

# High-level summary of the climate change mitigation, adaptation, and SME-related policies

## 1. Thailand

### 1.1 Climate Mitigation Policies

Industry	Policy	Thailand
Power	RE policies availability to spur supply chain growth (e.g. FiT / FiP, NEM, and/or bidding)	√  All 3 FiP, NEM, and bidding schemes are in place. <sup>1</sup> However, the NEM policy needs more policy alignment to enable the acceleration of mitigation effort.
	Market-based instruments (e.g. RECs, carbon pricing, ETS)	√  Carbon pricing is being studied. <sup>2</sup>  RECs trading is voluntary. <sup>3</sup>
	Fossil fuel phase-down (e.g. coal moratorium)	×

<sup>1</sup> Climatescope, [Thailand](#), accessed 2022 ; Asianpower, [Thailand announces bids for renewables projects](#), 2017

<sup>2</sup> The Nation, [Carbon tax being considered for polluters](#), 2022

<sup>3</sup> Bangchak Group, [Bangchak Group Forms “Carbon Markets Club”](#), 2021

Industry	Policy	Thailand
		No moratorium on new coal fire plants.
<b>Transport</b>	Use of alternative fuel (e.g. mandatory to use biodiesel blend in vehicles)	√  Policy to promote consumption of biofuel blends in diesel vehicles (e.g. B5 biofuel) under AEDP2015. <sup>4</sup>
	Plans to phase out combustion engines (including plans to switch to hybrid engines, upscale EV production, and build more charging infrastructure)	√  Thailand has ambitious plans to become an EV manufacturing hub. Incentives have been announced to benefit both the producers and the consumers. <sup>5</sup>
<b>Buildings</b>	Building energy codes, and certification / labelling for buildings	√  Building energy codes are mandatory for certain building types; whereas certification / labelling for buildings is voluntary. <sup>6</sup>
<b>Buildings: Electrical appliances</b>	Minimum energy performance standards (MEPS), and labelling for appliances	√

<sup>4</sup> Government of Thailand, [Thailand 3<sup>rd</sup> Biennial Update Report](#), 2020

<sup>5</sup> ASEAN Briefing, [Thailand Issues New Incentive Package for Electric Vehicle Industry](#), 2022

<sup>6</sup> IEA, [Southeast Asia Energy Outlook 2022](#), 2022 ; “Certain building types” mean that buildings owned by the government or buildings with the floor area larger than a certain threshold

Industry	Policy	Thailand
		MEPS are mandatory for air conditioners, refrigerators/freezers, and lighting; whereas voluntary labelling is applicable to air conditioners, refrigerators/freezers, lighting, and fans. <sup>7</sup>
<b>Agriculture</b>	Governmental support to encourage sustainable and modern farming technique, such as precision farming	√  Thailand 4.0 aims to transform traditional farming to smart farming. The Young Smart Farmer programme and National Innovation Agency have been the main driving force of the industry. <sup>8</sup>
<b>Forestry</b>	Reforestation and/or protection of natural habitat	√  Forests to cover 55% of total area by 2037. <sup>9</sup>
<b>Industrial and process use</b>	Committed to phase out of high global warming potential (GWP) refrigerants (Kigali amendment)	×  Thailand has not ratified the Kigali Amendment. <sup>10</sup> But the country receives a grant to reduce its HCFC emissions. <sup>11</sup>

<sup>7</sup> IEA, [Southeast Asia Energy Outlook 2022](#), 2022

<sup>8</sup> The Nation, [Smart farmers: The driving force for Thailand’s agricultural sector](#), 2021

<sup>9</sup> Government of Thailand, [Voluntary National Communications Report](#), 2019

<sup>10</sup> UNEP, [All ratifications](#), accessed 2022

<sup>11</sup> Cooling post, [Thailand receives \\$5m grant to reduce HFC emissions](#), 2020

Industry	Policy	Thailand
<b>Waste</b>	Sustainable practice for waste (Eg. Circular economy, biogas capture, waste-to-energy generation)	<p style="text-align: center;">✓</p> <p>Waste Management Roadmap is in place to promote WTE technology and reducing waste generation.<sup>12</sup></p>
<b>Government and public sector</b>	Green practices (Eg. green public procurement (GPP) and ecolabelling)	<p style="text-align: center;">✓</p> <p>GPP action plan was recently approved.<sup>13</sup> Ecolabelling is present.<sup>14</sup></p>
<b>Future technology</b>	Key strategies and technologies announced / proposed to achieve Net Zero / carbon neutrality target	<p style="text-align: center;">✓</p> <ul style="list-style-type: none"> <li>• Carbon neutrality target year: 2050</li> <li>• Net zero economy: 2065<sup>15</sup></li> <li>• Proposed strategies:<sup>16</sup></li> <li>• Energy efficiency improvement</li> <li>• Adoption of renewable energy</li> <li>• Adoption of CCUS for gas projects</li> <li>• Grid modernization</li> <li>• Modal shift of transportation</li> <li>• Deployment of hydrogen</li> </ul>

<sup>12</sup> Government of Thailand, [Thailand 3<sup>rd</sup> Biennial Update Report](#), 2020

<sup>13</sup> Switchasia, [Thailand approves Green Integration Policy \(2022 - 2027\)](#), 2022

<sup>14</sup> YouGov, [Eco-labels in Thailand](#), 2022

<sup>15</sup> Bangkok Post, [Ambitious steps to go carbon neutral.](#), 2021

<sup>16</sup> Government of Thailand, [Mid-century, Long-term Low Greenhouse Gas Emission Development Strategy](#), 2021

## 1.2 Climate Adaptation Policies

Policy	Thailand <sup>17</sup>
<b>Sustainable forestry development (e.g., conserve forest carbon stocks, protect, restore and plant mangrove and coastal protection forests)</b>	<p style="text-align: center;">√</p> <p style="text-align: center;">Enhance the conservation, rehabilitation, and sustainable use of natural resources</p>
<b>Sustainable agriculture and plantations (e.g., increase resilience of crops to climate change, protection from pests and diseases)</b>	<p style="text-align: center;">√</p> <p style="text-align: center;">Technology to improve crop and livestock varieties</p>
<b>Integrated watershed management</b>	<p style="text-align: center;">√</p> <p style="text-align: center;">Application of Integrated Water Resources Management</p>
<b>Coastal zone protection (e.g. restoration of degraded coastal zone, mangrove management, mitigate against the impact of sea level rise)</b>	<p style="text-align: center;">√</p> <p style="text-align: center;">Declaration of more conserved and reserved coastal areas</p> <p style="text-align: center;">Restoration of degraded coastal habitats<sup>18</sup></p>
<b>Natural disaster preparedness and post disaster recovery (e.g., early warning systems, disaster relief)</b>	<p style="text-align: center;">√</p> <p style="text-align: center;">Enhance disaster management</p> <p style="text-align: center;">Enhance early warning system</p>

<sup>17</sup> Government of Thailand, [Thailand Updated NDC](#), 2020

<sup>18</sup> UN SDG, [Thailand towards sustainable management of marine and coastal habitats](#), accessed 2022

Policy	Thailand <sup>17</sup>
<b>Climate resilient infrastructure development</b>	Not mentioned
<b>Adaptation to heat stress (e.g. green zones to reduce urban temperatures)</b>	√ Reduce health impacts from climate change via health impact surveillance and prevention mechanisms

### 1.3 SME and Gender Policies

SMEs demonstrate significant contribution to Thai economy. According to Thailand’s Office of SME Promotion (OSMEP), the total value of MSME GDP was 5.96 trillion baht in 2019, or around 35.3% of GDP. The country counts more than 3,105,096 enterprises, of which small and medium enterprises make up the biggest share.<sup>19</sup> They contribute 38.3% of total employment in the country.<sup>20</sup> Trade (wholesale and retail) sector comprises of the highest number (41.3%), followed by service sector (40%), manufacturing (17%), and agriculture (1.6%).<sup>21</sup> SMEs are predominantly found in retail business, food and beverage and other services; and apart from high concentration around Bangkok, they can be found in Chonburi, Chiang Mai, and Samut Prakarn respectively.

#### Definition of SMEs in Thailand

Type of business	Annual income	Employment
<b>Micro</b>	≤ 1.8 million baht (≤ 50,743 USD)	≤ 5 employees
<b>Small</b>	≤ 100 million baht (≤ 2.8 million USD)	≤ 50 employees

<sup>19</sup> "MSME Profile," [OSMEP](#), accessed 2022

<sup>20</sup> ADB, Asia SME Monitor 2020

<sup>21</sup> "MSME Profile," [OSMEP](#), accessed 2022

<b>Manufacturing</b>			
	<b>Medium</b>	≤ 500 million baht (≤ 14 million USD)	≤ 200 employees
<b>Service and merchandising</b>	<b>Micro</b>	≤ 1.8 million baht (≤ 50,743 USD)	≤ 5 employees
	<b>Small</b>	≤ 50 million baht (≤ 2.8 million USD)	≤ 30 employees
	<b>Medium</b>	≤ 300 million baht (≤ 14 million USD)	≤ 100 employees

Source: OSMEP. Exchange rate of 1USD = 35.47 THB on August 16, 2022

Thailand benefits from an equal proportion of female and male entrepreneurs across business activities. Approximately 58% of SMEs are owned by women, and women took on 34.2% of senior leadership roles in the country and 45.9% of total workforce.<sup>22</sup> Nevertheless, women tend to face more challenges than men in starting and running businesses. For example, 42% of women-owned SMEs are fully credit-constrained compared to 31% of total SMEs.<sup>23</sup>

### SME Policy

In 2000, the SMEs Promotion Act established the Office of SMEs Promotion (OSMEP) and the National Board of SMEs Promotion, who is responsible for stipulating SME promotion policies and plans and supervising OSMEP’s work. Since 2002, SME Promotion Plan has been introduced every five years to guide and promote the role of SMEs in driving the economy. The latest SME Promotion Plan 2017-2021 was enacted with the objectives for SMEs to become drivers of economic growth, inclusion and competitiveness, increasing their contribution to GDP at least 50% by 2021. The SME Promotion Plan is broadly aligned with the country’s

<sup>22</sup> MSME Finance Gap database (2018), Grant Thornton Women in Business Report 2021, and World Bank database

<sup>32</sup> MSME Finance Gap database (2018)

12<sup>th</sup> National Economic and Social Development Plan 2017-2021, which was also developed to realize the objectives of the long-term National Strategy (2017-2036).

The SME Master Plan introduces strategies to promote SMEs and increase their competitiveness, and targeted measures for specific sectors while placing an emphasis on upgrading productivity, technology and innovation, access to finance, access to market, and entrepreneurship. Targeted sectors are food and agriculture, healthcare, manufacturing (machines, electronics and robotics), digital, creative and culture business, and high value business.

### **Productivity, technology and innovation**

Many programs to enhance SME productivity, technology and innovation are proposed – from offering technical advice for SMEs to increasing collaboration between academics and SME; dedicating budget for R&D; expanding SME distribution channel through online exhibition or technology e-marketplace; improving patent application process; and facilitating access to public procurement. For instance, SME One Stop Service Centers (OSS) are operated nationwide to offer information and services to SMEs, supporting them with business diagnosis for starting business, access to finance, marketing planning, business management, competency upgrading, and technology and innovation etc. In addition, OSMEP provides business information and knowledge through its website while working to increase awareness through SME National Awards.<sup>24</sup>

The SME Plan also proposes specific strategy to support ‘high value startup’, which includes tech startup, creative or cultural startup. For example, various startup accelerator activities are initiated such as providing co-working space, facilitating access to funding such as seed fund and Venture Capital (VC), and revisiting law and legislation to support the growth of these startups such as tax incentives for angel investors.

### **Access to finance**

Promoting access to finance is one of the key focus areas of the policy. In general, three main instruments through which the government stimulates finance to SMEs are dedicated credit lines, credit guarantees and the creation of development bank to address financing gap. Credit lines are normally provided for working capital loans or specific purposes. The Master Plan proposes the provision of soft loans with low interest rate to SMEs, including establishing “Turn Around Fund” for business recovery. Additional security is also provided to SMEs through credit guarantee schemes. The Thai Credit Guarantee Corporation (TCG) was established in 1991 as portfolio scheme under the Small Industry Credit Guarantee Act.<sup>25</sup> Under this policy, credit guarantee will be provided for outward

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<sup>24</sup> OSMEP, SME National Awards

<sup>25</sup> OECD, SME Policy Index: ASEAN 2018



investment, which was the limitation for many SMEs who also operate outside of the country. This includes reviewing and amending relevant legislations regarding outward investment.

Moreover, two specialized financial institutions were established to provide finance to SMEs. The first is the Small and Medium Enterprise Development Bank of Thailand (SME Bank) which operates under the Ministry of Finance and works to provide financial and non-financial services to SMEs. The other is the Export-Import Bank of Thailand (EXIM Thailand) which offers both short-term and long-term credits in local and foreign currency to SMEs. Alternative financing mechanisms, particularly equity financing, are also promoted in this policy such as VC funding and crowdfunding. Other initiatives include developing SME scoring system which facilitates SMEs access to credit from commercial banks and promoting financial literacy.

### **Access to market**

Under this SME policy, Thailand aims to expand SMEs' access to market and internationalism including export promotion. To facilitate better access to public procurement, targeted measures are promoted to give SMEs more chance to be selected such as creating price preference to SME; setting aside programs that source from SME only; and reviewing reimbursement process for SME etc. In 2020, the new regulations state that government agencies must spend at least 30% of their procurement budget to purchase products and services from SMEs.<sup>26</sup> Various supports are also introduced to help SMEs expand into international markets such as facilitating SME participation in major trade fairs, matchmaking events to connect SMEs with regional business network, internationalization grant provided to SMEs, including free consultations through OSS. The SME policy also focuses on building SME clusters to strengthen their network and linking SMEs to large companies and multinational corporations' supply chains.

### **Entrepreneurship**

Many initiatives have been developed to foster entrepreneurship and to build knowledge and skills for entrepreneurs. One example is the Entrepreneurship Development Program implemented by Department of Industrial Promotion (DIP), which led to the creation of the Association of Thai Small and Medium Entrepreneurs.<sup>27</sup> Another key initiative is One Tambon One Product program (OTOP) that provides opportunities to local enterprises living in communities to promote their products based on their native culture, tradition and nature. There is also targeted program that provides tailored support to specific groups of population. For example, special financing is provided to youth through a business start-up allocation from the Youth Development Fund of USD 300 equivalent per person.

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<sup>26</sup> The Nation Thailand , [SMEs reminded to grab govt opportunity on products, services](#), 2020

<sup>27</sup> OECD, SME Policy Index: ASEAN 2018

### Support for women's entrepreneurship

Policies to promote women's entrepreneurship have not traditionally been a priority and there is no specific measure tailored to women-owned SMEs under the SME Master Plan. However, policies to promote women entrepreneurship are alluded to as strategies within National Development Plan for Women under the National Economic and Social Development Plan (2012-2016).<sup>28</sup> The Plan addresses the importance of gender equality and acknowledges the gender gap that exists at decision-making levels. One of the targets set forth in the National Development Plan is to enhance likelihood of women attaining a higher income and promotion to executive and decision-making levels which will lead to greater gender equality.<sup>29</sup>

In 2015, Thailand promulgated the Thailand's 2015 Gender Equality Act which aims to protect all individuals from gender-based discrimination. It established a committee to Promote Gender Equality (CPGE) to enact the Act's legal policies and mechanisms to advance gender equality.<sup>30</sup> Since then, the provision in the 2017 Constitution has prohibited discrimination and promoted gender equality while setting out a commitment to introduce gender budgeting.<sup>31</sup> In addition, the national equality strategy – the Women Development Strategy (2017-2021) – developed by the Ministry of Social Development and Human Security provides an important framework for strategic planning in relation to gender equality policy while setting out goals, objectives and targets.<sup>32</sup> Furthermore, In 2015, the government established the first National Women's Development Fund aimed at supporting and promoting women's role in the economy.<sup>33</sup> The fund aims to 1) provide finance to women at lower interest rate which creates career opportunities and income for women; 2) support women organizations and networks in launching entrepreneurship activities and assisting women living in vulnerable situations such as victims of violence, human trafficking, and discrimination against gender etc.; 3) promote women leadership activities including knowledge development; and 4) support other programs that will address challenges women are facing.<sup>34</sup> Each province was granted 100 million bath to carry out activities under these objectives.

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<sup>28</sup> Ibid.

<sup>29</sup> The National Economic and Social Development Plan (2012-2016)

<sup>30</sup> UN Women, [Thailand](#), accessed 2022

<sup>31</sup> OECD, Thailand: Gender Budgeting Action Plan, 2021

<sup>32</sup> OECD, Thailand: Gender Budgeting Action Plan, 2021

<sup>33</sup> Equal Futures Partnership, [Thailand](#), accessed 2022

<sup>34</sup> Thai Women Empowerment Funds, <http://www.womenfund.in.th/about-womenfund/history.html>

## 2. Vietnam

### 2.1 Climate Mitigation Policies

Industry	Policy	Vietnam
Power	RE policies availability to spur supply chain growth (e.g. FiT / FiP, NEM, and/or bidding)	✓ FiT and bidding are in place. NEM was discontinued in 2019. <sup>35</sup>
	Market-based instruments (e.g. RECs, carbon pricing, ETS)	✓ Carbon pricing and ETS are being developed. <sup>36</sup> RECs trading is voluntary. <sup>37</sup>
	Fossil fuel phase-down (e.g. coal moratorium)	✓ The government said it will not develop new coal plants after 2030 in its National Climate Change Strategy to 2050 <sup>38</sup>
Transport	Use of alternative fuel (e.g. mandatory to use biodiesel blend in vehicles)	✓

<sup>35</sup> Climatescope, [Vietnam](#), accessed 2022 ; Asianpower, [Vietnam abandons net-metering method for rooftop solar projects](#), 2019

<sup>36</sup> Nikkei Asia, [Vietnam crafting carbon market to make polluters pay](#), 2022

<sup>37</sup> LYS Energy Group, [EVIDA to power Vietnam with LYS Energy Renewable Energy Certificates](#), 2021

<sup>38</sup> S&P Global, [Vietnam approves National Climate Change Strategy to 2050 to meet net-zero pledge](#), 2022

Industry	Policy	Vietnam
		Biofuel blending (E5 gasoline) accounts to 40% of the total gasoline consumption. <sup>39</sup>
	Plans to phase out combustion engines (including plans to switch to hybrid engines, upscale EV production, and build more charging infrastructure)	√  A recently approved action plan targets that more than half of all vehicles and new taxis will be powered by electricity or green energy. 100% of the buses and taxis fleet are expected to use the same source by 2050. <sup>40</sup>
<b>Buildings</b>	Building energy codes, and certification / labelling for buildings	√  Building energy codes are mandatory for certain building types; whereas certification / labelling for buildings is voluntary. <sup>41</sup>
<b>Buildings: Electrical appliances</b>	Minimum energy performance standards (MEPS), and labelling for appliances	√  MEPS are mandatory for air conditioners, refrigerators/freezers, lighting, and fans; whereas mandatory labelling is only applicable to air conditioners and refrigerators/freezers. <sup>42</sup>

<sup>39</sup> Government of the Republic of Vietnam, [Viet Nam 3<sup>rd</sup> Biennial Updated Report](#), 2021

<sup>40</sup> Vietnamplus, [New buses to be powered by electricity, green energy from 2025](#), 2022

<sup>41</sup> IEA, [Southeast Asia Energy Outlook 2022](#), 2022

<sup>42</sup> IEA, [Southeast Asia Energy Outlook 2022](#), 2022

Industry	Policy	Vietnam
<b>Agriculture</b>	Governmental support to encourage sustainable and modern farming technique, such as precision farming	√  Vietnam is providing support in land, credit access, high-tech application, and workforce training to upskill the industry. <sup>43</sup>
<b>Forestry</b>	Reforestation and/or protection of natural habitat	√  Increase forest cover from 42% today to 45% of total area by 2030. <sup>44</sup>
<b>Industrial and process use</b>	Committed to phase out of high global warming potential (GWP) refrigerants (Kigali amendment)	√  Vietnam approved the Kigali Amendment in 2017. <sup>45</sup> In September 2019, Vietnam issued a resolution ratifying the Kigali Amendment, under which a roadmap for control over and reduction of HCFC between 2024 and 2045 will be outlined. <sup>46</sup>
<b>Waste</b>	Sustainable practice for waste (Eg. Circular economy, biogas capture, waste-to-energy generation)	√  National integrated management of solid waste is in place. Investments have made to generate 10 MW of power from WTE. <sup>47</sup>

<sup>43</sup> Vietnam Briefing, [Why the Agtech Industry Will Aid Vietnam’s Hi-Tech Growth](#), 2021

<sup>44</sup> EUREDD, [Vietnam](#), accessed 2022

<sup>45</sup> UNEP, [All ratifications](#), accessed 2022

<sup>46</sup> Vietnamplus, [Vietnam exerts efforts to protect ozone layer, preserve food and vaccines](#), 2021

<sup>47</sup> Government of the Republic of Vietnam, [Viet Nam 3<sup>rd</sup> Biennial Updated Report](#), 2021

Industry	Policy	Vietnam
<b>Government and public sector</b>	Green practices (Eg. green public procurement (GPP) and ecolabelling)	<p>√</p> <p>Both GPP and ecolabelling initiatives are present.<sup>48</sup></p>
<b>Future technology</b>	Key strategies and technologies announced / proposed to achieve Net Zero / carbon neutrality target	<p>√</p> <ul style="list-style-type: none"> <li>• Target year: 2050<sup>49</sup></li> <li>• No specific technology mentioned, though investors are pushing for hydrogen projects</li> <li>• No new coal plants after 2030, and will reduce its coal fleet after 2035</li> <li>• Stop sales of traditional gasoline</li> </ul>

## 2.2 Climate Adaptation Policies

Policy	Vietnam <sup>50</sup>
<b>Sustainable forestry development (e.g., conserve forest carbon stocks, protect, restore and plant mangrove and coastal protection forests)</b>	<p>√</p> <p>Conserve forest carbon stocks</p> <p>Protect, restore and plant coastal protection forests</p>

<sup>48</sup> Department of Policy and Legal Affairs and Vietnam Green Label Office, [Vietnam Green Label and Green Public Procurement](#), 2017

<sup>49</sup> S&P Global, [Vietnam approves National Climate Change Strategy to 2050 to meet net-zero pledge](#), 2022

<sup>50</sup> Government of the Republic of Vietnam, [Updated Nationally Determined Contribution \(NDC\)](#), 2020

Policy	Vietnam <sup>50</sup>
<p><b>Sustainable agriculture and plantations (e.g., increase resilience of crops to climate change, protection from pests and diseases)</b></p>	<p style="text-align: center;">√</p> <p style="text-align: center;">Shift production towards climate-smart options</p> <p style="text-align: center;">Diversify cultured species</p>
<p><b>Integrated watershed management</b></p>	<p style="text-align: center;">√</p> <p style="text-align: center;">National water resources master plan</p> <p style="text-align: center;">River basin integrated master plan</p>
<p><b>Coastal zone protection (e.g. restoration of degraded coastal zone, mangrove management, mitigate against the impact of sea level rise)</b></p>	<p style="text-align: center;">√</p> <p style="text-align: center;">Sustainable management of coastal forest</p> <p style="text-align: center;">Building sea dikes</p>
<p><b>Natural disaster preparedness and post disaster recovery (e.g., early warning systems, disaster relief)</b></p>	<p style="text-align: center;">√</p> <p style="text-align: center;">Natural disaster forecast</p> <p style="text-align: center;">Flood prevention scheme and risk map</p> <p style="text-align: center;">Relocation plans for residents</p>
<p><b>Climate resilient infrastructure development</b></p>	<p style="text-align: center;">√</p> <p style="text-align: center;">Construct typhoon and flood-resistant housing</p>
<p><b>Adaptation to heat stress (e.g. green zones to reduce urban temperatures)</b></p>	<p style="text-align: center;">×</p>

### 2.3 SME and Gender Policies

By the end of 2020, there were about 650,000 active enterprises in Vietnam, according to official statistics<sup>51</sup>. Of these companies, the majority are microenterprises with up to 10 employees (68.7%); 25% are small with up to 100 employees; about 3.6% are of medium size, employing up to 200 people; and the remaining 2.7% are large companies.

#### Definition of MSMEs in Vietnam

Type of business		Total revenue	Employment
Agriculture, forestry and fisheries, Industry and construction	Micro	<VND 3 billion (< 128,579 USD)	≤ 10 employees
	Small	< VND 50 billion (<2.14 million USD)	11-100 employees
	Medium	≤ VND 200 billion (≤ 8.56 million USD)	101-200 employees
Trade and Services	Micro	<VND 10 billion (<428,591 USD)	≤ 10 employees
	Small	<VND 100 billion (<4.29 million USD)	11-50 employees
	Medium	≤ VND 300 billion (≤ 12.86 million USD)	51-100 employees

Source: Law No.04/2017/QH14; Decree No.39/2018/ND-CP. Exchange rate of 1USD = 23,354 VND on August 16, 2022

<sup>51</sup> Government Statistics Office, Data as of December 31<sup>st</sup>, 2020



Women own 17% of all companies in Vietnam and lead 27% of them<sup>52</sup>. The 2020 Census shows that 83.7% of women-owned businesses are microenterprises, 14% are small-sized companies, and only 2.3% of women-owned businesses are medium or large companies. Pre-COVID, a larger share of women-owned businesses was reported to be either small or medium (42%) and a smaller share to be microenterprises (about 57%).<sup>53</sup>

### **SME Policy**

SMEs are one of the Government's priority areas, especially on access to finance. The Agency for Enterprise Development (AED), under the Ministry of Planning and Investment (MPI), is the main policy maker for and regulator of SMEs in Vietnam. Within the small business sector, the Government has recognized the importance of strengthening women-owned enterprises through specific targets and support programs. The National Strategy on Gender Equality for 2011-2020 set a target to increase the proportion of women-owned SMEs to at least 35% by 2020.

For the first time in Vietnam, the 2018 Law on Supporting Small and Medium-sized Enterprises introduced specific support measures for SMEs and included guidelines on roles and responsibilities of authorities involved. The support measures span across a range of areas, from access to credit and credit guarantee funds for SMEs, to tax and accounting regimes, assistance for incubators, technical establishments and coworking space, access to information, consultancy, human resources and legal issues, and support to convert household businesses into SMEs.

While most regulations are gender-neutral and do not include gender factors in policy implementation, the SME Law recognizes priority of women-owned SMEs and businesses employing more women in accessing assistance programs.

### **Access to Finance**

The SME Development Fund (SMEDF) and the Credit Guarantee Fund (CGF) are key instruments used by the Government of Vietnam to promote access to finance for SMEs. SMEDF provides up to 80% of the loan amount at interest rates capped below market interest rate, with the borrowing company required to contribute 20% of the project cost. CGF provides credit guarantees to back SME loans by commercial banks with funds channelled through provincial funds.

SMEDF and CGF are useful policy initiatives but experience low demand due to a combination of long approval processes, reluctance to accept government-backed guarantees, limited managerial and administration capacity related to document appraisal, inspection and supervision, and low awareness of these

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<sup>52</sup> The country's legal definition of women-owned company was introduced in 2018 and it requires at least 51% of female ownership. A woman-led company is a business with a woman as executive leader – CEO or general manager.

<sup>53</sup> IFC, [Women-owned Enterprises in Vietnam](#), 2017

programs among small companies. Their small size makes it difficult to acquire sufficient expertise and adopt operational changes that could make them more attractive to companies and partnering banks.

The key policies and programs to facilitate SMEs' access credit are:

- **Easier access to loans from credit institutions.** The Central Bank of Vietnam (SBV) directed credit institutions to simplify loan procedures for SMEs for production and business purposes<sup>54</sup>. In 2014, a forum was created where commercial banks and businesses can discuss experiences and challenges related to accessing loans in view of finding practical solutions.
- **Use of flexible collateral requirements.** One of the key challenges preventing SMEs from accessing bank financing is the lack of sufficient hard collateral. In view of addressing this challenge, regulations allow for different kinds of assets to be used as security for bank loans, such as pledge of movable assets, property mortgage, deposit, escrow deposit, retention of ownership, guarantee, trust collateral (fidelity guarantee). Some SBV policies encourage banks to provide trust collateral, a "fidelity guarantee" or guarantee from a third party. This is particularly relevant for women-owned SMEs because they have less access to land and real estate, the security assets typically preferred by banks.
- **Credit relief measures due to the COVID-19 pandemic.** Government agencies have developed several emergency assistance programs to help businesses navigate COVID-19 related financial stress through debt restructuring and facilitated borrowing to support business continuity.
- **Access to preferential borrowing rates.** SMEs are a priority group able to access preferential interest rates for credit granted at credit institutions. The ceiling on short-term lending interest rates for priority sectors is 1-1.5% lower than for other sectors. However, SMEs are only eligible for such rates if they are rated "transparent and financially healthy" by the financial institution they seek to borrow from. As there is no legal definition of what amounts to being transparent and financially healthy, the credit institution has full discretion in this regard.

### Support for women's entrepreneurship

Overall, government support for women's entrepreneurship has been limited. The credit incentives for SMEs are mainly allocated to priority sectors and not specifically targeted toward women-owned SMEs. Similarly, the SME Support Law is mostly gender-neutral and does not account for specific needs of women-owned businesses.

In 2016 the Central Bank, the Vietnam Women's Union (VWU), the Vietnam Farmers' Union (VFU), and credit institutions created a cooperation framework to implement programs focused on supporting access to capital and financial skills for VWU members.

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<sup>54</sup> SBV Directive No. 6627/NHNN-TD (04 September 2018).

Some commercial banks have developed dedicated strategies to increase their outreach to women-owned businesses, mostly with support from international finance institutions such as IFC and the Asian Development Bank. VP Bank, one of Vietnam's largest banks, provides loans up to VND 1 billion (USD 43,000) to women-owned companies on trust collateral. BIDV, another commercial bank, implements a VND 7 trillion (USD 301 million) credit program for SMEs, with women-owned SMEs as a priority segment.

### 3. Indonesia

#### 3.1 Climate Mitigation Policies

Industry	Policy	Indonesia
Power	RE policies availability to spur supply chain growth (e.g. FiT / FiP, NEM, and/or bidding)	<p>✓</p> <p>All 3 FiT, NEM, and bidding schemes are in place.<sup>55</sup></p>
	Market-based instruments (e.g. RECs, carbon pricing, ETS)	<p>✓</p> <p>Carbon tax on coal plants has been delayed.<sup>56</sup> It is priced 30,000 rupiah (\$2.02) per tonne of CO<sub>2</sub>e.</p> <p>RECs<sup>57</sup> trading is voluntary.</p>
	Fossil fuel phase-down (e.g. coal moratorium)	<p>✓</p> <p>The CEO of PLN has announced that there will be no new coal plants after 2023.<sup>58</sup></p>
Transport	Use of alternative fuel (e.g. mandatory to use biodiesel blend in vehicles)	<p>✓</p>

<sup>55</sup> Climatescope, [Indonesia](#), accessed 2022 ; Taiyang News, [Indonesia Inviting Independent Power Producers To Pre-Qualify For Solar PV Tenders](#), 2020

<sup>56</sup> Reuters, [Indonesia could push back carbon tax set to start next month](#), 2022

<sup>57</sup> The Jakarta Post, [PLN to issue tradable renewable energy certificates to promote clean energy](#), 2020

<sup>58</sup> Mongabay, [Indonesia says no new coal plants from 2023 \(after the next 100 or so\)](#), 2021

Industry	Policy	Indonesia
		Mandatory biodiesel blending for transportation and oil power plants, and to develop more green refineries.
	Plans to phase out combustion engines (including plans to switch to hybrid engines, upscale EV production, and build more charging infrastructure)	√ Indonesia announced its EV roadmap in 2020 with a focused production of electric two-wheelers. The country also has large nickel reserves needed for battery manufacturing. <sup>59</sup>
<b>Buildings</b>	Building energy codes, and certification / labelling for buildings	√ Building energy codes are mandatory for certain building types; whereas certification / labelling for buildings is voluntary. <sup>60</sup>
<b>Buildings: Electrical appliances</b>	Minimum energy performance standards (MEPS), and labelling for appliances	√ Both MEPS and labelling for appliances are mandatory for air conditioners, refrigerators/freezers, lighting, and fans. <sup>61</sup>
<b>Agriculture</b>	Governmental support to encourage sustainable and modern farming technique, such as precision farming	×

<sup>59</sup> AHK Indonesia, [Indonesian Electric Vehicles Industry Development Gains Momentum](#), 2021

<sup>60</sup> IEA, [Southeast Asia Energy Outlook 2022](#), 2022

<sup>61</sup> IEA, [Southeast Asia Energy Outlook 2022](#), 2022

Industry	Policy	Indonesia
		Though governmental support is absent now, the Ministry of Investment has acknowledged the importance of digital agriculture. <sup>62</sup>
<b>Forestry</b>	Reforestation and/or protection of natural habitat	√ Halt and reverse forest loss and land degradation by 2030. Committed to protect 5.8m ha of forests and 1.9m ha of peatlands by 2030. <sup>63</sup>
<b>Industrial and process use</b>	Committed to phase out of high global warming potential (GWP) refrigerants (Kigali amendment)	× Indonesia has not ratified the Kigali Amendment but planned to do by 2022. <sup>64</sup>
<b>Waste</b>	Sustainable practice for waste (Eg. Circular economy, biogas capture, waste-to-energy generation)	√ National waste management policy is in place. <sup>65</sup> Despite the pandemic, the WTE sector is still attracting a lot of investors. <sup>66</sup>
<b>Government and public sector</b>	Green practices (Eg. green public procurement (GPP) and ecolabelling)	√

<sup>62</sup> BKPM, [Investment to Drive Digital Agriculture Practices in Indonesia](#), 2021

<sup>63</sup> Mongabay, [Local leaders in Indonesia make forest and peatland protection pledge](#), 2021

<sup>64</sup> Antara, [Indonesia aims to ratify Kigali Amendment in three years](#), 2019

<sup>65</sup> Government of the Republic of Indonesia, [Indonesia 3<sup>rd</sup> Biennial Update Report](#), 2021

<sup>66</sup> Cekindo, [How the Waste-to-Energy Sector in Indonesia Presents a Lucrative Opportunity for Japanese Investors?](#), 2021

Industry	Policy	Indonesia
		Both GPP and ecolabelling initiatives are present. <sup>67</sup>
<b>Future technology</b>	Key strategies and technologies announced / proposed to achieve Net Zero / carbon neutrality target	<p style="text-align: center;">✓</p> <ul style="list-style-type: none"> <li>• Target year: 2060 or earlier</li> <li>• Forestry sector will maintain increasing trend of net-sink after 2030</li> <li>• Increase the proportion of renewable energy in energy mix</li> <li>• Increase energy efficiency</li> <li>• Reduce coal consumption</li> <li>• Phase out coal generation by 2040 with international assistance</li> </ul> <p>Implement CCS / CCUS and BECCS<sup>68</sup></p>

<sup>67</sup> Switchasia, [Green Public Procurement](#), 2022

<sup>68</sup> Carbon capture and storage, carbon capture use and storage, bioenergy with carbon capture and storage

### 3.2 Climate Adaptation Policies

Policy	Indonesia <sup>69</sup>
<b>Sustainable forestry development (e.g., conserve forest carbon stocks, protect, restore and plant mangrove and coastal protection forests)</b>	<p style="text-align: center;">√</p> <p style="text-align: center;">Implement of environmentally friendly technologies (EFT) in production forest management</p>
<b>Sustainable agriculture and plantations (e.g., increase resilience of crops to climate change, protection from pests and diseases)</b>	<p style="text-align: center;">√</p> <p style="text-align: center;">Implement climate adaptive technologies for crop production</p> <p style="text-align: center;">R&amp;D to produce high quality seeds</p> <p style="text-align: center;">Application of integrated cropping calendar</p>
<b>Integrated watershed management</b>	<p style="text-align: center;">√</p> <p style="text-align: center;">Develop best practices in watershed management</p> <p style="text-align: center;">Integrate watershed management into Local Spatial Planning</p>
<b>Coastal zone protection (e.g. restoration of degraded coastal zone, mangrove management, mitigate against the impact of sea level rise)</b>	<p style="text-align: center;">√</p> <p style="text-align: center;">Restoration of degraded coastal zone</p> <p style="text-align: center;">Implement integrated management of mangrove ecosystem</p>

<sup>69</sup> Government of the Republic of Indonesia, [Updated Nationally Determined Contribution \(NDC\)](#), 2021



Policy	Indonesia <sup>69</sup>
<b>Natural disaster preparedness and post disaster recovery (e.g., early warning systems, disaster relief)</b>	<p style="text-align: center;">√</p> <p style="text-align: center;">Develop and maintain natural disaster control infrastructures</p> <p style="text-align: center;">Revitalise natural disaster control infrastructures based on climate change analysis</p>
<b>Climate resilient infrastructure development</b>	<p style="text-align: center;">√</p> <p style="text-align: center;">Increase adaptive capacity and resilience of city infrastructure to climate change impacts</p>
<b>Adaptation to heat stress (e.g. green zones to reduce urban temperatures)</b>	<p style="text-align: center;">×</p>

### 3.3 SME and Gender Policies

The number of MSMEs has consistently increased over a decade – expanding around 2% annually. In 2018, there were 64 million MSMEs, which account for 99.9% of total enterprises in Indonesia.<sup>70</sup> MSMEs contributed around 61% of GDP and employed over 97% of the country’s workforce. Wholesale and retail trade dominates the MSME sector (63.5% of MSMEs), followed by manufacturing (17%) and other services (11%).<sup>71</sup> Emerging technology-based start-ups have also gained some prominence in the MSME sector.

<sup>70</sup> ADB, Asia SME Monitor 2020

<sup>71</sup> Ibid.

**Definition of MSMEs in Indonesia**

	<b>Assets</b>	<b>Annual sales</b>
<b>Micro</b>	< 50 million IDR (<3,385 USD)	< 300 million IDR (<20,320 USD)
<b>Small</b>	50-500 million IDR (3,385 USD – 33,864 USD)	300 million – 2.5 billion IDR (20,320 USD – 169,333 USD)
<b>Medium</b>	500 million -10 billion IDR (33,864 USD – 677,328 USD)	2.5 billion-50 billion IDR (169,333 USD- 3.39 million USD)

Source: SME Law 20/2008, Ministry of Cooperatives and SMEs. Exchange rate of 1USD = 14,770 IDR on August 16, 2022

Women own 17% of total small and medium enterprises in Indonesia, and lead about 38% of them.<sup>72</sup> In terms of workforce, they represent around 39% of total workers in the country. The female labor force participation has grown over the decade, but the share remains small compared to male participation at 83%.

**SME Policy**

The SME framework originated from Law 20/2008, also known as MSME Law, which outlines the SMEs definition and provides general guidelines on support to SMEs, including the responsibilities of authorities and organizations involved. The SME policy is not the responsibility of a single ministry; it falls within the responsibility of various government agencies at both national and subnational levels. The Ministry of Co-operatives and SMEs (MCSME) is tasked with co-ordinating SME policies. It distributes funding to other implementation bodies, including local government agencies, and meets regularly with officials tasked with SME-related issues within the Ministry of National Development Planning (BAPPENAS), which is one of two ministries responsible for co-ordinating the country’s economic policies.

The National Medium-Term Development Plan prepared by BAPPENAS is the main development plan document of the country and it places a strong emphasis on SME development. The 2015-2019 Plan sets out five key priorities on SME development, with respect to the contribution of SMEs to Indonesian economy: (i)

<sup>72</sup> MSME Finance Gap database and Grant Thornton Women in Business Report 2021

improving quality of human resources; (ii) enhancing access to finance; (iii) increasing value added of SME products and their international market penetration; (iv) strengthening partnerships and networks; and (v) improving rules and regulations for SMEs. The Medium-Term Plan has been developed in alignment with 2005-2025 Long-Term National Development Plan, which is phased into five-year development plans, of which the Fourth Medium-Term Plan 2020-2024 is currently active. The Plan continues to reinforce the government's vision to build a solid middle class and attain upper income status. SME development policies initiated by line ministries all align with the Mid-term development Plan. Following the national five-year plan, MCSME laid out the 2015-2019 plan to create healthy, strong, resilient and independent cooperatives and SMEs with the following strategic directions: (i) improve the quality of human resources, (ii) increase access to finance, (iii) increase productivity, (iv) strengthen business capacity, and (v) protect business for cooperatives and SMEs.

### **Productivity, technology and innovation**

The flagship initiative for business development services (BDS) to SMEs is implemented through centres for integrated commercial services operating at provincial level, namely PLUT (Posit Layanan Usaha Terpadu) across Indonesia. They provide a wide range of services such as business consultation, mentoring, access to finance, marketing and promotion, business training and networking. Several cross-ministerial initiatives are also implemented to promote business digitalization. One of the main initiatives is the SMEs Go online program, under co-ordination with the Ministry of Communication and Informatics, which aims to facilitate the shift of 8 million SMEs towards the digital space by 2020.<sup>73</sup> The program helps small companies with no or very limited experience of selling online join e-commerce platforms. In doing so, MCSME has partnered with leading e-commerce companies such as Lazada, Shopee, Bukalapak and Tokopedia.

The One Million id. Domain Program was implemented as a follow-up intervention to provide one million SMEs, who have gained basic knowledge of doing business online, with a domain, website content and a fully functioning website that can support their online sales. The government has also made a push to promote innovation through incubating tech-based businesses. For instance, Start-up Incubator Program (SIP) offers SMEs mentoring support from industry experts, as well as networking and funding opportunities and international exposure.<sup>74</sup> MCSME also works with the Association of Indonesian Business Incubators (AiBI) to develop operating standards and a certification program for business incubators.

### **Access to finance**

The country's flagship SME financing program is Kredit Usaha Rakyat (KUR) - People's Credit for Business, a large-scale microcredit program that combines a loan guarantee with an interest rate subsidy specifically designed for MSMEs. The government provides a guarantee of 70%-80% of total credit applied with

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<sup>73</sup> OECD, SME Policy Index: ASEAN 2018

<sup>74</sup> Singtel, [Business in Indonesia: Start-ups can leverage incubator program for growth](#), accessed 2022

concessional lending rates. The first generation (2007-2014) of KUR program covered 12.4 million MSME credit agreements, disbursing guaranteed loans amounting to RP178.8 trillion.<sup>75</sup> In 2015, the program was significantly overhauled with the loan guarantee adjusted to match an interest rate subsidy to allow banks to lend to SMEs at capped interest rates. Two types of financing are provided – micro loans (KUR Mikro with loan size up to IDR 25 million) and retail loans (KUR Retail with loan size of IDR 25-500 million) – at lending rate of 12% per annum with interest rate subsidies. The interest rate was later reduced to 9% in 2016 and it has gradually been decreased to 6% annually in 2020. The number of MSMEs guaranteed has reached 30.8 million in 2019.<sup>76</sup>

In addition, a mandatory lending scheme has been put in place since 2009 and instructs commercial banks to have allocated 20% of their total loan portfolio to MSME loans by 2018. The Revolving Fund Management Agency (LPDB) was established in 2006 to support the financing of co-operatives and SMEs through three types of credit: credit to cooperatives (credit and saving), direct loans to SMEs, and credit to financial intermediaries. Other financing available to SMEs in the country are, for example, nonbank financing offered through microfinance institutions, multi-finance companies, pawnshops, credit guarantee cooperations and venture capital.

### **Access to market**

The government has put considerable effort to promote greater access to market and internationalization for SMEs. Many export promotion programs are launched to facilitate the participation of local SMEs in trade fairs domestically and internationally. In Indonesia, local government are given autonomy to develop and implement their own development programs including SME export initiatives. As a result, they regularly conduct MSMEs exhibition in their provinces and districts such as Jogja Trade expo in Yogyakarta. In 2017, the Small and Medium Enterprises and Cooperatives Indonesia Company (SMESCO) was established to promote products of Indonesian SMEs through the display at SME Galley of SME Tower in Jakarta.<sup>77</sup> Other key programs are, for example, Indonesia Eximbank's Export Oriented People's Business Credit Program (KURBE), a spin-off of the KUR program which offers working capital financing and investment financing to suppliers of large national employers. The training programs are also provided to help companies better equipped with export such as export regulations, customs procedures, packaging, and other business skills. The Kemudahan Import Tujuan Ekspor (KITE) program, through the Indonesian Customs Office, also waives import duties and taxes for exporting SMEs while the Ministry of Finance has appointed a special unit at the Customs and Excise Office as the facility agent at regional levels to assist SMEs. The government also help endorse SME participation in global value chains through many initiatives such as building linkages between SMEs and multinational corporations through matchmaking events etc.

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<sup>75</sup> ADB, Asia SME Monitor 2020

<sup>76</sup> Ibid.

<sup>77</sup> IFC Women-owned SMEs in Indonesia: A Golden Opportunity for Local Financial Institutions (2016)

## Entrepreneurship

In Indonesia, more than 100 entrepreneurship training programs are conducted by various ministries and agencies annually, and some are tailored to underserved populations such as youth, women, and disadvantaged communities. For instance, Kelompok Usaha Bersama (KUBE) was implemented under the Ministry of Social Affairs to empower lower income groups by providing working capital and entrepreneurial training to local micro entrepreneurs and small businesses including those in less developed regions, remote areas and outer islands. Since 2011, the National Movement of Entrepreneurship programme, or Gerakan Kewirausahaan Nasional (GKN), was established to offer assistance and mentorship in entrepreneurship to MSMEs across Indonesia. Other initiatives are also conducted at provincial level. The One District One Centre Entrepreneurship program was launched in 2017 by the Jakarta provincial government to provide business coaching and entrepreneurship assistance to micro entrepreneurs across the province.

## Support for women's entrepreneurship

Indonesia promulgated Presidential Instruction No.9/2000 regarding Gender mainstreaming into national development planning. In 2012, the government launched National Strategy for the Acceleration of Gender Mainstreaming through implementation of gender responsive budgeting (GRB).<sup>78</sup> In addition, the long-term National Development Plan 2005-2015 recognizes the importance of gender equality. The priorities set forth in the Medium-Term Plan include women's integration in the national labour force, the collection of data that allows gender-based analysis, and the formulation of gender-responsive economic development policies.<sup>79</sup> The policy implementation since 2015 also suggested the need for improvement to be taken in the Medium-Term Plan 2020-2024 and beyond.

While there are programs that support women entrepreneurs specifically, they are small in scale and fragmented across different ministries while concentrating mostly on women's co-operatives and micro enterprises. For example, the Ministry for Women's Empowerment and Child Protection - the main body handling the development of women's entrepreneurship - has organized trade shows and financial literacy training to women-owned businesses along with support on technology adoption. It also coordinates with MCSME to empower women participation in co-operatives and SMEs by improving access to market and finance. MCSME also runs the Welfare and Healthy Families and Women Program which is a revolving fund tailored to women co-operatives. There is limited number of market expansion programs offered to WSMEs. Furthermore, the private sector plays an active role, especially the Indonesian Women Entrepreneurs Association, supports a dedicated incubator for women entrepreneurs and conducts training and mentoring support.

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<sup>78</sup> PEFA, [Indonesia Pilots the Draft PEFA Supplementary Framework for GRB and Plans to Use the Assessment Findings to Further Strengthen Gender Mainstreaming](#), 2019

<sup>79</sup> OECD, SME and Entrepreneurship Policy in Indonesia, 2018

## 4. Philippines

### 4.1 Climate Mitigation Policies

Industry	Policy	Philippines
Power	RE policies availability to spur supply chain growth (e.g. FiT / FiP, NEM, and/or bidding)	<p>✓</p> <p>NEM and bidding schemes are in place. FiT was discontinued in 2019.<sup>80</sup></p>
	Market-based instruments (e.g. RECs, carbon pricing, ETS)	<p>✓</p> <p>Carbon pricing is being studied.<sup>81</sup></p> <p>The Philippines has a regulated RECs trading platform. Additionally, there is a renewable energy portfolio standard for utilities to comply.<sup>82</sup></p>
	Fossil fuel phase-down (e.g. coal moratorium)	<p>✓</p> <p>Moratorium on new coal fire plants.<sup>83</sup></p>

<sup>80</sup> Climatescope, [Philippines](#), accessed 2022 ; DOE, [Green Energy Auction Program in the Philippines](#), 2022

<sup>81</sup> Philippine News Agency, [PH moves to institutionalize carbon pricing instrument](#), 2021

<sup>82</sup> Philippine Electricity Market Corporation, [Renewable Energy Market](#), accessed 2022

<sup>83</sup> DOE, [Advisory on the Moratorium of Endorsements for Greenfield Coal-Fired Power Projects In Line with Improving the Sustainability of the Philippines' Electric Power Industry](#), 2020

Industry	Policy	Philippines
<b>Transport</b>	Use of alternative fuel (e.g. mandatory to use biodiesel blend in vehicles)	<p style="text-align: center;">✓</p> <p>The government is now working with the industry to increase the biodiesel blend from 2% (B2) to 5% (B5).<sup>84</sup></p>
	Plans to phase out combustion engines (including plans to switch to hybrid engines, upscale EV production, and build more charging infrastructure)	<p style="text-align: center;">✓</p> <p>The Electric Vehicle Industry Development Act (EVIDA) has recently enacted. This Act provides both fiscal and non-fiscal incentives for the industry development.<sup>85</sup></p>
<b>Buildings</b>	Building energy codes, and certification / labelling for buildings	<p style="text-align: center;">✓</p> <p>Building energy codes are mandatory for certain building types; whereas certification / labelling for buildings is voluntary.<sup>86</sup></p>
<b>Buildings: Electrical appliances</b>	Minimum energy performance standards (MEPS), and labelling for appliances	<p style="text-align: center;">✓</p> <p>MEPS are mandatory for air conditioners, and lighting; whereas mandatory labelling is only applicable to air conditioners, refrigerators/freezers, and lighting.<sup>87</sup></p>

<sup>84</sup> DOTI, [Biodiesel](#), accessed 2022

<sup>85</sup> Baker McKenzie, [Philippines: The Electric Vehicle Industry Development Act \(EVIDA\), Republic Act No. 11697, lapses into law](#), 2022

<sup>86</sup> IEA, [Southeast Asia Energy Outlook 2022](#), 2022

<sup>87</sup> IEA, [Southeast Asia Energy Outlook 2022](#), 2022

Industry	Policy	Philippines
<b>Agriculture</b>	Governmental support to encourage sustainable and modern farming technique, such as precision farming	√ A 50m pesos funding was utilised to setup a R&D facility, namely Precision and Digital Agriculture Center. <sup>88</sup>
<b>Forestry</b>	Reforestation and/or protection of natural habitat	√ Eradicate net loss in natural forests, coral, seagrass, mangrove cover by 2028. <sup>89</sup>
<b>Industrial and process use</b>	Committed to phase out of high global warming potential (GWP) refrigerants (Kigali amendment)	× Philippines has not ratified the Kigali Amendment but planned to do so the soonest. <sup>90</sup>
<b>Waste</b>	Sustainable practice for waste (Eg. Circular economy, biogas capture, waste-to-energy generation)	√ The Philippines have plans to expand its wastewater treatment facilities in coming years. <sup>91</sup> Additionally, a 36MW WTE plant is being planned. <sup>92</sup>

<sup>88</sup> DA, [DA launches first national center for precision and digital agriculture](#), 2022

<sup>89</sup> DENR, [Philippine Biodiversity Strategy and Action Plan 2015 – 2028](#), 2015

<sup>90</sup> Philippine Ozone Desk, [Public Consultation & Closing Ceremony of Enabling Activity for HFC Phase-down in the Philippines related to the Kigali Amendment of the Montreal Protocol](#), 2022

<sup>91</sup> Climate Change Commission, [Nationally Determined Contribution Quick Facts](#), 2021

<sup>92</sup> Power Technology, [Quezon Waste-to-Energy Plant](#), Philippines, 2021



Industry	Policy	Philippines
<b>Government and public sector</b>	Green practices (Eg. green public procurement (GPP) and ecolabelling)	<p style="text-align: center;">✓</p> <p style="text-align: center;">Both GPP and ecolabelling initiatives are present. In addition to a GPP roadmap.<sup>93</sup></p>
<b>Future technology</b>	Key strategies and technologies announced / proposed to achieve Net Zero / carbon neutrality target	<p style="text-align: center;">×</p> <p style="text-align: center;">No Net Zero Target announced. However, marine energy, offshore wind, and green hydrogen are the future technology of interests for the Philippines.<sup>94</sup></p>

<sup>93</sup> GPPB-TSO, [The Philippine Green Public Procurement Roadmap](#), 2017

<sup>94</sup> Philippine News Agency, [Harnessing efficient, climate-proof renewable energy for PH](#), 2019 ; Philippine News Agency, [Germany assesses potential of hydrogen as PH energy source](#), 2022 ; Philippine News Agency, [DOE, World Bank to launch offshore wind roadmap](#), 2022

## 4.2 Climate Adaptation Policies

Policy	Philippines <sup>95 96 97 98 99</sup>
<b>Sustainable forestry development (e.g., conserve forest carbon stocks, protect, restore and plant mangrove and coastal protection forests)</b>	<p style="text-align: center;">√</p> <p style="text-align: center;">Forest conservation, restoration and reforestation</p> <p style="text-align: center;">Support local communities on sustainable management of forest</p>
<b>Sustainable agriculture and plantations (e.g., increase resilience of crops to climate change, protection from pests and diseases)</b>	<p style="text-align: center;">√</p> <p style="text-align: center;">Capacity building to enhance resilience into agriculture systems</p> <p style="text-align: center;">R&amp;D to enhance capacity to respond to climate change</p>
<b>Integrated watershed management</b>	<p style="text-align: center;">√</p> <p style="text-align: center;">Integrated management and development of the lowland and upland portion of a watershed</p>
<b>Coastal zone protection (e.g. restoration of degraded coastal zone, mangrove management, mitigate against the impact of sea level rise)</b>	<p style="text-align: center;">√</p>

<sup>95</sup> Government of the Republic of The Philippines, [Nationally Determined Contribution \(NDC\)](#), 2021

<sup>96</sup> ACCBio, [Philippine Strategy on Climate Change Adaptation](#), 2009

<sup>97</sup> DOHS, [Post-Disaster Shelter Recovery Policy Framework](#), 2022

<sup>98</sup> DENR, [Sub-sectoral assessment](#), 2015

<sup>99</sup> Climate Change Commission, [National Climate Change Action Plan](#), 2015

	Establishment of no-take marine reserves for mangrove reforestation and coral reef protection
<b>Natural disaster preparedness and post disaster recovery (e.g., early warning systems, disaster relief)</b>	<p style="text-align: center;">√</p> <p style="text-align: center;">Post-Disaster Shelter Recovery Policy Framework</p> <p style="text-align: center;">Training health professionals and community workers on disaster risk reduction management</p>
<b>Climate resilient infrastructure development</b>	Not mentioned
<b>Adaptation to heat stress (e.g. green zones to reduce urban temperatures)</b>	<p style="text-align: center;">√</p> <p style="text-align: center;">Training health professionals and community workers on climate change adaptation</p>

### 4.3 SME and Gender Policies

The Philippines recorded a total of 957,620 enterprises, of which 99.5% are MSMEs. Micro enterprises make up the largest share of total number of MSMEs at approximately 88.7%.<sup>100</sup> The Department of Trade and Industry (DTI) reported MSMEs contribution to the total GDP at 35.7% in 2018 while generating around 62.8% of the country’s total employment. Micro enterprise is classified as an enterprise with less than 10 employees and with asset size of below P3 million; small with 10-99 employees and with asset size of P3 million – P15 million; and medium enterprise with 100-199 employees with asset size of P15million – P100 million.<sup>101</sup> Wholesale and retail trade sector comprises almost half of total number of MSMEs, followed by accommodation and food services, manufacturing,

<sup>100</sup> Department of Trade and Industry, [2020 MSME Statistics](#), accessed 2022

<sup>101</sup> [The Philippines Statistics Authority and the Small and Medium Enterprise Development Council \(SMEDC\)](#), accessed 2022

other service activities, and financial services and insurance. Majority of them can be found in the National Capital Region (NCR), Calabarzon, Central Luzon, Central Visayas, and Western Visayas.

**Definition of MSMEs in Philippines**

	<b>Asset size</b>	<b>Employment</b>
<b>Micro</b>	< 3 million PHP (<53,706 USD)	1-9 employees
<b>Small</b>	3,000,001 million – 15,000,000 million PHP (53,706 USD – 268,580 USD)	10-99 employees
<b>Medium</b>	15,000,001 million – 100,000,000 million PHP (268,580 USD – 1.8 million USD)	100-199 employees

Source: The Philippines Statistics Authority and the Small and Medium Enterprise Development Council (SMEDC). Exchange rate of 1USD = 55.86 PHP on August 16, 2022

Approximately 37% of the SMEs are owned by women,<sup>102</sup> Women took on 48% of senior leadership roles and 39.3% of total workforce in in the country.<sup>103</sup> In Philippines, access to finance for female and male owned SMEs are not significantly different. For example, 14% of women-owned SMEs are partially credit-constrained compared to 12% of total SMEs.<sup>104</sup>

<sup>102</sup> MSME Finance Gap, SME Finance Forum

<sup>103</sup> Grant Thornton Women in Business Report 2021, and World Bank database

<sup>104</sup> MSME Finance Gap database (2018)

## **SME Policy**

MSME Development (MSMED) Plan 2017-2022 provides sectoral plan for the growth and advancement of MSME sector. It is aligned with the government's goal of boosting employment, business and livelihood of the Philippine Development Plan (2017-2022) and the Ten-Point Agenda for Development presented by President Duterte as well as long-term economic vision, AmBisyon Natin 2040, an anchor for development planning over 25 years. Hence, the country also sees the Plan as a tool to eradicate poverty as part of its goal to create middle class society by 2040. The MSMED Council is responsible for formulating SME policy while the Bureau of MSME Development within the Department of Trade and Industry functions as the secretariat of the council, and is responsible for implementing the policy.

The MSME Development Plan's vision is *"more globally competitive MSMEs that are regionally integrated, resilient, sustainable, and innovative thereby performing as key drivers of inclusive Philippine economic growth"* and to realize this, the Plan focuses on three important pillars: business environment, business capacity, and business opportunities.

## **Productivity, technology and innovation**

Under business capacity pillar, the MSME Plan aims to improve innovation and technological competitiveness of MSMEs to transform and create new business models and enterprises. Various action plans are introduced, for example, expanding facilities that MSMEs can share; providing financing programs for equipment and machinery acquisition; fostering wider MSME clustering to achieve economies of scale via clustering models; and promoting commercialization of technology and building capabilities etc.

The MSMED Council has a dedicated task force that will tap into nationwide network of Negosyo Centres, which serve as the frontline services for MSMEs, to develop e-commerce capacity of MSMEs. The Negosyo Centres are responsible for promoting ease of doing business and access to services such as business registration, access to market, digital marketing, business information and monitoring and evaluation. The task force will also encourage MSMEs to engage in e-commerce through online platforms or marketplaces and provides training to improve their productivity. Other initiatives include conducting technology match-making activities and creating innovation hubs such as the QBO Innovation Hub, the Philippines' first public-private partnership platform for Filipino startups created through the collaboration of IdeaSpace, J.P. Morgan, the Department of Science and Technology (DOST), and the Department of Trade and Industry (DTI).

## **Access to finance**

Access to finance is an important strategic goal of business environment pillar. The government aims to streamline and simplify loan process for MSMEs, while creating enabling environment that encourages financial institutions to reach MSMEs. This includes instituting policies and programs for innovative financing; offers alternative financial instruments for MSMEs; and building capacities of financial institutions and cooperatives to better serve MSMEs such as financial literacy trainings.

The government has implemented various schemes to stimulate bank lending specifically to MSMEs. One of the most notable schemes is the mandatory lending scheme that obliges commercial banks to disburse 8% of total loan portfolio to SMEs, primarily small enterprises. The government also provides credit lines, interest rate subsidies, and credit guarantees to commercial banks. For example, SBCorp, the largest credit guarantee scheme, provides lending, financial leasing, secondary mortgages along with other debt instruments in line with the mandatory scheme. It has recently launched multi-purpose loan schemes to MSMEs: multi-sectoral MSMEs, Turismo loan for tourism sector, and Tindahan loan for FMCG industry including sari-sari stores, retailers and distributors. The first time MSME borrower will need to have at least three-year business track record and loan requirement of more than P300,000, while existing borrowers under SBCorp will need to have at least 6-months repayment track record in good standing.<sup>105</sup> In addition to these schemes, two specialized institutions were established to provide finance for SME - Development Bank of the Philippines and the Philippines Export-Import Credit Agency.

### **Access to market**

Access to market is a key priority of focus under business opportunities pillar. The government plans to improve access to market for MSMEs by making available timely and relevant data to help them tap new business opportunities; linking them to local and global supply chains; improving support for ensuring compliance to market and buyer requirements (e.g., different legal, regulatory and technical requirements; and providing access to marketing platforms including e-commerce. For example, it will widen reach of market mainstreaming programs and consistent support for MSMEs participation in marketing activities such as domestic and international trade fairs and Go Lokal<sup>106</sup>, a market access platform for MSMEs. Other initiatives include One Town, One Product (OTOP) that helps local MSMEs to develop and market their products and Business Matching program that promotes ties between international buyers and local exporters by disseminating the traders' directory online.

### **Entrepreneurship**

The Strategy aims to expand and strengthen the human resources capacity of MSMEs through a combination of mentoring, group training, field outreach, and online training as well as to improve MSME knowledge base using gender and other parameters. To achieve this, they will promote entrepreneurship and equal opportunities for all including women and youth; enhancing labor capacities through human resource development; and intensifying advocacy and education campaigns on laws, policies and regulations relevant to labour. In fact, MSMEs can also receive such support through Negosyo Centres located nationwide. The Mentor ME programme also helps MSMEs scale up their businesses through weekly coaching on different areas of entrepreneurship. Furthermore, the government

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<sup>105</sup> Business Mirror, [SBCorp imposes interest rates on loans for MSMEs](#) (2022),

<sup>106</sup> Department of Trade and Industry, [Go Lokal](#), accessed 2022

has adopted K-12 Basic Education program that integrates entrepreneurship culture into the curriculum. A collaboration between schools and the Negosyo Centres also connects students with MSMEs to promote entrepreneurial education.

### **Support for women's entrepreneurship**

Women entrepreneurship has been significantly advanced. The OECD reported the country as the region's strongest performer in this area.<sup>107</sup> In fact, women entrepreneurship is mentioned across many national strategies including the national MSMED Plan. The DTI has implemented a gender mainstreaming approach to entrepreneurship in co-ordination with the Philippines Commission on Women.<sup>108</sup> Under MSME Development Plan 2017-2022, gender has been integrated mostly into capacity building and resource development component. For instance, it aims to enhance labor capacities through gender sensitivity programs for MSMEs. The Strategy also sets out key performance indicator specifically on women such as number of women entrepreneurs; number of special financing facilities which includes financing for women entrepreneurs; and female labor force participation rate and number of MSMEs trained (including women and youth).

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<sup>107</sup> OECD, SME Policy Index: ASEAN 2018

<sup>108</sup> Ibid.

## 5. Laos

### 5.1 Climate Mitigation Policies

Industry	Policy	Laos
Power	RE policies availability to spur supply chain growth (e.g. FiT / FiP, NEM, and/or bidding)	×  Laos has only renewable energy target (30% of non-hydro RE by 2025) but no enabling policies in place. <sup>109</sup>
	Market-based instruments (e.g. RECs, carbon pricing, ETS)	√  Laos has clean hydropower surplus, which makes them a RECs supplier. <sup>110</sup> Carbon pricing and ETS are not applicable.
	Fossil fuel phase-down (e.g. coal moratorium)	×  Laos relies heavily on clean hydropower. <sup>111</sup>
Transport	Use of alternative fuel (e.g. mandatory to use biodiesel blend in vehicles)	√

<sup>109</sup> Climatescope, [Laos](#), accessed 2022

<sup>110</sup> I-REC, [Laos is now approved as I-REC\(E\) issuing country](#), 2021

<sup>111</sup> Climatescope, [Laos](#), accessed 2022



Industry	Policy	Laos
		Biofuel to accommodate 10% of fuel demand by 2030 but conditional on international assistance. <sup>112</sup>
	Plans to phase out combustion engines (including plans to switch to hybrid engines, upscale EV production, and build more charging infrastructure)	√ EVs to represent 30% of its national two-wheeler and passenger car fleet by 2030 but conditional on international assistance <sup>113</sup>
<b>Buildings</b>	Building energy codes, and certification / labelling for buildings	× Building energy codes are under development. <sup>114</sup>
<b>Buildings: Electrical appliances</b>	Minimum energy performance standards (MEPS), and labelling for appliances	× Both MEPS and labelling for appliances are under development for air conditioners. <sup>115</sup>
<b>Agriculture</b>	Governmental support to encourage sustainable and modern farming technique, such as precision farming	×

<sup>112</sup> Government of the Lao PDR, [Nationally Determined Contribution \(NDC\)](#), 2021

<sup>113</sup> Government of the Lao PDR, [Nationally Determined Contribution \(NDC\)](#), 2021

<sup>114</sup> IEA, [Southeast Asia Energy Outlook 2022](#), 2022

<sup>115</sup> IEA, [Southeast Asia Energy Outlook 2022](#), 2022

Industry	Policy	Laos
		Though governmental support is absent now, Laos is interested to promote precision farming technology. <sup>116</sup>
<b>Forestry</b>	Reforestation and/or protection of natural habitat	√  Increase forest cover to 70% of total area by 2030 but conditional on international assistance. <sup>117</sup>
<b>Industrial and process use</b>	Committed to phase out of high global warming potential (GWP) refrigerants (Kigali amendment)	√  Laos accepted the Kigali Amendment in 2017. <sup>118</sup> Laos plans to phase out HCFC by 2030. <sup>119</sup>
<b>Waste</b>	Sustainable practice for waste (Eg. Circular economy, biogas capture, waste-to-energy generation)	√  Sustainable municipal solid waste management is possible but conditional on international assistance
<b>Government and public sector</b>	Green practices (Eg. green public procurement (GPP) and ecolabelling)	×

<sup>116</sup> Government of the Lao PDR, [The 1st Biennial Update Report of The Lao PDR](#), 2021

<sup>117</sup> Government of the Lao PDR, [Nationally Determined Contribution \(NDC\)](#), 2021

<sup>118</sup> UNEP, [All ratifications](#), accessed 2022

<sup>119</sup> UNEP, [Update on the Implementation the Montreal Protocol Sharing Successful Practices, Challenges and Needs – Lao PDR](#), 2019

Industry	Policy	Laos
		Both ecolabels and green procurement roadmaps are underway. <sup>120</sup>
<b>Future technology</b>	Key strategies and technologies announced / proposed to achieve Net Zero / carbon neutrality target	<p style="text-align: center;">√</p> <ul style="list-style-type: none"> <li>• Target year: 2050</li> <li>• In its NDC, Laos will achieve its Net Zero Target by primarily reducing its LULUCF emissions and use up to 70% forest cover to sink emissions</li> </ul>

## 5.2 Climate Adaptation Policies

Policy	Laos <sup>121</sup>
<b>Sustainable forestry development (e.g., conserve forest carbon stocks, protect, restore and plant mangrove and coastal protection forests)</b>	<p style="text-align: center;">√</p> <p>Promote climate resilience in forestry production and forest ecosystems e.g., buffer zones of protected areas</p>
<b>Sustainable agriculture and plantations (e.g., increase resilience of crops to climate change, protection from pests and diseases)</b>	<p style="text-align: center;">√</p> <p>Promote climate resilience in farming systems and agriculture infrastructure</p>

<sup>120</sup> GIZ Thailand, [Thailand supports Lao government to implement Green Public Procurement](#), 2022 ; GIZ Thailand, [Thailand assists Lao PDR in its effort to roll out an ecolabel](#), 2022

<sup>121</sup> Government of the Lao PDR, [Nationally Determined Contribution \(NDC\)](#), 2021

	Promote appropriate technologies for climate change adaptation, including nature-based and circular economy solutions
<b>Integrated watershed management</b>	<p style="text-align: center;">√</p> <p style="text-align: center;">Strengthen water resource information systems</p> <p style="text-align: center;">Manage surface water, groundwater and wetland</p>
<b>Coastal zone protection (e.g. restoration of degraded coastal zone, mangrove management, mitigate against the impact of sea level rise)</b>	×
<b>Natural disaster preparedness and post disaster recovery (e.g., early warning systems, disaster relief)</b>	<p style="text-align: center;">√</p> <p style="text-align: center;">Nature-based solutions to counter climate-induced disaster</p> <p style="text-align: center;">Identification of the most disadvantaged communities to weather fluctuation</p>
<b>Climate resilient infrastructure development</b>	<p style="text-align: center;">√</p> <p style="text-align: center;">Increase the resilience of urban development and infrastructure to climate change e.g., green infrastructure</p>
<b>Adaptation to heat stress (e.g. green zones to reduce urban temperatures)</b>	<p style="text-align: center;">√</p> <p style="text-align: center;">Develop green infrastructure</p> <p style="text-align: center;">Improve public health services to cope with climate change induced impacts</p>

### 5.3 SME and Gender Policies

In 2019, there were around 133,997 enterprises recorded, consisting of 126,168 micro enterprises; 6,600 small enterprises, 954 medium enterprises, and 276 large enterprises.<sup>122</sup> The majority of enterprises were in central Laos and in urban areas. Wholesale and retail trade is the largest sector followed by manufacturing and other services. MSMEs represent 99.8% of the companies in Laos for each year and they contributed to 82% of total employment in 2018.<sup>123</sup>

The registered enterprises employ around 490,373 people, of which half are female.<sup>124</sup> According to MSME Finance Gap database, around 36% of SMEs are owned by women. Women owned businesses tend to have less access to finance; for example, 29% of women owned SMEs are fully credit-constrained compared to 19% of SMEs in general.<sup>125</sup>

#### Definition of MSMEs in Laos

Type of business		Annual asset	Employment
Manufacturing	Micro	< LAK100,000,000 (< 6,550 USD)	1-5 employees
	Small	< LAK1,000,000,000 (<65,539 USD)	6-50 employees
	Medium	< LAK4,000,000,000 (<261,884 USD)	51-99 employees
	Micro	< LAK 150,000,000 (<9,821 USD)	1-5 employees

<sup>122</sup> The Laotian Times, [Microbusinesses Account for Majority of Registered Enterprises in Laos](#), 2021

<sup>123</sup> ADB, Asia SME Monitor 2020

<sup>124</sup> The Laotian Times, [Microbusinesses Account for Majority of Registered Enterprises in Laos](#), 2021

<sup>125</sup> MSME Finance Gap data base (2018)

<b>Trade (Retail and wholesale)</b>	<b>Small</b>	< LAK 1,000,000,000 (<65,539 USD)	6-50 employees
	<b>Medium</b>	< LAK 4,000,000,000 (<261,884 USD)	51-99 employees
<b>Service</b>	<b>Micro</b>	< LAK 200,000,000 (<13,089 USD)	1-5 employees
	<b>Small</b>	< LAK 1,500,000,000 (<98,166 USD)	6-50 employees
	<b>Medium</b>	< LAK 6,000,000,000 (<392,862 USD)	51-99 employees

Source: Decree on Classifying SME categories, 2017. Exchange rate of 1USD = 15,267 LAK on August 16, 2022

### SME Policy

Laos has a mid-term five-year strategy for SME development. The current strategy – the Small and Medium Enterprises Development Plan – runs from 2016-2020. The Department of SME Promotion (DOSMEP) under the Ministry of Industry and Commerce (MOIC) is responsible for formulating SME policy in the country, as well as coordinating with line ministries and reporting to the Central Committee. SME development policies are supported by the SME Promotion and Development Fund, which was set up in 2011 under the SME Law. This fund receives income from the national budget, international grants or loans, voluntary contributions and service fees.<sup>126</sup>

The latest Small and Medium Enterprises Development Plan was developed in alignment with key national and regional policies including the 8th National Socio-Economic Development Plan (2016-2020). The Plan consists of seven key policies: (i) promote productivity, technology and innovation; (ii) promote access to finance; (iii) promote access to business development services; (iv) promote market access and expansion; (v) promote entrepreneurship and development; (vi) create a favorable environment for establishing business and operations; and (vii) refine customs, tax, and financing policies.<sup>127</sup>

<sup>126</sup> OECD, SME Policy Index: ASEAN 2018

<sup>127</sup> Ministry of Industry and Commerce, [Department of SME Promotion](#), accessed 2022

## Productivity, technology and innovation

The government aims to promote SME productivity and innovation by number of initiatives, which include enhancing the efficiency of production and service management; providing matching grants to support investment in technology transfer; training and dissemination of information on new innovations; and production and services improvement.<sup>128</sup> The government has a policy to address business development services (BDS) for SMEs. For example, Business Assistance Facility is the main programme that offers technical advisory assistance on business growth plan and provides matching grant to cover 50% of the associated costs.<sup>129</sup> In 2017, DOSMEP established SME Service Centres – one in Vientiane and two in Champasa and Luang Prabang – that offer advisory services including marketing and business development. These centers are managed by Lao National Chamber of Commerce and Industry (LNCCI) and would support MSMEs access domestic market and export to ASEAN countries.<sup>130</sup>

Another key initiative is Plaosme<sup>131</sup>, an e-commerce platform launched in 2017, which was developed under the Lao SME Export and E-commerce Development (SEED) project by DOSMEP and the Ministry of Industry and Commerce's (MOIC) Department of Trade Promotion, in collaboration with the LNCCI. It offers a digital marketplace, access to trade associations across ASEAN along with training and marketing support among other services, which would support Laos SME in their e-commerce and export capability.<sup>132</sup> According to the Laotian Times, the program has been picking up steam with an increase of number of registered companies from 48 in February 2018 to 118 in March 2018 (72 of them were owned by women).

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<sup>128</sup> OECD, SME Policy Index: ASEAN 2018

<sup>129</sup> Business Assistance Facility, [BAF LAOS](#), accessed 2022

<sup>130</sup> ADB, Asia SME Monitor 2020

<sup>131</sup> Plaosme, [Plaosme: Your Trusted Gateway to the Pride of Laos](#), accessed 2022

<sup>132</sup> OECD, SME Policy Index: ASEAN 2018

### **Access to finance**

One of the main instruments for MSME lending is Lao Development Bank (LDB), a specialized state-owned bank owned by Ministry of Finance. LDB uses the asset criteria of national definition for MSME lending with the annual lending rate at 10% on average but 6.5% if through the SME Promotion Fund.<sup>133</sup> There is neither public nor private credit guarantee scheme in the country but efforts to establish one is underway.

The Bank of the Lao PDR (BOL), the central bank, also works closely with MOIC to promote MSME access to finance through the SME Promotion Fund – a part of DOSMEP with its own administration and management regulations. The Fund has a contributing capital of \$47 million from development banks and government, and it provides lending to participating commercial banks which on lends to MSMEs. The lending rate is 5.5%-10% per annum, supported by 3%-5% subsidy with the loan tenor of up to 10 years. Priority sectors include agriculture, industry and handicrafts, tourism, and specific sectors as decided by participating banks.<sup>134</sup> Another alternative financing for MSMEs is microfinance, provided through microfinance institutions, leasing companies, pawnshops, money transfer shops etc. Meanwhile, equity instruments are very scarce in Laos with no government program in place to stimulate PE or VC financing, but start-ups can still access funds of those focused on the Mekong region.

### **Access to market**

MSMEs mostly operate domestically with limited exposure to global markets. Initiatives to promote SME exports were developed but are still fragmented and rely on support from foreign donors. The SME Service Centres provide SMEs with updates on market information and advisory support related to market expansion i.e., export to ASEAN countries. The government has also engaged SMEs in number of trade fairs; for example, an annual Lao-Thai Trade Exhibition/Thailand Week in Vientiane, co-organized by MOIC and Thailand's Department of International Trade Promotion, to display products from Lao and Thai SMEs.<sup>135</sup>

In addition, the government promotes MSMEs integration into global value chains through foreign investment projects and business clustering. By far, it has focused on attracting large scale investment in country's special economic zones through tax exemption schemes. However, MSMEs are often not eligible to participate given sizes of business and lack of financial capability. Other initiatives include establishing linkages between large enterprises and MSMEs through business matchmaking.

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<sup>133</sup> ADB, Asia SME Monitor 2020

<sup>134</sup> Ibid.

<sup>135</sup> OECD, SME Policy Index: ASEAN 2018



## Entrepreneurship

Entrepreneurship support has received aid from many foreign donors – from curriculum to entrepreneurship training and programs. One of the notable initiatives to develop entrepreneurial skills is through training and capacity building activities under the Lao-India Entrepreneurship Development Centre (LIEDC), established under India-ASEAN Fund.<sup>136</sup> Several training courses were launched to provide training to entrepreneurs to set up small and medium sized businesses. Other initiatives have been put in place under broader ASEAN-wide cooperation schemes such as ASEAN SME Academy<sup>137</sup>, a multi-stakeholder collaboration under the US-ASEAN Business Alliance, which offers training and resources for SMEs in ASEAN.

## Support for women's entrepreneurship

Laos has several policies for promoting women entrepreneurship. The adoption of the Law on the Development and Protection of Women in 2004, the National Strategy for the Advancement of Women (NSAW) in 2006 and the Law of Lao Women's Union in 2013 formed the foundation for the formulation of related laws and regulations that promote gender equality in the country.<sup>138</sup> In addition, policies to promote gender equality are alluded to as strategies within National Socio-Economic Development Plan (NESDP), which put an emphasis on gender equality and women's entrepreneurship although not specific to SMEs. Recently, the Law on Gender Equality was approved by the National Assembly in 2019 and consecutively promulgated by a Presidential Decree in 2020. The law references gender across areas of work while containing some gender responsive provision pertaining to overcome cultural beliefs that inhibit women's advancement.<sup>139</sup> It is accompanied by an ambitious policy for implementation - the National Plan of Action on Gender Equality 2021-2025 (NAPGE) – which includes a broad spectrum of gender responsive target and priority activities e.g., quotas for women in leadership roles in climate change, emergency response and disaster risk reduction.<sup>140</sup>

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<sup>136</sup> OECD, SME Policy Index: ASEAN 2018

<sup>137</sup> ASEAN, [ASEAN SME Academy](#), accessed 2022

<sup>138</sup> National Review of Lao People's Democratic Republic, Twenty-fifth Anniversary of the Fourth World Conference on Women and Adoption of the Beijing Declaration and Platform (BPfA+25 of Lao PDR)

<sup>139</sup> ADB, Women's Resilience in the Lao People's Democratic Republic: How Laws and Policies Promote Gender Equality in Climate change and Disaster Risk Management (June 2022)

<sup>140</sup> Ibid.

Moreover, Lao Women's Union (LWU), the main policy development body on women's entrepreneurship, works closely with the Lao Women's Business Association and Gender Development Association and other civil society organizations to promote and encourage women to set up small and medium businesses.<sup>141</sup> The Association has also been working with relevant ministries to address challenges of access to finance and market by businesswomen. Other initiatives to promote women entrepreneurship include the establishment of Women's Entrepreneurship Development Centre in Vientiane, supported by USAID. The Centre will provide a space for women to learn the skills they need to start and develop a business through training, resources, and access to information on finance.<sup>142</sup>

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<sup>141</sup> National Review of Lao People's Democratic Republic, Twenty-fifth Anniversary of the Fourth World Conference on Women and Adoption of the Beijing Declaration and Platform (BPfA+25 of Lao PDR)

<sup>142</sup> World Education, [World Education Laos Officially Opens the Women's Entrepreneurial Center in Vientiane](#), 2017