respect of advocacy issues, including chamber bulletins, newspapers, website, etc.; and,- Advise on preparations for advocacy in existing and forthcoming public-private consultation fora. <p>Four selected provincial CCIs:</p> <ul style="list-style-type: none">- Advise on practical research and articulation of issues underpinning the advocacy function and undertaking such research;- Advise on marketing/selling of advocacy issues;- Advise on coordination and information sharing in respect of advocacy issues; and,- Advise on preparations for advocacy in existing and forthcoming public-private consultation fora. <p>Two selected BAs:</p> <ul style="list-style-type: none">- Advise on practical research and articulation of issues underpinning the advocacy function and undertaking such research;- Advise on marketing/selling of advocacy issues;- Advise on coordination and information sharing in respect of advocacy issues; and,- Advise on preparations for advocacy in existing and forthcoming public-private consultation fora. <p>4.4 Training and institutionalisation of successfully implemented approaches for analysis, advocacy and dialogue.</p> <p>LNCCI:</p> <ul style="list-style-type: none">- Awareness raising regarding legitimate Government policies and positions regarding taxation, trade liberalisation, fair competition, regulations, etc.;	<p><i>US\$ 0</i></p> <p><u>Activity 4.4:</u> STA (cost included in 5.1-5.2) Activity will mainly take off in Year 2</p> <p><u>Total Activity 4.4:</u> US\$ 0</p>
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<p>Total Output 4: US\$ 21,000</p>	<ul style="list-style-type: none"> - Training regarding negotiation skills and communication; - Other training (see Annex 4); - Advise on dissemination of “best practices” in other countries; - Advise on dissemination of information on progress on advocacy issues to members and the public; and, - Advise on establishment of a well organised documentation centre which can also be used by members and the public. <p>Four selected provincial CCIs:</p> <ul style="list-style-type: none"> - Awareness raising regarding legitimate Government policies and positions regarding taxation, trade liberalisation, fair competition, regulations, etc.; - Training regarding negotiation skills and communication; - Other training (see Annex 4); and, - Advise on dissemination of “best practices” in other countries. <p>Two selected BAs:</p> <ul style="list-style-type: none"> - Awareness raising regarding legitimate Government policies and positions regarding taxation, trade liberalisation, fair competition, regulations, etc.; - Training regarding negotiation skills and communication; - Other training (see Annex 4); and, - Advise on dissemination of “best practices” in other countries. 	
<p>OUTPUT 5:</p> <p>Project management and technical services pertaining to outputs 1-4 delivered</p> <p>NOTE: UNDP</p>	<p>5.1 Management of planning, budgeting, implementation and reporting on all Outputs.</p> <ul style="list-style-type: none"> - Preparation of annual and quarterly plans and budgets; - Monitoring and ensuring smooth implementation; - Preparation of job descriptions for support staff and recruitment of such staff; - Procurement of vehicles and equipment (for the PMU 4 pcs, 1 laptop, 2 printers, 1 scanner, LAN, 1 LCD, 1 overhead projector, copying machine, 1 fax, 5 mobile phones, Internet subscription, cabinets, 	<p><u>Activity 5.1:</u></p> <p>STA, 25% of 12 w/m x 15,000 = 45,000 NP staff (admin. ass. and translator), 2 x 10 w/m x 500 = 10,000 GS staff (secretary and driver), 2 x 10 w/m x 600 = 12,000 Local travel, 10 x 125 = 1,250 DSA, international staff, 20 x 50 = 1,000 DSA, local staff, 20 x 50 = 1,000</p>

<p>reporting/recording requirements, in particular its newly introduced ATLAS budgeting/accounting system, result in a need to consolidate project management-related inputs/activities as a separate output, rather than through a breakdown by individual outputs. The bulk of Output 5-related expense is attributable to the STA (US\$ 180,000) who, in turn, is expected to spend 25% of his/her time on project management issues, while 75% will be geared towards substantive advisory services for outputs 1-4.</p> <p>Total Output 5: US\$ 294, 650</p>	<p>furniture, 1 vehicle, 2 motorbikes, miscellaneous); and,</p> <ul style="list-style-type: none"> - Preparation of annual and quarterly reports. <p>5.2 Providing advisory services and training (mainly on-the-job training).</p> <ul style="list-style-type: none"> - Networking, sensitisation meetings and workshops; - Independently undertaking studies, advisory services and training within the specialised competence of the STA; and, - Participation in most activities under Outputs 1-4. <p>5.3 Fourpartite Review Meetings, monitoring and evaluation missions.</p> <ul style="list-style-type: none"> - 2 monitoring missions by UNIDO; and - Fourpartite Review Meeting in month no. 10 	<p>Equipment (vehicles) and furniture = 35,000 InfoTech equipment = 25,000 Communications (incl. Internet subscription) = 12 x 200 = 2,400 Maintenance, operation, rental transport equipment, 12 x 400 = 4,800 Office supplies, 12 x 200 = 2,400 Miscellaneous expenses, 12 x 400 = 4,800</p> <p><u>Total Activity 5.1:</u> <i>US\$ 144,650</i></p> <p><u>Activity 5.2:</u> STA, 75% of 12 w/m x 15,000 = 135,000</p> <p><u>Total Activity 5.2:</u> <i>US\$ 135,000</i></p> <p><u>Activity 5.3:</u> International travel, 3 x 5,000 = 15,000</p> <p><u>Total Activity 5.3:</u> <i>US\$ 15,000</i></p>
<p>TOTAL YEAR 1: US\$ 653,175</p>		

ANNEX 9, CONT'D: Cost Break Down According to Major Budget Lines (Year 1)

(in \$US)

61100	Salary cost NP, 20 w/m x 500	10,000
61200	Salary cost GS, 20 w/m x 600	12,000
61300	Salary cost IP (STA), 12 w/m x 15,000	180,000
71200	International short term consultants, 9 w/m x 15,000	135,000
71300	Local consultants and seconded staff, 60 w/m	93,900
71605	International travel (study tours, UNIDO missions)	45,000
71610	Local travel (air tickets)	5,375
71615	DSA, international staff	1,000
71620	DSA, local staff	5,500
72100	Contractual services (15 workshops/seminars, 2 websites)	28,000
72200	Equipment (vehicles) and furniture	45,000
72400	Communications (telecosts, Internet)	5,400
72500	Supplies (stationery, publications)	2,400
72800	InfoTech equipment (computers, printers, etc.)	50,000
73400	Maintenance, operation, rental transport equipment	4,800
74500	Miscellaneous expenses	<u>29,800</u>
	Total	653,175

ANNEX 10:

Annual Work Plan, Year 1 (UNDP Format)

Expected Output	Key Activities	Time Frame				Responsible Party	Planned Budget				
		Q1	Q2	Q3	Q4		Fund	Donor	Budget Code	Description	Amount
1. Reports of synthesized, simplified, user friendly research findings and new research findings	1.1 Undertaking reviews of existing research findings and recommendations and repackaging or remarketing them in concise, actionable presentations							71200	Int. consultants	30 000	
								71300	Nat. consultants	16 000	
								74500	Misc.	4 000	
	1.2 Undertaking gap-filling research as needs are identified							71200	Int. consultants	30 000	
								71300	Nat. consultants	16 000	
								74500	Misc.	4 000	
2. Strengthened management capacities of selected CCIs and BAs	2.1 Analysis and advice for the development of plans for improvement of the management, organisation and performance of selected CCIs and BAs										
								71300	Nat. consultants	14 000	
								71610	Local travel	2 500	
								71620	DSA local staff	2 500	
								72100	Contracts	8 000	
	2.2 Facilitating the implementation of Action Plans for improvement of management, organisation and performance of selected BMOs through training and advisory services							71200	Int. consultants	15 000	
								71300	Nat. consultants	4 000	
								71610	Local travel	625	
								71620	DSA local staff	500	
								72100	Contracts	14 000	
								71605	International travel	30 000	
	2.3 Seconding national staff to weak BMOs with potential for development							74500	Misc.	5 000	
								61100	NP Salary	13 500	
								61100	NP Salary	14 400	
	2.4 Provision of equipment and Internet support										
							72200	Equipment	10 000		
							72800	IT equipment	25 000		
						72400	Communications	3 000			

ANNEX 10:

Annual Work Plan, Year 1 (UNDP Format)

Expected Output	Key Activities	Time Frame				Responsible Party	Planned Budget				
		Q1	Q2	Q3	Q4		Fund	Donor	Budget Code	Description	Amount
3. Strengthened services to members from selected CCIs and BAs.	3.1 Advising on needs assessment (members and non-members), analysis, prioritisation of services, and the preparation of Action Plans.								71200	Int. consultants	15 000
									71300	Nat. consultants	4 000
									71610	Local travel	500
									71620	DSA local staff	500
									72100	Contracts	2 000
									74500	Misc.	4 000
	3.2 Conducting staff training on selected non-technical services.								71200	Int. consultants	15 000
									71300	Nat. consultants	4 000
									71610	Local travel	250
									71620	DSA local staff	500
									72100	Contracts	1 000
									74500	Misc.	2 000
	3.3 Advising on the implementation of services to businesses.								71200	Int. consultants	15 000
									71300	Nat. consultants	4 000
									71610	Local travel	250
									71620	DSA local staff	500
									72100	Contracts	1 000
									74500	Misc.	2 000
	3.4 Advising on monitoring and evaluation of services to businesses										

ANNEX 10:

Annual Work Plan, Year 1 (UNDP Format)

Expected Output	Key Activities	Time Frame				Responsible Party	Planned Budget				
		Q1	Q2	Q3	Q4		Fund	Donor	Budget Code	Description	Amount
4. Strengthened analytical and advocacy capabilities of selected CCIs and BAs and private-public dialogue mechanisms to address issues related to the business enabling environment	4.1 Identification of specific issues affecting selected BMOs and businesses										
	4.2 Assist in developing new approaches to strengthen analysis and advocacy capacities and coordination								71200	Int. consultants	15 000
									71300	Nat. consultants	4 000
									72100	Contracts	2 000
	4.3 Advising on implementation of new approaches for issue analysis, review of options, consensus building, coordination and presentation to Government counterparts, and follow up										
4.4 Training and institutionalisation of successfully implemented approaches for analysis, advocacy and dialogue											

ANNEX 10:

Annual Work Plan, Year 1 (UNDP Format)

Expected Output	Key Activities	Time Frame				Responsible Party	Planned Budget				
		Q1	Q2	Q3	Q4		Fund	Donor	Budget Code	Description	Amount
5. Project management and technical services pertaining to outputs 1-4	5.1 Management of planning, budgeting, implementation and reporting on all Outputs.								63100	STA	45 000
									61100	Salary NP	10 000
									61200	Salary GS	12 000
									71610	Local travel	1 250
									71615	DSA international	1 000
									71620	DSA local	1 000
									72200	Equipment	35 000
									72800	IT equipment	25 000
									72400	Communications	2 400
									73400	Maintenance	4 800
									72500	Office supplies	2 400
									74500	Misc.	4 800
			5.2 Providing advisory services and training							61300	STA
	5.3 Tripartite Review Meetings, monitoring and evaluation missions							71605	International travel	15 000	

ANNEX 11: Work Plan, Years 2-4

Intended Outputs	Break Down Indicative Activities	Inputs
<p>OUTPUT 1:</p> <p>Reports of synthesized, simplified, user friendly research findings and new research findings</p> <p>Total Output 1: US\$ 150,000</p>	<p>1.1 Undertaking reviews of existing research findings and recommendations and repackaging or remarketing them in concise, actionable presentations</p> <p>1.2 Undertaking gap-filling research as needs are identified</p>	<p><u>Activity 1.1:</u></p> <p>Completed in Year 1</p> <p><u>Total Activity 1.1:</u> <i>US\$ 50,000</i></p> <p><u>Activity 1.2:</u></p> <p>STA (cost included in 5.1-5.2) International consultants, 6 w/m x 15,000 = 90,000 Local consultants, 24 w/m x 2,000 = 48,000 Miscellaneous expenses = 12,000</p> <p><u>Total Activity 1.2:</u> <i>US\$ 150,000</i></p>
<p>OUTPUT 2:</p> <p>Strengthened management capacities of selected CCIs and BAs</p>	<p>2.1 Analysis and advice for the development of plans for improvement of the management, organisation and performance of selected CCIs and BAs</p> <p>LNCCI: (Completed in Year 1)</p> <p>Three selected provincial CCIs:</p> <ul style="list-style-type: none"> - SWOT analysis of two provincial CCIs; - Sensitisation workshops with Boards, selected members and staff; - Advise on preparation of Action Plans for the two CCIs, including targets, priorities, organisational change, division of work, staffing, 	<p><u>Activity 2.1:</u></p> <p>STA (cost included in 5.1-5.2)</p> <p>Local consultants, 6 w/m x 2,000 = 12,000</p> <p>Local travel, 20 x 125 = 2,500</p> <p>DSA local consultants, 50 x 50= 2,500</p> <p>Contractual services for workshops, 6 x 1,000 = 6,000</p> <p>Miscellaneous expenses, 6 x 500 = 3,000</p>

	<p>work procedures, performance indicators, etc.; and,</p> <ul style="list-style-type: none"> - Assessment of potential for cooperation with other, mainly neighbouring, provincial CCIs. <p>Three selected BAs:</p> <ul style="list-style-type: none"> - SWOT analysis of four BAs; - Sensitisation workshops with Boards, selected members and staff; - Advise on preparation Action Plans for the four BAs, including targets, priorities, organisational change, division of work, staffing, work procedures, performance indicators, etc.; and, - Exploring cooperation potential with other BAs at national and provincial levels. 	<p><u>Total Activity 2.1:</u> <i>US\$ 26,000</i></p>
	<p>2.2 Facilitating the implementation of Action Plans for improvement of management, organisation and performance of selected BMOs through training and advisory services</p> <p>LNCCI:</p> <ul style="list-style-type: none"> - Advise on implementation of the Action Plan; - Advise on preparation of job descriptions and recruitment/release of staff; - Advise on development of a membership database; - Advise on member recruitment and retention activities, incl. differentiated membership fees (see Annex 3); - Advise on innovative revenue generating activities; - Advise on information dissemination and upgrading of website and related databases; - Advise on preparation of an LNCCI flyer and new edition of the LNCCI Directory; - Development of staff capacity by short-term and on-the-job training (see Annex 4 for details); and, - Short-term placement of staff with relevant organisations in Lao PDR and CCIs in the region. 	<p><u>Activity 2.2:</u></p> <p>STA (cost included in 5.1-5.2)</p> <p>International consultants, 4 w/m x 15,000 = 60,000</p> <p>Local consultants, 8 w/m x 2,000 = 16,000</p> <p>Local travel, 20 x 125 = 2,500</p> <p>DSA local consultants, 40 x 50 = 2,000</p> <p>Contractual services (3 websites, 6 workshops) = 24,000</p> <p>International travel (study tours and placements), 15 x 2,000 = 30,000</p> <p>Miscellaneous expenses = 15,000</p> <p><u>Total Activity 2.2:</u> <i>US\$ 149,500</i></p>

	<p>Seven selected provincial CCIs:</p> <ul style="list-style-type: none"> - Advise on implementation of the Action Plans; - Study tours to BMOs in Thailand and Vietnam for selected Board members and senior staff; - Advise on preparation of job descriptions and recruitment/release of staff; - Advise on development of a membership database; - Advise on member recruitment and retention activities, incl. differentiated membership fees (see Annex 3); - Advise on innovative revenue generating activities; - Advise on information dissemination; - Advise on preparation of flyers; - Development of staff capacity by short-term and on-the-job training (see Annex 4 for details); and, - Short-term placement of staff with LNCCI, other relevant organisations in Lao PDR and CCIs in the region. <p>Five selected BAs:</p> <ul style="list-style-type: none"> - Advise on implementation of the Action Plans; - Study tours to BMOs in Thailand and Vietnam for selected Board members and senior staff; - Advise on preparation of job descriptions and recruitment/release of staff; - Advise on development of a membership database; - Advise on member recruitment and retention activities, incl. differentiated membership fees (see Annex 3); - Advise on innovative revenue generating activities; - Advise on information dissemination and in one case the development of a website; - Advise on preparation of flyers; and, - Development of staff capacity by short-term and on-the-job training (see Annex 4 for details). 	
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	<p>2.3 Seconding national staff to weak BMOs with potential for development</p> <p>LNCCI:</p> <ul style="list-style-type: none"> - Seconding a National Business Development Director (funding to be gradually phased out according to a predetermined plan) with LNCCI. <p>Seven selected provincial CCIs:</p> <ul style="list-style-type: none"> - Seconding four National Business Development Officers (funding to be gradually phased out according to a predetermined plan) to the provincial CCIs. <p>Five selected BAs:</p> <ul style="list-style-type: none"> - Seconding two National Business Development Officers (funding to be gradually phased out according to a predetermined plan) to the BAs). 	<p><u>Activity 2.3:</u></p> <p>NBD, LNCCI = 36 w/m x 750 = 27,000 (the fixed monthly salary will be US\$ 800; in addition, a monthly bonus will be paid calculated as a percentage of incremental revenues generated)</p> <p>NBDOs = 3 x 36 w/m x 400 + 3 x 36 x 600 = 108,000</p> <p><u>Total Activity 2.3:</u> <i>US\$ 135,000</i></p>
<p>Total Output 2: US\$ 452,625</p>	<p>2.4 Provision of equipment and Internet support</p> <p>LNCCI:</p> <ul style="list-style-type: none"> - 2 computers, 1 printer, 1 scanner, 1 LCD, Internet subscription. <p>Three selected provincial CCIs:</p> <ul style="list-style-type: none"> - 3 computers, 3 printers, 3 scanners, 3 overhead projectors, 3 fax machine, 3 motorbikes and Internet subscriptions. <p>Three selected BAs:</p> <ul style="list-style-type: none"> - 1 computer, 1 printer, 1 scanner, 1 overhead projector, 1 fax machine, 1 motorbikes and Internet subscriptions. 	<p><u>Activity 2.4:</u></p> <p>Equipment and furniture (motorbikes, etc.) = 10,000</p> <p>Tele equipment (computers, printers, etc) = 20,000</p> <p>Communications (phone, Internet) = 13 x 36 months x 60 = (about) 28,000</p> <p><u>Total Activity 2.4:</u> <i>US\$ 58,000</i></p>

<p>OUTPUT 3:</p> <p>Strengthened services to members from selected CCIs and BAs</p>	<p>3.1 Advising on needs assessment (members and non-members), analysis, prioritisation of services, and the preparation of Action Plans</p> <p>LNCCI:</p> <ul style="list-style-type: none"> - Advise on needs assessment survey; - Advise on informed group discussions; - Advise on review of present services and follow-up action; and, - Advise on preparation of an Action Plan. <p>Seven selected provincial CCIs:</p> <ul style="list-style-type: none"> - Advise on needs assessment survey; - Advise on informed group discussions; - Advise on review of present services and follow-up action; and, - Advise on preparation of Action Plans. <p>Five selected BAs:</p> <ul style="list-style-type: none"> - Advise on needs assessment survey; - Advise on informed group discussions; - Advise on review of present services and follow-up action; and, - Advise on preparation of Action Plans. <p>3.2 Conducting staff training on selected non-technical services (see Annexes 4 and 5 for more details)</p> <p>LNCCI:</p> <ul style="list-style-type: none"> - Training of staff by a series of short-term training courses; - Training of trainers; and, - On-the-job training. <p>Three selected provincial CCIs:</p>	<p><u>Activity 3.1:</u></p> <p>(3 needs assessments)</p> <p>STA (cost included in 5.1- 5.2)</p> <p>International consultants, 2 w/m x 15,000 = 30,000</p> <p>Local consultants, 4 w/m x 2,000 = 8,000</p> <p>Local travel, 4 x 125 = 500</p> <p>DSA local consultants, 20 x 50 = 1,000</p> <p>Contractual services (workshops), 4 x 1,000 = 4,000</p> <p>Miscellaneous expenses, 4 x 2,000 = 8,000</p> <p><u>Total Activity 3.1:</u> <i>US\$ 51,500</i></p> <p><u>Activity 3.2:</u></p> <p>STA (cost included in 5.1- 5.2)</p> <p>International consultants, 2 w/m x 15,000 = 30,000</p> <p>Local consultants, 4 w/m x 2,000 = 8,000</p> <p>Local travel, 4 x 125 = 500</p> <p>DSA local consultants, 20 x 50 = 1,000</p>
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	<ul style="list-style-type: none"> - Training of staff by a series of short-term training courses; and, - On-the-job training. <p>Three selected BAs:</p> <ul style="list-style-type: none"> - Training of staff by a series of short-term training courses; and, - On-the-job training. <p>3.3 Advising on the implementation of services to businesses (see Annex 5 for more details)</p> <p>LNCCI:</p> <ul style="list-style-type: none"> - Advise on implementation of Action Plan for services to businesses; and, - Advise on attractive, easy to handle, income-generating non-technical services, e.g. office services, referral services for inquiries, business meetings, buyer-seller meetings, business matching, simple information services, seminars and training for SMEs, including where appropriate outsourcing; and, - Explore possibilities for organisation of exhibitions and trade fairs in coming years. <p>Seven selected provincial CCIs:</p> <ul style="list-style-type: none"> - Advise on implementation of Action Plan for services to businesses; and, - Advise on attractive, easy to handle, income-generating non-technical services, e.g. office services, referral services for inquiries, business meetings, buyer-seller meetings, business matching, simple information services, seminars and training for SMEs, including where appropriate outsourcing; and, - Explore possibilities for organisation of exhibitions and trade fairs in coming years. 	<p>Contractual services (workshops), 6 x 1,000 = 6,000</p> <p>Miscellaneous expenses = 12,000</p> <p><u>Total Activity 3.2:</u> <i>US\$ 57,500</i></p> <p><u>Activity 3.3:</u></p> <p>STA (cost included in 5.1-5.2)</p> <p>International consultants, 2 w/m x 15,000 = 30,000</p> <p>Local consultants, 4 w/m x 2,000 = 8,000</p> <p>Local travel, 4 x 125 = 500</p> <p>DSA local consultants, 20 x 50 = 1,000</p> <p>Contractual services (workshops), 6 x 1,000 = 6,000</p> <p>Miscellaneous expenses = 12,000</p> <p><u>Total Activity 3.3:</u> <i>US\$ 57,500</i></p>
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<p>Total Output 3: US\$ 176,500</p>	<p>Five selected BAs:</p> <ul style="list-style-type: none"> - Advise on implementation of Action Plan for services to businesses; and, - Advise on attractive, easy to handle, income-generating non-technical services, e.g. office services, referral services for inquiries, business meetings, buyer-seller meetings, business matching, simple information services, seminars and training for SMEs, including where appropriate outsourcing; and, - Explore possibilities for organisation of exhibitions and trade fairs in coming years. <p>3.4 Advising on monitoring and evaluation of services to businesses</p> <p>LNCCI:</p> <ul style="list-style-type: none"> - Guidance in planning, implementing and evaluating the selected services in order to establish service fees and carrying out marketing of the selected services. <p>Seven selected provincial CCIs:</p> <ul style="list-style-type: none"> - Guidance in planning, implementing and evaluating the selected services in order to establish service fees and carrying out marketing of the selected services. <p>Five selected BAs:</p> <ul style="list-style-type: none"> - Guidance in planning, implementing and evaluating the selected services in order to establish service fees and carrying out marketing of the selected services. 	<p><u>Activity 3.4:</u> STA (cost included in 5.1-5.2) Miscellaneous expenses = 10,000</p> <p><u>Total Activity 3.4:</u> <i>US\$ 10,000</i></p>
<p>OUTPUT 4: Strengthened analytical and</p>	<p>4.1 Identification of specific issues affecting selected BMOs and businesses</p> <p>LNCCI:</p>	<p><u>Activity 4.1:</u> STA (cost included in 5.1- 5.2)</p>

<p>advocacy capabilities of selected CCIs and BAs and private-public dialogue mechanisms to address issues related to the business enabling environment</p>	<ul style="list-style-type: none"> - Advise on identification of priority advocacy issues, e.g. by surveys and informed group discussions; and, - Advise Boards on problems of informal advocacy, the need to ensure broad support by the business community and the need to appropriately articulate the advocacy issues. <p>Seven selected provincial CCIs:</p> <ul style="list-style-type: none"> - Advise on identification of priority advocacy issues, e.g. by surveys and informed group discussions; and, - Advise Boards on problems of informal advocacy, the need to ensure broad support by the business community and the need to appropriately articulate the advocacy issues. <p>Five selected BAs:</p> <ul style="list-style-type: none"> - Advise on identification of priority advocacy issues, e.g. by surveys and informed group discussions; and, - Advise Boards on problems of informal advocacy, the need to ensure broad support by the business community and the need to appropriately articulate the advocacy issues. <p>4.2 Assist in developing new approaches to strengthen analysis and advocacy capacities and coordination</p> <p>LNCCI:</p> <ul style="list-style-type: none"> - Guidance to move the advocacy towards a more systematic approach (see Annex 6) and proactive agenda with a clear strategy to be pursued and followed up; - Advise on selection of mechanisms for different advocacy issues and improvement of such mechanisms or establishment of new ones, as required; - Initiate and coordinate private sector comments on Government policies, draft laws, decrees and budgets; 	<p>International consultants, 2 w/m x 15,000 = 30,000</p> <p>Local consultants, 4 w/m x 2,000 = 8,000</p> <p>Local travel, 4 x 125 = 500</p> <p>DSA, local consultants, 20 x 50 = 1,000</p> <p>Contractual services for workshops, 6 x 1,000 = 6,000</p> <p>Miscellaneous, 6 x 1,000 = 6,000</p> <p><u>Total Activity 4.1:</u> <i>US\$ 51,500</i></p> <p><u>Activity 4.2:</u></p> <p>STA (cost included in 5.1-5.2)</p> <p>International consultants, 2 x 0.5 w/m x 15,000 = 15,000</p> <p>Local consultants, 2 w/m x 2,000 = 4,000</p> <p>Contractual services (workshop) = 2,000</p> <p><u>Total Activity 4.2:</u> <i>US\$ 21,000</i></p>
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	<ul style="list-style-type: none"> - Advise on development of a system of coordination and information sharing in respect of advocacy issues; and, - Organise a high level conference with Government and private sector representatives on the “Role of CCIs and BAs in Private Sector Development”, including also international resource speakers to “boost” the visibility and reputation of BMOs (to be repeated, also in provinces). <p>Seven selected provincial CCIs:</p> <ul style="list-style-type: none"> - Guidance to move the advocacy towards a more systematic approach (see Annex 6) proactive agenda with a clear strategy to be pursued and followed up; and, - Advise on selection of mechanisms for different advocacy issues and improvement of such mechanisms or establishment of new ones, as required. <p>Five selected BAs:</p> <ul style="list-style-type: none"> - Guidance to move the advocacy towards a more systematic approach (see Annex 6) and proactive agenda with a clear strategy to be pursued and followed up; and, - Advise on selection of mechanisms for different advocacy issues and improvement of such mechanisms or establishment of new ones, as required. <p>4.3 Advising on implementation of new approaches for issue analysis, review of options, consensus building, coordination and presentation to Government counterparts, and follow up</p> <p>LNCCI:</p> <ul style="list-style-type: none"> - Advise on practical research and articulation of issues underpinning the advocacy function and undertaking such research; - Advise on marketing/selling of advocacy issues; - Advise on implementation of a system of coordination and 	<p><u>Activity 4.3:</u></p> <p>STA (cost included in 5.1- 5.2)</p> <p>International consultants, 4 w/m x 15,000 = 60,000</p> <p>Local consultants, 8 w/m x 2,000 = 16,000</p> <p>Local travel, 20 x 125 = 2,500</p> <p>DSA, local consultants, 40 x 50 = 2,000</p>
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	<p>information sharing in respect of advocacy issues, including chamber bulletins, newspapers, website, etc.; and,</p> <ul style="list-style-type: none"> - Advise on preparations for advocacy in existing and forthcoming public-private consultation fora. <p>Seven selected provincial CCI:</p> <ul style="list-style-type: none"> - Advise on practical research and articulation of issues underpinning the advocacy function and undertaking such research; - Advise on marketing/selling of advocacy issues; - Advise on coordination and information sharing in respect of advocacy issues; and, - Advise on preparations for advocacy in existing and forthcoming public-private consultation fora. <p>Five selected BAs:</p> <ul style="list-style-type: none"> - Advise on practical research and articulation of issues underpinning the advocacy function and undertaking such research; - Advise on marketing/selling of advocacy issues; - Advise on coordination and information sharing in respect of advocacy issues; and, - Advise on preparations for advocacy in existing and forthcoming public-private consultation fora. <p>4.4 Training and institutionalisation of successfully implemented approaches for analysis, advocacy and dialogue</p> <p>LNCCI:</p> <ul style="list-style-type: none"> - Awareness raising regarding legitimate Government policies and positions regarding taxation, trade liberalisation, fair competition, regulations, etc.; - Training regarding negotiation skills and communication; - Other training (see Annex 4); - Advise on dissemination of “best practices” in other countries; 	<p>Contractual services for workshops, 12 x 1,000 = 12,000</p> <p>Miscellaneous, 12 x 1,000 = 12,000</p> <p><u>Total Activity 4.3:</u> <i>US\$ 104,500</i></p> <p><u>Activity 4.4:</u></p> <p>STA (cost included in 5.1-5.2)</p> <p>International consultants, 2 w/m x 15,000 = 30,000</p> <p>Local consultants, 4 w/m x 2,000 = 8,000</p> <p>Local travel, 4 x 125 = 500</p> <p>DSA, local consultants, 20 x 50 = 1,000</p>
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<p>Total Output 4: US\$ 228,500</p>	<ul style="list-style-type: none"> - Advise on dissemination of information on progress on advocacy issues to members and the public; and, - Advise on establishment of a well organised documentation centre which can also be used by members and the public. <p>Seven selected provincial CCIs:</p> <ul style="list-style-type: none"> - Awareness raising regarding legitimate Government policies and positions regarding taxation, trade liberalisation, fair competition, regulations, etc.; - Training regarding negotiation skills and communication; - Other training (see Annex 4); and, - Advise on dissemination of “best practices” in other countries. <p>Five selected BAs:</p> <ul style="list-style-type: none"> - Awareness raising regarding legitimate Government policies and positions regarding taxation, trade liberalisation, fair competition, regulations, etc.; - Training regarding negotiation skills and communication; - Other training (see Annex 4); and, - Advise on dissemination of “best practices” in other countries. 	<p>Contractual services for workshops, 6 x 1,000 = 6,000</p> <p>Miscellaneous, 6 x 1,000 = 6,000</p> <p><u>Total Activity 4.4:</u> US\$ 51,500</p>
<p>OUTPUT 5:</p> <p>Project management and technical services pertaining to outputs 1-4 delivered</p> <p>NOTE: UNDP reporting/recording requirements, in particular its newly introduced ATLAS budgeting/accounting system, result in a need</p>	<p>5.1 Management of planning, budgeting, implementation and reporting on all Outputs</p> <ul style="list-style-type: none"> - Preparation of annual and quarterly plans and budgets; - Monitoring and ensuring smooth implementation; - Preparation of job descriptions for support staff and recruitment of such staff; - Procurement of vehicles and equipment (for the PMU 4 pcs, 1 laptop, 2 printers, 1 scanner, LAN, 1 LCD, 1 overhead projector, copying machine, 1 fax, 5 mobile phones, Internet subscription, cabinets, furniture, 1 vehicle, 2 motorbikes, miscellaneous); and, - Preparation of annual and quarterly reports. 	<p><u>Activity 5.1:</u></p> <p>STA, 25% of 36 w/m x 15,000 = 135,000 NP staff (admin. ass. and translator), 2 x 36 w/m x 500 = 36,000 GS staff (secretary and driver), 2 x 36 w/m x 600 = 43,200 Local travel, 40 x 125 = 5,000 DSA, international staff, 60 x 50 = 3,000 DSA, local staff, 80 x 50 = 4,000 Communications (incl. Internet subscription) = 36 x 200 = 7,200 Maintenance, operation, rental transport equipment, 36 x 400 = 14,400 Office supplies, 36 x 200 = 7,200 Miscellaneous expenses, 36 x 400 = 14,400</p>

<p>to consolidate project management-related inputs/activities as well as activities common to all outputs as a separate output, rather than through a breakdown by individual outputs. The bulk of Output 5-related expense is attributable to the STA (US\$ 540,000) who, in turn, is expected to spend 25% of his/her time on project management issues, while 75% will be geared towards substantive advisory services for outputs 1-4.</p> <p>Total Output 5: US\$ 749,400</p>	<p>5.2 Providing advisory services and training (mainly on-the-job training)</p> <ul style="list-style-type: none"> - Networking, sensitisation meetings and workshops; - Independently undertaking studies, advisory services and training within the specialised competence of the STA; and, - Participation in most activities under Outputs 1-4. <p>5.3 Fourpartite Review Meetings, monitoring and evaluation missions</p> <ul style="list-style-type: none"> - 9 monitoring missions by UNIDO; - Annual Fourpartite Review Meetings; and, - Evaluation Mission Year 3 	<p><u>Total Activity 5.1:</u> <i>US\$ 269,400</i></p> <p><u>Activity 5.2:</u></p> <p>STA, 75% of 36 w/m x 15,000 = 405,000</p> <p><u>Total Activity 5.2:</u> <i>US\$ 405,000</i></p> <p><u>Activity 5.3:</u></p> <p>International travel, 3 x 3 x 5,000 = 45,000</p> <p>International consultants, 2 w/m x 15,000 = 30,000</p> <p><u>Total Activity 5.3:</u> <i>US\$ 75,000</i></p>
<p>TOTAL YEAR 2-4: US\$ 1,672,900</p>		

ANNEX 11, CONT'D: Cost Break Down According to Major Budget Lines (Years 2-4)

(in \$US)

61100	Salary cost NP, 72 w/m x 500	36,000
61200	Salary cost GS, 72 w/m x 600	43,200
61300	Salary cost IP (STA), 36 w/m x 15,000	540,000
71200	International short term consultants, 27 w/m x 15,000	405,000
71300	Local consultants and seconded staff, 320 w/m	271,000
71605	International travel (study tours, UNIDO missions)	75,000
71610	Local travel (air tickets)	15,000
71615	DSA, international staff	3,000
71620	DSA, local staff	15,500
72100	Contractual services (53 workshops/seminars, 2 websites)	72,000
72200	Equipment (vehicles) and furniture	10,000
72400	Communications (telecosts, Internet)	35,200
72500	Supplies (stationery, publications)	7,200
72800	InfoTech equipment (computers, printers, etc.)	20,000
73400	Maintenance, operation, rental transport equipment	14,400
74500	Miscellaneous expenses	<u>110,400</u>
	Total	1,672,900

ANNEX 12: Total Budget (US\$)

<i>Outputs/Activities</i>	Year 1	Year 2-4	Total
Output 1:			
Activity 1.1	50,000	0	50,000
Activity 1.2	50,000	150,000	200,000
Total Output 1	100,000	150,000	250,000
Output 2:			
Activity 2.1	31,000	26,000	57,000
Activity 2.2	69,125	149,500	218,625
Activity 2.3	27,900	135,000	162,900
Activity 2.4	38,000	58,000	96,000
Total Output 2	166,025	368,500	534,525
Output 3:			
Activity 3.1	26,000	51,500	77,500
Activity 3.2	22,750	57,500	80,250
Activity 3.3	22,750	57,500	80,250
Activity 3.4	0	10,000	10,000
Total Output 3	71,500	176,500	248,000
Output 4:			
Activity 4.1	0	51,500	51,500
Activity 4.2	21,000	21,000	42,000
Activity 4.3	0	104,500	104,500
Activity 4.4	0	51,500	51,500
Total Output 4	21,000	228,500	249,500
Output 5:			
Activity 5.1	144,650	269,400	414,050
Activity 5.2	135,000	405,000	540,000
Activity 5.3	15,000	75,000	90,000
Total Output 5	294,650	749,400	1,044,050
GRAND TOTAL	653,175	1,672,900	2,326,075

Footnote: The budget doesn't include any contingency for inflation or any Agency overheads.

ANNEX 13: Indicative Time Schedule for Project Activities

Output and Activities	Year 1	Year 2	Year 3	Year 4
<u>Output 1: Policy research</u>				
1.1 Undertaking reviews of existing research	—————			
1.2 Undertaking gap-filling research	—————	
<u>Output 2: Strengthened management/capacity</u>				
2.1 Preparing plans for improved management/capacity	—————		
2.2 Facilitating implementation of plans		—————
2.3 Secondment of staff to selected BMOs	—————	—————	—————	—————
2.4 Provision of equipment and Internet	—————			
<u>Output 3: Strengthened services to businesses</u>				
3.1 Advising on needs assessment		—————		
3.2 Conducting staff training		—————
3.3 Advising on implementation of service activities		—————	—————	—————
3.4 Advising on monitoring and evaluation		—————		
<u>Output 4: Strengthened analytical/advocacy capacity</u>				
4.1 Identification of specific issues for advocacy	—————
4.2 Development of new approaches for advocacy		—————
4.3 Implementation of new approaches/practical research		—————
4.4 Training and institutionalisation of new approaches		—————
<u>Output 5: Project management and substantive advisory services pertaining to outputs 1-4</u>				
5.1 Management, planning, implementation, etc. (STA)	—————	—————	—————	—————
5.2 Substantive advisory and training services, STA 75%	—————	—————	—————	—————
5.3 Tripartite Meetings, monitoring/evaluation missions	—	—	—	—

Legend: ————— denotes intense activities
 denotes less intense activities

ANNEX 14:**JOB DESCRIPTION (draft)**

(Post No....)

- Post title:** Senior Technical Advisor (STA)
- Reports to:** The highest level of project management, viz. the Tripartite Review Meeting set-up or equivalent
- Duration:** One year renewable, with possible extensions up to four years
- Duty station:** Vientiane Capital
- Counterpart:** LNCCI and indirectly selected provincial CCIs and Business Associations
- Responsibilities:** Responsible for overall operational management of the project
- Main duties:**
- preparation of annual and semi-annual plans and budgets as well as preparation of annual and semi-annual reports on activities and expenditures;
 - management, coordination and monitoring of all project inputs;
 - procurement of equipment, recruitment of support staff, organisation of study tours, preparation of terms of reference for international and local consultants and recruitment of local consultants;
 - advising on research activities;
 - advising on SWOT analyses and the preparation of action plans;
 - facilitating implementation of action plans through training and advisory services;
 - advising on needs assessment in respect of business services;
 - training and advisory services related to business services;
 - advising on identification of issues affecting BMOs and businesses, development and implementation of new approaches to strengthen analysis and advocacy, including coordination of advocacy;
 - training and institutionalisation of successfully implemented approaches for analysis, advocacy and dialogue;
 - liaising and coordinating with other donor technical assistance projects; and,
 - any other activities , as required, to achieve the project outcome and outputs
- Qualifications:**
- academic degree in economics, business administration or equivalent;
 - at least 15 years of successful experience from business, in particular BMOs, in several different countries, preferably in South East Asia/Lao PDR;
 - fluency in English, knowledge of Lao language a distinct advantage; and,
 - excellent managerial skills; excellent communication skills; business oriented mind; deep understanding of the needs of the business sector; and, deep understanding of appropriate Government policies

ANNEX 15:**JOB DESCRIPTION (draft)**

- Post title:** LNCCI Business Development Director
- (Depending in future organization, staffing and terminology as well as the decision of the LNCCI Board, the post title may be Director, Deputy Chief Executive Officer, Chief Executive Officer, or equivalent)
- Reports to:** Secretary-General or the LNCCI Board, depending of the position of the post
- Financing:** Funded by the project, Year 1: 100%; Year 2: 75%; Year 3: 50%; Year 4: 25%. (balancing financing provided by LNCCI).
- Duration:** Time bound contracts for one year at a time
- Duty station:** Vientiane Capital
- Responsibilities:** Responsibilities and authority will depend on the position of the post within LNCCI
- Main duties:**
- management of staff, operations and finance within the scope of the post responsibilities;
 - development of planning, management, organisation, procedures and general capacity of LNCCI;
 - development of staff capacity;
 - increasing revenues;
 - increasing membership;
 - increasing range of services and quality of services;
 - improving quality, coordination and impact of advocacy vis-à-vis the Government;
 - supporting provincial CCIs and Business Associations in their endeavours to strengthen their capacities;
 - improving coordination with provincial CCIs and Business Associations;
 - liaising with and coordinating donor technical assistance projects; and,
 - any other duties as assigned by the Secretary General/Board
- Qualifications:**
- Lao nationality;
 - Academic degree in economics, business administration or equivalent;
 - At least 10 years of successful experience from business;
 - Fluency in English; and,
 - Business oriented mind; excellent managerial skills; excellent communication skills; deep understanding of the needs of the business sector; and, deep understanding of appropriate Government policies

ANNEX 16:**JOB DESCRIPTION (draft)**

Post title:	Provincial CCI Business Development Officer
Reports to:	The Board of the Provincial Chamber of Commerce and Industry
Financing:	Funded by the project, Year 1: 100%; Year 2: 75%; Year 3: 50%; Year 4: 25%. (balancing financing provided by the Provincial CCI)
Duration:	Time bound contracts for one year at a time
Duty station:	The relevant provincial capital
Responsibilities:	Responsible for the overall operation of the provincial CCI secretariat
Main duties:	<ul style="list-style-type: none">- management of staff, operations and finance according to guidelines by the Board;- development of planning, management, organisation, procedures and general capacity of the provincial CCI;- preparation of annual and quarterly action plans and budgets as well as annual and quarterly reports on activities;- development of staff capacity;- increasing revenues;- increasing membership;- increasing range of services and quality of services;- improving quality, coordination and impact of advocacy vis-à-vis the Government;- supporting provincial CCIs and Business Associations in neighbouring provinces in their endeavours to strengthen their capacities;- coordinate activities with LNCCI, other provincial CCIs and Business Associations; and,- any other duties as assigned by the Board
Qualifications:	<ul style="list-style-type: none">- Lao nationality;- academic or advanced degree in economics, business administration or equivalent;- at least 10 years of successful experience from business;- fluency in English; and,- business oriented mind; excellent managerial skills; excellent communication skills; deep understanding of the needs of the business sector in the province; and, deep understanding of appropriate Government policies

ANNEX 17:

JOB DESCRIPTION (draft)

- Post title:** Business Development Officer attached to Business Association
- Reports to:** The Head of the secretariat or the Board of the relevant Business Association depending on the existing staffing arrangements at the relevant Business Association
- Financing:** Funded by the project, Year 1: 100%; Year 2: 75%; Year 3: 50%; Year 4: 25%. (balancing financing provided by the relevant Business Association)
- Duration:** Time bound contracts for one year at a time
- Duty station:** At the location of the Board of the relevant Business Association
- Responsibilities:** Responsible depending on the exact position of the post
- Main duties:**
- management of staff, operations and finance associated with the post;
 - development of planning, management, organisation, procedures and general capacity of the relevant Business Association;
 - preparation of annual and quarterly action plans and budgets as well as annual and quarterly reports on activities;
 - development of staff capacity;
 - increasing revenues;
 - increasing membership;
 - increasing range of services and quality of services;
 - improving quality, coordination and impact of advocacy vis-à-vis the Government;
 - coordinate activities with LNCCI, provincial CCIs and other Business Associations; and,
 - any other duties as assigned by the Head of the secretariat or the Board
- Qualifications:**
- Lao nationality;
 - academic or advanced degree in economics, business administration or equivalent;
 - at least 10 years of successful experience from business;
 - fluency in English; and
 - business oriented mind; excellent managerial skills; excellent communication skills; deep understanding of the needs of the concerned business sector; and, deep understanding of appropriate Government policies

ANNEX 18: Abbreviations and Acronyms

ADB	Asian Development Bank
AFTA	Association of South-East Asian Nations Free Trade Area
ASEAN	Association of South-East Asian Nations
BA	Business Association
BDS	Business development service
BMO	Business member organisation
CCI	Chamber of commerce and industry
CPI	Committee for Planning and Investment
CO	Certificate of origin
DDFI	Department for Promotion and Management of Domestic and Foreign Investment
DIC	Department for International Cooperation
DSA	Daily Subsistence Allowance
EU	European Union
GS	General Services
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit GmbH
ID	Identification
ILO	International Labour Organization
IP	International Personnel
IT	Information Technology
ITC	International Trade Centre
JICA	Japan International Cooperation Agency
LNCCI	Lao National Chamber of Commerce and Industry
MIH	Ministry of Industry and Handicrafts
MOFA	Ministry of Foreign Affairs
MOU	Memorandum of Understanding
MPDF	Mekong Private Sector Development Facility
MYFF	Multi-Year Funding Framework
NBDD	National Business Development Director
NBDO	National Business Development Officer
NERI	National Economic Research Institute
NGPES	National Growth and Poverty Eradication Strategy
NP	National Programme Staff
PDR	People's Democratic Republic
PM	Prime Minister
SBAA	Standard Basic Assistance Agreement
SME	Small and medium-sized enterprise
STA	Senior Technical Advisor
SMEPDC	Small and medium-sized enterprise Promotion and Development Committee
SMEPDO	Small and medium-sized enterprise Promotion and Development Office
SNV	Cooperation Agency of the Netherlands
SWOT	Strengths, Weaknesses, Opportunities, Threats
TA	Technical Assistance
TOR	Terms of Reference
UN	United Nations
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Fund
UNIDO	United Nations Industrial Development Organization
US	United States
WTO	World Trade Organization

ANNEX 19: Assessment of LNCCI's Capacity for Program and Project Management

For the purpose of designing appropriate management arrangements for the present project, an assessment of LNCCI was carried out based on the guidelines provided in the UNDP Programming Manual, January 2005, Annex 6A "Capacity for Programme and Project Management: Key Considerations".

The capacity assessment is made in light of the capacities needed by LNCCI to carry out its responsibilities and duties. The relevant responsibilities and duties would depend on what functions LNCCI would assume under the management arrangements of the project. Five options requiring different capacities of LNCCI were identified and are outlined below.

The first option under consideration has been that LNCCI would execute the project under the NGO execution modality as defined in Chapter 6.2.4 of the UNDP Programming Manual as the designated institution or "Implementing partner" (new UNDP terminology, used on the signature page of the UNDP new standard project document format and only defined there as "designated institution/formerly executing entity"; with this reference, it is assumed that the responsibilities and duties would be the same as for the "designated institution" as defined in Chapter 6 of the UNDP Programming Manual). The project document would be signed by MOFA as the Government coordinating authority, LNCCI and UNDP.

The second option under consideration has been that the project would be executed under the National Execution modality as defined in Chapter 6.2.2 of the UNDP Programming Manual with CPI as the designated institution or "Implementing partner". Under this option LNCCI is assumed to be a "Responsible party" (new UNDP terminology, used on the signature page of the UNDP new standard project document format and only defined there as "formerly implementing entities"; "responsible party" and "implementing entities" are not defined in the UNDP Programming Manual). It is assumed that the responsibilities and duties of the "Responsible party" would consist of most responsibilities and duties of the designated institution ("Implementing partner") in respect of Outputs 2-5 delegated to it by the designated institution, except for the *overall* responsibility for project execution (the extent of delegation can vary, which also means that responsibilities and duties of the "Responsible party" can vary from project to project). The project document would be signed by MOFA as the Government coordinating authority, CPI and UNDP.

The third option would be that UNIDO would execute the project under the Agency execution modality as defined in Chapter 6.2.3 of the UNDP Programming Manual. Thus, in this option UNIDO would be the "Implementing partner". LNCCI would "participate as a partner, by providing inputs in kind and by carrying out activities as specified in the project document and work plan" (the UNDP Programming Manual, Chapter 6.2.3, Article 5, refers). LNCCI would also take part in monitoring the progress towards achieving results. In this option LNCCI would primarily act as a "counterpart agency" or a "cooperating partner" (neither concept is defined in the UNDP Programming Manual) as well as the main recipient and target beneficiary for the project. Whether the term "Responsible party" could be used also for this function is unclear. The project document would be signed by MOFA as the Government coordinating authority, UNIDO and UNDP.

The fourth option would be that CPI would be the designated institution ("Implementing partner"), but in this option it is assumed that CPI would delegate most of the responsibilities and duties, except for the *overall* responsibility for project execution, to UNIDO in respect of Outputs 2-5 by an agreement with UNIDO in the form of a Letter of Agreement as per the standard format included in Annex 6B of the UNDP Programming Manual. In this option, the responsibilities and duties of LNCCI would be practically the same as in the third option outlined above. UNIDO/LNCCI could be named as "Responsible parties", in which case the Letter of Agreement would define the responsibilities and duties of UNIDO, and LNCCI would assume the remaining responsibilities and duties regarding Outputs 2-5 (the instructions for completing the signature page of the new UNDP standard project document makes a provision to name two entities with a "/" in between as "Responsible parties" – although not defined). The project document would be signed by MOFA as the Government

coordinating authority, CPI and UNDP. In parallel, a Letter of Agreement would be signed by CPI and UNIDO.

The fifth option would be the same as the first option, viz. NGO execution with LNCCI as the designated institution (“Implementing partner”), but in this option LNCCI would enter into an agreement with UNIDO in the form of a Letter of Agreement as per the standard format included in Annex 6B of the UNDP Programming Manual. In this option, LNCCI would retain the *overall* responsibility for project execution, but most responsibilities and duties would be delegated to UNIDO by the Letter of Agreement. LNCCI would also carry out the “counterpart” duties as outlined in the third and fourth option above. The project document would be signed by MOFA as the Government coordinating authority, LNCCI and UNDP. In parallel, a Letter of Agreement would be signed by LNCCI and UNIDO.

The mere fact that the present project has been designed with LNCCI as a prime beneficiary of the project implies an acceptance that LNCCI has the requisite capacity to act as a “counterpart” and recipient/beneficiary of the project as outlined in the third and fourth options above. The critical part of the assessment is therefore whether LNCCI can assume responsibilities and duties as outlined in the first, second and fifth options. The assessment below should therefore be seen in this perspective.

In line with Annex 6A of the UNDP Programming Manual, the assessment of capacity is carried out in five dimension, viz. (i) institutional stability (added); (ii) technical capacity; (iii) managerial capacity; (iv) administrative capacity; and (v) financial management capacity.

(i) Institutional stability

LNCCI was established in 1989 as part of the national Government, operating under the Ministry of Commerce. In 2003, a Prime Minister’s Decree (No. 125/PM, 24 July 2003) re-established LNCCI as an independent association with its own Articles of Association and its own budget. In April 2005, the financing of 10 staff members seconded from the Ministry of Commerce ceased. LNCCI itself expects that it will be able to maintain the number of current staff with funds of its own.

According to the Articles of Association, there are 15 members of the Board elected by the members. A General Conference to elect a new Board is scheduled for sometime shortly after June 2005. LNCCI maintains broad support and recognition by the private sector and the donor community. It is also an organization that is legally endorsed by the Government by the above mentioned Prime Minister’s Decree.

LNCCI’s existence is assessed not to be in question and therefore an important precondition is met for the organization to receive a project for the four year project duration as well as sustaining the achievements of the project beyond its duration.

(ii) Technical capacity

In comparison with other developing countries, LNCCI and its associated provincial CCIs and BAs are not very well developed as judged by the range of services it provides and the magnitude of revenues it generates. These are indicators of weak institutional knowledge of substantive technical issues involved in developing the operations of LNCCI and is, furthermore, the very justification for the present project. LNCCI is, however, assessed to have the capacity to undertake regular programme and project visits as well as maintain regular consultations with beneficiaries.

(iii) Managerial capacity

The management of LNCCI consists of its Board and its Secretary General. Many individuals of the management have prominent business and managerial competencies and are successful business people themselves. However, their main focus is understandingly directed towards their own

businesses. Also, the Board members are providing their services free of charge and can only work for LNCCI as much as their own businesses and time allow. The Secretary General alone can only carry out a fraction of all the tasks that are of managerial nature. The pattern has emerged that managerial duties are carried out on an ad hoc basis by individuals that happen to have time available when a particular need arises. The consequence of this system is that there is little coherence in the management, and the situation is aggravated by the fact that available capacities vary from time to time.

Under these circumstances, LNCCI must be considered to suffer from very weak *institutional* managerial capacity, a capacity that is needed to pursue a consistent and goal oriented development of the organization. The management has capacity only for a reactive type of management but not adequately for a forward oriented type of management with strong capacity to plan, develop, monitor and coordinate activities. LNCCI's capacity to effectively and efficiently execute a major technical assistance must therefore be considered as limited.

(iv) Administrative capacity

The administrative and finance section of LNCCI consists of 3-4 persons with low education and very limited or no knowledge of English language. In connection with previous and ongoing donor funded technical assistance projects, LNCCI has managed to successfully organize technical arrangements for meetings, seminars, workshops and the like. It has also been entrusted to carry out "petty cash" payments in connection with such events.

LNCCI on occasion carries out procurement of goods, such as computers. Quotations are called for, compared and the best offer is selected. There are, however, no written guidelines or standard contracts that are used. LNCCI can enter into contracts, but major purchases are referred to the Board or its Executive Committee for decision-making.

LNCCI has no experience in recruiting international or national consultants.

Donor technical assistance projects involving LNCCI have always been executed by the international agency involved (ITC, Sheffield Chamber of Commerce, Versailles Chamber of Commerce, etc.), even though logistical support has been provided by LNCCI.

(v) Financial management capacity

As mentioned above, the administrative and finance section of LNCCI consists of 3-4 persons with low education and limited or no knowledge of English language. The work carried out in the financial field is to effectuate payments under strict control, maintain the petty cash fund and to prepare simple manual accounting. There is currently no computerized accounting or financial management system, although there are plans to introduce some computerized system in the future. The financial transactions dealt with during one year amount to the size order of US\$ 40-60,000 Kip equivalent. A bank account is used and external auditors are used to verify the accounts.

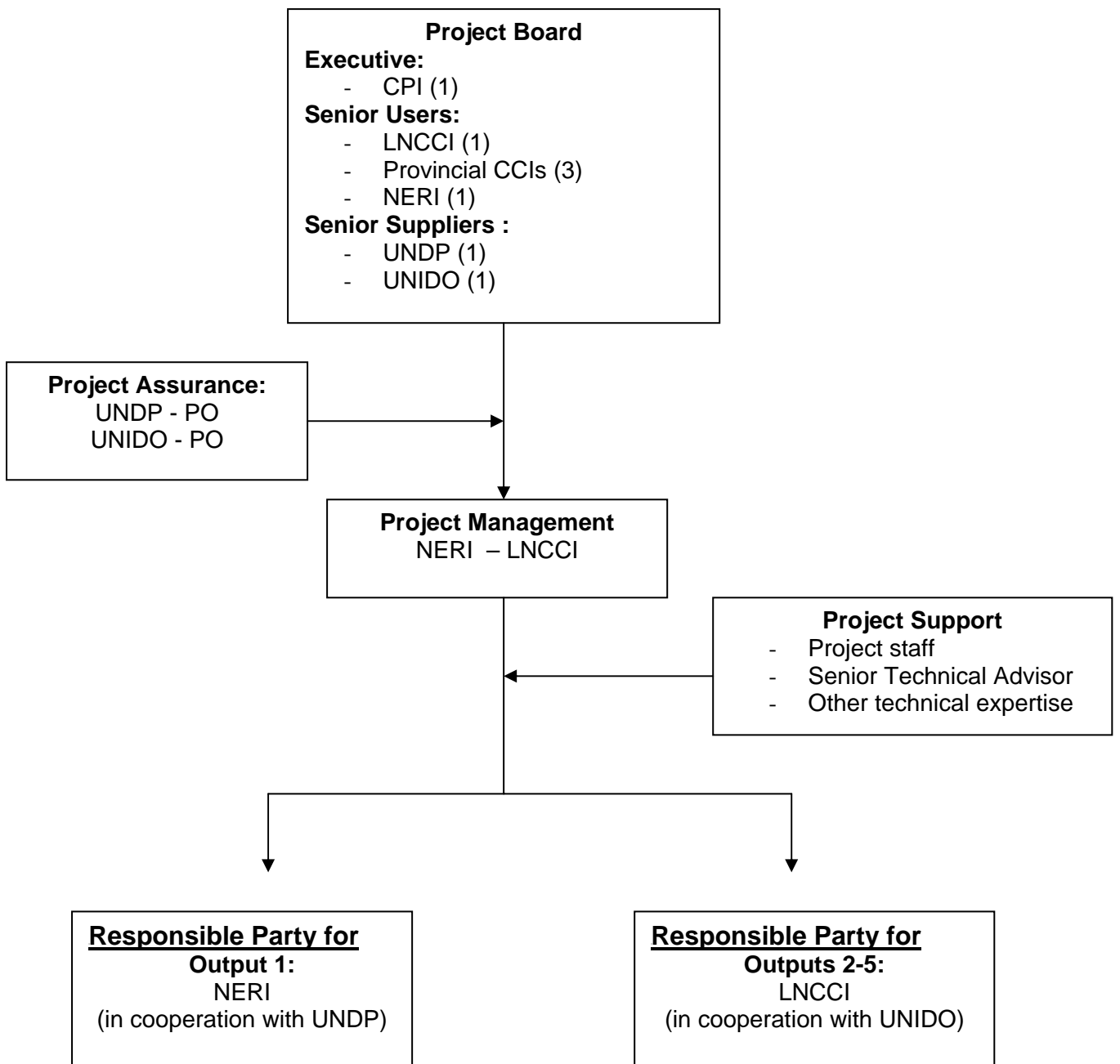
The financial management requirements of a project with an annual magnitude of expenditures in the size order of US\$ 500,000 that has to be rigorously managed according to UNDP financial rules would require significant capacities to produce programme and project budgets; ensure physical security of advances and records; disburse funds in a timely and effective manner; and ensure financial recording and reporting. All this is definitely beyond the present capacity of LNCCI, and LNCCI would not be able to recruit additional staff just to carry out administration and financial management of a technical assistance project.

Summary assessment and conclusion

When summarizing the assessment of LNCCI along the above mentioned five dimensions of capacities, the conclusion is that LNCCI would not be in a position to assume the responsibilities and duties of an “Implementing partner”, nor would it be capable to deal with such responsibilities delegated to it by another “Implementing partner”. This conclusion thus rules out the above outlined first, second and fifth option regarding management arrangements for the project, viz. the two NGO execution options and the option whereby CPI as “Implementing partner” would delegate most of its responsibilities and duties to LNCCI.

However, the proven satisfactory track record of LNCCI as a recipient of technical assistance and counterpart agency/cooperating partner for several donor technical assistance projects (ILO, ITC, Sheffield Chamber of Commerce, Versailles Chamber of Commerce, etc.) indicates that it has the requisite capacity to be involved in the project under either of the two management arrangements as outlined in the above mentioned third and fourth option, viz. with UNIDO as “Implementing partner” or CPI as “Implementing partner” with a parallel Letter of Agreement signed by CPI and UNIDO on UNIDO rendering the services under Outputs 2-5.

ANNEX 20: Management Arrangements - Graph



ANNEX 21: Standard Letter of Agreement between CPI and UNIDO

Mr. Kandeh Yumkella
Director General
United Nations Industrial Development Organization
P.O.Box 300
A-1400 Vienna
Austria

Dear Mr. Yumkella,

1. Reference is made to consultations between officials of the Committee for Planning and Investment (CPI), Lao PDR (hereinafter referred to as "*the designated institution*"), with respect to the participation of the United Nations Industrial Development Organization (UNIDO) in the UNDP support to project) "Promoting Private Sector Development through Strengthening of Lao Chambers of Commerce and Industry and Business Associations", to be managed by the Government. The latter shall be represented for the purpose of such management by the designated institution; Committee for Planning and Investment (CPI), Lao PDR.

2. The designated institution recognizes that UNIDO enjoys privileges and immunities under the Convention on the Privileges and Immunities of the United Nations, to which the Government of Lao PDR became a signatory on 24 November 1956.

3. In accordance with the programme support document or project document and with the following terms and conditions, we confirm our acceptance of the services to be provided by the United Nations agency towards this programme or project. Close consultations will be held between the UNIDO and the designated institution on all aspects of the services to be rendered as described in the project document (Outputs 2-5).

4. UNIDO shall provide the services and facilities as described in the project document (Outputs 2-5), limited to funds actually received.

5. The designated institution shall retain overall responsibility for the UNDP support to the project and shall designate a project co-ordinator entitled National Project Director.

6. The personnel assigned by the UNIDO to the project, and under contract with UNIDO shall work under the supervision of the project co-ordinator. The supervisory arrangements shall be determined in mutual consultation and described in the relevant terms of reference of the personnel. This personnel shall remain accountable to UNIDO for the manner in which assigned functions are discharged.

7. In the event of disagreement between the project co-ordinator and the project personnel of UNIDO, the project co-ordinator shall refer the matter under dispute to UNIDO for the purpose of finding a satisfactory solution. In the interim, the decisions of the project co-ordinator shall prevail.

8. Upon signature of this letter of agreement and pursuant to the budget of the project document and the work plan, the designated institution agrees that UNDP headquarters will advance funds to UNIDO, according to the schedule of payment specified in the budget.

9. UNIDO shall submit a cumulative statement of expenditure each quarter (31 March, through 30 June, 30 September and 31 December). The statement will be submitted to the designated institution through the UNDP resident representative within 30 days following those dated. The designated institution will include the expenditure reported by UNIDO in the financial report.

10. UNIDO shall recast and rephrase the schedule of services and facilities described in the project document (Outputs 2-5), as necessary, when submitting the statement of expenditure to the designated institution. UNIDO may incur expenditures that exceed its assigned annual budget by four percent or by US\$20,000.00, whichever is higher, in order to cover differences between actual and pro-forma

costs. The designated institution shall adjust its financial records and confirm the revision submitted by UNIDO.

11. UNIDO shall submit such reports relating to the project as may reasonably be required by the project co-ordinator in the exercise of his or her duties.

12. UNIDO shall provide the designated institution with an annual report of non-expendable equipment purchased by UNIDO for the project. The report shall be submitted within 30 days following 31 December, and shall be included by the Government designated institution in the main inventory for the project.

13. UNIDO shall submit job descriptions and candidates for the posts foreseen in the project document and obtain clearance of the Government designated institution for the personnel to be assigned to the project.

14. Any changes to the project document which would affect the work being performed by UNIDO in accordance with the project document shall be recommended only after consultation with UNIDO. Any changes to these arrangements shall be effected by mutual agreement through an amendment to this letter of agreement.

15. The arrangements described in this agreement will remain in effect until the end of the project, or the completion of activities of UNIDO according to the project document, or until terminated in writing by either party. The schedule of payments specified in the project document remains in effect based on continued performance by UNIDO unless UNDP receives written indication to the contrary by the designated institution.

16. For any matter not specifically covered by this agreement, the appropriate provisions of the project document and revisions thereof and the appropriate provisions of the financial regulations and rules of UNIDO shall apply.

17. All further correspondence regarding this agreement, other than signed letters of agreement or amendment thereof should be addressed to Committee for Planning and Investment (CPI), Luang Prabang Road, Vientiane Capital 01001, Lao PDR.

18. The designated institution and UNIDO shall keep the UNDP Resident Representative fully informed of all actions undertaken by them in carrying out this agreement.

19. Except as provided in paragraph 6 above, any dispute between the designated institution and UNIDO arising out of or relating to this letter which is not settled by negotiation or other agreed mode of settlement, shall, at the request of either party, be submitted to a Tribunal of three arbitrators. Each party shall appoint one arbitrator, and the two arbitrators so appointed a third arbitrator, who shall be a chairperson of the Tribunal. If, within 15 days of the appointment of two arbitrators, the third arbitrator has not been appointed, either party may request the President of the International Court of Justice to appoint the arbitrator referred to. The Tribunal shall determine its own procedures, provided that any two arbitrators shall constitute a quorum for all purposes, and all decisions shall require the agreement of any two arbitrators. The expenses of the Tribunal shall be borne by the Parties as assessed by the Tribunal. The arbitral award shall contain a statement of the reasons on which it is based and shall be final and binding on the parties.

20. The designated institution shall handle and be responsible for any third-party claim or dispute arising from operations under this agreement against UNDP or UNIDO, their officials or other persons performing services on their behalf, and shall hold them harmless in respect of such claims or disputes. The foregoing provision shall not apply where the parties agree that a claim or dispute arise from the gross negligence or willful misconduct of the above-mentioned individuals.

If you are in agreement with the provisions set forth above, please sign and return to this office two copies of this letter. Your acceptance shall thereby constitute the basis for your organisation's participation in the project.

Yours sincerely,

Committee for Planning and Investment

.....
[Name and title]

.....
[Date]

Signed on behalf of UNIDO

.....
[Name and title]

.....
[Date]