



Lao National Perspectives on building MSME resilience and formalization

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Outline

1. Policy Framework
2. Access to Finance
3. Capacity Building
4. Market Access
5. Digital Transformation
6. Resilience to Shocks
7. Collaboration and Support Network
8. Formalization Incentives



I. Country Snapshot

- Country : Lao People's Democratic Republic (Lao PDR or Laos)
- Capital: Vientiane
- Total Area: : 236,800 Sq. Km
- Population: 7,275,556
- Population growth 1.46%
- Currency: Laos Kip (LAK)
- Labor Force: 3,828,776
- Neighbor: Cambodia, China, Myanmar, Vietnam, Thailand
- GDP 2020: 18.53 billion
- Airport: 13
- Railway: 409 Km



LNCCI MANDATE



Established in 1989, it is an independent non-governmental organization operating under the prime minister decree No. 237 issued on 18-5-2020

- The decree is under revision to give more status to the organization especially in improving business enabling environment and private sector development.



The apex business sector organization, representing public, private, foreign and domestic enterprises registered in the Lao PDR.

- The largest lobby group with a network covering 18 provincial CCI, 17 International CCI and Business Groups, and 24 business associations and groups



The Official Employers' Organization of the Lao PDR.

Towards a Sustainable, Green, Digital and Inclusive Economic Development & Growth

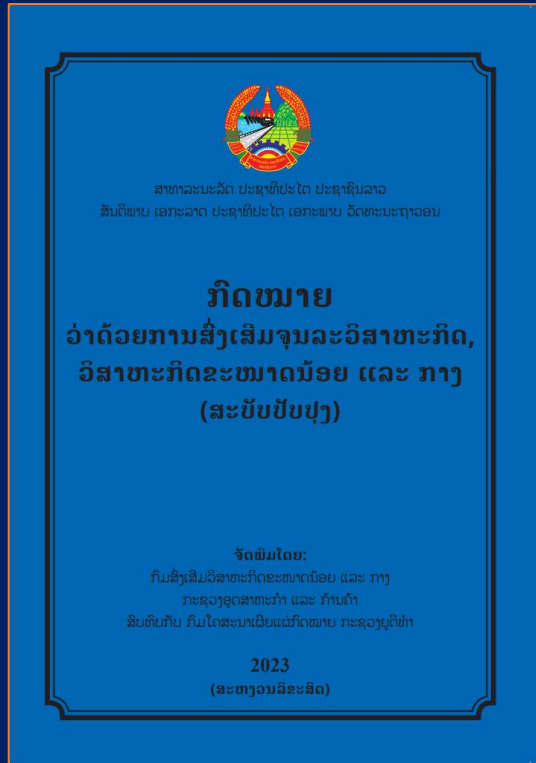
Collaborate for the development of the Industry Sector to be a high growth sector, elevating it to be part of the regional ASEAN industrial value chain, by producing good and services for domestic consumption and with focus on regional and global export.

Facilitate and mobilize resources for the development of the service sector (aka tourism, trade, logistics, etc.) firmly linked to high and sustainable revenue generation and creating needed jobs; enhance logistic and land transit points in the region

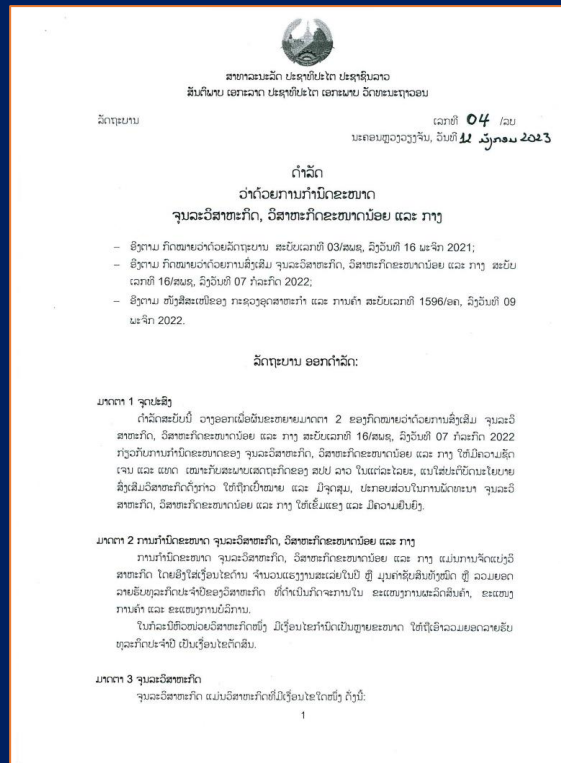
Encourage development of companies moving towards sustainable agriculture and forestry cultivation; Promote and facilitate green and smart agriculture;

Support and Develop MSME to be digitally ready, and participating with its brother the larger enterprise in value chain built-up and modernization

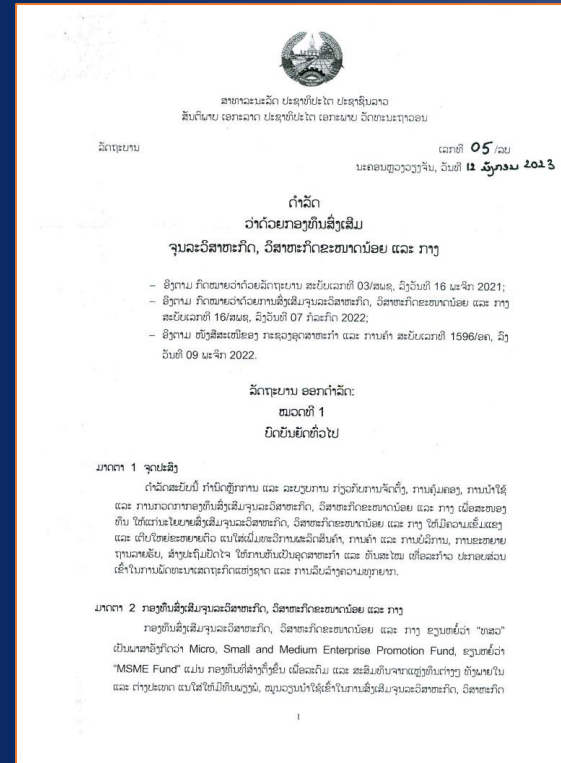
1. Policy Framework supporting MSME



Law on promoting MSME
No 16/SPS 07/07/22



Decree on definition of size of
MSME , 12/01/2023



Decree on MSME Fund No
05/LB, 12/01/23

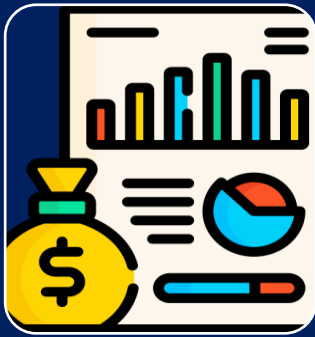


Development Plan for MSME
2021-2025

Government policies for MSME promotion



Entrepreneur
Development
Policy



Access to
Finance
Policy



ENHANCING
PRODUCTIVITY
USE AND APPLICATION
OF TECHNOLOGY
AND INNOVATION



Market
Access and
expansion



Access to
Technical
know-how
and
entrepreneur
ship

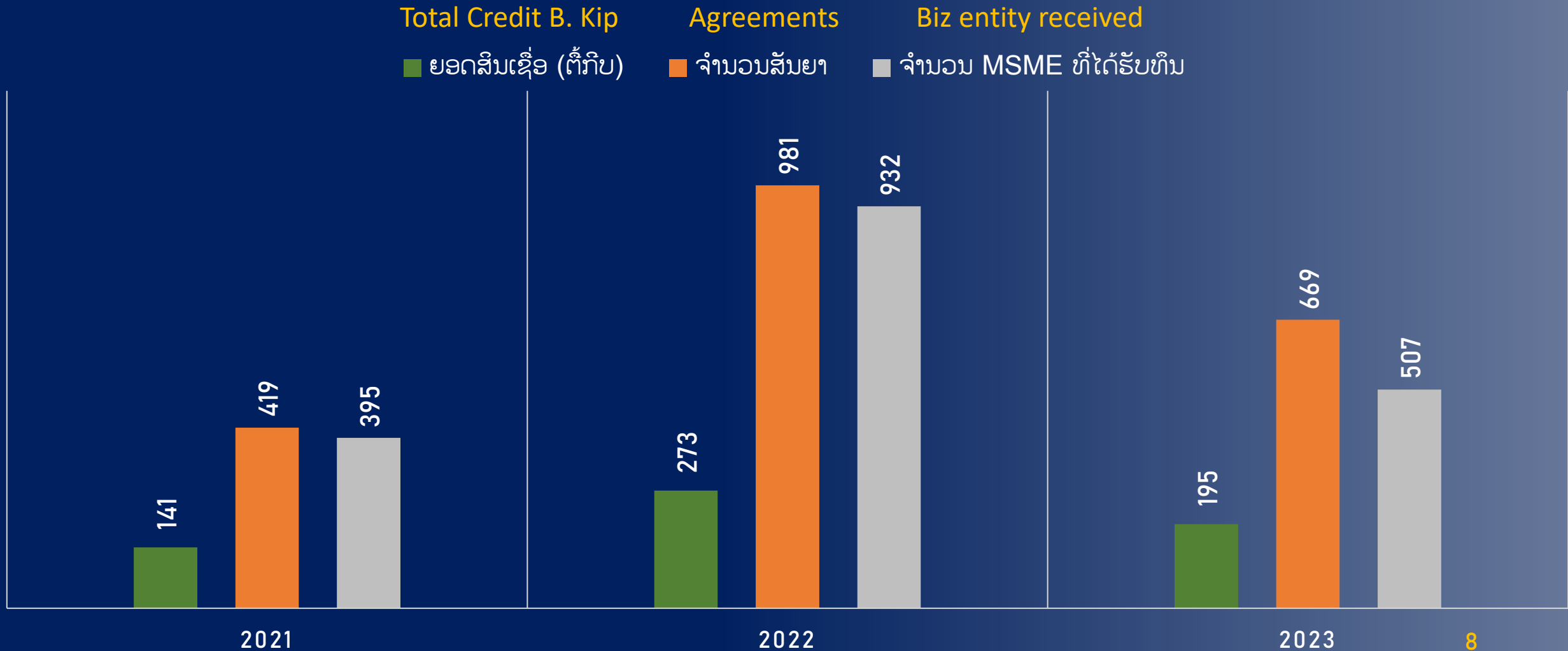


IMPROVE-MENT
OF BUSINESS
ENVIRON-MENT



TAX, CUSTOMS
AND FINANCIAL
RELATED
POLICIES

2. Access to Finance policies



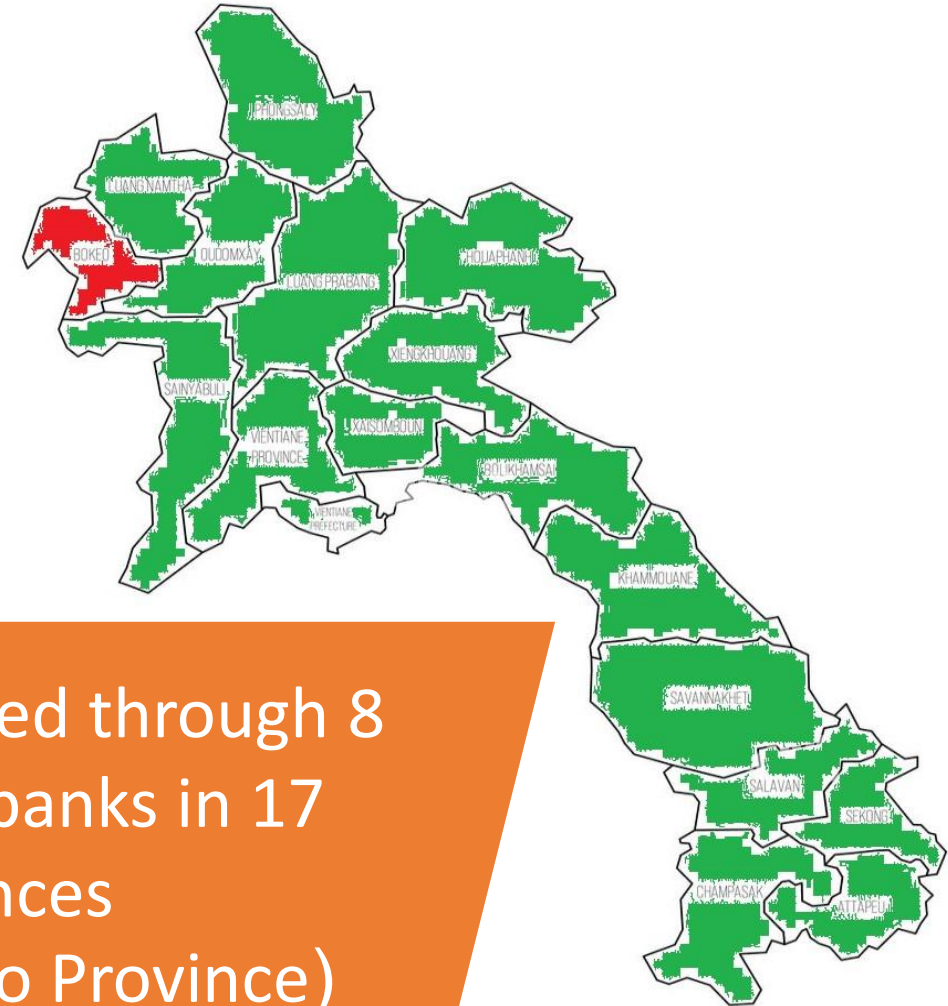
Access to Finance policies



ທະນາຄານພັດທະນາລາວ
LDB Bank



ທະນາຄານລາວຈີນ
老中銀行



Credit line issued through 8
commercial banks in 17
provinces
(Except Bokeo Province)

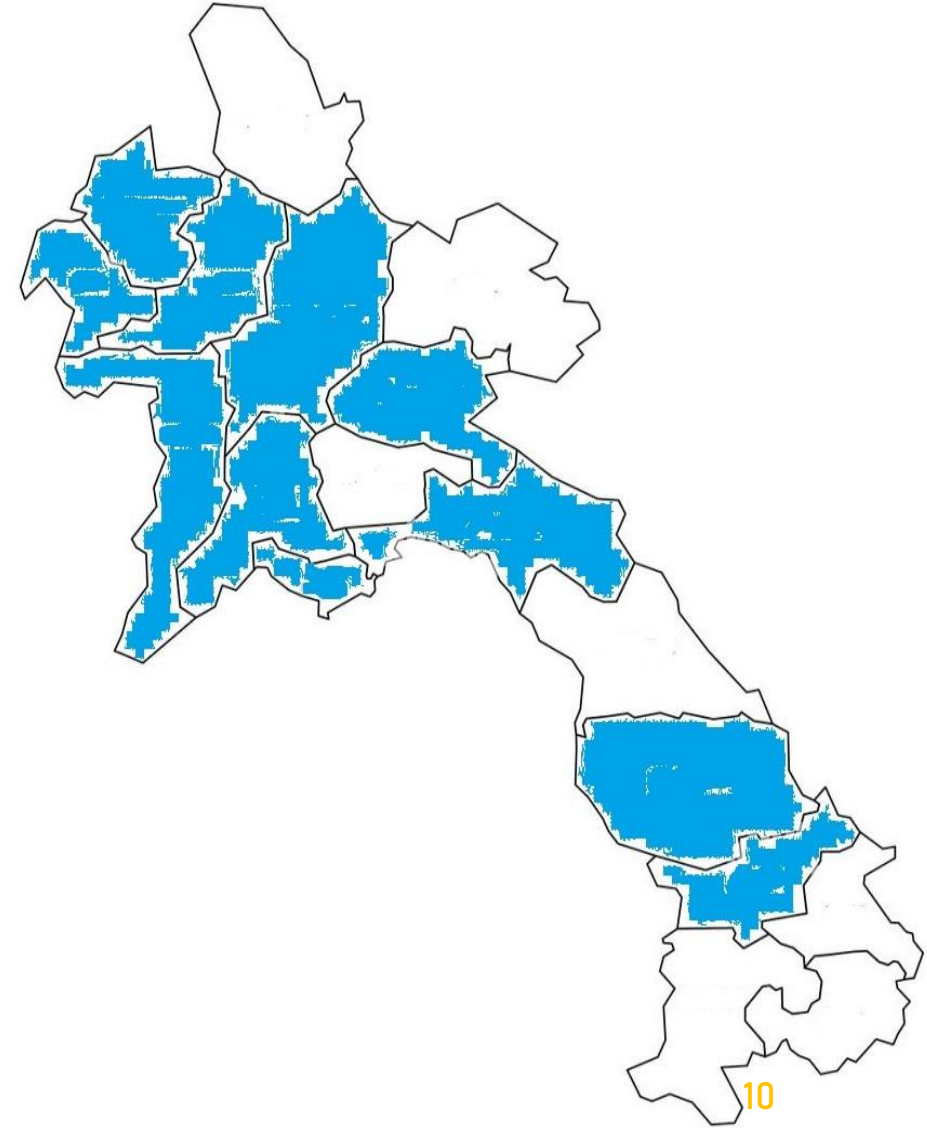
Access to Finance policies

Credit issued
through Micro-
Finance
Institution
11 MCF
Institutions

Credit provisioning
through 2 funds

1. Xaysomboun
Development Fund
2. Angel Fund (LNCCI)

Credit issued to grassroot
and Micros in 11 provinces
(except Phongsaly,
Huaphanh, Khammouan,
SekongAttapeu and
Champassak)



3. Capacity Building

Policies promoting access to entrepreneurship knowledge/skill set learning and professional service advice provisionning



- BDS members (Business Development Service) have provided training for MSME 33 times totalling 2764 pp (woman 1630)
- BDS provide training, advice to MSME, cooperatives, e-commerce training, study tours locally and overseas, business matching

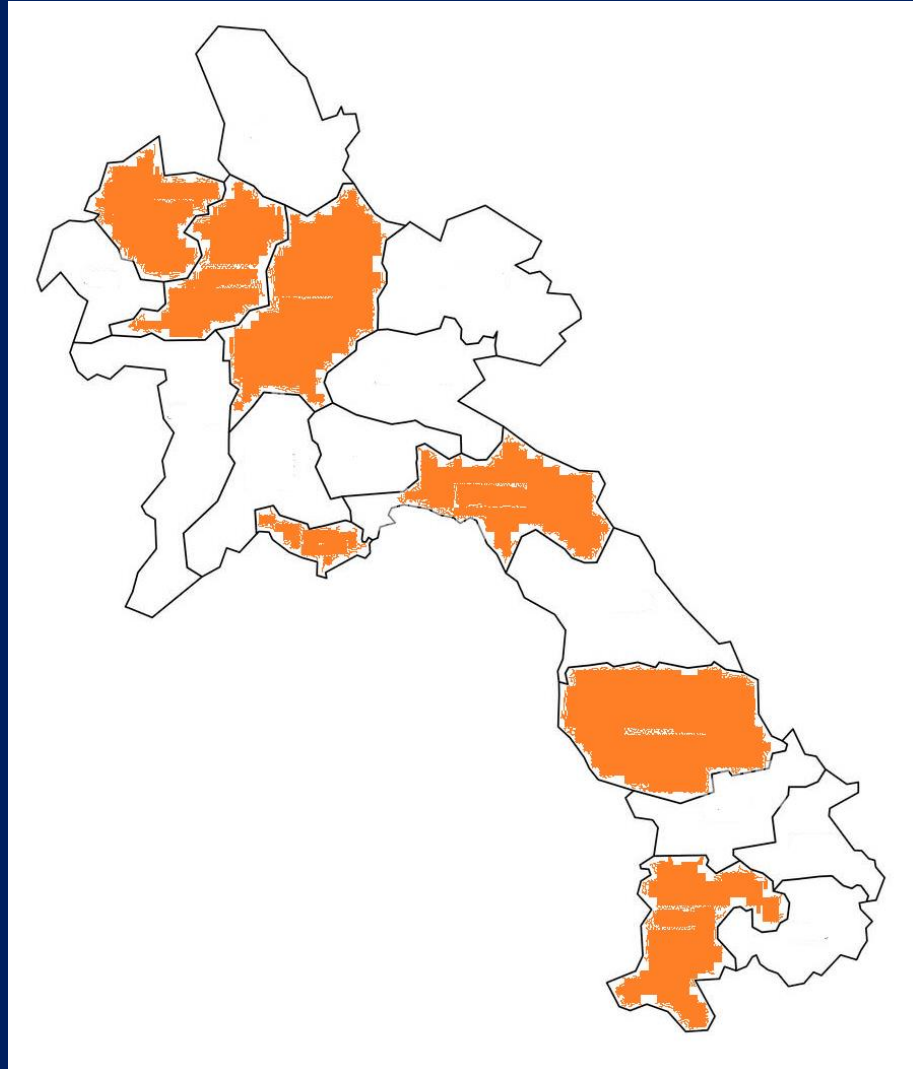


Participation with ASEAN BAC AMEN (ASEAN Mentorship for Entrepreneurs Network) project with 35 entities joining



Capacity Building (Cont.)

Policies promoting access to entrepreneurship knowledge and professional service



MSME Service Center 7 sites nationwide

1. Vientiane Capital
2. Luang Prabang
3. Savannakhet
4. Champassak
5. Bolikhamxay
6. Oudomxay
7. Luangnamtha

Capacity Building (Cont.)

Policies promoting innovation and productivity and quality improvement

1. Capacity building for farmers in improvement on efficiency and quality regarding agricultural products (provisioning of green houses)
2. Increase competitiveness in agricultural sector with certification of product with GMP and HACCP
3. Issue certificate for entities who receives standard of GMP, GHP, HACCP



4. Policies promoting access to market



Select members of Young Entrepreneur association as Ambassador for ASEAN ACCESS in Laos

Training provisioning on accessing market through ASEAN ACCESS project in 6 provinces for 450 pp



5. Digital Transformation

Policies promoting digital transformation, and innovation

- Encourage the adoption of digital technologies, tools that can help MSME increase efficiency and reach a wider customer base.
- Training in digital literacy is vital for the age of AI



6. Create Resiliency to Shocks

- Developing Strategies to enhance resilience against economic and other types of shocks, by diversifying of products and adding new markets.
- Long-term sustainability is a critical issue



7. Collaboration and Support Networks

- Building network among MSMEs, that can promote collaboration, sharing of best practices, new knowledge, that will enabling them to overcome the multiple challenges along the journey.



8. Incentive for Formalization

- Offering benefits for formalization, for example tax break, access to resources, these can motivate MSME to register and comply with regulations.



Final thoughts

- Promoting or awarding the MSME that has champion its resiliency during hard times or passed multiple and challenging obstacles
- Too many businesses are still outside of the system, rules and regulation sometime cannot not be implemented strict enough covering enough space in society, hence creating unfair business practices or competition that does not promote sustainable business development for our MSMEs affecting including small and large foreign investment in our country, our province or area.
- Big brother helping small brother is somethings that need to be practice and trained to be in the DNA of our MSME and large companies living in the same ocean, creating progress and development in the same ecosystem.
- Africa is growing and developing , Asia especially Southeast Asia is moving also strongly economically, hence, why not create more synergy between the region or continents, exchange more cultural and economical cooperation that can enhance and create more progress to both regions or continents and its people in this era of AI, era of green and sustainable economies.