Participation of Small and micro Economic Entities (SmEs) in legal and sustainable supply chains

7th TLA Workshop
Jakarta, 20 November 2019
**Progress of the SmE Work**

2015-2016: Preparatory phase through an inception report

2017-2018: Country assessments conducted and disseminated

2018-mid 2020: SmE pilots in Laos, Thailand, Vietnam and Myanmar

Priority until the end of 2020 will be on documenting and disseminating lessons learnt!

---

Analysis of SmE Value Chains: challenges and opportunities identified

Solutions and approaches tested through pilots

What have we learnt?
What is “Small and micro”?  

Widely used indicators: number of employees and capital

**OECD:** a micro-enterprise comprises 1-9 people, a ‘small’ enterprise is 10-49 employees, and a ‘medium’ enterprise is 50-249 employees.

Different indicators **nationally** for business classification:
• Laos: employees, total assets, annual revenue, machine power force (for timber sector)
• Vietnam: employees (+ capital for small vs medium)
• Myanmar: employees and capital
• Thailand: employees and capital

Our SmE work targets mostly **micro** enterprises but it depends on the definition and the context of the pilots!
SMEs challenges

Informality
CAPITAL/CReditability
Social norms/habits influence the business
Lack of capacity building
Low awareness about their economic importance
Unstable markets
Unsecure livelihood
Production shift & organization
Poor workers' conditions & social security
Limited access to materials, sustainable, legal
Low productivity
Lack of competitiveness
Low voice in negotiation
Poor representation
Poor understanding of legal framework
Poor knowledge and access to support services
Corruption
Liveliness business
Social/women aspects not considered
Lack of structures by poor management
Challenges Faced by SmEs

- Compliance with requirements to be formal
- Lack of clear incentives to become formal
- Access to different sources of legal and affordable timber
- Limited access to SmE support programs due to informal status
- Fragmentation and weak representation
- Corruption
- Low competitiveness and productivity
Overall Objective of SmE Work

Facilitate the participation of SmEs in legal supply chains
Specific Objectives of SmE Work

Test and learn from approaches and methods to:

- Address informality (e.g. business registration)
- Improve access to legal raw materials
- Improve competitiveness of SmEs
- Improve regulatory compliance by SmEs
- Strengthen SmE networks
- Gender awareness
- Improve access to support services
Overview of SmE Pilots

**Thailand**
- Reclaimed wood as legal source of timber in the LD (legal timber access, SmE networks)
- Supply chain controls for native species grown on private land (regulatory compliance through SD, legal timber access)

**Laos**
- Compliance with business registration and licensing requirements. Input-output monitoring (address informality, legal timber access, improve SmE competitiveness, improve regulatory compliance)
Overview of SmE Pilots

**Vietnam**
- Increased competitiveness of SmEs in Lien Ha’s wood village *(improve competitiveness, SmE networks)*
- Supporting the use of alternative low-risk species and improving traceability among SmEs in Dong Ky to cope with the import controls *(improve competitiveness, improve regulatory compliance and legal timber access, SmE networks)*

**Myanmar**
- Formalisation, strengthening networks, access to support services and special timber auctions for SmEs *(address informality, improve access to support services, improve legal timber access, improve competitiveness, SmE networks)*
Field observations show different situation among timber processors:
women have more access and control in Vietnam and Thailand.

Gender is integrated into pilot activities:
• Many female participants in trainings
• Awareness raised in interactions with households
• Cooperation with CSOs
• Gender training
Gender

Promoting gender equality in household businesses is more challenging due to:
- Embeddedness of cultural norms
- No clear business case for gender compared to enterprises

Focus on working conditions in household businesses that employ seasonal workers?

There is the need to:
• Mainstream gender through collaboration with CSOs and industry associations
• Raise awareness about gender in timber-sector SmEs among policy makers
• Build business cases for gender in timber-sector SmEs
“With over a third of the reclaimed timber supply chain involving women, addressing regulatory barriers and strengthening community networks has an impact on peoples’ lives.”

Suttasinee Soakam, manager of a cooperative of household-sized handicraft businesses with over 350 members.
Thank you!