

SMALL AND MEDIUM ENTERPRISE DEVELOPMENT IN LAOS

By: Mr Phouvong Phaophongsavath
Deputy Director
Investment Promotion Division
MPI, Laos

WHAT IS SME?

“The Small and Medium Sized Enterprise (MSME) are independent enterprises that are **legally registered and operated** according to the prevailing Laws of the Lao PDR, and are classified into the size categories according to the business sectors, the annual average number of employees, the total assets, and the annual turnover basis”

Law on SME Promotion, 2011

SME CATEGORIES

The SME are classified into 03 categories:

- ❖ Micro sized Enterprise
- ❖ Small sized Enterprise
- ❖ Medium sized Enterprise

Decree on Classifying SME categories, 2017

Micro Sized Enterprise	Sector	Number of Employees	Total annual assets	Total annual turnover
	Manufacturing	1-5	< LAK100,000,000	< LAK 400,000,000
	Trade (Retail and Wholesale)	1-5	< LAK 150,000,000	< LAK 400,000,000
	Service	1-5	< LAK 200,000,000	< LAK 400,000,000
Small Sized Enterprise	Sector	Number of Employees	Total annual assets	Total annual turnover
	Manufacturing	6-50	< LAK1,000,000,000	< LAK 2,000,000,000
	Trade (Retail and Wholesale)	6-50	< LAK 1,000,000,000	< LAK 3,000,000,000
	Service	6-50	< LAK 1,500,000,000	< LAK 1,500,000,000
Medium Sized Enterprise	Sector	Number of Employees	Total annual assets	Total annual turnover
	Manufacturing	51-99	< LAK4,000,000,000	< LAK 4,000,000,000
	Trade (Retail and Wholesale)	51-99	< LAK 4,000,000,000	< LAK 6,000,000,000
	Service	51-99	< LAK 6,000,000,000	< LAK 4,000,000,000

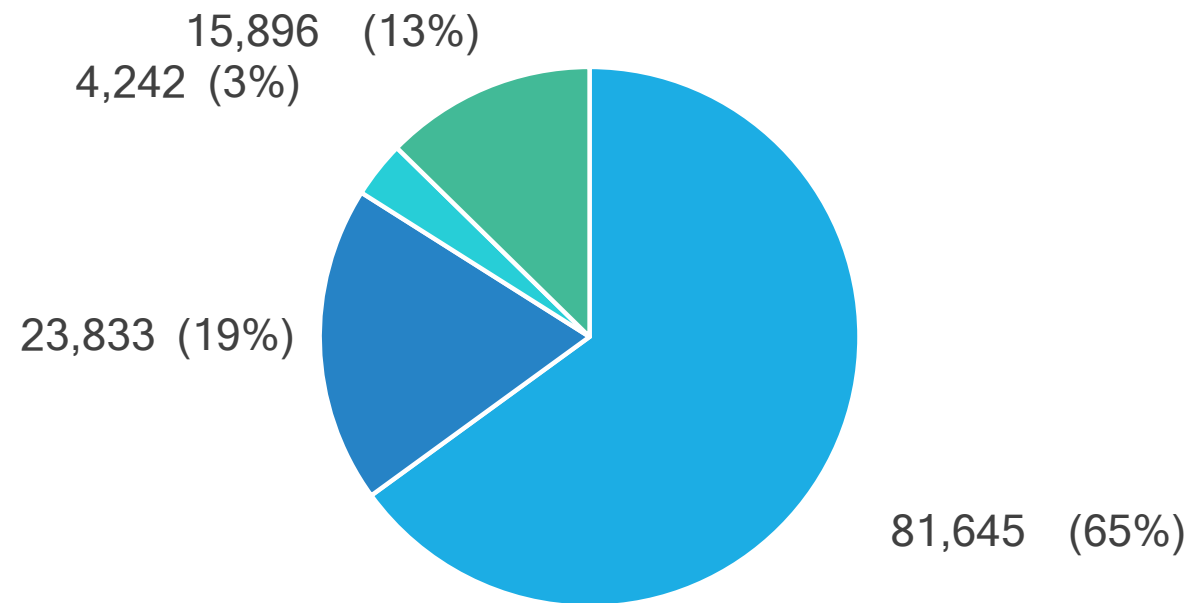
SME BY UNITS

Enterprises size	Units	%
Small enterprises	125,616	98.98
Medium enterprise	1,081	0.85
Large enterprise	196	0.15
No answer	20	0.015
Total	126.913	100

SME BY EMPLOYEES

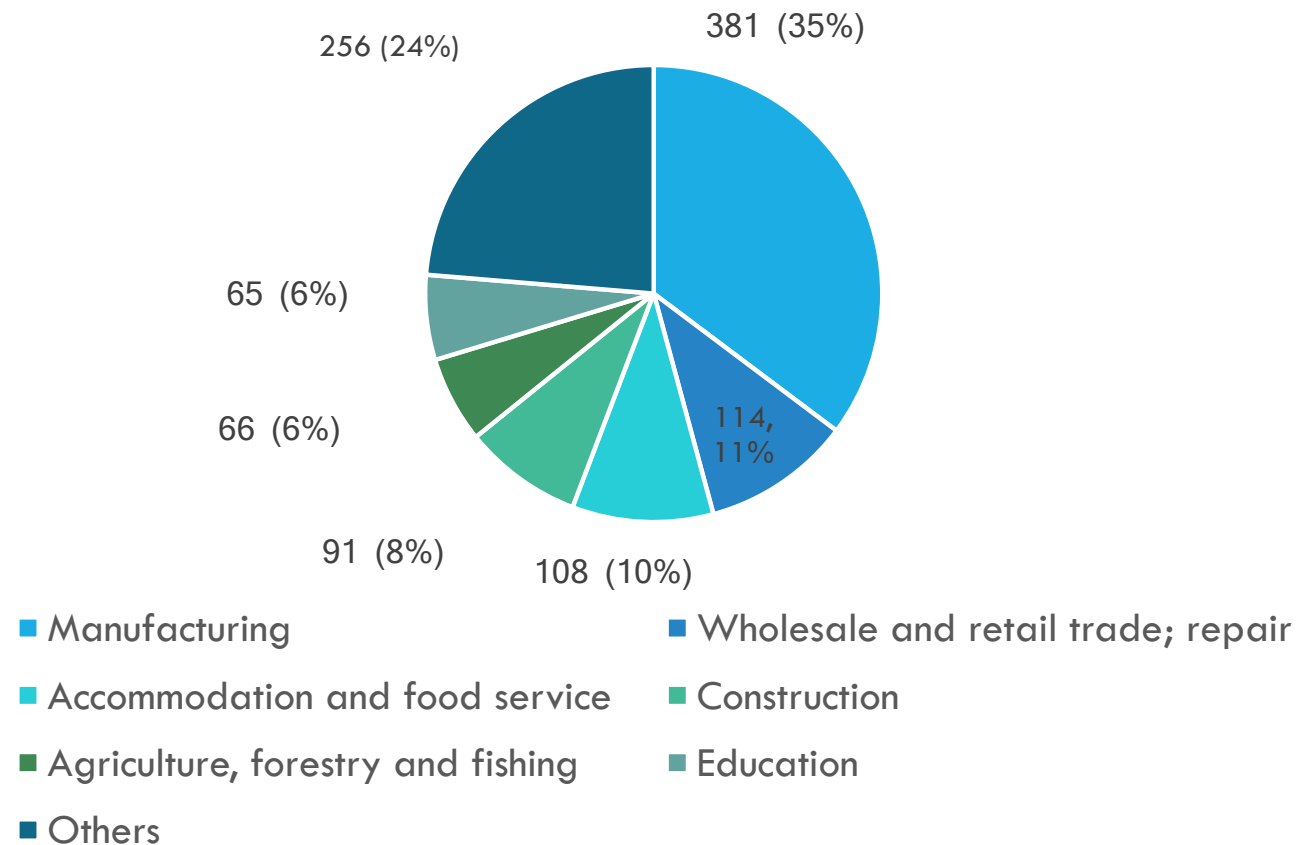
Enterprise size	Employees	%
Small enterprises	238,670	69.2
Medium enterprises	42,261	12.2
Large enterprise	64,207	18.6
Total	345,138	100

SMALL ENTERPRISE IN ECONOMIC ACTIVITIES



- Wholesale and retail trade; repair
- Manufacturing
- Agriculture, forestry and fishing
- Others

MEDIUM ENTERPRISE IN ECONOMIC ACTIVITIES



SMES OBSTACLE IN LAOS

1. Business un-enabling environment
2. Limited competitiveness
 - Low technologies and small scale production
 - Limited skilled labors
 - Limited knowledge on business management
3. Limited of supporting institution
4. Limited of business development services
5. Accessing to finance difficulty
6. Limited of cooperation between government and private sides

SME PROMOTION POLICY IN SME DEVELOPMENT PLAN 2016-2020

1. Promote productivity, technology and innovation
2. Enhance access to finance for SMEs
3. Enhance access to business development services
4. Enhance SME accession and expanding domestic and international markets
5. Create and develop entrepreneurs
6. Create an enabling environment for establishment and operating business of the SMEs
7. Tax incentives



THANK YOU