



USAID LAOS BUSINESS ENVIRONMENT

Laos Business Environment, a five-year project funded by the United States Agency for International Development (USAID), assists the Government of Laos to enhance the competitiveness of small and medium-sized enterprises (SMEs) while strengthening the country’s business environment.

Over the past fifteen years, Laos has made great strides in opening its economy and achieving high annual GDP growth. However, this growth has been driven primarily by large scale investments in hydropower, mining, and construction — sectors typically dominated by large companies. While SMEs make up the majority of firms and provide the greatest number of jobs among private sector employers in Laos, they often lack the resources or know-how to successfully grow their business or access new markets. USAID Laos Business Environment works with the Government of Laos to provide targeted advice and training to SMEs in order to spur job creation, expand regional and international trade, and generate inclusive, broad-based economic growth.

The COVID-19 pandemic has severely impacted Laos’ economy. Businesses generally, but particularly the tourism sector, including transportation, food and accommodation services, and retail shops, have experienced major revenue losses and unemployment. In response, the project is focusing on eco-tourism, the handicraft sector, and Information, Communication and Technology (ICT) as the most promising areas to enhance recovery and spur growth. Under ICT, the project is supporting SMEs to recover and adapt to the new environment by utilizing digital tools to improve ways of doing business.

IMPROVING THE COMPETITIVENESS OF SMEs

The project focuses on building the capacity of SMEs and strengthening their ability to meet regional and international product and service quality standards. It also has a small grant mechanism that supports SME capacity building by engaging business development services providers and business

associations. In addition, the project increases SME market knowledge and awareness of key laws and regulations. For example, new digitization initiatives are enabling SMEs to more actively engage in the country's growing digital economy.

INCREASING PUBLIC-PRIVATE SECTOR ENGAGEMENT

The project focuses on strengthening public-private consultative processes at both the national and local levels and helping the Government to be more knowledgeable and responsive to the needs of SMEs. The project works with both the Ministry of Industry and Commerce and the Lao National Chamber of Commerce and Industry to strengthen existing public-private dialogue platforms as well as develop new ones – particularly at the provincial level – to ensure that they are as broadly representative of the Lao business community as possible.

MORE EFFECTIVE FACILITATION OF THE MARKET ECONOMY

USAID supports Laos to improve the services provided to SMEs, including training government authorities to collect and analyze economic and trade data; improving implementation of key trade and commercial rules and regulations; strengthening mechanisms for commercial dispute resolution; and improving the trade-related services provided to SMEs interested in conducting domestic and cross-border trade.

IMPACTS AND RESULTS

- The project has supported Small and Medium Enterprises (SMEs) to succeed in the digital economy. The project developed SMART UP, an e-learning platform dedicated to providing online business training on topics such as marketing and sales, basic accounting, and online safety for entrepreneurs. To date, 701 users enrolled in the online modules. The project also provided training on e-marketing, virtual exhibitions, and how to utilize digital tools to create new markets to more than 180 tourism and handicraft entrepreneurs. Engaging SMEs in the digital space is helping them to recover from and progress beyond COVID-19.
- The project established the first-ever public-private dialogue in Champasak, the second largest province in Lao PDR. It provides a formal, structured, and transparent platform for businesses to advocate for the regulatory reforms needed to recover from COVID-19.
- The project supported the development of the Policy Watch Mobile Application. SMEs have access to business environment policy reform-related information at their fingertips through this application. This enables SMEs to increase their awareness of important new policies and adapt their business strategies accordingly in order to remain competitive.
- The project supported the Ministry of Justice to develop the decree to create Lao PDR's first-ever private mediation office and set mediation fees. The two decrees were submitted to the Prime Minister's Office, and are expected to receive approval in 2022. A private mediation office will provide a transparent and efficient way for companies in Lao PDR to resolve commercial disputes.

PARTNERS: USAID partners with International Business Initiatives (IBI), DAI Global, and Adam Smith International (ASI) to enhance the competitiveness of SMEs so that they can significantly contribute to broad-based and sustainable economic growth and a strong, prosperous, and independent Laos.

For more information, visit [usaid.gov/laos](https://www.usaid.gov/laos) or contact info Laos@usaid.gov