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
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 \(\rightarrow\) 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