



Empowered lives
Resilient nations

Project Title: Brand Lao - for Better Livelihoods.

Project Number: 00101680

Implementing Partner: Lao National Chamber of Commerce & Industry

Start Date: 1 September 2017

End Date: 31 August 2018

PAC Meeting date: 4 September 2017



Brief Description

Economic growth in Lao PDR has been strong for several years in a row. This impressive result has been primarily driven by the non-agricultural sector through export of natural resources, either minerals extracted or energy produced via hydro power. However, it has, unfortunately, not resulted in much employment/ livelihood creation. The agricultural sector still employs approximately 70 per cent of the population, but it is a sector characterized by low productivity and high vulnerability. As a result, it has been difficult to lift people out of poverty and reduce the gap between rich and poor. This has made the attainment of graduation from Least Developed Country (LDC) status and achieving the Sustainable Development Goals (SDGs), an uphill challenge. Without specific interventions capable of ensuring an inclusive growth and particularly one that creates new livelihood and employment opportunities, it will undoubtedly remain an overwhelming challenge.

Many assessments have assumed that Laos can prosper through a *comparative* advantage, whereby it produces cheaply for regional markets and manufacturers. This project however will use special techniques to identify '*competitive* advantages' from the point of view of the international consumer. It will identify such marketing-based '*competitive* advantages' for Laos overall and for individual niche products - with the additional aim to ensure that the producer, for example a farmer, benefits directly from the export. The overall Lao competitive advantage can be one that appeals strongly to the '*ethical consumer*' – a large group of international consumers who pay higher prices in return for various assurances and product benefits, including ethical guarantees and natural/ organic products. Although it will build on previous studies, this project will invoke a new analysis and approach to poverty reduction in Lao PDR.

Several Lao products will be helped to capitalise on this overall Lao competitive advantage through their superior characteristics to other products in the eyes of international consumers. Several products (possibilities could include tea, rice, coffee, tourism, spices, pepper, fruit, wooden furniture, silk and clothing - among others) are being considered and will be assessed further for how to develop their international appeal to the fullest extent. With the most appropriate product development, existing or new branding and a specialised sales structure, producers and enterprises will market those products to international consumers at premium prices and with much higher profit margins. All of it will be marketed under the 'Lao brand', an exceptional presentation featuring and also reinforcing the unique Lao culture with a credible, sustainable and ethical appeal to wealthy but ethically-minded consumers - in Asia, Europe and elsewhere in advanced economies. The 'Lao brand' will guarantee enhanced incomes all the way down the chain; that is an intrinsic part of the plan.

The target objective is the creation of a launching pad for several brands that will bring inclusive prosperity and development through premium sales. To achieve this the project will be implemented by and in a close collaboration with the Lao National Chamber of Commerce & Industry (LNCCI), with the endorsement of the Government of Lao PDR. Hence, this project will build a sustainable foundation upon which larger scale and/or various interventions can support the priorities identified in the Government of Lao PDR – UNDP Country Programme Document, as well as help with successful implementation of the 8th National Socio-Economic Development Plan (NSED) 2016-2020, the aspiration to graduate from the status of a Least Developed Country (LDC) and eventually ensure progress on the Sustainable Development Goals (SDGs).

Contributing Outcome: <i>UNDP CPD and UNPF Outcome 1: All women and men have increased opportunities for decent livelihoods and jobs.</i> <i>UNDP STRATEGIC PLAN OUTCOME 1: Growth and development are inclusive and sustainable, incorporating productive capacities that create employment and livelihoods for the poor and excluded.</i>	Total resources budgeted:	US\$ 490 000	
	Total resources allocated:	UNDP (Regional Pipeline Development Fund):	US\$ 200 000
		Donor:	
Unfunded:	US\$ 290 000		

Agreed by (signatures):

UNDP		Lao National Chamber of Commerce & Industry	
Print Name:	Balasubramaniam Murali Resident Representative a.i.	Print Name:	Oudet SOUVANAVONG
Date:		Date:	



I. DEVELOPMENT CHALLENGE

The Government of Lao PDR has set the goal of graduation from LDC status by 2020. It has identified outcomes that could be achieved much faster if they were linked to the raising of incomes – at every stage of the value chain. Greater prosperity at every stage of the complete value chain is the objective of the plan that this proposal contains. It will expand employment and create substantial numbers of livelihoods – and the other outcomes crucial to graduation that it will accelerate will include, for example, education, health, reversing deforestation, sustainable land use, women’s empowerment.

This plan will therefore help Lao PDR progress faster in meeting the two further targets (other than the GDP growth rate) required for LDC graduation.

Such an integrated set of outcomes requires a comprehensive solution. This scheme provides that. It will improve revenues substantially for the country/ economy (from “ethical” branded exports), and create a structure to ensure that the resulting prosperity is shared with the producers/ service providers who have caused the growth in the first place. This combination is what the programme will support; it has the requisite design, and the specialised expertise to achieve that.

The Government’s strategy recognises that expanding exports and improving tourism is essential to achieve its aims. Analyses have been carried out of existing trade patterns. Ambitious targets for expanding volumes have been set. Much work has been done on selecting products for export and analysing their strengths and their weaknesses as products.

However, practical market implementation is now required, in particular in:

- a) The practical actions involved in a low-volume and low-impact but high-value/high-profit strategy – for exports and tourism.
- b) The potential for profitable Lao products to be found in future foreign consumer trends and requirements.
- c) The structure to allow ambitious Lao enterprises and cooperatives of all sizes to acquire essential capacity – and skills – in cooperative development, finance raising and access to foreign consumers.
- d) Export sales – while holding onto the profit margin for Laos, and with a plan to ensure that profits also reach the actual producers/ farmers and service providers, lifting many more people out of poverty.
- e) New opportunities for targeting Foreign Direct Investment (FDI) in coordination with all the above.

Part of the background to this is that the opening of regional borders to trade may not be as advantageous to Laos, as it might to some other countries that have large, skilful and cheap labour forces. Furthermore, manufacturing jobs even in those countries will be increasingly vulnerable to competition from robotic manufacturing, and lower costs and prices in other countries.

On the other hand, the nature of Lao production methods and the potential competitive marketing advantages of many Lao products open up the possibility of highly profitable branded sales, if suitably organised, to an affluent consumer type in advanced economies known as the “ethical consumer”. These consumers pay premium prices for authentic and natural products where they feel a connection to the producer and trust in the intrinsic sustainability and honesty – and reliability – offered by the brand.

These consumers cluster in easily accessible ways in Western economies today. Furthermore, Asian consumers tend to prefer brands that have already been validated by other international consumers and in any case the characteristics that make up the “ethical consumer” tendency can already be seen to be developing rapidly in advanced Asian economies, including China. The future potential in ASEAN for such brands, if thoroughly validated initially in the global markets will be large – very large.

These developments should also benefit the Economic Zones, giving them an additional opportunity to focus on investment likely to generate greater employment and prosperity, and capable of helping to achieve several important outcomes aimed for by government and best achieved as by-products of inclusive economic growth (itemised elsewhere in this proposal).

In summary, and taking into consideration the unique situation in Lao PDR, the strategy below will address these issues:

- Laos does not have a large pool of labour. It has a small one, often challenged in terms of literacy and skill.
- Mineral exports strengthen the currency, making exports of all kinds more expensive.
- When traded as commodities, its products have insufficient apparent advantage today over comparable products from neighbouring countries to justify higher selling prices.

- Potential strengths in exporting to distant and advanced economies would be the exotic, as well as the 'organic' nature of its products, the natural methods of its production and the attractive romance of Lao Identity and traditions. Current trading patterns however are predominantly within the region, where these attributes are neither distinctive nor striking and definitely do not command a 'premium'.
- Farmers, peasants and many other stakeholders are indeed motivated by extra income. But the incentives for them now favour slash-and-burn, deforestation, and crops that traders from across the border pay a little more money for. The incentives currently for local administration can be to allocate land-use to foreign growers of simple cash crops like bananas, green beans, etc. But high value and sustainable products, responsibly produced, leading to high value processed products developed for foreign consumers can provide higher incomes, higher revenues for local administrations and safeguard the land for the future.
- This programme will create a structure to inject the missing professional skills, plus provide the necessary coordination and cooperation, to generate profits and ensure their equitable distribution throughout integrated supply chains.

II. STRATEGY

Strategic issue

There is a pressing need in Laos to first identify, and then enable, appropriate enterprises to take advantage of foreign market opportunities and utilize that as a pathway to lift substantial numbers of people out of poverty. While poverty reduction efforts so far, using traditional paths, have produced some results, the urgent need to accelerate the pace – substantially expanding the numbers benefiting, and improving income per head – has pushed everyone to look for new and innovative means to achieve this goal.

The suggested intervention will directly contribute to Outcome 1 and Outcome 2 in the 8th NSEDP¹, and the *Government of Lao PDR – UNDP Country Programme Document*. It will thereby also relate to the global development agenda with linkages to the Sustainable Development Goals, especially SDG 1 “End poverty in all its forms everywhere” and SDG 8 “Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all”.

Previous studies, including the UNDP National Human Development Report, have analysed the obstacles to inclusive growth and consequent poverty reduction. Their recommendations include “...Lao PDR needs to leapfrog and create competitive advantage in high value-added niche products” and “...linking SMEs to the supply chain and production network is key.” This project will create a self-sustaining mechanism to do exactly that – and begin to implement it.

The immediate result is to allow Laos to make the brand profits for itself. However, the enhanced profit then becomes the motivation for, and the enabler of, the social, poverty-reduction and environmental strategic objectives of UNDP and the Government.

In general, the process to be used will deploy several specialised techniques for:

- Identifying a core list of products/services that can participate and enjoy success.
- Identifying which high-end international consumer types, in which markets, offer the optimum prospects for sustained and profitable sales – and learn which Lao product characteristics appeal most to them. And why.
- Establishing a specialized, expert, unit in LNCCI to implement this project and link the two points above.

The ultimate objective will be to substantially raise the incomes for producers, farmers and service providers involved at every stage of the value chains operated by those who join the scheme. The two key outcomes that will advance that objective are the establishment of a very special, carefully verified, Lao brand for ethical, organic, high quality products, and a mechanism to ensure fair and enhanced incomes for producers/ farmers/ service providers.

The process will be a sequence of actions, with each stage incorporating lessons from the previous one. It is based on how an international business analyses and produces the best market and product opportunities to suit its objectives.

The programme will verify the consumer appeal of the competitive advantages, demonstrate what product development is needed and provide evidence of consumer demand for the resulting premium-priced export brands. It will also define and

¹ 8th NSEDP Outcome 1: “Sustained inclusive economic growth with economic vulnerability (EVI) reduced to levels required for LDC graduation and financial, legal and human resources to support growth”, especially Output 1: “Ensuring Sustained and Inclusive Growth”, Output 6: “Local entrepreneurs are competitive in domestic and global markets” and Output 7: “Regional and international integration (linking and integrating on trade)”; Outcome 2: “Human resources are developed and the capacities of the public and private sectors is upgraded; poverty in all ethnic groups is reduced, all ethnic groups and both genders have access to quality education and health services; the unique culture of the nation is protected and consolidated; political stability, social peace and order, justice and transparency are maintained”, especially Output 1: “Improved living standards through poverty reduction and the 3-builds implementation”.

refine an overall Lao PDR competitive advantage – making it possible to develop a special collective Lao commercial brand that will add strength to participating export enterprises large, small or micro.

Implementation

The project proposes a new network of enterprises, entrepreneurs and cooperatives who decide to participate and develop superior quality, added-value products with special advantages for international consumers. The structure will be coordinated by LNCCI. Joining together will allow the members of these groups to achieve a higher profile and a more powerful selling mechanism internationally.

It will enable the LNCCI and development partners to focus necessary technical assistance onto the members and help them to achieve their premium-priced and profitable export sales. This assistance can also extend to domestic services – tourism, hospitality, etc. – that serve and attract foreigners to, and in, Laos.

Attracting the ethical and cultured foreign consumer will require absolute guarantees of product quality. These will be built into the scheme. It will also require socially and environmentally responsible conduct by the members – and similar guarantees of those will also be provided. In other words, reliability will be built into the branding, as much as quality and the competitive – ideally unique – advantages that the scheme will identify in its first, research, stage. This will attract international respect and begin to develop a positive commercial reputation for Laos as a nation.

An internationally recognised methodology for this is IEMED™, a methodology which adapts techniques of branding and marketing for use in economic development. This methodology will identify the strength of the specified Lao products in the eyes of affluent foreign consumers/markets.² It will then show how to take maximum advantage of those strengths.

Main activities will include:

- In-Laos desk research: previous reports, information available online. Also, interviews with experts and stakeholders;
- In-market research: syndicated reports, publicly available reports from libraries and the Internet, as well as qualitative research – interviews – with targeted potential consumers and quantitative research, identifying the market size and profile of targeted potential consumers;
- Establishing a Lao Brand Promotion Facility in the LNCCI to maintain this initiative and drive it steadily forward through the future.

The in-Laos desk research by professional marketers will help establish a core list of products/ services with the potential for sale in the project at premium prices. This will help produce the 'long-list' of sectors and products with appropriate potential for generating higher, sustainable incomes in Laos – and identify competitive product advantages that can be backed by facts and analysis.

As for the in-market research, it will use data and studies to identify which international markets and consumers offer the optimum prospects for profitable sales for the shortlist. Through facts and evidence, it will support the argument that the market objectives are attainable. It will include data on attitudes, reactions, preferences and tastes of target consumers; these will be needed to improve, as well as to verify, products, promotional ideas and marketing processes. As a result, a shortlist can be produced of countries, consumer types and consumer groups to target; and provide indications of retail prices which target consumers regard as acceptable.

Through all of this, different brand ideas can be created, to be checked by independent researchers with consumers in foreign countries, to learn which characteristics appeal most to them; why; and how to promote to them.

Types of research to be used:

- Desk research, consulting published data about market trends, competitor activity, pricing, etc. Much of this can be obtained free, though the project will buy some studies.
- Qualitative research (among priority target consumers in priority target countries):
 - to establish consumer attitudes to Laos as a country and to product ideas proposed;
 - to find out
 - the range of prices consumers might pay
 - the best way of communicating/advertising these brands, especially on the Internet
 - to understand the motivations, attitudes and usage habits of target consumers.
 - to assess consumer response to ways in which Lao heritage and Lao brand can enhance the perceived value of the proposed Lao product brands.
- Quantitative research
 - to find out which international consumers have positive attitudes to the products/ product benefits proposed
 - to provide an initial benchmark of public awareness, to be able to measure progress in the future.

² See Annex 2: the seven stages of IEMED™

To ensure a uniform approach to this implementation strategy a Lao Brand Promotion Facility (LBPF), a specialized expert unit, will be established within the LNCCI. Its main role initially will be to implement this project and link all the activities together. It will be staffed by highly experienced international marketing professionals from the beginning, who will train up Lao colleagues with ambitions in marketing³ to build local marketing capacity. The centre will manage the research described above into the prospects with foreign consumers for up to five sectors with apparent competitive advantages, and with a collective expression of Lao National culture and history.

The LBPF will invite development partners to use their various projects in support of a single set of market and product objectives that have been clearly validated by evidence and consequently adopted by government, LNCCI and private enterprise. Such an opportunity to focus technical assistance onto, demonstrably, the very best opportunities to achieve sustainable goals as well as increasing inclusive prosperity is unusual and will be widely welcomed. (Several Development Partners have already expressed interest and even enthusiasm). Among other tasks, and within the limits of its resources, the LBPF will actively encourage the steady development of professional marketing management in Lao PDR and, thereby, help the development of SMEs.

Some detailed tasks of the LBPF to begin with will include:

- Recruit foreign marketing expert with relevant experience.
- Recruit and begin training Lao staff.
- Design, brief, manage, supervise, quality control, analyse all relevant marketing and strategic inputs.
- Provide recommendations for action, together with rationale, for LNCCI/UNDP; Government; and private stakeholders.
- Marketing Action Plan with costs, to achieve the medium and long-term objectives (q.v.). This will later be done in close collaboration with the relevant Export Marketing Group (see below – scaling up)

Scaling up

The evidence this study will gather about the profitability potential of each proposed branded product will be the basis for an evidence-based business plan for each, to be developed by the members of a relevant sectoral Export Marketing Group (EMG). The LBPF will use the evidence of market potential to encourage forward-thinking enterprises and cooperatives to form such export marketing groups, each of which would establish and enforce standards and “own” the sectoral brand that will promote the branded products incorporating these standards to the affluent international ethical consumer.

Each EMG, working within the broader LNCCI membership, will take responsibility for moving its sectoral brand and products forward. The business plans they produce with the help of the LBPF will then enable the EMG to attract development support from Development Partners if necessary and to raise its own capital for investment and development (whether “soft” or commercial). That is how the programme, decentralised in this way, will become self-sustaining. Tapping these various sources of funding can begin in 2018 and continue steadily thereafter.

Another issue which will be explored at the end of the project will be a system whereby levies can be paid by members on export turnover achieved under the auspices of the LBPF. Such income would be used for further research and development and marketing/promotion. This will help ensure longer-term sustainability.

The work of the LBPF and the LNCCI can be linked at the same time to broader efforts to develop SMEs in Lao PDR.

III. RESULTS AND PARTNERSHIPS

This first stage of what is expected to be a longer-term engagement will achieve the following:

1. In Laos – Producing a *long-list* and an evidence-based prioritised *shortlist*, of the sectors/ products with proven competitive advantage in the eyes of affluent foreign consumers – for development as premium-priced brands, creating growth, jobs and livelihoods.
2. In foreign markets: analysis, study and selection of the most appropriate market trends; consumer groups, and the most effective brand messages for those groups.
3. Establishing the Lao Brand Promotion Facility (LBPF) at the LNCCI: a permanent, highly professional marketing management resource for the private sector.
4. Establishing the structure of Export Marketing groups in several of the selected sectors, identifying appropriate willing enterprises as members and helping them create their plans, quality and responsibility charters, and make roadmaps for export success.

³ Here defined as the profession that ensures product developments match and anticipate consumer requirements.

Advancing National development priorities, as evident from the 8th National Socio-Economic Development Plan and national ownership – and so supporting the development of pro-poor Lao brands and exports that create sustainable livelihoods.

Partners

The LNCCI, under the MOIC, and UNDP will be key partners in this proposed programme, through giving Lao business and commerce the structures and expertise to participate in international trade, and profitable brands for direct sales. Such development is to be the central theme at the LNCCI, which bridges the private sector and the public sector.

Importantly, it will involve consulting with, and influencing, Ministers in other areas – e.g. Agriculture, Tourism, Environment, Science and Technology (not just for development but for Intellectual Property Protection for which that Ministry is responsible). UNDP will maintain the dialogue on practical ways in which rapid and socially responsible growth can come from the private sector with the Prime Minister and the Cabinet.

Other partnerships

The programme will use its outcomes to seek funds from global funding organisations like the EU Switch Asia Fund and other bilateral donors or Development Partners; several have already expressed interest.

IV. PROJECT MANAGEMENT

Leadership from LNCCI, and first steps

The strategy has been adopted by the Lao National Chamber of Commerce and Industry (LNCCI), who intend to implement it. They require help to get it started and to make it self-sustaining within as short a period as possible. LNCCI need funds to acquire data and employ expert consultants to validate existing ideas and make plans for the rest of the programme, and this is what UNDP propose to provide.

Results Framework⁴

EXPECTED OUTPUTS	OUTPUT INDICATORS ⁵	DATA SOURCE	BASELINE		DATA COLLECTION METHODS & RISKS	
			Value	Year	Year 1	
Output 1 Establishing the preliminaries to successful export branding: <ul style="list-style-type: none"> i. Data gathering (incl. consumer research and trade research) ii. Structures for export enterprises 	1.1. Availability of analysis and recommendation of Lao products of high quality suited for export to international consumers	Assessment report	Fragmented analysis of Lao products for export with emphasis on low-cost	2017	Assessment report to be completed during first year/current project phase (2017)	
	1.2. Consumer research completed	Consumer research report	No such research conducted	2017	Research to be completed during first year/current project phase (2018)	
	1.3. Lao Brand Promotion Facility established	Order by Ministry of Commerce and Industry or LNCCI	Currently LNCCI does not have dedicated office or staff	2017	Office will be established during first year/current project phase (2017)	

⁴ UNDP publishes its project information (indicators, baselines, targets and results) to meet the International Aid Transparency Initiative (IATI) standards. Make sure that indicators are S.M.A.R.T. (Specific, Measurable, Attainable, Relevant and Time-bound), provide accurate baselines and targets underpinned by reliable evidence and data, and avoid acronyms so that external audiences clearly understand the results of the project.

⁵ It is recommended that projects use output indicators from the Strategic Plan IRRF, as relevant, in addition to project-specific results indicators. Indicators should be disaggregated by sex or for other targeted groups where relevant.

V. MONITORING AND EVALUATION

Monitoring Plan

Monitoring Activity	Purpose	Frequency	Expected Action	Partners (if joint)	Cost (if any)
Track results progress	To ensure timely implementation of the work plan, and take corrective action, if and when needed.	Quarterly	Slower than expected progress will be addressed by project management.		
Monitor and Manage Risk	Identify specific risks that may threaten achievement of intended results. Identify and monitor risk management actions using a risk log. Audits will be conducted in accordance with UNDP's audit policy to manage financial risk.	Annually	Risks are identified by project management and actions are taken to manage risk.		
Learn	Knowledge, good practices and lessons will be captured regularly, as well as actively sourced from other projects and partners and integrated back into the project, as well as widely disseminated to inform Government and partners.	At least annually	Relevant lessons are captured by the project team and used to inform management decisions.		
Annual Project Quality Assurance	The quality of the project will be assessed against UNDP's quality standards to identify project strengths and weaknesses and to inform management decision-making to improve the project.	Annually	Areas of strength and weakness will be reviewed by project management and used to inform decisions to improve project performance.		
Review and Make Course Corrections	Internal review of data and evidence from all monitoring actions to inform decision making.	At least annually	Performance data, risks, lessons and quality will be discussed by the project board and used to make course corrections.		
Project Report	A progress report will be presented to the Project Board and key stakeholders, consisting of progress data showing the results achieved against pre-defined annual targets at the output level, the annual project quality rating summary, an updated risk log with mitigation measures, and any evaluation or review reports prepared over the period.	Annually, and at the end of the project (final report)			
Project Review (Project Board)	The project's governance mechanism (i.e. Project Board) will hold regular project reviews to assess the performance of the project and review the Multi-Year Work Plan to ensure realistic budgeting over the life of the project. In the project's final year, the Project Board shall hold an end-of-project review to capture lessons learned and discuss opportunities for scaling up and to socialize project results and lessons learned with relevant audiences.	Specify frequency (i.e., at least annually)	Any quality concerns or slower than expected progress should be discussed by the project board and management actions agreed to address the issues identified.		

VI. MULTI-YEAR WORK PLAN ⁶⁷

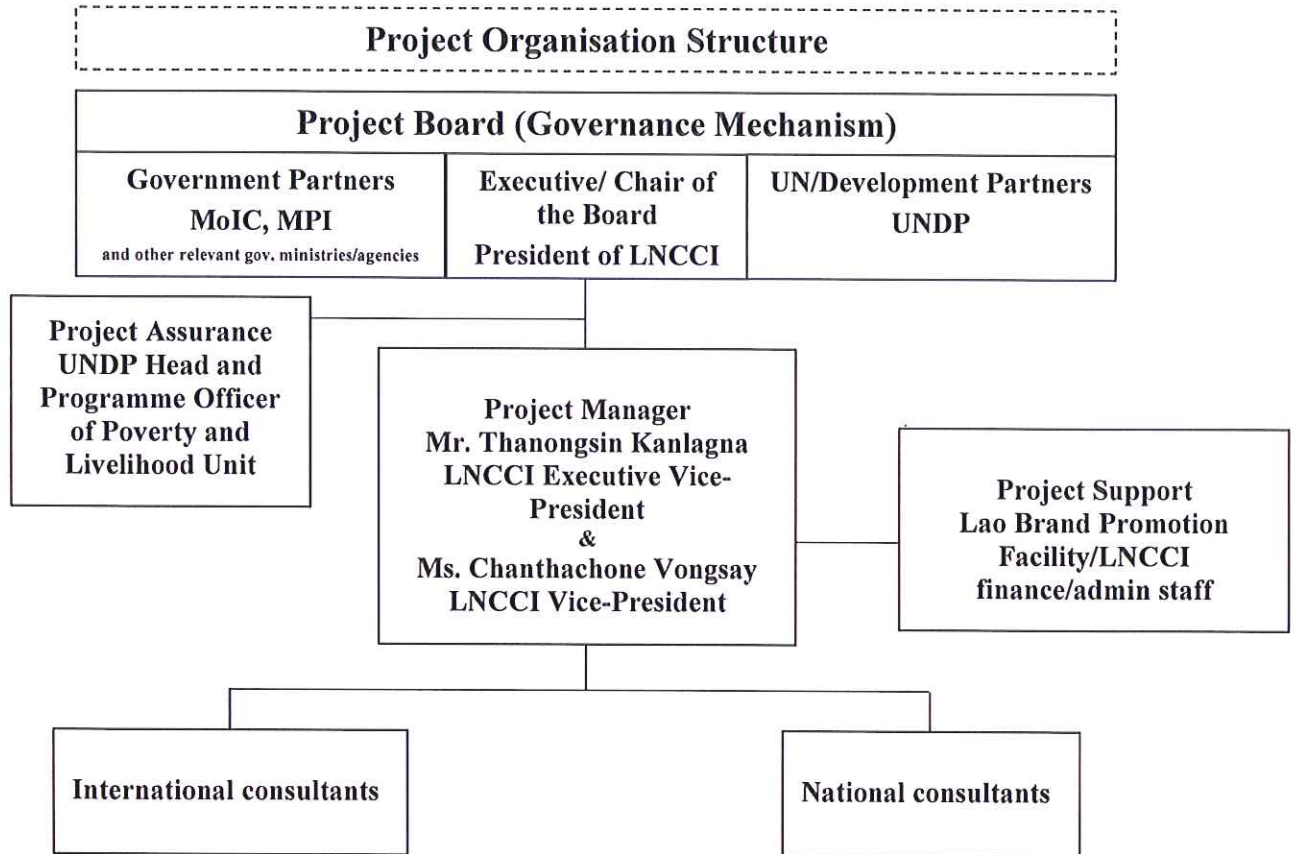
All anticipated programmatic and operational costs to support the project, including development effectiveness and implementation support arrangements, need to be identified, estimated and fully costed in the project budget under the relevant output(s). This includes activities that directly support the project, such as communication, human resources, procurement, finance, audit, policy advisory, quality assurance, reporting, management, etc. All services which are directly related to the project need to be disclosed transparently in the project document.

EXPECTED OUTPUTS	PLANNED ACTIVITIES	Planned Budget by Year				RESPONSIBLE PARTY	PLANNED BUDGET			
		Y1	Y2	Y3	Y4		Funding Source	Budget Description	Amount	
Output 1: Establishing the preliminaries to successful export branding: <ul style="list-style-type: none"> i. Data gathering (incl. consumer research and trade research) ii. Structures for export enterprises 	1.1 In Laos: Briefing, consultation and data gathering 1.2 In-Market analysis and consumer understanding	145,000					71200	International Consultants for data gathering and market analysis	80,000	
									Local Consultants for data gathering and market analysis	25,000
								71600	Travel	3,000
								73100	Workshop	20,000
								61300	UNDP DPC for Project Assurance	17,000
							72600	Purchase of market data, Focus Group disc. & Retail research	178,000	
	1.3 In-Market analysis and understanding	215,500					71200	International Consultants for in-market analysis	7,500	

⁶ Cost definitions and classifications for programme and development effectiveness costs to be charged to the project are defined in the Executive Board decision DP/2010/32

⁷ Changes to a project budget affecting the scope (outputs), completion date, or total estimated project costs require a formal budget revision that must be signed by the project board. In other cases, the UNDP programme manager alone may sign the revision provided the other signatories have no objection. This procedure may be applied for example when the purpose of the revision is only to re-phase activities among years.

VII. GOVERNANCE AND MANAGEMENT ARRANGEMENTS



The **Project Board** will be comprised of members from MoIC, MPI, LNCCI and UNDP, and co-chaired by the LNCCI President and the UNDP Resident Representative or their designated representatives. It will:

- Approve budget, work plan and annual reports;
- Approve the recruitment of project senior management;
- monitor progress on the implementation of the Annual Work Plans and discuss challenges;
- review the contribution made by the Project to the NSEDP and the UNPAF;
- review future plans and provide guidance to the National Project Managers;
- review Combined Delivery Reports (CDR) prior to certification by the Implementing Partner.

Project Board Meetings can be undertaken when deemed necessary by Project Board, but at least twice a year. Meetings may be carried out exceptionally, virtually when in-person meetings are not possible. Prior to the Annual Review Meeting, Annual Project Reports will be produced and shared by the LNCCI, detailing the progress of the project in terms of the Results Framework, as well as the reporting on expenditures disaggregated by activity and contributor. Additional reporting should not be expected from contributors to the project.

The **Project Managers** will be the LNCCI Executive Vice-President and LNCCI Vice-President. Such an arrangement will contribute to better coordination and resource allocation as well as to reduced transaction costs. They will:

- Plan project activities and monitor progress;
- Draft Terms of reference, work specifications and mobilize goods and services as required;
- Monitor events as determined by the Project Monitoring Schedule Plan and update the plan as required;
- Manage requests for the provision of financial resources by UNDP, using advance of funds, direct payments, or reimbursement using the Fund Authorization and Certificate of Expenditures (FACE) form;
- Monitor financial resources and accounting to ensure accuracy and reliability of financial reports;
- Prepare and submit financial and progress reports to UNDP on a quarterly basis;
- Manage and monitor the project risks identified, appraising the Board of new risks, seeking guidance as required and maintaining the Project Risks Log;
- Manage issues, requests for change and maintain an Issues Log;
- Prepare quarterly and annual progress reports and submit to Programme Board and other relevant parties, including UNDP;
- Prepare annual report and submit to the Project Board;
- Prepare and electronically publish Annual Work Plans and Quarterly Work Plans.
- Approve the recruitment of TAs and consultants

Project Assurance, a responsibility of UNDP on behalf of the Project Board members is to:

- Ensure that funds are made available to the project;
- Update RBM logs in Atlas based on information provided from Project Managers;
- Ensure that critical project information is monitored and updated in ATLAS;
- Monitor the project's progress towards intended outputs;
- Ensure that Project Progress Reports are prepared and submitted on time;
- Ensure that financial reports are submitted to UNDP on time, and that CDRs are prepared and submitted to the Project Board after each quarterly settlement is completed and annually when the CDR is finalized;
- Perform oversight activities, such as periodic monitoring visits and "spot checks";
- Capture lessons learned during project implementation.

UNDP Support Services

As per the Letter of Agreement (LoA) between the Government of Lao PDR and UNDP with respect to the provision of support services by the UNDP Country Office for nationally implemented programmes, UNDP shall provide, at the

request of the implementing partner, the following support services and recover the actual direct and indirect costs incurred by the Country Office in delivering such services as stipulated in the LoA:

- Payments, disbursements and other financial transactions;
- Recruitment of project senior management and consultants;
- Procurement of services and equipment;
- Organization of training activities, conferences, and workshops, including fellowships;
- Travel authorization, Government clearances ticketing and travel arrangements; and,
- Shipment, customs clearance and vehicle registration.
- Report on financial resources and accounting to ensure accuracy and reliability;

Project Support will be provided by the staff of Lao Brand Promotion Facility and LNCCL, who will carry out the following functions:

1. Establish and maintain project files;
2. Collect project related information and data;
3. Assist in financial management tasks under the responsibility of the Project Managers;
4. Help organize Project Board meetings and other meetings/workshops;
5. Establish document control procedures in line with the Standard Operating Procedures (SOP);
6. Compile, copy and distribute all project reports;
7. Review technical reports;
8. Assist the Project Managers in monitoring activities carried out by responsible parties; and,
9. Assist in financial management tasks under the responsibility of the Project Manager.

Assets

Assets will be managed as per UNDP policies and any relevant NIM guidelines. At the end of the project tenure the ownership of assets will, as per extant policy, be transferred to the Govt of Lao PDR.

VIII. LEGAL CONTEXT

This project document shall be the instrument referred to as such in Article 1 of the Standard Basic Assistance Agreement between the Government of Lao PDR and UNDP, signed on 10 October 1988. All references in the SBAA to "Executing Agency" shall be deemed to refer to "Implementing Partner."

This project will be implemented by Lao National Chamber of Commerce & Industry (LNCCI) ("Implementing Partner") in accordance with its financial regulations, rules, practices and procedures only to the extent that they do not contravene the principles of the Financial Regulations and Rules of UNDP. Where the financial governance of an Implementing Partner does not provide the required guidance to ensure best value for money, fairness, integrity, transparency, and effective international competition, the financial governance of UNDP shall apply.

IX. RISK MANAGEMENT

Government Entity (NIM)

1. Consistent with the Article III of the SBAA *[or the Supplemental Provisions]*, the responsibility for the safety and security of the Implementing Partner and its personnel and property, and of UNDP's property in the Implementing Partner's custody, rests with the Implementing Partner. To this end, the Implementing Partner shall:
 - a) put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried;
 - b) assume all risks and liabilities related to the Implementing Partner's security, and the full implementation of the security plan.
2. UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of the Implementing Partner's obligations under this Project Document.
3. The Implementing Partner agrees to undertake all reasonable efforts to ensure that no UNDP funds received pursuant to the Project Document are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml. This provision must be included in all sub-contracts or sub-agreements entered into under/further to this Project Document.
4. Consistent with UNDP's Programme and Operations Policies and Procedures, social and environmental sustainability will be enhanced through application of the UNDP Social and Environmental Standards (<http://www.undp.org/ses>) and related Accountability Mechanism (<http://www.undp.org/secu-srm>).
5. The Implementing Partner shall: (a) conduct project and programme-related activities in a manner consistent with the UNDP Social and Environmental Standards, (b) implement any management or mitigation plan prepared for the project or programme to comply with such standards, and (c) engage in a constructive and timely manner to address any concerns and complaints raised through the Accountability Mechanism. UNDP will seek to ensure that communities and other project stakeholders are informed of and have access to the Accountability Mechanism.
6. All signatories to the Project Document shall cooperate in good faith with any exercise to evaluate any programme or project-related commitments or compliance with the UNDP Social and Environmental Standards. This includes providing access to project sites, relevant personnel, information, and documentation.

X. ANNEXES

1. Risk Analysis.

KEY RISKS	MITIGATION MEASURES
<p>1. <i>Insufficient businesses or groups of businesses come forward to participate as 'pioneers' in the programme – whether through</i></p> <ul style="list-style-type: none"> - <i>perceived lack of resources or</i> - <i>through an inability to appreciate the reality of foreign consumer interest in the products concerned</i> - <i>reluctance to adhere to the Charters of conduct, and product standards</i> 	<p><i>Demonstrable profits and sales are motivators.</i></p> <p><i>Sufficient resources will be available and the business plans will release further resources for participants.</i></p> <p><i>A videotape will be made showing consumers reacting to the propositions put to them, with Lao subtitles.</i></p> <p><i>Evidence-based findings of the profit potential will excite the interest of entrepreneurial members of the community.</i></p> <p><i>The project will begin by helping only a few of the most committed volunteer enterprises in each sector</i></p>
<p>2. <i>Members of the resulting Programme attempt to cheat, by cutting corners on quality or failing to observe standards they have signed up to</i></p>	<p><i>Products subject to random test by international laboratories; British Standards Institute possibly involved in monitoring; compliance with standards of business conduct (transparency, responsibility to staff, suppliers and the community, etc.) audited.</i></p>
<p>3. <i>The time-lag to obtain the necessary certifications and/or independent 'proofs' of claims made.</i></p>	<p><i>Where there is a time lag to obtain formal organic/fair trade certification, the programme will provide credible interim testing to verify producers' claims that approvals are pending and practices are appropriate for those approvals</i></p>
<p>4. <i>The time-lag for the supply chain to meet the levels and nature of potential demand.</i></p>	<p><i>The project can start with small quantities and scale up steadily to commercial levels.</i></p> <p><i>In any case, the objective is not high volume, but high- margin sales.</i></p>
<p>5. <i>Reluctance by other Development Partners to align their capacity building or marketing ideas with each other, and with the central strategy.</i></p>	<p><i>Care will be taken to meet relevant projects and country directors individually to listen to their questions and concerns before a series of roundtable discussions chaired by the UN. Since the programme, properly understood, offers additional effectiveness to most such projects it is unlikely that this risk would persist.</i></p>
<p>6. <i>Lack of interest or apathy from government officials wedded to other ways of doing things.</i></p>	<p><i>The programme that will result does not depend on active engagement from government officials; on the contrary success comes through the private sector.</i></p>

THE SEVEN STAGES OF IEMED™

In brief...

- Stage 1:** Analysis – the first stages of obtaining fundamental market data and understanding consumer attitudes and requirements.
- Stage 2:** Independent consumer market research/testing and trade/retailer research to refine products and branding, and to test how strongly the proposed new ideas and products perform.
- Stage 3:** Forming Sector Export Marketing Units⁸ from some willing entrepreneurs/producer co-ops.
- Stage 4:** Establish “Roadmap Committees”^{*} for each export sector brand to consider solutions to production and supply chain issues.
- Stage 5:** Independent Scientific Research and Technical Development, to produce scientific evidence for claims we can make and to develop the products.
- Stage 6:** Roles and responsibilities of the Sector Export Marketing Units. Mainly:
- Pulling together information in order to construct business plans – to be used in seeking capital and other forms of financial and technical support.
 - Identifying appropriate partners of different kinds.
 - Preparing, funding and implementing promotional plans.
- Stage 7:** Export Selling.

^{*} See definition below

THE SEVEN STAGES OF IEMED™ EXPLAINED

Introduction

We list here seven key stages – in simplified format – to give an idea of what is involved. The timing of the stages overlaps. There are of course many other actions involved; this is just a summary.

We have taken the marketing and product development methods of successful global corporations and adapted them to suit national, market-driven economic development, creating also an international commercial reputation as a result.

The methodologies and steps involved are the proven methodologies that any successful manufacturer or producer would use for (potential) domestic markets as much as for export markets. They lead to distinctive and competitive products. They develop the most potentially successful branding, advertising and packaging.

We envisage a central organisation – the Lao Brand Promotion Facility, or LBPF – coordinating all the actors involved, providing a professional marketing service to the members, and organizing the independent testing of products and auditing of business behaviour necessary for consumer confidence. Helping the coordination of relevant capacity-building and other projects by various stakeholders will be an important task.

Lastly, what we propose is just the first stage in a long process of increasingly spontaneous development. This is a membership scheme. It will be limited to entrepreneurs, producers and companies prepared to collaborate with each other, and to understand that this marketing scheme requires strict adherence to high standards of honesty and fairness to consumers, their employees and their society. They will determine the pace and content of their own development.

Nonetheless, as these marketing groups achieve successful sales, there will be at least three significant developments:

- The LBPF will levy membership fees and probably become a self-funding, not-for-profit, NGO.
- Companies and entrepreneurs outside the scheme will see how the professional process works in product development, marketing and product innovation, and learn from the example.

⁸ This is a working title. They may be called Board, Groups, Units – or anything. The principle is what matters; that it is a voluntary group of businesses cooperating in exports, marketing, promotion, selling - and product development.

- Others in the sectors will apply for membership, and new sectors will become involved.

Stage 1: Analysis – the first stages of fundamental market data

- Assess the actual comparative, and potential competitive, advantages of what you produce.
- Assess the market opportunity.
- Compare the two to identify and select the best way forward.
- Assemble and analyse all published data (available free of charge or paid for) about the market – especially in target countries.
- Examine how the markets divide into ‘segments’, the characteristics of those ‘segments’, trends, prices, behaviours, etc.
- Check producer, manufacturer and retailer websites in target countries to understand your potential competition and to see what are the claims and ‘positions’ of various actors in the sector.

Stage 2: Independent consumer market research/testing and trade/retailer research

These are the NEXT STAGES of **FUNDAMENTAL MARKET UNDERSTANDING**. Probably⁹ involving a combination of qualitative (such as focus groups) and quantitative (the numbers!) research.

- Exploring attitudes, behaviour, brand awareness, expectations; eating/serving/usage/purchasing habits, competitive products and brands, etc. – as appropriate to the sector.
- Exploring reactions to the idea of a particular type of product from Laos.
To be able to explore this topic in a meaningful way, we will come up with certain hypotheses about how to make Lao produce and products aspirational and desirable (and so justify a price premium). Based on these hypotheses, ‘creative concepts’ will be produced explaining why the Lao product/brand might be different and better – e.g. based on areas such as provenance and ‘terroir’, heritage, recipes drawing on Lao gastronomic reputation, etc. (We will expand on this list once we have been briefed in some depth about the production side).
- Exploring reactions to possible brand names, logos, slogans, etc. that fit the ‘claims’.
- Providing, in due course, indications of the prices the consumer is willing to pay, and how this might differ by the type of ‘positioning’ we could develop for various Lao brands.

Note: Specialist independent market research companies in the target countries will be commissioned to carry out the necessary market research among consumers and retailers. These companies will be members of their country’s professional Market Research Association. Creative material will be produced to stimulate discussion during interviews – e.g. the development of brand names, logos, slogans and pack designs – and to estimate market share.

As part of the ‘learning curve’, we would organise visits to target export countries so that those involved in the marketing and export process get to understand the retail and competitive environment there.

Stage 3: Forming Sector Export Marketing Units¹⁰

This involves the recruitment of a few willing entrepreneur/producer co-ops into new collective Sector Export Marketing Units. To ensure inclusiveness at all levels – from the smallest SME producer to the established businesses – it is particularly important for co-operatives to be set up so that the SMEs too have their say and their share of success. Members will...

- Sign charters of honesty, product quality and good business conduct.
- Collaborate on product and supply chain development.
- Develop product and brand development strategy with the LBPF and TNC.
- Implement product and capacity development strategy with help from participating Aid Organisations or Donor Partners.
- Implement brand development strategy with help from the LBPF and TNC

⁹ We say “probably” advisedly. The need for, and the areas of investigation of, any particular stage of market research will depend on what has gone before and on what we have already been able to find out.

¹⁰ This is a working title. The principle is what matters. An alternative name for the ‘Sector Export Marketing Board’ can be suggested and agreed.

- Raise finance using the business plans (see below).
- Sell direct to major retailers/retail chains.

Stage 4: Establish “Roadmap Committees” for each export sector brand

Experts can identify the bottlenecks and problems involved in the supply (and value) chain; recommending and implementing change as necessary. An outcome would be some necessary capacity-building project proposals for supportive Aid Organisations to take up.

Stage 5: Independent Scientific Research and Technical Development

Required in support of claims one might wish to make concerning specific products – e.g. health claims; organic certification; sustainability, eco-friendly, ‘terroir’, etc.

Stage 6: Roles and responsibilities of the Sector Export Marketing Units

In addition to collaborative action defined in Stage 3 and 4 and based on what the market studies have revealed, and with some guidance from TNC:

- Produce evidence-based business plans with market data, expected selling prices, profit margins, revenues, trial and purchase rates, brand share.
- Raise commercial financing and/or assistance from Donor Organisations (and Government).
- Consider a partnership of mutual respect with an international brand in a similar area, capable of providing help with distribution, marketing and technical advice.
- Make promotional plans and coordinate them with other Sector Export Marketing Units (as relevant) to ensure that everyone is contributing to a unified reputation for these Laotian exports, and using cost-effective media: PR, online, smart phones, retailers’ internal media, etc.

Stage 7: Selling

Joint approaches (i.e. The Nation Consultancy/LBPF and members of the relevant Sector Export Marketing Unit to key retail chains in the target country or countries.) A joint sales unit, and presenting independent Market Research evidence of consumer interest and convincing plans for promotion to consumers will be vital to a successful outcome.