



# How to empower SME

By:  
Group 1

# Overview of Group 1

## Thailand (4)

- CSO
- Private sector
- International organization

## Laos (2)

- Government
- Private sector

## Indonesia (3)

- Government
- CSO
- UN Agency

## Vietnam (3)

- Government
- CSO
- International organization

## Myanmar (2)

- Government
- Private sector

## Cambodia (1)

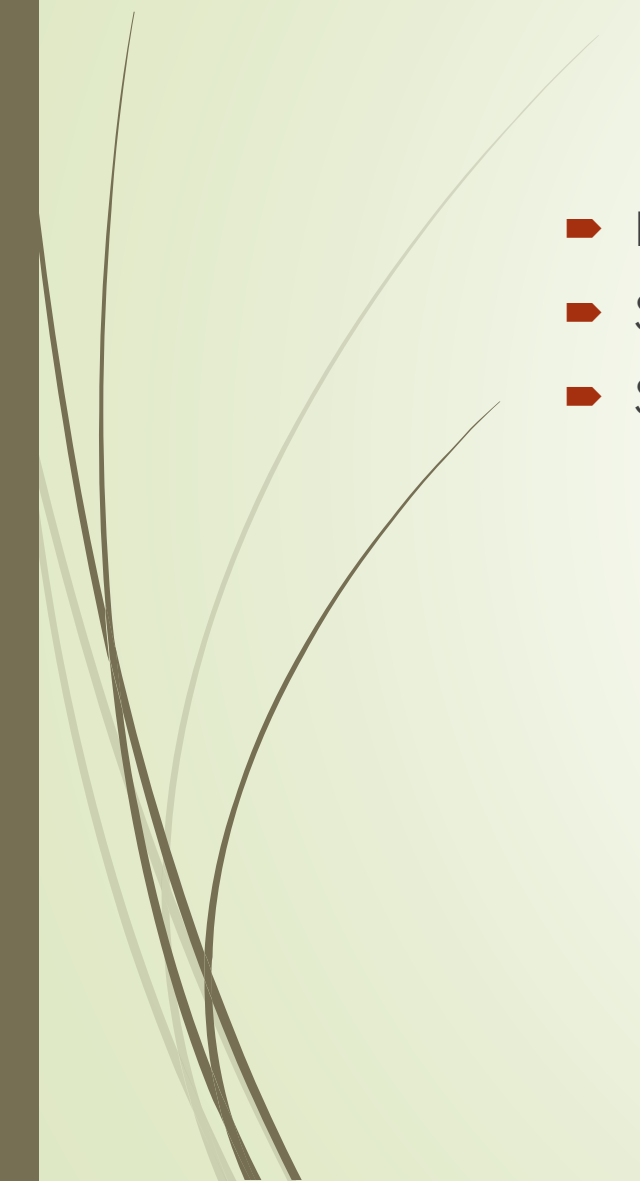
- Private sector

## Malaysia (1)

- government



# Definition of SMEs

- ▶ Informal micro enterprise/operator
  - ▶ Small medium enterprise both having registered and non-registered status
  - ▶ Smallholder farmers
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# Challenges

## **Capacity/skill**

- ▶ Lack in management in SME (including household industry)
- ▶ No access to financial institution for expanding their business
- ▶ Limited capacity and technology
- ▶ Limited labour skill
- ▶ Limited data management

## **Legal requirements/law enforcement**

- ▶ Weak law enforcement
- ▶ Weak corporate governance
- ▶ Complicated regulation/legal framework on community based management in state owned forest
- ▶ Lack of awareness on legality issue (FLEGT, ILPA) and reluctant to change'
- ▶ Corruption that made the cost bigger

## **Competitiveness**

- ▶ Lack of competition capacity for smaller business
- ▶ Manipulation by broker and monopoly by big company
- ▶ Doing business based on need i.e selling timber before the exact period due to economic need



# Recommendations

## **Legal compliance**

- ▶ Support from government: simplify regulation for SME, low interest rate, transparency encourage banks to support SME

## **Capacity development**

- ▶ Support from international: knowledge, technology, financial
- ▶ Government actively share knowledge and Provide reliable information on regulation and markets
- ▶ Support for uncompetitive companies to move to other business
- ▶ Capacity building by companies (producers and consumers)
- ▶ Assessment on SMEs especially informal sector regarding VPA
- ▶ Support market access for SMEs and innovation development

## **Awareness raising**

- ▶ Address perception on capability of SMEs to meet the requirements
- ▶ Strengthen communication among SME, CSO, and business sector



# Recommendations

## Organization of SMEs

- ▶ Link SME to industry association, big industry, CSO ----→ multistakeholder dialog and capacity building
- ▶ Organize SME and farmer to association in countries where such association doesn't exist (Cambodia, Myanmar)
- ▶ Involve SME in multi stakeholder dialog and consultation in negotiating FLEGT VPA