

## Selection of a Priority Sector: A Participatory, Multisector Approach to Enterprise Development

### Context

SMEDSEP is using the Subsector Business Services (SBS) Approach for enterprise development (see Figure 1). This approach is composed of four (4) stages, namely: 1) selection of priority subsector, 2) analysis of the subsector, 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 subsector, is an important process in identifying the subsector that has the strongest potential for success in enterprise development.

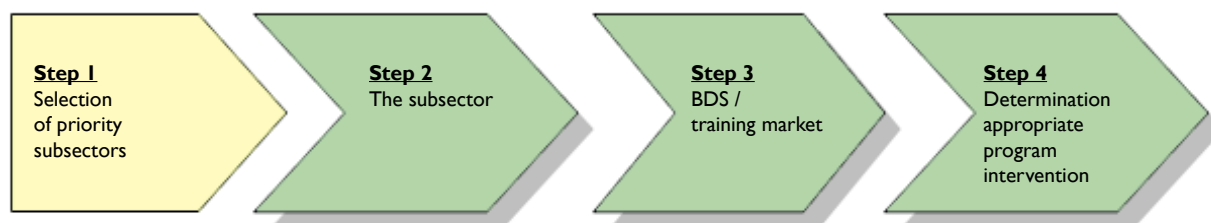


Figure 1: Service Market Development Approach

### 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 subsector with the highest potential for success.

### Solution

Implement a **cost effective, multistakeholder and multisector selection of a priority subsector** through a participatory and transparent process in promoting sustainable enterprise development.



### CASE: Selection of Priority Sector in Cebu and Negros Occidental

SME stakeholders (government and 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 Subsector Business Services Approach of SMEDSEP. This component involves five (5) steps, namely 1) organization of industry decision makers, 2) agreement on selection criteria; 3) listing of subsectors that satisfy criteria; 4) assessment of chosen subsectors using the Attractiveness Matrix and 5) final selection of priority subsector (see Figure 2).

The identification of the industry leaders and decision makers of government and nongovernment 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 be implemented with a facilitator which knows how to use the tool.

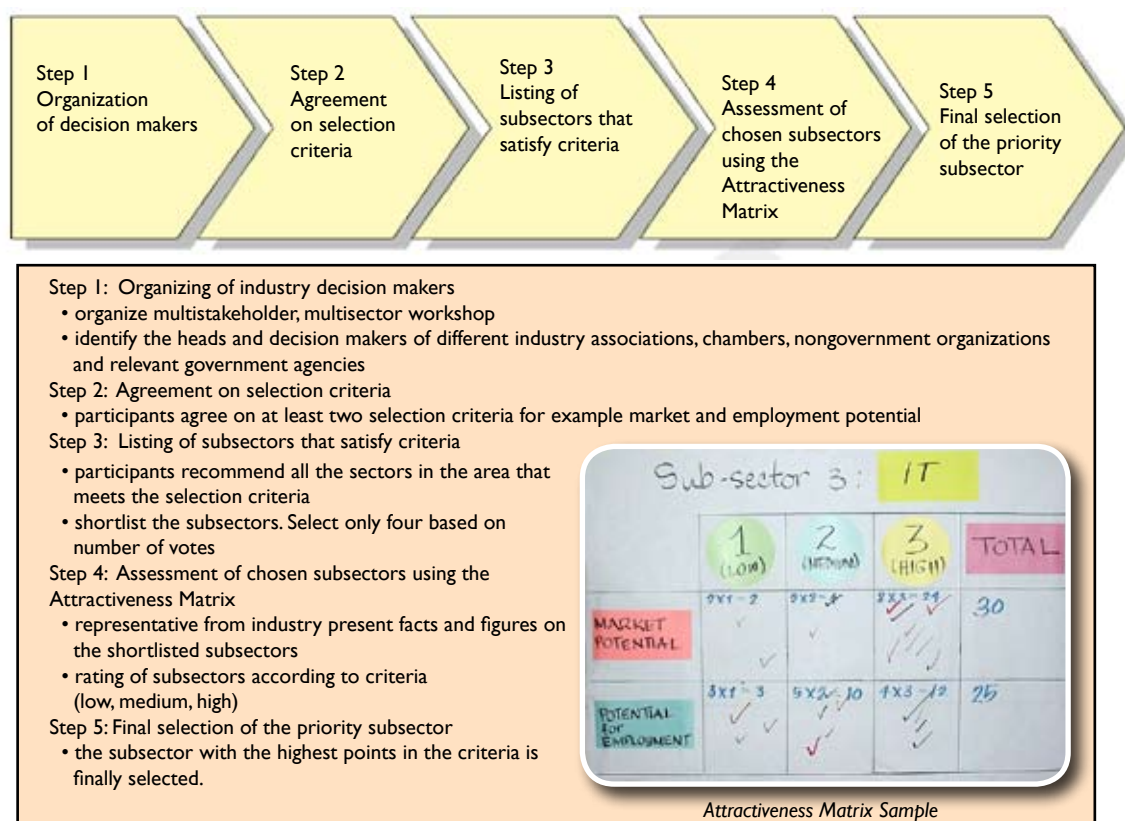


Figure 2: Steps in Subsector Selection

## 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 subsectors
- facilitating skills (selection of industry leaders, organizing the workshop, moderating the workshop using the Attractiveness Matrix Tool)
- cost effective, low financial requirement