



Supporting Resilience of Lao MSMEs post COVID-19 – Independent Final Evaluation

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Name of consultant(s): Mr. Joseph Falcone (Lead), Ms. Philaiphone Vongpraseuth

Name of Evaluation Manager: Ms. Anjali Patel, Ms. Mattie Milliken

Evaluation Office oversight: [Enter the name of the EVAL officer whom provided oversight to the evaluation]

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This evaluation has been conducted according to ILO's evaluation policies and procedures. It has not been professionally edited, but has undergone quality control by the ILO Evaluation Office.

Acronyms and abbreviations

A2F	Access to Finance
ABL	Activity-Based Learning
AYB	ILO's Adapt your business during crisis - training module
BDS	Business Development Service
C-BED	ILO's Community-Based Enterprise Development (C-BED)
COVID-19	The Novel Coronavirus
DoSMEP	Department of SME Promotion, of MOIC
DWCP Lao	Decent Work Country Programme
FYE	ILO's financing your enterprise (FYE) training programme
GDP	Gross Domestic Product
ILO	International Labour Organization
IT	Information Technology
LIB	Lao In Business Training programme, ILO and DoSMEP
LNCCI	Lao National Chambers of Commerce and Industry
LPBCCI	Luang Prabang Chamber of Commerce and Industry
M&E	Monitoring & Evaluation
MFI	Microfinance Institution
MOIC	Ministry of Industry and Commerce, Lao PDR
MOU	Memorandum of Understanding
MSMEs	Micro, Small and Medium-sized Enterprises
NUoL	National University of Laos in Vientiane
OECD	Organisation for Economic Cooperation and Development
PAC	The National Project Advisory Committee
R4B	ILO's Ready for Business training programme
SBC	ILO ASEAN Small Business Competitiveness (SBC) programme
SMEPF	Small and Medium Enterprises Promotion Fund
SSC	SME Service Centre of the LNCCI
SU	Souphanouvong University in Luang Prabang
TOT	Training of Trainers
WB	The World Bank Group

Table of Contents

1. Executive summary and recommendations	4
1.1 Overview and key findings	4
Key findings	5
1.2 Recommendations	7
2. Contextual overview	7
3. Project background	8
Project strategy	9
Project management	9
4. Evaluation background	10
Objective	10
Scope	10
Methodology	10
Evaluation oversight and management	11
Evaluation limitations	11
5. Key evaluation findings	11
5.1 Relevance	11
Box 1: Relevance – Lao Handicraft Association example:	12
5.2 Validity of design	13
5.3 Project effectiveness	14
5.4 Efficiency of resource use	18
5.5 Impact and sustainability	18
6. Summary of key lessons learned	19
7. Conclusion and recommendations	20
7.2 Recommendations for consideration by the ILO and donor	20
Annex 1: References	23
Annex 2: List of stakeholder interviews	24
Annex 3: Summary of outputs delivery, as of July 2022	26
Annex 4: Summary of key consolidated findings from training evaluation feedback	27
Annex 5: Evaluation Work Plan (revised)	28
Annex 6: Evaluation Terms of Reference	30

1. Executive summary and recommendations

1.1 Overview and key findings

The ILO and its tripartite constituents agreed to implement the project as addressed in the Decent Work Country Programme of the Lao People's Democratic Republic (Lao PDR) 2017–2021. The ILO and its implementing partners officially launched the “Supporting Resilience of Lao MSMEs in response to COVID-19” project (Lao MSME Resilience project) in April 2021, following its formal approval in December 2020. The project received financial support from the Swiss Agency for Development and Cooperation (SDC) as a response to the COVID-19 outbreak. The project was designed to extend support to 3 geographical areas - Vientiane, Luang Prabang and Savannakhet provinces. The official project end date was extended to 31 July 2022.

The project addresses the ILO's sustainable enterprises development agenda and objectives. The project design specifically responded to the ILO's DWCP to support the role of the private sector as a principal source of economic growth and job creation. The project also aligned with the ILO Recommendation No. 195 (2004), which provides policy guidelines on human resources development, education, training and lifelong learning.¹

The project was implemented in partnership with the Lao National Chambers of Commerce and Industry, SME Service Centre (LNCCI-SSC) and received policy guidance from the Ministry of Industry and Commerce (MOIC). The project aimed to support women- and men-owned MSMEs² in Lao PDR to become more sustainable and resilient and generate economic and decent employment opportunities, contributing to Lao PDR's recovery from COVID-19.

In the midst of the challenging context of lockdown due to the public health crisis of COVID-19 in Lao PDR, the project supported sustainable enterprise development by: (i) working with financial institutions and other partners to support formal and informal women- and men-owned MSMEs in accessing cash, credit and other financial services; (ii) supporting efforts to provide reliable information related to COVID-19 measures and contribute to a better enabling environment for entrepreneurship development and MSMEs; and (iii) delivering business development services to women- and men-owned MSMEs and aspiring entrepreneurs, including those in the informal sector, to build business and financial management skills, financial literacy, promote entrepreneurship and stimulate innovative and sustainable business ideas.

The evaluation was conducted in the period June-July 2022 through a blended quantitative/qualitative process drawing on a desk review of available documentation and in-person and online interviews with a range of key stakeholders in each of the 3 provinces, as well as the ILO regional enterprises development specialist, ILO Lao Office and project staff. The findings were presented at the final Project Advisory Committee meeting on 27 July 2022.

¹ ILO. Human Resources Development Recommendation, 2004 (No. 195). Available at https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_INSTRUMENT_ID:312533

² MSMEs in Lao PDR defined in the project's Development Cooperation Project Document: “MSMEs in Lao PDR account for about 99 percent of all registered firms in the country and for about 82 percent of employment. Around 86 percent of registered firms in Lao PDR are small, most of them micro with less than 5 employees.”

Taking into consideration the necessary changes of project strategy and operations required by the COVID-19 pandemic, as well as adjustments required as a result of the implementation experience in the first 6 months, this evaluation aims to: (i) provide an independent assessment of the project, including performance against outcomes and indicators; (ii) capture the feedback and perspective of a range of stakeholders on the impact of the project activities; (iii) identify good practices and lessons learned that would contribute to learning and knowledge development of the ILO and project stakeholders; and (iv) inform the ILO on whether the project strategy has worked effectively, and provide recommendations on additional approaches suggested by stakeholders for consideration in future initiatives.

The evaluation was conducted during the same period as a desk review research of MSME financial framework challenges and opportunities, drawing on experiences in the region. The findings from this desk research were on-going at the time of this evaluation and were therefore not available for reference in this final evaluation report. This report focuses more on general outcomes, challenges and lessons learnt from the project implementation as a whole.

Key findings³

Relevance: As intended, the project delivered a tailored and needs-based response, and implemented a strategy that built on available sources of input. The project achieved intended results to develop and disseminate practical, fundamental tools for business learning.

- 20+ activity-based learning (ABL) tools made available a useful array of open-source tools that BDS providers adopted and adapted in a short period of time.
- 75+ hours of capacity building for partners

The various modules developed under the MSME resilience theme and the adaptation of other existing modules - such as Ready for Business (R4B) and Lao In Business (LIB) - provided a useful array of tools that BDS providers adopted and adapted in a short period of time. The result was a variety of modules that targeted the “fundamentals” of surviving and adapting during a crisis whilst continuing to run a successful MSME business: business planning, financial planning, cash flow management and digital marketing.

Validity of design: The project was well designed by considering the research results and recommendations from key stakeholders to form customized activities that could assist the MSMEs better for their business recovery journeys. Building on the past experience, the project implementation strategies were adjusted from the lessons learned. However, the design of the project target under Outcome 1 was too ambitious. It was not realistic during an economic downturn.

- 3-layered approach: Information dissemination, A2F and BDS
- Easy to use tools, adapted to COVID, with a focus on resilience

Effectiveness: The project is assessed as overall effective to date.

³ This evaluation follows the OECD criteria for evaluation.

- Access to Finance: 90% of participants reported having greater understanding on what it takes to apply for a loan. (9% accessed finance, as of July 2022, sample study)
 - Business resilience and COVID-19 support:
 - 8,155 followers of Lao Pherng Lao Facebook page (info, networking, and live streams events).
 - 160,085 people reached with information online, for a more enabling environment for entrepreneurship and MSMEs.
 - MSMEs reached with BDS services:
 - 353 MSMEs reached on business and financial management skills
 - 543 MSMEs reached on all topics, in total (60% women)
 - 484 MSMEs confident in continuing operations (89% of 544)
 - Aspiring entrepreneurs reached:
 - 400 reached in Luang Prabang and Vientiane events
 - 268 highly interested in starting a business (68% of 400)
- Note: There is not yet any statistic or record on how many have started their own business. (This will need to be tracked in the coming months and years.)

Efficiency: The project has managed financial resources well against intended project activities.

- Time and cost: Designed efficiently for the rapid response measures, with the budget of \$835,000. Able to deliver much, in 12 months of on the ground, after the inception and start-up phase
- Leveraged: Partnerships and staff time of implementing partners

Impact and Sustainability: The project has had a sustainable impact as the implementing partners will continue to use the existing tools and encourage other development projects to build on the existing initiatives given the positive uptake by MSMEs. The impact and sustainability is further indicated by the following points:

- Visibility and support for MSME representation (sector associations)
- BDS tools are continuously available (open source)
- Capacity building was conducted for existing support systems, including SSC
- Information outreach platforms that were established are running and will be continued on an on-going basis (Lao Pherng Lao Facebook and Online Talk model)
- The overall strategy included ensuring MSMEs learn about long term sustainability and how to survive and adapt
- Work done at the regional level encouraged Lao BDS providers and MSMEs to participate and learn through cross-country exchanges. Co-hosted events included: 1) An online regional capacity building for BDS providers on how to effectively host workshops online 2) Regional Webinar on Voices of MSMEs.
- Entrepreneurship Day Event Package and Model/guideline to organize the event

In conclusion, the project: (i) was adaptable and flexible in its implementation; (ii) adjusted based on the needs of MSMEs; (iii) was consultative and its success was because of the strong partnerships; and (iv) models and tools will continue to be used in the future.

The key lessons learned include the following:

Lesson Learned 1. The targets and indicators for Outcome 1 were too ambitious for an 18-month COVID and immediate post-crisis situation.

Lesson Learned 2: The information dissemination via social media platforms and working closely with sector associations proved to be a very effective approach.

Lesson Learned 3: Building capacity for BDS providers and sector associations as well as providing free online learning resources are effective to sustain the intervention.

1.2 Recommendations

Recommendation 1 - Reduce the emphasis on Loans and A2F, until after MSMEs and aspiring entrepreneurs formalize and operational fundamentals are achieved: The idea that access to finance is an important indicator of development may need to be de-emphasized, especially in the context of post-COVID-19 Lao PDR. As discussed at the final PAC meeting in Vientiane in July 2022, a successful A2F strategy should seek to include a focus on both the supply and demand sides to be more effective, in any follow-on project.

Recommendation 2 - Pilot a cell phone-centered package for a scalable self-learning model, to target rural youth. Cell phones are presently used to access the internet and there is enormous potential to support new learning to reach the youth (age 15-40) throughout Lao PDR. The most common applications are Facebook, WhatsApp and Instagram. YouTube is also commonly accessed.⁴ The hybrid online and in-person learning which COVID-19 necessitated may be tapped for piloting cell phone modules which are utilizing the ABL in a hybrid online self-learning model. This will allow for the young in the harder to reach rural locations to participate and this type of pilot may also enable scalability of the successes from the project.⁵

Recommendation 3 - The ABL and BDS Model may be expanded and extended to the provinces: The BDS model initiated by this project has the advantage of easy to use tools - training, business coaching and mentoring - that can be extended into the many rural provinces of Lao PDR. The training should be shared widely, with built in quality assurance and periodic quality checks, through partnerships with BDS providers, sector associations and especially educational institutions (NUoL in Vientiane and SU in Luang Prabang for example).

Recommendation 4 - More Lao Entrepreneurship Days, or events of a similar nature, may be organized. The events should be organized in the Vientiane Capital Region and bigger cities outside of Vientiane. The two Lao Entrepreneurship Days in 2022 were successful in reaching more than 300 aspiring youth entrepreneurs. Effective capacity building and organizational development prior to the events ensured success.

2. Contextual overview

Lao economic growth has always been robust at an average of 7.5% per year until the COVID-19 pandemic⁶. The country's economic activity has stagnated starting in 2020 with GDP

⁴ <https://laotiantimes.com/2020/07/09/digital-2020-report-on-laos-released-internet-mobile-and-social-media/>

⁵ A follow-on project should keep in mind that face to face learning is still preferable in Lao PDR and other projects have tried this and failed. It should be noted that this approach has *not* worked in Laos, as shown from previous projects, therefore it is important to learn why, in advance.

⁶ Lao Economic Monitor, 2020

growing by only 0.5% . The second wave of the pandemic in 2021 draws back the hope of recovery with a growth rate of just 2.5% for 2021⁷.

The micro, small and medium enterprises remain the foundation of the business sector with 99.8% of the total number of firms⁸ making it a vital economic engine of the country. The last two years (2020-2021) has been a setback for businesses with over 50% temporarily and permanently closed down especially those in tourism and hospitality sector resulting in the rise of unemployment (20% unemployment rate in 2020⁹).

Between 2019 and 2020, there were 126,168 microbusinesses, 6,600 small enterprises, 954 medium enterprises, and 276 large enterprises according to the Lao Statistics Bureau. These registered enterprises employ about 490,000 personnel, 50.1 percent of them female. Over 90 percent of the enterprises surveyed reported that they employ one to five staff members. Wholesale and retail businesses accounted for the largest percentage of registered enterprises (62.9%) followed by manufacturing (12.4%) and other services (12.3%)¹⁰.

The LNCCI together with development partners¹¹ conducted surveys on the impact of the pandemic towards the MSMEs in aims of supporting the country's economic recovery. The studies found that with rapidly changing consumer behaviors the businesses need to adapt faster to stay afloat by accessing more information and digital tools, business advisory support, and low interest rate soft loans in parallel with easing policies on tax payments, utilities bills, and employment salary. Efforts to support MSMEs post-COVID recovery have been visibly made by the government and development partners. These include: The World Bank Group Access to Finance Emergency Support and Recovery, KfW Development Bank, SDC/ILO Supporting Resilience of Lao MSMEs in Response to COVID-19, USAID Lao Business Environment project, and the GIZ-MSME Clinic.

3. Project background

The ILO's project on "Supporting Resilience of Lao MSMEs in Response to COVID-19" with funding from the Swiss Agency for Development and Cooperation came at the right time as one of the support channels for MSMEs to cope with shocks and sustain their businesses. The project was designed as an emergency response with a limited time frame of 18 months for the implementation. Initially set to start on December 1, 2020, implementation of activities started after its official launch in April 2022 due to delays in establishing the project team (due to COVID19). The project is set to conclude on 30 July, 2022. In the midst of the challenging context of lockdown due to the public health crisis of COVID-19 in Lao PDR, the project supported sustainable enterprise development by: (i) working with financial institutions and other partners to support formal and informal women- and men-owned MSMEs in accessing cash, credit and other financial services; (ii) supporting efforts to provide reliable information related to COVID-19 measures and contribute to a better enabling

⁷ <https://www.statista.com/statistics/804939/gross-domestic-product-gdp-in-laos/>

⁸ Ministry of Industry and Commerce

⁹ <https://opendevelopmentmekong.net/news/unemployment-in-laos-soared-by-20-percent-in-2020/>

¹⁰ ADB Asia SME Monitor 2020 database. Data from the Ministry of Industry and Commerce

¹¹ ADB, USAID, UNCDF, UNDP Laos

environment for entrepreneurship development and MSMEs; and (iii) delivering business development services to women- and men-owned MSMEs and aspiring entrepreneurs, including those in the informal sector, to build business and financial management skills, financial literacy, promote entrepreneurship and stimulate innovative and sustainable business ideas.

Project strategy

The project strategy of sustainability, and of the 3 tiered approach (finance, info and BDS) were well designed and implemented, considering the context of a once in a hundred years global public health emergency and multiple lockdowns. As intended, the project delivered a tailored and needs-based response, and implemented a strategy that built on available sources of input. This included the COVID-19 Business Impact Assessment Survey by LNCCI¹² to evaluate the needs of enterprises as a result of the COVID-19 crisis.

The project strategy was to build capacity of LNCCI, Sector Associations, BDS providers and financial institutions to address needs of MSMEs - in a low-cost, scalable and long-term fashion - while considering the needs, challenges and priorities of all players. At the level of individual partners' key staff, the strategy was to build their capacity to deliver training and other support services to MSMEs. This included activities to build their technical competence in areas such as entrepreneurship, business development and access to finance. The MSMEs - the ultimate beneficiaries - were targeted to benefit from capacity building gender-inclusive activities (training packages and modules using the ABL method) provided indirectly through the partners (BDS providers and sector associations). The end goal for MSMEs was to strengthen their competencies in areas of financial literacy, entrepreneurship, and business and financial management. The project strategy supported this.

Key partners

Key stakeholders of the project as per its design included Lao National Chamber of Commerce and Industry (LNCCI) and its sector association members, Business Development Service (BDS) providers, Lao Federation of Trade Unions (LFTU), Lao Women's Union (LWU), Ministry of Commerce and Industry and development partners. All are members of the National Project Advisory Committee (PAC).¹³ Key stakeholders the project worked with who were not part of the original PAC included: media, marketing companies, LPBCCI and Souphanouvong University.

Project management

This section includes the internal ILO project management i.e. project team, the DWT/CO Bangkok specialist and programme support as well as roles of national coordinator support in Vientiane. Based on positive feedback from key partners and targets met in the face of the COVID-19 crisis and lockdowns, the project was effectively led and managed at both the

¹² <https://lncci.la/covid19survey/>

¹³ The PAC is set up with the following membership: Lao National Chamber of Commerce (LNCCI), Business Development Providers (BDS), Ministry of Labour and Social Welfare (MoLSW), Ministry of Planning and Investment (MPI), Ministry of Industry of Commerce (MOIC), Lao Federation of Trade Unions (LFTU), and the relevant business associations.

regional and national level. Project implementing partners, BDS providers, and sector associations were all particularly impressed with how, in the face of the COVID-19 crisis, the ILO project team remained responsive during the project period. It was voiced that the project design was appreciated, as it allowed for flexibility.

Furthermore, the inputs and suggestions from partners to the ILO team were requested, welcomed and were listened to, so that necessary improvements, adjustments and changes could be made. This ability by the implementation staff to maintain flexibility, build and maintain relationships, keep a high level of attention to detail and work with a sense of urgency was a key factor in the success of the project.

4. Evaluation background

Objective

The objectives of this internal evaluation are to¹⁴:

- Capture the feedback and perspective of a range of stakeholders on the impact of the project activities;
- Identify good practices and lessons learned that would contribute to learning and knowledge development of the ILO and project stakeholders;
- Inform the ILO on whether the project strategy has worked effectively; and
- Provide recommendations on additional approaches suggested by stakeholders for consideration in future initiatives.

Scope

The evaluation was conducted during the period of 10 June to 20 July 2022 through a blended quantitative/qualitative process drawing on a desk review of available documentation and in-person and online interviews in Vientiane. Interviews were conducted with a range of key stakeholders in each of the 3 provinces, as well as the ILO Senior Enterprise Development Specialist, Country Office and the project team.

Methodology¹⁵

This internal evaluation was conducted using secondary and primary data collection methodologies: (i) the desk review and (ii) semi-structured interviews. The evaluation follows the ILO policy guidelines for results-based evaluation and the OECD evaluation criteria: (1) Relevance of the project; (2) Validity of design; (3) Project progress and effectiveness; (4)

¹⁴ ILO-Internal Evaluation Term of Reference

¹⁵ General Research Principles were: (i) International Code of Conduct: The respondent's anonymity is strictly preserved. The respondent was informed about whom the information would be supplied and the purposes for which it will be used. (ii) Confidentiality: All information gathered from the interview will be kept confidential and as property of ILO and will not be shared with any third party without prior consent. (iii) Ethical Issues: In all data collection activities, respondents were verbally informed of the purpose of the interview and expectations of potential participants. All potential interviewees were assured that their participation is voluntary and that they will not be penalized if they do not participate. They were also informed that they are free to skip any questions, terminate the interview at any time.

Efficiency of resource use; (5) Effectiveness of management arrangements; and (6) Impact orientation and sustainability.

Desk Review: A desk review was conducted to review the existing project documents, research papers, national documents, monitoring and evaluation framework to understand the current policies and activities carried out by the project as well as obtaining quantitative data from progress reports produced by the project.

Semi-structured interviews and FGDs: The in-depth interviews were conducted for four groups of key stakeholders: ILO project teams, implementing partners, business development service providers and direct beneficiaries; totaling 33 individuals (29 distinct entities), 55% female. The interview team also had an opportunity to meet with three A2F experts. Questionnaires were developed in accordance with the stakeholder profiles. In total 4 Questionnaires were developed and tailored for each specific stakeholder - 4 sets in total.¹⁶

Evaluation oversight and management

The project team in Vientiane, responsible for the “Supporting Resilience of Lao MSMEs in response to COVID-19” project (Lao MSME Resilience project), supported in coordinating the interview schedule, for both in person meetings and Zoom interviews, for two evaluators managed to meet and interview the majority of the key stakeholders.

Evaluation limitations

The interview schedule relied on the availability and confirmation of the interviewees which made it difficult to predict hence some of the interviews were postponed. The quantitative data were obtained from the existing reports and logframe. The evaluation timeframe was also limited due to the closing date of the project at the end of July.

5. Key evaluation findings¹⁷

5.1 Relevance

As intended, the project delivered a tailored and needs-based response, and implemented a strategy that built on available sources of input. The project achieved intended results to develop and disseminate practical, fundamental tools for business learning. The project outcomes aligned perfectly with the directions and expected outcomes of the 9th NSEDP on economic indicators, the MSME Development Strategy 2025, the SME Promotion Fund objectives, the SDG8 target 8.3, the Swiss Cooperation Strategy Mekong Region 2018–2021 on creation of decent employment through the active engagement and support of MSMEs in Laos with a particular focus on women-owned businesses, United Nations Partnership Framework 2017-2021, ILO Decent Work Country Programme (DWCP) for Lao PDR 2017-2021. The project has been building up Lao MSMEs to be more resilient and competitive which is aligned with the ASEAN Strategic Action Plan for SME Development 2016 – 2025.

¹⁶ Questionnaire Guidelines, see Annex 6, ToR.

¹⁷ This evaluation follows the OECD criteria for evaluation

The project is complementary to 3 previous projects¹⁸ by ILO to support MSMEs in Lao PDR and aimed to promote the resilience and recovery of Lao MSMEs leveraging the ILO's prior experience supporting women- and men-owned Lao MSMEs. Over the past several years, the ILO in Lao PDR has developed a strong network of key stakeholders - business sector associations, BDS providers, financial institutions, worker's organizations and government institutions - which proved to be an asset to implement the intended interventions.

From the interviews with the key stakeholders, all respondents stated that the project outcomes and activities tackle the needs of the MSMEs during the post-COVID business recovery journey. Project outcomes such as access to finance, access to information, and access to business support service are key issues that MSMEs have faced for a long time. The project was also able to achieve intended results by providing capacity building centered around business development service providers and MSMEs with life-long learning tools¹⁹ which are easy to use, adapted and delivered in the context of COVID-19; most importantly the learning materials are available online and free of charge.

MSME general feedback on the project included the following quotes from FGDs: a) "This was the first time I attended a training online. I run a restaurant in Xamneau District. I now know about writing a business plan, SWOT and how to market my service;" b) "The training has provided us with finding the solutions for our own business;" and c) "We have not attempted to apply for the loans yet. We are afraid that our business plan won't be accepted due to the lack of proper bookkeeping or accounting. We are working on this aspect."

The MSMEs in FGDs shared the following as their key take-aways: a) "The project was well designed to make a difference by supporting the MSMEs. Changing our mindset and behavior completely when managing the business from now on;" b) "How to prepare and what to consider prior to doing business and drafting a business plan to enclose information for loan processing;" c) "Coaching on how to manage the business better every month;" d) "How to manage people, assets, accounting system; expand my network to do business and having mentors e.g. new services or source of raw materials that I did not know of before;" e) "Know more about loan processing or access to finance for micro enterprises presented by LNCCI, Banks;" and f) "The training helped make us become more detail oriented and focused."

Box 1: Relevance – Lao Handicraft Association example:

The Lao Handicraft Association and its members found it more difficult to sell their products during COVID-lockdown as most of the products were sold locally to foreign tourists. After the training on branding and online sales, their products began to use social media platforms and websites for marketing. The online sales and branding were solutions that responded to their needs to earn income.

¹⁸ (i) Laos Capacity Building for MSMEs and other stakeholders project, 2018-Feb. 2020. (ii) National Rural Employment Strategy in Lao PDR project, 2017-2020. (iii) Inter-Agency Cluster Program 'Enhancing Sustainable Tourism, Cleaner Production and Export Capacities in Lao PDR' project, 2012-2016.

¹⁹ R4B module, SBC module, C-BED formalization module

5.2 Validity of design

The project was designed by considering the research results and recommendations from key stakeholders to form customized activities that could assist the MSMEs better for their business recovery journeys. The theory of change was logical in the context of the COVID-19 crisis and consisted of: (i) disseminating information and data relevant to MSMEs using social media and a HelpDesk to raise awareness of the project activities and provide businesses a troubleshooting quick guide; (ii) providing easy to use tools, adapted and delivered in the context of COVID-19 to promote resilience, with the goal for the MSMEs to improve their ability to survive, adapt and then apply successfully for loans; and (iii) finally, through the BDS providers, sharing easy to use tools on business plan writing, branding and marketing, accounting and digital skills to help manage the business better and proceed to formal loan application.

The project was designed to cater to the needs of MSMEs and the government agenda in creating resilient and adaptive capabilities for MSMEs post-Covid. The project considered the research results and recommendations from key stakeholders to form targeted, customized activities that could assist the MSMEs better for their business recovery journey, especially in terms of access to information and access to training for formal and informal MSMEs.

Furthermore, in commemorating the International MSME Day 2020²⁰, Chair of ACCMSME²¹ and the former Director General of DoSMEP, MOIC, Mr. Bountheung Douangsavanh²² stated: *“while each ASEAN Member State is doing its best to manage the crisis domestically, information sharing and learning from one another is crucial to strengthen MSME resilience in the region.”* This message stresses the importance of outcome 2 of the project. The social media platform, the MSME radio talk show, and the capacity building activities delivered outstanding results.

This aspect has been confirmed by the interviewees:

“After attending the training on business plan, I realized that I could just improve my management to cut unnecessary costs and improve business performance.”

A2F - design: Project design could have benefitted from understanding the availability of finance for MSMEs, especially during COVID-19. The issue is that even after building the capacity of MSMEs there remains a limited supply of finance for MSMEs and the commercial banks in Lao PDR were understandably risk averse. This should have been considered in the design before assuming that there was a good market for MSMEs to access finance. Outcome 1, received a mixed response. Although access to finance is the main concern for MSMEs, evidently that only half of them attempted applying for a loan. When asked, some of the respondents reported: *“We could still manage the business using our savings and were not confident enough to apply for a loan due to bank complicated processes.”*

²⁰ International MSME Day 2020 <https://asean.org/asean-oecd-release-policy-insight-boosting-resilience-msmes-amidst-covid-19-pandemic/>

²¹ ASEAN Coordinating Committee Micro Small Medium Enterprise

²² Mr. Bountheung Douangsavanh is now a Vice Minister of MOIC

The design could have considered starting from outcome 2, information dissemination and outreach including information about available loan options, followed by outcome 3: BDSs and coaching. Lastly the project would have benefitted by adding outcome 1 upon obtaining the report from coaches. This way, the project would be learning more about the root cause of the businesses and how to assist the MSMEs better as the majority of the issues lie within the internal control and business management system.

Related to A2F, prior to starting of the project, the project could have benefitted from: (i) Conducting (rapid) research on financial instruments, terms and conditions that the commercial banks in Lao PDR provide to better guide the MSMEs towards successful loan applications; (ii) Engaging in more intensive dialogue with financial institutions to inform the design of the outputs; (iii) Reaching out to a few leading MFI and commercial banks' senior management to learn more detailed feedback on what exactly they feel has hindered their institutions, in terms of the tools and skill sets needed by their loan officers, to cost-effectively process more MSME loans; specifically related to the COVID-19 crisis (iv) Setting more conservative targets; and (v) Identifying targets during the first months of implementation, after assessing the context in which the project will operate (further lock downs will necessitate designing more conservatively in the midst of a major global emergency response.

In the end, setting the targets, the language and the indicators for outcome 1 to not include loans or loan targets would have been a more appropriate design.

5.3 Project effectiveness

The project implementation was evaluated against the predefined targets in the logical framework²³ while keeping in mind the OECD evaluation criteria. Effectiveness is split into 3 sections: Key achievements, Important feedback from MSMEs, and Key challenges.

Key achievements: In assessing the project's performance, against outcomes and indicators,²⁴ key achievements included the following.

Access to finance: As discussed at the final PAC meeting in Vientiane in July 2022, a successful A2F strategy should seek to include a focus on both the supply and demand sides to be more effective, in any follow-on project. The project focused on the demand side, therefore the Outcome 1 was not fully achieved, including the target of USD \$2 million in loans provided to participating MSMEs. Tracking of the loans disbursed, over time, will be needed to measure this. Tracking will also help clarify, over time, which MSMEs survived.

Measurable indicators, at the conclusion of the project, include the following:

- 90% of project participants reported having greater understanding on what it takes to apply for a loan;

²³ **Outcome 1:** Women- and men-owned MSMEs have increased access to financial services.

Output 1.1: Policy support to LNCCI on how to provide financial support to women- and men-owned MSMEs during and after COVID-19 delivered.

Output 1.2: Support to financial institutions to provide access to finance to women- and men-owned MSMEs delivered.

Outcome 2: Women- and men-owned MSMEs have increased access to COVID-19 related information and a more enabling business environment

Output 2.1: COVID-19 Business Resilience Helpdesk for women- and men-owned MSMEs established.

Output 2.2: Information about available COVID-19 support to women- and men-owned MSMEs disseminated.

Outcome 3: Women- and men-owned MSMEs and aspiring entrepreneurs have increased access to business development services

Output 3.1: BDS services to at least 250 women- and men-owned MSMEs and aspiring entrepreneurs delivered.

Output 3.2: Annual Lao Entrepreneurship Days to promote entrepreneurship to women and men in Lao PDR delivered.

²⁴ Data as of July 21, 2022, Project Progress Report.

- A total of 67 MSMEs engaged in A2F coaching;
- 9%, 6 out of 67 MSMEs reported as having accessed finance (as of the mid-July 2022 sample study)²⁵;
- Two Microfinance Fairs were held in the final months of the project, which were the first of their kind in the country and were well received;
- An information campaign was developed and shared widely (online) to raise awareness on the options available for financial products and services;
- A microfinance fair was hosted with the Micro Finance Association to raise awareness on the MFI products and services offered and to build a stronger relationship between MSMEs and MFIs; The MFI fair was held displaying more than 10 MFIs and their products and services; and
- Information packs on financial products and services were made available for MSMEs, along with validation with financial institutions on data.

Business resilience and COVID-19 support:

- There was a total of 8,155 active followers of the *Lao Pherng Lao* Facebook page (info, networking, and live streams events).
- 160,085 people were reached with information online, for a more enabling environment for entrepreneurship and MSMEs.

MSMEs reached with BDS services:

- 353 MSMEs were reached on business and financial management skills
- 544 MSMEs were reached on all topics, for at least 8 hours of business development services (60% women)
- 484 MSMEs reported as being confident in continuing operations (89% of 544)

Aspiring entrepreneurs reached:

- 400 were reached in Luang Prabang and Vientiane events
- 268 reported as being highly interested in starting a business (68% of 400)

Events and partnerships:

- The project introduced and supported uptake and adaptation of the ILO's Activity Based Learning tools and approaches at the institutional level in Vientiane and Luang Prabang: LNCCI/SSC, sector associations and NUL in Vientiane; NAFC, SU and DOIC in Luang Prabang;
- A Women's Day Celebration for aspiring women entrepreneurs, "the road to success is to start early," was hosted with the LBWA and the National University of Laos;
- Lao Entrepreneurship Day was hosted in Luang Prabang on April 8th, 2022 reaching 162 aspiring entrepreneurs in collaboration with the SU and LPBCCI. Lao Entrepreneurship Day in Vientiane on May 5th with a total of 150 aspiring entrepreneurs joining the event. In total the project has reached over 300 aspiring youth entrepreneurs. These collaborations between academic institutions, private sector, development partners and the ILO showcased a unique and important partnership model that can generate long term support for the aspiring youth entrepreneurs of Laos. Feedback from both students and professors was highly positive and there is interest for this to be an annual event. This model was important to pilot and it is now clear it may be adapted and expanded for use in other provinces;

²⁵ Lao MSME Access to Finance Report (sample group study)

- The LPBCCI was assisted to hold a forum to discuss potential opportunities for MSMEs and the impact from the Lao-China railway. This forum identified specific areas to be aware of; the discussion points will be raised to LNCCI for future discussion at the Lao Business Forum, including: (i) how MSMEs on the Rail Line can manage the many upcoming risks; and (ii) how to capture the opportunities - in the next 5-10 years during the transformation phase.

Project team performance:

The key aspects which contributed to the project reaching its goals, included:

- The project adapted well to the uncertainty of the COVID-19 lockdown by using social media platforms, i.e. Facebook to disseminate relevant information and organize online training courses;
- Key stakeholders participated in policy consultation workshops regarding finance accessibility for MSMEs;
- The continuous feedback loop maintained with partners, BDS providers and MSMEs - as well as a sense of urgency and attention to detail by the project team; and
- Overall, the project has been effectively led and managed at the provincial and national level. During the interview, all key stakeholders including DoSMEP appreciated the ILO project team's responsiveness, attention to details and welcoming feedback.
- The project collected quality feedback from participants and trainers. The post-training feedback indicated high levels of demand and interest for further use of tools, including the following:
 - 91% stated they were interested in future business training after this experience;
 - 85% gained knowledge on how to adapt / improve their businesses;
 - 91% feel more positive about the future; and
 - 93% built a stronger network through this training;
- The project team built key stakeholder relationships, and signed and implemented partnership agreements with the LNCCI's sector associations: Lao Business Women's Association, Lao Hotel & Restaurant Association, Lao Handicraft Association and SME Association. Sector Association partnership agreements and activities increased visibility for the sector associations for their new members and added value for existing members.
- Over the past several years, the ILO in Lao PDR has developed a strong network of key stakeholders - business associations, BDS providers, financial institutions, worker's organizations and government institutions - which proved to be an asset to implement the intended interventions. Drawing from the key stakeholder interviews, the implementing partners (DoSMEP, LNCCI, SSC and Sector Associations), BDSs (EDC, Katalyst, TACDO, MFA, SSC), and the MSMEs all enthusiastically stated that the project activities and outcomes appropriately addressed the needs of the MSMEs at a crucial point in time of the COVID-19 crisis and the post-COVID business recovery phase.

Important feedback from MSMEs:

MSME feedback - general:

- The MSMEs expressed willingness to pay for the next course organized by BDSs, a

strong indication of its utility and relevance.

- Over the 18 months of the project, the project managed to provide training on various topics via BDS providers: business plan writing, financial and accounting system, branding, online sales, and digital skills. All MSMEs interviewed affirmed that the training program provided by BDSs were excellent and different from what they have attended in the past.
- All interviewees, especially MSMEs, stated that the training program provided by BDSs were of excellent quality, easy to follow and very interactive. The participants acknowledged the knowledge gained could be applied directly to their day to day business operations.

Coaching for MSMEs was later added and proved to add real value to the 67 MSMEs. An interviewee expressed: *“coaching received was invaluable and should be continued as having a business coach helps me grow faster.”*

MSME feedback - Luang Prabang: “I have never participated in any development project activity, but when I participated I found that the project intervention is very aligned with what I need. I am able to access a soft loan of 350 million LAK with a 10 years term relieving us of worries to sustain and grow our business. I think I succeeded in obtaining this loan because the bank trusts that I will be seriously investing the money into recovering and growing my business.”

Key challenges: Key challenges were related to A2F and organizational issues, as follows.

Challenges related to A2F:

- **Loan supply and demand mismatch:** Many of the MSMEs interviewed felt intimidated by the lengthy and long terms and conditions that they need to fulfill when submitting the loan application. There were more MSMEs that rushed to apply for the same low interest loans resulting in lower possibility for MSMEs to access this loan. According to the report of the SME Promotion Fund dated April 11, 2022, it was noted that the 3% interest loans were already at 80-90% disbursement rate, and this resulted in more difficulty for MSMEs trying to gain access. In addition, the project provided support to all sectors whereas the low interest rate loans were meant for only four priority sectors of handicraft, agriculture, tourism and agro-processing. Access to finance has always been listed in the top three issues faced by businesses in the World Bank’s enterprise survey; a persistent issue over decades. Therefore, a longer time frame is required for successful implementation and increased coordination among stakeholders. This impacted the ability of the project to reach the target of \$2 million of credit being accessed.
- **MSMEs’ lack of collateral, loan repayment histories and/or accounting fundamentals:** From the interviews, the MSMEs shared that businesses are mostly family owned. One of the main challenges for not getting the loans approved is the lack of proper accounting systems and financial management. The MSMEs could not present their historical book-keeping of the last 3 years to the banks - a major reason for not applying for loans. To access formal loans, the MSMEs need to have strong business operations management, a history of good credit and loan repayment histories, and a good accounting system. These were missing for most MSMEs. During the MSME interviews, it was mentioned that having a good connection with bank staff could also expedite the process and improve the success of getting a loan.

- **Fls' best practices for loaning to MSMEs:** A follow-on project may consider working more closely with financial institutions, including the bank which has been very successful in lending to MSMEs in Lao PDR the past 2-5 years, namely ACLEDA Bank.

Organizational challenges:

- A minimum requirement of 18-20 participants per class posed a challenge in scheduling. Some classes had to be organized with a lower number of participants.
- Organizing training for many MSMEs in three different locations was not a simple task.
- BDS providers were known for providing training courses, but with low interest or use for micro and small enterprises; 59% of small enterprises had never attended a training from BDS²⁶.

5.4 Efficiency of resource use

The project was designed for a rapid response measure of 18 months with a budget of \$835,000 and leveraged partnerships and staff time of implementing partners well. The project had: (i) adequate technical and financial resources to fulfill the project work plan; (ii) adequate political, technical and administrative support from national and implementing partners; and (iii) relevant stakeholders involved in an appropriate and sufficient manner.

For this budget, the project identified and adapted easy to use learning tools, provided training to MSMEs, built capacity for implementing partners, BDSs and business sector associations, and conducted research that could benefit the MSMEs and the implementation of the project.

The project has managed financial resources well against its intended project activities. The project received strong support from the LNCCI's sector associations and DoSMEP in the form of contributions of staff time. In addition, in some cases, there was cost sharing for training course fees by the MSMEs, from 30-50%. Information dissemination via social media and online training saved operational costs and funds were reorganized for capacity building activities for implementing partners and potential new bds providers. With several activities organized online and proven successful with lower implementation costs, it is possible that the SSC could continue long term implementation, provided that there are additional technical personnel onboard to provide business advisory service to MSMEs.

5.5 Impact and sustainability

The overall strategy of ensuring MSMEs learn about long term sustainability and how to survive and adapt, was achieved. The project has had an impact in several strategically important areas: a) Implementing partners (BDS providers) are likely continue to use the existing tools and encourage other development projects to build on the existing initiatives given the positive uptake by MSMEs, as evidenced by the comments of BDS providers, that they were able to charge for trainings and will continue to do so (Katalyst) or may attempt to charge for the trainings in future (the other BDS providers); b) Visibility and support for MSME representation was high, as evidenced from the feedback from sector associations; c) Needed capacity building for existing support systems, including SSC, has been provided; d)

²⁶ Assessing BDS market in Vientiane, Luang Prabang and Champasack, DoSMEP, 2014

Information outreach platforms (Facebook or COVID support hub website) will likely continue, as evidenced by the comments on intentions by the SSC management.

The project outcomes 2 and 3 have the highest potential for sustainability because the project has laid a strong foundation for online information dissemination with an existing high number of followers alongside capacity building for BDS providers with free access to online training tools. The information dissemination via social media only requires personnel with creative content writing experience who are tech savvy after the support of RDK which will come to an end in December 2022. As the project outsourced this activity to a media company – RDK - if this platform is to continue, SSC has to decide who will take it over or how much they are willing to invest. The MSMEs interviewed stated that they are willing to pay for the training courses provided that the topics are relevant to them. This means BDSs could stay in business and the MSMEs will have continuous business support at any time. The SSC-LNCCI is well positioned to continue the implementation of all three outcomes, with support.

Added value of WhatsApp group chats: At every training course, there was a designated WhatsApp Group chat created for the convenience of communications and networking. This is a very popular means of communications in Lao PDR which has been used for daily networking, monitoring and business tips. There are currently six active WhatsApp Group Chats - LHA, LHRA, LBWA, Business Plan training Vientiane and Savannakhet groups, and Branding training group - with a total of 135 members. The group members have been in touch and support each other's business e.g. vegetables growers supply to hotels and restaurants. WhatsApp groups are an example of another online platform for further connection, to complement the Lao Pheng Lao Facebook page.

6. Summary of key lessons learned

Lesson Learned 1. The targets and indicators for Outcome 1 were too ambitious for an 18-month COVID and immediate post-crisis situation.

Throughout the project implementation, MSMEs were encouraged to strengthen their internal control and accounting system in order to present credible financial statements to the bank when applying for a loan. The lesson here is that prior to setting the target of \$2 million credit access, there was no agreement with DoSMEP for the credit amount allocation. The project would have benefitted from: (i) a negotiation for loan allocation with financial providers for the target MSMEs; and (ii) a better understanding of the requirements of the commercial banks for the MSMEs, at the outset. A virtual step by step guide that would explain the procedures and requirements to get loans approved from the financial institutions would have been useful from the start of the project. Such a virtual guide would help MSMEs to better understand the prerequisites, online, in advance. Additionally, MSMEs seemed to be focusing only on the 3% low interest loans without realizing that there is a long waiting queue and the banks have a limited amount of loans remaining. This led to disappointment of MSMEs and impacted the success of the project's Outcome 1.

Lesson Learned 2: The information dissemination via social media platforms and working closely with sector associations proved to be a very effective approach.

The momentum of the outcome should be maintained, as a recognized channel for new knowledge, troubleshooting and tips for doing business. This outcome requires a strong anchor to continue and sustain. Selecting the right anchor prior to implementing the page could ensure the sustainability of the page as well as the momentum going forward as 7,200 likes and 6,000 followers in a short period of time show good success and demand for such a platform which exceeded the project target of 1,000 MSMEs.

Lesson Learned 3: Building capacity for BDS providers and sector associations as well as providing free online learning resources are effective to sustain the intervention.

544 MSMEs accessed business training and exceeded the target of 250. The peer to peer learning modality has the potential to enable the MSMEs and BDSs to continue to network after the project has ended. In FGD, MSMEs from Vientiane, Luang Prabang and Savannakhet expressed: *“I was at first reluctant to attend the training provided by BDSs, but when I participated in the class I discovered that the training provided new insights and new business networks. I would not mind paying for any relevant training courses that the BDSs organize in the future.”*

A lesson learned is that there are limited BDS providers and perhaps a follow-on project needs to spend the first few months building the capacity of new BDS providers. This should be incorporated as one of the project's key outcome areas.

7. Conclusion and recommendations

7.1 Conclusion

The project was a success (achieved 80% of its targets) under very unique circumstances and in a challenging context. The short length of time for the project was suitable for the COVID-19 crisis phase. Sustained impact and systemic change, requires a longer-term (5-10 years) project that needs to be anchored within a strengthened government/LNCCI-SSC team, in order to build on the lessons learned and sustain the MSME support without external funding. In conclusion, the project: (i) was adaptable and flexible in its implementation; (ii) adjusted based on the needs of MSMEs; (iii) was consultative and its success was because of the strong partnerships; and (iv) models and tools will continue to be used in the future.

7.2 Recommendations for consideration by the ILO and donor

Recommendation 1 - Reduce the emphasis on Loans and A2F, until MSMEs and aspiring entrepreneurs formalize and have their fundamentals set; Track, over time, the survival of participating MSMEs and their A2F processes and outcomes

In a subsequent project, Outcome 1 may be further discussed with DoSMEP in order to find the way to better support MSMEs to access finance after being capacitated by the BDS.

However, the idea that access to finance is an important indicator of development may need to be de-emphasized, especially in the context of post-COVID-19 Lao PDR. When the time is ripe for MSMEs to decide to tap financial resources (loans) that result in “owing,” the risk of

losing property or falling into debt dependency is reduced. MSMEs in Lao PDR are largely small, family-run businesses that need to formalize first, then get their management and cash flow fundamentals clearly in place, before seeking access to finance. The project has illuminated this clearly, through its activities and feedback from a range of stakeholders, including the MSMEs themselves. Over 50% of MSMEs trained used their own savings to top up the business during the pandemic followed by borrowing the money from family and friends (28%).

For specific key stakeholders, A2F recommendations are: (i) Project: Support the few fundamentally sound MSMEs (with proper financials and business plans) access to financial resources, a follow-up project may consider selecting an anchor or main actor that could act as a bridge to connect the donors, commercial banks, the government and MSMEs. This will ensure that expectations are clarified by all parties. Banks have obligations to be transparent with their products and service, the MSMEs have the rights to submit and receive feedback on the applications. Tracking, over time, the survival rate of participating MSMEs and their processes and outcomes on A2F is recommended; (ii) Government: Monitor and evaluate policies to support and promote MSMEs on access to finance in order to ensure implementation effectiveness; and (iii) MSMEs: Sensitize the MSMEs on the need to manage their business fundamentals as the first step before seeking to access finance.

Recommendation 2 - Pilot a cell phone-centered package for a scalable self-learning model, to target the rural youth

Cell phones are presently used to access the internet by 43% of the Lao PDR population. Essential for information and communication, cell phones have the potential to support new learning. The most common applications are Facebook, WhatsApp and Instagram. YouTube is also commonly accessed.²⁷ The hybrid online and in-person learning which COVID-19 necessitated may be tapped for piloting cell phone modules which are utilizing the ABL in a hybrid online self-learning model. This will allow for the young in the harder to reach rural locations to participate. This type of pilot may also enable scalability of the successes from the project. Prior to creating a cell-phone centered pilot for online learning tools, the project needs to carefully select the anchor to manage the social media and website administration to ensure the continuation of the momentum and quality. The website has annual fees that require an entity to pay and maintain, therefore it may be advisable to cease its existence because Facebook, Instagram, TikTok and YouTube are much more utilized platforms in the Lao context, especially for the young (15-40).

Recommendation 3 - Expand the ABL and BDS model and extend it to the provinces

Consider expanding the capacity building for BDS in the provinces to create larger impacts by supporting local BDS business and creating a local mentor/coach for MSMEs in the province. In the next several years the post-COVID-19 economic challenges will likely be severe for the MSMEs and Lao economy overall.²⁸ The BDS model initiated by this project has the advantage

²⁷ <https://laotiantimes.com/2020/07/09/digital-2020-report-on-laos-released-internet-mobile-and-social-media/>

²⁸ ASEAN Briefing, 15 Feb 2022, [Laos Reduces VAT Rate to Support the Post-COVID-19 Economy](#). “The economy of Laos was hit especially hard by the pandemic and the country saw its slowest GDP growth rate in 30 years, declining to -0.6 percent in 2020. The World Bank predicts a 4.5 percent growth rate for 2022 which is still below the six to eight for the past decade. Laos’ manufacturing sector saw a decline from 6.7 percent in 2019 to 5.8 percent in 2020 and some tourist destinations lost over 70 percent of revenue in 2020.”

of easy to use tools, which can be utilized more widely by extending the training, business coaching and mentoring methodology and sharing activities more widely out into the many rural provinces of Lao PDR. This can be done by building on the current initiatives and resources, specifically the successes in partnering with BDS providers, Sector Associations and especially educational institutions (NUL in Vientiane and SU in Luang Prabang). Google Primer Initiative in Thailand: The ILO together with Google has developed a range of simple business skill educational modules, for use on smartphones under Google Primer. These could be utilized for expansion and to target youth and needs to be adapted in Laos as the tools are currently only available in Thai. It should be noted, other development projects have tried this with limited results, pre-COVID. Future projects can learn from what they've done and where they struggled to be successful.

Recommendation 4 - Organize more Lao Entrepreneurship Days at new locations

These events may be held in collaboration with existing and new partnerships, in many more locations throughout the country. The two Lao Entrepreneurship Days in 2022 were a great success, held respectively in March (Luang Prabang, at SU) and May (Vientiane, at NUL), with more than 300 aspiring youth entrepreneurs reached by the participating faculty and relevant senior CCI staff, all of whom received capacity building prior to the events. In the case of more rural, harder to reach MSMEs and aspiring entrepreneurs, the University model from this project can expand to additional universities in larger towns. Expanding via Secondary Schools in the provinces, can also be explored to reach the “necessity-based” entrepreneurs who need to be supported in the post-COVID-19 recovery years.

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Annex 2: List of stakeholder interviews

Note: Questions used were based on the suggested questions in Annex 6: ToR, see *Questions to Consider*.

No	Organization	Name	Role	Location
1	ILO	Mr. Charles Bodwell	Senior Enterprise Development Specialist - East Asia and Pacific	Teams (online)
2		Ms. Anjali Patel	Project Manager	Teams (online)
3		Ms. Anousone Sosenginh	National Project Coordinator	
4		Ms. Visethsinh (Tou)	Project Admin/Finance	
5		Ms. Nalinh Inlatsamy	Provincial Project Coordinator	Teams (online)
6		Ms. Mattie Milliken	Junior consultant on Enterprise Development	Teams (online)
7		Mrs. Khemphone Phaokhaokhamkeo	National Coordinator	Zoom (online)
8	Microfinance Association	Ms. Pamouane Phettany	President/Trainer	Association office (LMFA office)
9		Ms. Savanah Photilath	Coordinator	
10	Katalyst	Mr. Antony Campbell, Mr. Keovisouk Dalasane	Trainer	Katalyst Office/ 108Hill 6th floor
11	SME Service Center/LNCCI	Mr. Phuttasone Phomvisay	LNCCI Secretary General/SSC Director	SSC office/LNCCI Building
12	Lao Handicraft Association	Madame Souvita	President	Association Office (LNCCI Building)
13		Mr. Boaubane	Office Manager	
14	Lao SME Association (LSMEA)	Mr. Litthikay Phoummasak	President	N8 building
15	Luang Prabang Chamber of Commerce (LPBCCI)	Mr. Bounthieng Soulivanh	President	<u>Zoom (online)</u>
16	Lao Business Women's Association (LBWA)	Mrs. Chanthachone Vongsay	President	Association Office (KC Building)
17		Mr. Souly	Coordinator	
18	Lao Hotel and Restaurant Association	Ms. Phonepaseuth Chandala	Coordinator	Patuxay Cafe

19	Enterprise Development Company	Mrs. Thippaphone Phetmany	Trainer	EDC Office
20	TACDO	Ms. Vilaylack Boulom	Training Coordinator	<u>Zoom (online)</u>
21	Department of SME Promotion (MOIC)	Mr. Sa Siriphong	Deputy Director General	MOIC Building
22	Trained by LPB CCI	Mrs. Phoutsachanh Panyamany	MSME- CEO of Phousy Incent Factory	<u>Zoom (online)</u>
23	Trained by EDC	Ms Souphaphone Phongsavanh	MSME- CEO of Sanfun Academy Printing House	ILO
24	Trained by MFA	Mr. SengAloun Lattanaphane	MSME-Chairman of Cocoa Cultivation	<u>Zoom (online)</u>
25	Trained by TACDO	Mr. Vixay Nourack	MSME-CEO of Sabai Cleaning	<u>Zoom (online)</u>
26	Trained by LBWA	Ms. Linna Oumanychanh	MSME- CEO of Savannakhet Hueanphae Mueangfa Restaurant	Zoom (online)
27-30	Focus Group Discussion (training organized by LHA, LHRA, Lao SME Association)	Mr. Somnuek Onnaly (TACDO, LHRA), Ms. Axiomg Maichueduovang (LSMEA, LHRA), Ms. Samoy (TACDO, LHA), Ms. Phayvanh Phosithilath (LSMEA)	Owner/staff of MSMEs	Zoom (online)
31-32	LAFF Project, KfW-funded	Mr. Keolabthavong Songsamayvong, Mr. Indrajith Wijessiriwardana	AFC experts	Zoom (online)
33	A2F assessment of the project	Ron Bevacqua	External researcher	Zoom (online)

Annex 3: Summary of outputs delivery, as of July 2022²⁹

- 3 unique, low-cost, scalable activity-based ILO training packages made available to MSMEs in Laos (R4B, C-BED, COVID Resilience Modules) with specific modules developed for local partners (digitalization, exhibition booth, formalization).
- 544 MSMEs have been provided with at least 8 hours of BDS services, exceeding the training target of 250 MSMEs out of which 60% of the MSMEs were women-owned, surpassing the target of 40%.
- 87 MSMEs received coaching assistance
- 12% MSMEs have successfully accessed finance
- Information pack on financial products and services available for MSMEs (validation with financial institutions on data underway).
- Lao Pherng Lao Facebook community has engaged over 8,155 active followers and 7,315 likes from across the country surpassing the project target of 1,000. This interactive online space enables the LNCCI and the SSC to directly interact with and provide support to MSMEs and reach out to over 160,085 audiences.
- Produced and launched a 30 part video series capturing the resilience of MSMEs across the region on their adaptation techniques and advice for other MSMEs during COVID19.
- 75 hours of capacity building for partners.
- 4 Sector Associations (Lao Business Women's Association, Lao Hotel & Restaurant Association, Lao Handicraft Association and SME Association) partnership agreements signed and implemented resulting in increased visibility for new members and added value for existing members.
- 5 BDSs received training of trainer's courses to conduct the activity-based learning workshop/training for MSMEs (this include SSC due to its nature of service provided to MSMEs).
- Entrepreneurship Day was hosted in Luang Prabang and Vientiane through partnership with Souphanouvong University and the National University of Laos, the SSC and the LNCCI and LPBCCI inspiring nearly 400 students in total. Upon the survey of 100 students, 67% of them wish to become entrepreneurs.
- 20 MSMEs and 10 Financial Institutes (8 banks, 1MFI, 1 leasing company) participated in the "speed dating".
- 2 financial fairs were organized with a total of 350+ participants.
- The LPBCCI, with support from the project organized a local forum to discuss potential opportunities for MSMEs and the impact from the Lao-China railway, and jointly identified specific areas or roles/products that MSMEs and community involvement that can be prioritized. The outcomes of the discussion will be raised to LNCCI at the Lao Business Forum.

²⁹ Project Progress Report, 01 December 2021-13 June 2022

Annex 4: Summary of key consolidated findings from training evaluation feedback³⁰

Overall, the survey feedback from the BDS trainings was very positive as indicated through these key findings:

- 94% stated that the training met their expectations.
- 91% stated they were interested in future business training after this experience.
- 91% believe that the training delivery method was helpful
- 90% had the opportunity to share their ideas and believed that there was a positive and open atmosphere
- 85% gained knowledge on how to adapt / improve their businesses
- 92% feel more confident in continuing their business after the training
- 91% feel more positive about the future
- 93% built a stronger network through this training

³⁰ Project Progress Report, 01 December 2021 - 13 June 2022

Annex 5: Evaluation Work Plan (revised)

			June				July		
Activity	Description	Key date/d deadline	W1	W2	W3	W4	W1	W2	W3
1	Contract signing	11-Jun-22							
2	Introduction Call with ILO	13-Jun-22							
3	Desk Review	16-Jun-22							
	Project Document	13-Jun-22							
	Project Progress Report	14-Jun-22							
	List of beneficiaries by category	14-Jun-22							
	ILO / National documents	15-Jun-22							
4	In-depth Interviews								
	ILO: (1) project team (2) Khemphone, Charlie	14-Jun-22							
	Business Development Service Providers (4)	16-30 June							
	Women and men-owned MSMEs that received support (10-15)/FGD	16-30 June							
	Implementing partners	20 Jun-14 Jul							

	(LNCCI, LPB CCI, SSC, DOSMEP)							
	Sector association s (4, representin g themselves and their members)/ FGD	24- Jun-22						
5	Data clearing and analysis	25- Jun-22						
6	Report writing	29- Jun-22						
7	Report submission (first draft)	7-Jul- 22						
8	Debriefing & Final PAC meeting	27-Jul- 22						
9	Final report submission	31-Jul- 22						

Annex 6: Evaluation Terms of Reference

Terms of Reference

For the final internal evaluation for the ILO's 'MSME Resilience Project in Lao PDR'

Objective

The International Labour Organization (ILO), with funding from the Swiss Agency for Development and Cooperation (SDC), is seeking a consultant/service provider to conduct a final internal evaluation of the project "Supporting Resilience of Lao MSMEs in Response to COVID-19" consisting of key stakeholder interviews and a final report showcasing feedback and overall project impact. This forms part of the International Labour Organisation's (ILO) strategic practice of ensuring that projects and programmes are adequately evaluated.

The objective of the assignment is to:

- Independently assess the Lao MSME Resilience project against project outcomes and indicators
- Capture the feedback and perspective of a range of stakeholders on the impact of the project activities
- Identify good practices and lessons learned that would contribute to learning and knowledge development of the ILO and project stakeholders
- Inform the ILO on whether the project strategy has worked effectively, and provide recommendations on additional approaches suggested by stakeholders for consideration in future initiatives

Background

The micro, small and medium-sized enterprises (MSME) sector in Laos constitute the backbone for job creation and employment, accounting for more than 80 percent of employment in the country. The sector has been severely impacted by the COVID-19 pandemic, caused largely by a nation-wide lockdown imposed by the Government to mitigate the impact of the pandemic. However, the Lao MSME sector could play a vital role in responding to the COVID-19 crisis and in driving a sustainable and resilient recovery if it is provided with the right support.

As a response to the COVID-19 outbreak, the ILO launched a project in April 2021 until May 2022 (no-cost extension until July 2022) with funding from the Swiss Agency for Development and Cooperation. The project is implemented in partnership with the Lao National Chamber for Commerce and Industry and the SME Service Center, and receives policy guidance from the Department of SME Promotion of the Ministry of Industry and Commerce. The project ultimately aims to support women and men-owned MSMEs in Laos to become more sustainable and resilient and generate economic and decent employment opportunities, contributing to Lao PDR's recovery from COVID-19.

Specifically, the project aimed to achieve this by:

- Working with financial institutions and other partners to support formal and informal women- and men-owned MSMEs in accessing cash, credit and other financial services;

- Supporting efforts to provide continued and reliable information related to COVID-19 support measures and contribute to a better enabling environment for entrepreneurship development and MSMEs; and
- Delivering business development services to women- and men-owned MSMEs and aspiring entrepreneurs, including those in the informal sector, to build business and financial management skills, financial literacy, promote entrepreneurship and stimulate new innovative and sustainable business ideas.

Scope of Work

The evaluation will run from May 15 – June 30th in order that the findings can be presented during the final project month (July) and will cover both Vientiane and Luang Prabang.

The consultant/service provider will begin by conducting a desk review of project documents and relevant research regarding project objectives. Based he/she will submit a proposed work plan including a list of questions to ask beneficiaries in accordance to the evaluation criteria outlined below. The ILO and consultant will jointly agree on the work plan, list of questions and final list of stakeholders.

The impact assessment will follow the ILO's evaluation criteria such as:

1. Relevance of the project
2. Validity of design
3. Project progress and effectiveness
4. Efficiency of resource use
5. Effectiveness of management arrangements
6. Impact orientation and sustainability

The consultant/service provider will draft a report capturing the findings and submit it to the ILO project team for review. The final version should address the criteria above and include feedback from key stakeholders as well as integration of the project team's comments. The final version will be submitted in both Lao and English, in accordance with the ILO house manual and style guide.

Deliverables

1. Inception report including: proposed work plan aligned with timeframe, evaluation matrix, and study tools
2. Final list of key stakeholders to be interviewed (in a table format) including:
 - ILO project team
 - Implementing partners (LNCCI, SSC, DOIC)
 - Women and men-owned MSMEs that received support (10-15)
 - Sector associations (5, representing themselves and their members).
 - Business Development Service providers (4)
3. Draft report (10-15 pages) for review by the ILO Project Team in English
4. Final report (10-15 pages) written in both Lao and English incorporating:

- a. A concise overview of major internal and external conditions that have positively and negatively affected the project's relevance, effectiveness, efficiency, impact and sustainability (2-3 pages),
- b. Summary of projects results and achievements based on the desk review (covering project documents, consolidated training data and online analytic reports) and feedback from stakeholders
- c. Summary of interviews conducted (including qualitative interviews with stakeholders), and
- d. Recommendations for future ILO projects based on feedback from stakeholders

Questions to consider:

Please note that these questions are a preliminary suggestion and the service provider is expected to provide feedback and adapt once they have completed the desk review.

1. Relevance

- a. How well did the project meet the needs of the beneficiaries (women and men-owned MSMEs in Lao PDR)
- b. How well did the project adapt to the changing needs of beneficiaries in the context of COVID-19.

2. Validity of design

- a. To what extent is the project design (objectives, outcomes, outputs, and activities) and the underlying theory of change logical and coherent?
- b. Has the design and implementation adequately considered cross cutting issues like gender?

3. Project effectiveness

- a. To what extent the outputs and outcomes have been achieved or are likely to be achieved
- b. To what extent the outputs produced and delivered are satisfactory (stakeholders should be interviewed to gauge how they perceive them)
- c. Have the project activities and impact been evenly distributed across the geographic areas (explore why or why not)
- d. What internal and external factors may have influenced the ability of the ILO to meet the project targets and what measures were taken in particular in the context of Covid19.

4. Efficiency of resource use

- a. Have the available technical and financial resources been adequate to fulfill the project work plan
- b. Is the project receiving adequate political, technical and administrative support from its national partners/implementing partners
- c. Are the relevant stakeholders involved in an appropriate and sufficient manner

5. Impact Orientation and Sustainability

- a. Is the programme strategy and programme management steering towards impact and sustainability

- b. How has the project contributed to increasing the capacity of people and national institutions or strengthened an enabling environment (laws, policies, people's skills, attitudes, relationship, organizational and institutional capacity, coordination, etc.)
- c. How likely is it that the project results and activities will be sustained beyond the project, through the action of government, social partners and other stakeholders?

6. Lessons learned

- a. What good practices can be learned from the project that can be applied to similar future projects
- b. What are the ILO, and partners' opinions about the following questions:
 - i. What works well?
 - ii. What does not work well?
 - iii. What would we do the same?
 - iv. What would you do differently

Timeframe

The expert's services will be required over a span of 1.5 months (15 May – June 30, 2022) and it is estimated that the overall work concerning all outputs would take up to 14 full working days. The expert is free to spread the time and pace as is convenient.

Dates (flexible):	Deliverable:	Working Days:
May 15	Service provider engaged and brief proposal on undertaking the assignment including suggestive questions for different interviewees	2
May 30	Desk review including call with project team)	2
June 1-5	Key ILO interviews	2
June 6-15	Key stakeholder interviews	4
June 20	Prepare draft report in English	2
June 30	Revise final report, incorporating feedback from ILO team, translate final version in Lao.	2

Total: 14 days

Payment

Payment Payment will be given in 2 installments upon delivery of services:

- Draft report to the satisfaction of the ILO
- Final report in Lao and English to the satisfaction of the ILO

Application

Interested individuals are requested to submit their application in English, by email to sosenginh@ilo.org by 9 May, 2022 along with the following components:

- Financial proposal of work equivalent to 14 working days;
- Previous example(s) of past work including similar reports or research
- CVs of participating individuals (if a consulting firm or company, a company profile with: a company name, registered office address, physical address, telephone numbers, date of registration, registration number, copy of registration certificate, names of directors/proprietors and name of contact person).
- Contact details of two previous service users/clients

Note - This assignment is based in Lao PDR and may require travel for in-person interviews.

Selection will be made based on cost proposed and:

- Education: Bachelor's degree in social sciences, economy, policy or related field
- Proven experience reporting on qualitative and quantitative analytics (ideally having conducted project / programme evaluations using OECD / DAC criteria)
- Proven experience addressing policy recommendations at the international level.
- Excellent language skills in English are required (written, oral and comprehension).
- **Excellent language skills in Lao are required (written, oral and comprehension).**
- Some knowledge about the UN and/or other development organisations as well as MSMEs.
- Language, words, terms and phrases to be used in the seminar and the report must be
- respectful of labour rights, gender equality, persons with disability and rights of other
- marginalized groups. For any clarity, ILO should be contacted.
- The report shall follow the ILO in-house style manual, which shall be made available to
- the selected respondent. It is recommended that the financial proposal should allocate budget towards a graphic designer and translator to ensure quality aligns with ILO standards.