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USAID LINKAGES FOR SMALL AND MEDIUM ENTERPRISES (LINKSME)

SEPTEMBER 2018 – SEPTEMBER 2023 | IESC | PLANNED BUDGET: \$24.9 million

Despite dislocations caused by the COVID-19 pandemic, Vietnam continues to attract substantial amounts of foreign investment. Spillover benefits to the domestic economy multiply when foreign investors, as well as large domestic lead firms, turn to domestic enterprises for parts, supplies, and other intermediate goods rather than importing them from abroad. USAID Linkages for Small and Medium Enterprises (LinkSME) accelerates this trend by strengthening the capabilities of small and medium enterprises (SMEs) to meet the exacting demands of foreign investors and domestic lead firms. It provides these services through intermediary organizations in Vietnam -- business associations, manufacturing support centers, and SME promotion agencies -- to leverage their networks and make these support efforts sustainable long term. Concurrent with this effort USAID LinkSME enhances the business enabling environment by supporting key reforms and facilitating business-to-government interactions. Overall, this project will advance the Indo-Pacific vision of improved economic competitiveness, and support USAID/Vietnam's objective of expanding inclusive, market-driven, private sector-led growth.

ENHANCING THE CAPACITY OF, AND OPERATING ENVIRONMENT FOR, VIETNAMESE SMES

To establish longer-term supply relationships with domestic and international lead firms, many Vietnamese SMEs are looking to improve their current capabilities. The Government of Vietnam is advancing regulatory reforms and institutional capacity building to accelerate these efforts. USAID LinkSME is supporting the Office of the Government's efforts to enhance the business enabling environment and reduce the cost of complying with regulatory and procedural requirements, measuring progress on an annual basis. Further, USAID LinkSME and its implementing partner organizations are helping SMEs to improve manufacturing prowess, gain access to finance, and pursue digital transformation. This assistance is offered in close coordination with the Ministry of Planning and Investment.

EXPECTED RESULTS

USAID LinkSME aims to achieve the following results:

- An improved business environment that enhances the competitiveness of SMEs;
- Effective government-to-business interactions made possible by modernization and digitalization;
- SMEs with emerging or established linkages with lead firms reflected through purchase orders, repeat business, and longer-term supply contracts; and
- SMEs accelerating their digital transformation and accessing finance through project assistance in coordination with partner organizations.