

Regional Workshop: Low-Carbon Technologies for MSMEs in the ASEAN

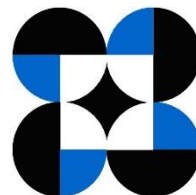
MSMEs Development situation in Lao PDR

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MSME's Profile in Lao PDR

SMEs have an important role in the economic system of the country in various sectors, such as trade, manufacturing and services. Most of the labor force in the country are employ by SMEs which contribute to the generating income, raising the well-being of the majority of the people. SMEs are thus a main trust of the economic growth of the country.

MSME Classifications in Lao PDR

- Small enterprises – those with an annual average number of employees not exceeding 19 persons or total assets not exceeding 250 million kip or an annual turnover not exceeding 4 hundred million kip.
- Medium-sized enterprises – those with an annual average number of employees not exceeding 99 persons or total assets not exceeding 1.2 billion kip or an annual turnover not exceeding 1 billion kip.

MSME Classifications in Lao PDR

Category	Average annual no. of employees	Total assets in kip	Annual turnover in kip
Small	<= 19	<=250 million	<=400 million
Medium	<= 99	<=1.2 Billion	<= 1 Billion

Table 1: Definition of Small and Medium-Sized Enterprises

Source: Bank of Laos
2010 Average rate 8,344.53 Kip/USD

Distribution by Sector and employment

Characteristics	Findings
No. of enterprises ,Size	Micro enterprises 19.9% Small enterprises 60.6% Medium enterprises 15.2% Large enterprises 4.3%
No. of labor, Employment by size	Micro enterprises 1.6% Small enterprises 22.9% Medium enterprises 28.1% Large enterprises 47.3%
Sector of SMEs	The sector distribution of SMEs in the sample was: 1. Whole sale& retail trade 41.6% 2. Manufacturing 17.6% 3. Accommodation, food service 16.6% 4. Construction 6% 5. Transportation, storage 4.5% 6. Other 13.7%

Planning and implementation of MSMEs policy

- In the Lao Economic and Social Development Plan, the vision is to bring the country out of developing country status by the year 2020, having political stability as well as social security and harmony.
- The goal is to facilitate the economy enabling it to grow at the annual rate of at least 7.5 percent, raising the per capita income to 1,200 U.S. dollars in 2020

Objectives

- To contribute continuous and stable economic growth according to the economic structure based on agriculture-forestry in combination with industry and services
- To create a variety of opportunities for increasing self-employment and employment for the people
- To mobilize assets and intellectual resources of the people for production, trading and services
- To increase income and distribution in order to increase the living standard of the people and to overcome economic disparities among people from different ethnic groups, contributing to poverty alleviation
- To contribute to the foundation of the basis for industrialization and modernization of the country.

Objectives

- To implement the Economic and Social Development Plan, the Lao PDR government started to promote and develop the small and medium enterprises. It issued the Decree on the Promotion and Development of Small and Medium Sized Enterprises No.42/PM. in 2004 officially laying down the policy and directions for the concrete development of small and medium enterprises for the first time.

Decree 42/PM defines six priority policy areas or directions as basis for the development of the strategy and action plan in SME Promotion and Development Policy

1. Creating an enabling regulatory and administrative environment
2. Enhancing competitiveness of SMEs
3. Expanding domestic and international markets
4. Improving access to finance
5. Encouraging and creating favourable conditions for establishment of business organizations
6. Enhancing entrepreneurial attitudes and characteristics within the society

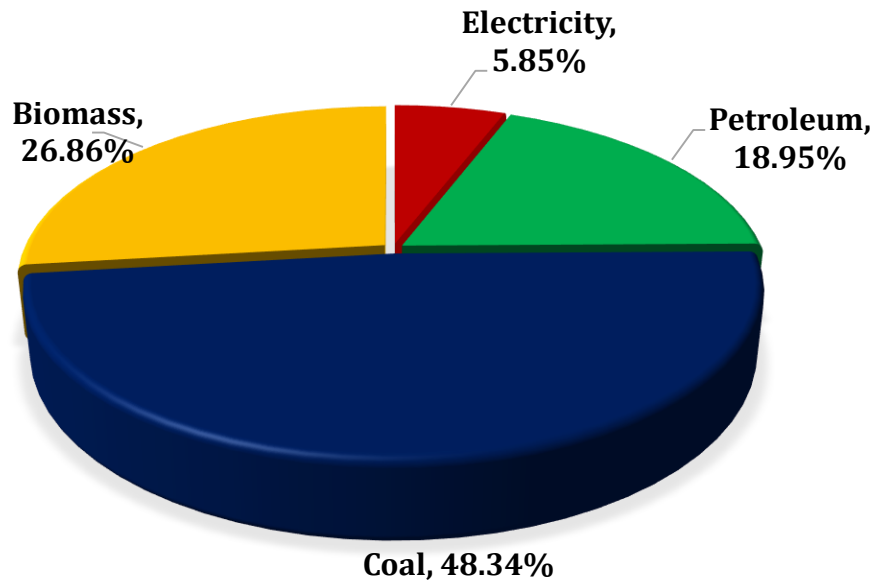
Renewable Energy Targets for 2025

- The Government aims to increase the share of renewable energies to 30% of the total energy consumption in 2025. To reduce the importation of fossil fuels, the Government outlines a tentative vision to reach 10% of the total transport energy consumption from biofuels. This target will be regularly revisited and revised, feeding in results of special studies, lessons learned from on-going implementation, and international technological developments in the field of RE.

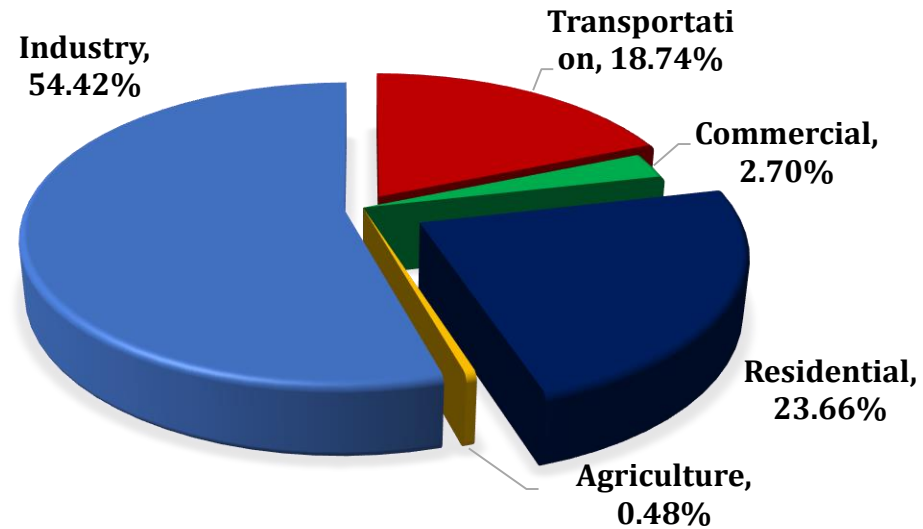
- The government policy is to promote investments in energy production from public and private sectors, and from local and foreign investors. The focus is on the development of the following.
 - Biofuels;
 - Small power
 - Other renewable energies such as solar, biomass, biogas and wind;
 - Other alternative fuels for transportation.

Overview of Energy Consumption

ENERGY CONSUMPTION BY TYPES



ENERGY CONSUMPTION BY SECTORS



Primary Energy Consumption in Lao PDR by 2015 (MEM)

Implemented RE projects

Biodiesel

- Study on Biodiesel production from used cooking oil
- Study on Biodiesel production with transesterification reaction
- Study on Biodiesel production with Micro emulsified Hybrid Fuel (MHF)



Samples of RE application



the PV System in
the Vientiane international Airport 236 kWh



the PV System in EDL Headquarter 178 kWh

Conclusion

- The Lao government has given importance to the implementation of the Strategy and Policy on SMEs' Promotion and Development. but several challenging issues remain to be tackled as follows:
- Finance
- Human Resource
- Marketing
- Production Technology

Thank You for attention