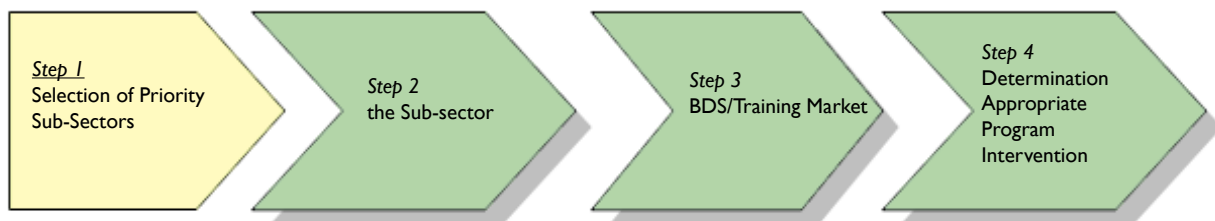


Selection of a Priority Sector: A Participatory, Multi-Sectoral Approach to Enterprise Development

Context

SMEDSEP is using the Service Market Development Approach for enterprise development (See Figure 1). This approach is composed of four (4) stages, namely: 1) Selection of priority sub-sector, 2) Analysis of the sector, 3) Analysis of BDS/ Training Service Market and 4) Determination of Appropriate Program Intervention. The first stage of this approach, the selection of a priority sub-sector, is an important process in identifying the sector that has the strongest potential for success in enterprise development.

Figure 1: Service Market Development Approach



Problem

The existing industry sectors in the areas covered by the program have to be prioritized in view of limited resources, insufficiency of reliable and baseline data, and the need to focus on the sector with the highest potential for success.

Solution

Implement a **cost effective, multi-stakeholder and multi-sectoral selection of a priority sector** through a participatory and transparent process in promoting sustainable enterprise development.



CASE: Selection of Priority Sector in Cebu and Negros Occidental

SME stakeholders (government & private sector) in Cebu and Negros Occidental selected Information Technology (IT) and Tourism, respectively as the pilot sector for project focus because these two sectors offer the greatest potential in terms of market and employment.

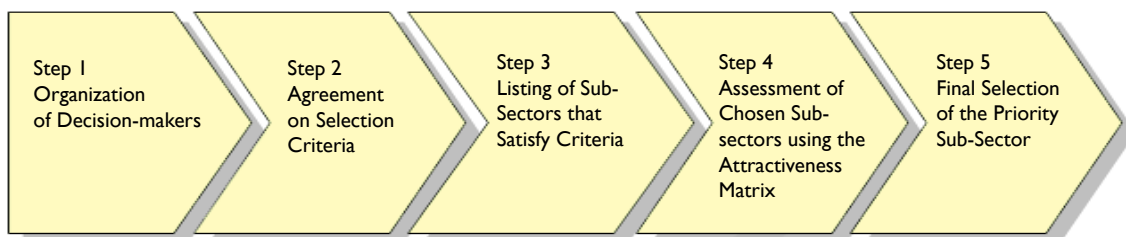
Approach

A Participatory Priority Sector Selection Process

The selection of the priority sector is the first stage of the Service Market Development Approach of SMEDSEP. This component involves five (5) steps, namely: 1) Organization of industry decision makers, 2) Development of selection criteria; 3) Listing of sectors that satisfy criteria; 4) Assessment of Chosen Sub-Sectors using the Attractiveness Matrix, and 5) Final selection of priority sector (See Figure 2).

The identification of the industry leaders and decision-makers of government & non-government organizations is a critical step in this approach since industry leaders provide strategic information about their respective sector. It is also important for the selection criteria to be clearly defined and agreed upon by the stakeholders. To achieve an objective, transparent and participatory process, an Attractiveness Matrix Tool is used. This methodology allows stakeholders to rate the different sectors based on the agreed criteria and the sector with the highest points gets selected. The Attractiveness Matrix Tool is a cost effective approach that requires only less than a month to carry out with a trained facilitator on the use of the tool.

Figure 2: Steps in Sub-Sector Selection



Step 1: Organization of industry decision makers

- Identify the heads/decision makers of different industry associations, chambers, non-government organizations & relevant government agencies
- Organize multi-stakeholder, multi-sector workshop

Step 2: Agreement on Selection Criteria

- Participants agree on at least two selection criteria, for example: Market and employment potential

Step 3: Listing of Sub-sectors that satisfy criteria

- Participants recommend all the sectors in the area that meets the selection criteria
- Shortlist the sub-sectors. Select only 4 based on # of votes

Step 4: Assessment of Chosen Sub-sectors using the Attractiveness Matrix

- Representative from industry present facts & figures on the shortlisted sub-sectors
- Rating of sub-sectors according to two criteria (low, medium, high)

Step 5: Final Selection of the Priority Sub-sector

- The sub-sector with the highest points in the two criteria is finally selected

	1 (LOW)	2 (MEDIUM)	3 (HIGH)	TOTAL
MARKET POTENTIAL	2x1 = 2	2x2 = 4	8x3 = 24	30
POTENTIAL FOR EMPLOYMENT	3x1 = 3	5x2 = 10	4x3 = 12	25

Sample Attractiveness Matrix

Key Results

- Public and private sector collaboration in promoting enterprise development strengthened
- Selection of priority sector with the highest potential for success through a participatory process enhanced
- Transparency and multistakeholdership in promoting local economic development strengthened
- Local ownership and commitment secured
- Use of cost-effective measures to maximize limited resources increased

Success Factors

- Participation and commitment of industry decision makers
- Transparency of the selection process
- Harnessing knowledge and expertise of stakeholders on the current state of the different sectors
- Facilitating skills (selection of industry leaders, organizing the workshop, moderating the workshop using Attractiveness Matrix Tool)
- Cost effective financial requirement

For more information, please contact Ms. Martina Vahlhaus, GTZ Program Manager. You can also email the Program (smedsep@mozcom.com) and visit the website (www.smedsep.ph)

