



## USAID LAOS MICROENTERPRISE

USAID Laos Microenterprise, a five-year activity funded by the United States Agency for International Development (USAID), strengthens the competitiveness of agricultural microenterprises in the Lao People's Democratic Republic.

Laos has been experiencing strong economic growth in the past decade, with high annual average GDP growth. However, the economic impact of COVID-19 has been increasingly severe. After a slow down to only 0.5 percent in 2020 and a modest estimated growth rate of only 3.6 percent in 2021, Laos is struggling with economic recovery. Micro, small, and medium enterprises, which make up the majority of the private sector, have been hardest hit.

To recover from COVID-19 and make past economic development more sustainable and inclusive, the Government of Laos is focusing its efforts to improve the business environment to promote more diverse and broad-based private sector investment, especially at smaller scales. Microenterprises, particularly in the agricultural sector, remain uncompetitive and largely unengaged within the domestic and regional economies. USAID Laos Microenterprise uses a targeted approach to enhance the capacity for enterprise competitiveness along targeted value chains (maize, Kai Noi rice, cattle, honey, fruits) by expanding access to and adoption of business skills, modern technologies and practices, finance, market linkages and public-private dialogue.

### STRENGTHENING ABILITY OF LAO MICROENTERPRISES

USAID works with the public and private sectors to equip agricultural microenterprises and farmers with the entrepreneurial skills needed to respond to market needs and access technology and finance. In addition, the project assists microenterprises to reduce operational costs by enhancing their negotiating power and establishing reliable linkages between farmers, and market opportunities.

## INCREASING ACCESS TO MARKETS AND FINANCE

USAID helps microenterprises gain access to finance by increasing the ability of financial institutions, such as savings banks and credit unions, to manage and assess loans as well as develop new financial products tailored to the needs of microenterprises. USAID also helps microenterprises expand their markets both domestically and internationally. The project builds sustainable linkages with larger buyers within Laos and across the region, and promotes public-private dialogue about enabling environment issues that, if left unaddressed, could continue to constrain microenterprise growth.

## IMPACT AND RESULTS

- The project has trained over 7,600 agricultural microenterprise and farmers in “Farming as a Business” in 311 villages in seven districts of Xiengkhouang province. This interactive training series caters to those with low literacy levels. An annual survey 2021 demonstrated that 97 percent of participants have adopted one or more skills and tools into their business; 51 percent of those surveyed have increased their income, allowing these farmers to invest more in their future farming activities. The business skills and tools are enabling farming microenterprises to improve their business planning and practices, and helping them to gain better prices, more income and higher profit.
- The project supported the development of community-based agricultural technology services. Between October and December 2021, the project provided grants to six maize agribusinesses to expand shelling services to farmers. More than 500 farmers were able to shell their maize, repay their loans, and sell more than 9,800 metric tons of maize worth approximately \$2 million. USAID’s support to agribusinesses to expand services to farmers are increasing farming efficiency, reducing post-harvest losses, and increasing incomes.
- The project supported the Xiengkhouang Chamber of Commerce and Industry (XCCI) to develop its five-year strategic plan (2021-2025), an implementation plan, and build the capacity of board members to play key roles in public-private dialogue. With project support, the XCCI has revived activities and increased membership by seven times (from 5 to 35), and organized three dialogue meetings at district level. Supporting XCCI in public-private dialogue down to the district level will amplify the voice of micro and small enterprises including farmers in the policy reform process.
- In response to the threat of COVID-19 in Laos, USAID has assisted agricultural microenterprises and individuals affected by the pandemic to reestablish their businesses and adapt to the new environment through providing economic recovery grants and entrepreneurial skills.

**PARTNERS:** USAID partners with ACDI/VOCA, Helvetas, WOCCO and the private sector to provide technical support and services to strengthen the competitiveness of Lao agricultural microenterprises so that they can offer products and services that meet market needs. The objective is to establish a self-sustaining cycle of microenterprise market readiness, creditworthiness and private sector investment.

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