



USAID LINKAGES FOR SMALL AND MEDIUM ENTERPRISES (LINKSME)

SEPTEMBER 2018 – SEPTEMBER 2023 | IESC | PLANNED BUDGET: \$22.1 million

USAID Linkages for Small and Medium Enterprises (LinkSME) aims to strengthen the supplier-buyer relationships between Vietnamese small and medium enterprises (SMEs) and multinationals located in Vietnam to help local firms participate in global value chains. USAID LinkSME will improve the business environment by lowering costs for multinationals located in Vietnam to source locally while representing a huge opportunity to grow Vietnam's SME sector and build its middle class, major consumers of American products. The project is also helping to improve Vietnam's regional competitiveness, by making it a more attractive and predictable investment climate and supporting the Indo Pacific Strategy's competitiveness pillar.

STRENGTHENING BUSINESS LINKAGES

PHASE 1: During the first two years of the project, USAID LinkSME will facilitate transactions between linkage-ready Vietnamese SMEs and foreign firms located in Vietnam in the electronics and metal sectors. Phase 1 focuses on learning, developing evidence, and strengthening relationships among relevant stakeholders to better understand the major constraints that Vietnamese firms face when supplying to foreign firms.

PHASE 2: Beginning in September 2020, USAID LinkSME will focus on replication and scaling of Phase 1 pilot transactions within the electronics and metal sectors, and three additional sectors to be determined at the end of Phase 1. Phase 2 will continually refine lessons learned to better understand the constraints faced by Vietnamese enterprises to successfully engage with foreign firms.

PHASE 3: In the last year of the project, USAID LinkSME will apply lessons learned from Phases 1 and 2 to reduce major barriers limiting SME growth across Vietnam while continuing to facilitate SME-foreign firm transactions within the five sectors. By understanding national-level and firm-level constraints to SME-foreign firm linkage development, Phase 3 interventions will help institutionalize key reforms beyond the five selected sectors.

EXPECTED RESULTS

USAID aims to achieve the following results in Phase 1, which will be scaled and replicated in Phase 2: (i) Linkages between Vietnamese enterprises and foreign firms in targeted sectors completed and additional linkages outside of target sectors replicated; (ii) Value, volume, and efficiency of production among assisted firms increased; and (iii) Key characteristics of linkage-ready enterprises identified.