

# ILO Technical Advice for Lao PDR Capacity building for Small and Medium Enterprises (SMEs)



## SME Access to Finance Project

### AT A GLANCE

- ➔ **Partners**
  - Department of SME Promotion (DOSMEP), Ministry of Industry and Commerce (MOIC)
  - National Implementation Unit (NIU), MOIC
  - Lao National Chamber of Commerce and Industry, SME Services Centre and BDS Providers
- ➔ **Donor**  
World Bank: SME Access to Finance Project
- ➔ **Duration of ILO assignment**  
June 2018 to June 2019
- ➔ **Target beneficiaries**  
At least 5 local BDS providers and at least 600 micro, small and medium enterprises in Lao PDR
- ➔ **Geographical focus**  
Lao PDR: Vientiane Capital, Luang Prabang and Champasak



### BACKGROUND

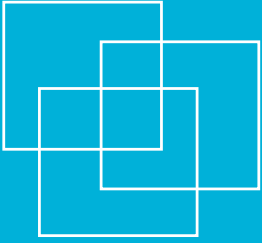
SMEs contribute to economic development, poverty alleviation and shared prosperity in Laos PDR. The SME sector employs a majority of the total Lao workforce, accounting for 82 percent of total employed by registered firms. Around 86 percent of registered firms are small, most of them micro with less than 5 employees. Many Lao SMEs have limited business management skills, which is an obstacle to their sustainable growth and further job creation.

The development of a competitive and innovative SME sector is a key element in Lao PDR's 8th National Socio-Economic Development Plan 2016-2020, SME Development Strategy 2016-2020, as well as in the ILO DWCP for Lao PDR and the global UN SDG target 8.

The ILO contributes to the Lao PDR SME Strategy through the capacity building for SMEs and other stakeholders, which is part of the SME Access to Finance Project, implemented by DOSMEP, MOIC with funding from the World Bank.

The SME Access to Finance Project provides loan financing to Lao SMEs for growth and job creation. The project also provides Business Development Services (BDS) to SMEs, with the aim that SMEs can better prepare loan investment proposals including business plans and financial reports, and furthermore, use loan funds more sustainably. To strengthen the BDS component of the SMEA2F project, the International Labour Organization has been engaged to support its implementation during June 2018 - June 2019.





DECENT WORK

A better world starts here.



## STRATEGY

Many Lao SMEs still have weak business management and financial management skills. This limits their growth including access to bank financing. To address the challenge, the ILO strategy is to:

- Support Lao-based BDS providers to effectively provide SME support
- Together with local BDS providers, provide services to 600 SMEs in Vientiane Capital, Luang Prabang and Champasak
- For BDS services, follow a Laos-tailored ILO tool called Laos In Business, which is developed with implementation partners and in consultation with Participating Financial Institutions (PFIs) to improve SMEs skills in:
  - (i) Business management and planning;
  - (ii) Financial management and planning;
  - (iii) Marketing and sales;
  - (iv) SME laws and regulations;
  - (v) Sector specific operations, technology.

## OBJECTIVES

Immediate Objective 1: Develop the capacity of local institutions in Lao PDR to deliver business development services to the SME sector.

Immediate Objective 2: Develop SME business skills, financial management skills and capacity to access finance in Lao PDR, through ILO training tools.

Immediate Objective 3: Improve SME capacity to access and manage finance through peer network groups.

**LAOS**  
**In Business**



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