

APPENDIX

APPENDIX A

Summary of Small & Medium Enterprise Development Policies of 4 ASEAN Countries

Small & Medium Enterprise Development Policies in Brunei Darussalam

1. Small and Medium Enterprise Policies –Overview

1-1 Definition of SME and Its Bases	<ul style="list-style-type: none">- SMEs are categorized based on number of employees.- SMEs can be defined as those enterprises having 1 to 100 employees. Thus, SMEs include Micro enterprises.- Micro enterprises are the businesses that have 1 to 5 employees. Small enterprises are those businesses that have 6 to 50 employees. Medium enterprises are those that have 51 to 100 employees.
1-2 Environment and Conditions Surrounding SMEs	<ul style="list-style-type: none">- The government has been encouraging economic diversification, mainly into business services, financial services, hospitality and tourism, transport and logistics, manufacturing, primary resources (i.e. agriculture and agri-food, fisheries, and ecotourism) and agro-food and halal industries. The diversification is aimed to provide business opportunities for SMEs.- Brunei has small number of population. About 57% of the population is aged from 20-54 years old. To diversify the economy, the government has focused on attracting local and foreign investors and on international cooperation.- Small and medium enterprises (SMEs) have been identified as major players in industrial development that have a high potential in contributing to the diversification of the economy.- Brunei is made up of Micro enterprises, Small enterprises, and Medium enterprises at the percentages of 52.3%, 43.8%, and 2.23%, respectively, of the registered businesses.- Most of the SMEs were in the wholesaling and trading businesses. The primary resources sectors, Islamic financial market and halal market have been identified as key growth areas for local SMEs.- Various agencies in Brunei, including four chambers of commerce, have been coordinating their strategies to facilitate the development of SMEs.

	<ul style="list-style-type: none"> - The government provides various forms of assistance such as financing entrepreneurial development, investment incentives, technology transfer, infrastructure and various other facilities.
<p>1-3 Legislations for SMEs</p>	<ul style="list-style-type: none"> - Brunei has two systems of laws, i.e. the Civil Courts and the Sharia Courts. In the areas of Islamic banking and insurance, the civil courts have the jurisdiction to hear and determine the case. - There is no specific law for SMEs but a new tax threshold has been introduced to reduce tax liabilities of SMEs. - Many laws are applicable to SMEs business doing such as: <ul style="list-style-type: none"> - Income Tax Act (Cap. 35) - Employment Order 2009 - Investment Incentives Order 2001 - Price Control Act 1974 - Trademarks Act - Miscellaneous Licenses Act - Details of Brunei's Acts and Orders are available on the website of the Attorney General's Chambers of Brunei Darussalam, http://www.agc.gov.bn/.
<p>1-4 Planning and Implementation of SME Development Policies</p>	<ul style="list-style-type: none"> - The SMEs development plans are in accordance with the national long term plan and the principles of APEC. - Five major priority areas for the development of SMEs in accordance with APEC are human resources development, information access, technology and technology sharing, financing, and market access. - The National Long Term Plan comprises the Wawasan Brunei 2035, the Outline of Strategies and Policies for Development and the National five-year Development Plan. - Two government organizations, i.e. the Ministry of Primary Resources (MIPR) and the Brunei Economic Development Board (BEDB) are responsible for the development of SMEs. - The MIPR policies include projects of the MIPR's EDC on halal workshop, financing schemes, business incubation programs, and SCREAM.

	<ul style="list-style-type: none"> - The BEDB policies include the implementation of Anggerek Desa Technology Park, iCentre, Youth Development Resources, Web Portal, Accel-X Fund, LEAP, PMB, and SPARK.
<p>1-5 Financial Support for Small & Medium Enterprise Policy</p>	<ul style="list-style-type: none"> - The main financial supports in terms of fund or grant include LEAP program, Micro grant scheme, Accel-X scheme, and AITI Grant Scheme. - In terms of financing, the MIPR developed three financial schemes to support SMEs, i.e. Enterprise Facilitation Scheme (EFS), Microcredit Facilitation Scheme (MFS), Export Refinancing Scheme (ERS). - These financial schemes are wholly financed by the Government and managed jointly with appointed local banks responsible for the disbursement and administration of the fund.
<p>1-6 Breakdown of Responsibilities for Central and Regional Governments</p>	<ul style="list-style-type: none"> - Brunei is constitutional Malay Islamic Monarchy with His Majesty the Sultan and Yang Dipertuan as the Head of State, Head of Government, and the Prime Minister. - Brunei is centrally controlled state in many ways. The country's administrative system is centered on the Prime Minister's Office. - Brunei's administrative system is a cabinet consisting of 12 ministries. - The country is divided into four districts which are individually administered by a district officer. - The MIPR and the BEDB are responsible for the development of SMEs. - Departments and divisions under the MIPR, such as the EDC, the National Standard Centre, and Department of Tourism Development are important agencies in supporting SMEs development.

2. SME Development Policies –Specific Schemes

<p>2-1 Financing</p>	<ul style="list-style-type: none"> - Brunei does not have a central bank. - The government regulates the local banking industry via the Banking Acts and Finance Companies Act. - The Ministry of Finance, through its Financial Institutions Division regulates all banking activities. - The Brunei Currency Board is responsible for issuing and managing the local currency. - The country is served by two local banks, eight foreign banks, and four finance companies. - The MIPR managed by EDC initiates three types of financing, i.e. EFS, MFS, and ERS. - Enterprise Facilitation Scheme (EFS) provides financing for SMEs in support of government’s drive to speed up the process of industrial development. Maximum financing limit is B\$ 5 million. Maximum repayment period is 10 years. - Microcredit Financing Scheme (MFS) provides support for small/micro socio-economy. Maximum loan ceiling is B\$ 50,000. Maximum repayment period is 5 years. - Export Refinancing Scheme (ERS) provides loan with a maximum limit of B\$ 500,000. It is to encourage local SMEs who are capable of exporting their products to step into international export market, to compete in the ASEAN region and internationally, and to cultivate the export activities amongst Brunei SMEs as a strategy to widen the market share.
<p>2-2 Tax System and Tax Rate for SMEs</p>	<ul style="list-style-type: none"> - There is no personal income tax. - Partnerships and sole proprietorships are not liable to taxes. - A company resident in Brunei Darussalam is liable to income tax on its income derived from, accrued in or received in Brunei Darussalam, whereas a non-resident company is only taxed on its income arising in Brunei Darussalam. - The corporate tax rate of 25.5% for the year of

	<p>assessment 2009 was lowered to 23.5% for the year of assessment 2010. It is expected that the rates will be lowered again later on.</p> <ul style="list-style-type: none"> - Tax exemption for imported raw materials and machinery, are given to SMEs involved in industries related to food, for local and export market, and industries utilizing local resources. <p>A new tax threshold has been introduced to reduce tax liabilities of SMEs.</p>
<p>2-3 Provision of Information, Human Resources Training, Environment, Consulting, Advice, etc.</p>	<ul style="list-style-type: none"> - Brunei will pursue the development of knowledge-based economy (KBE). - Capital investments will be focused on enhancing R&D capacity, enrolment in tertiary education, innovativeness, creativity, capacity and skills in technology. - The government established incubation programs to help in training and other activities. -The Entrepreneurial Clinic is established to provide consultation and assistance to SMEs. - The Attorney General Chamber office and the Enterprise and Innovation Office (EIO) provide consultations on legal and tax issues - The MIPR signed a Memorandum of Understanding (MoU) with SME Corporation Malaysia, in the year 2010, to jointly identify and develop programs for cooperation in the fields of training, expertise, information, research and development, and other knowledge-based activities related to the development of SMEs in both countries.
<p>2-4 Support for Obtaining Management Resources for Existing SMEs</p>	<p>The MIPR and the BEDB are responsible for supporting SMEs development. The supports include the development of incubation programs, the web portal and so on.</p>
<p>2-5 New Business/Venture Support</p>	<ul style="list-style-type: none"> - The MIPR is a one-stop agency in facilitating and assisting the start-up business. - The investment Incentives Order 2001, monitored by the Ministry of Industry and Primary Resources, offers investment incentives in the form of tax exemption.

	<ul style="list-style-type: none"> - According to the Miscellaneous Licenses Act [Amendment] (Chapter 127), the miscellaneous license, or Rampaian, is required by certain companies before they can commence business operations.
2-6 Promotion of Fair Dealing and Maintenance of Markets for SMEs	<ul style="list-style-type: none"> -Brunei does not have a competition law. -Brunei exercises economic regulations such as price control of limited basic essential items and against hoarding of controlled items.
2-7 Regional SME Policies	<ul style="list-style-type: none"> - Brunei has four districts. -In Belait District, SPARK is developed to be a world class petrochemical hub. This project will provide opportunities for SMEs to do their downstream businesses. - In Temburong District, eco-tourism will be developed. - In Tutong District, an Agricultural Industrial Park will be established to help develop the district's agricultural industry. Eco-tourism is also an aim of this district. - In Brunei-Muara District, tourism is an aim for the development.
2-8 Supporting the Internationalization of SMEs	<ul style="list-style-type: none"> - One of Wawasan Brunei 2035's major objectives is to incorporate SMEs into regional and international markets. - The supports are as follows. <ul style="list-style-type: none"> 1) Brunei and the Philippines signed a Memorandum of Understanding (MOU) to strengthen the bilateral cooperation in agriculture and farm-related trade and investments. 2) Brunei moves to become a vital hub in the Brunei Darussalam- Indonesia- Malaysia- the Philippines- East ASEAN Growth Area in terms of trade, investment and tourism. 3) The MIPR implements Export Repayment Scheme of loaning for local entrepreneurs to export their products. 4) The launch of the national halal branding scheme which enable manufacturers in Brunei and in other

	<p>countries to use the premium Brunei Halal trademark to help them penetrate markets in countries with significant numbers of Muslim consumers.</p> <p>5) The organization of the SMEs Halal Workshop by the EDC to share up-to-date information on the development of the halal market in various sectors at the regional and global levels.</p> <p>6) Brunei Darussalam has consolidated its presence in bilateral trade both regionally and globally by becoming a member of The World Trade Organization (WTO), Association of South East Asian Nations (ASEAN), The Asia Pacific Economic Cooperation (APEC), The Brunei Darussalam, Indonesia, Malaysia and the Philippines-East Asean Growth Area (BIMP-EAGA), Asia Cooperation Dialogue (ACD), Asia-Middle East Dialogue (AMED), and Trans-Pacific Strategic Economic Partnership (Trans-Pacific SEP) Agreement (USA, Singapore, New Zealand, Chile and Brunei in a free trade agreement).</p>
<p>2-9 Employment/Work Policies for SMEs</p>	<ul style="list-style-type: none"> - The country welcome both skilled and unskilled foreign workers because of the small number of its population. - There is no minimum salary. It is subject to negotiation and mutual agreement between an employer and employee. - Average wage rates per month for private sector employees vary from B\$450-500 for unskilled labour to B\$ 1,000 for qualified secretaries. - All private sector employers and Bruneian employees are required to contribute to the Employees Trust Fund (TAP) for their local employees.
<p>2-10 Development Policies for Small Scale Enterprises</p>	<ul style="list-style-type: none"> - The Ministry of Home, Affairs at the district office level is operating “one village, one product” project aims at raising the standard of living in rural areas; creating employment based on developing local products and services; and adding value to local materials, services and resources., - The MIPR initiates the Microcredit Financing Scheme (MFS) to provide financing support for small scale enterprises. - Other programs that help developing SMEs are the establishment of Entrepreneurial Training Program,

	iTap, SCREAM, and the Sinaut Business Incubation Program. The BEDB provides much assistance to small scale enterprises; include the establishment of iCentre, YDR, and the LEAP program.
2-11 Safety Net	<ul style="list-style-type: none"> - Financial institutions are offered additional credit guarantees and government grants for private entrepreneurs. An example is the creation of the Sustainability Fund Order to pool funds that will act as insurance against diminishing oil revenues and other future potential financial disruption. It is to help local banks manage their loan portfolios profitably. - The SMEs financial schemes are established under the supports of the government. In addition, the banks' general terms and conditions are applied to SMEs financing schemes in order to ensure the repayment of the loan.

3. Current Problems of SMEs and Suggestions

3-1 Current Problems of SMEs and Suggestions	<ul style="list-style-type: none"> - Major problems facing Brunei SMEs are related to marketing, capital, government policies, human resources development, location, raw materials, and attitude of SMEs. - The domestic market in Brunei is small. SME had difficulties to market their products in the increasingly competitive and saturated markets. - The SMEs in Brunei need an environment conducive for their growth in an economy where the SME sector is still in its infancy stage. It is suggested that they need mentoring and help in market penetration. - The banks offer very basic products and focused on products rather than customer needs. A small number of SMEs can obtain financing from banks. SMEs mostly rely on government budget. - It is suggested that the SMEs should have a good business plan as significant factor to convince banks to lend. - There is no specific policy in place, as rules and regulation are established for all business in general. - Brunei SMEs require more management skills in finance, personnel development, marketing, sales, production and operation. There is a shortage of human
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	<p>resources due to small size of population. Local graduates have a number of options and employers from all industries are competing for them.</p> <ul style="list-style-type: none"> - Most of SMEs in Brunei do not have their own premises such as factories and workshops, so they have to rent them. - Access to quality raw materials is a major problem for local SMEs. Most of the raw materials are imported and thus resulted in their high unit cost. - The current Bruneian mindset is one of the main reasons why SME growth has been restricted. While Government positions are preferred to venturing into other available field e.g. enterprising. Although, the slow development of SME in the country can be changed if the youths, as well as educational and government institutions work together in harnessing the untapped potential.
3-2 Cooperation with Japan	<ul style="list-style-type: none"> - The cooperation between Brunei and Japan include a joint venture partnership in Brunei Liquefied Natural Gas Sdn Bhd (BLNG). - The Japan External Trade Organization (Jetro) and the Ministry of Industry and Primary Resources (MIPR) signed in the Economic Partnership Agreement (BJEPA) to eliminating tariffs on a range of products, including Japanese automobiles and auto parts.

Small & Medium Enterprise Development Policies in Lao PDR

1. Small and Medium Enterprise Policies –Overview

1-1 Definition of SME and Its Bases	<p>1. 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.</p> <p>2. 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.</p>
1-2 Environment and Conditions Surrounding SMEs	<p>Size: 95.7% of firms were SMEs (employees not exceeding 99 persons); 4.3% were large (with 100 or more staff).</p> <p>Employment by size:</p> <ul style="list-style-type: none"> - The 19.9% - micro firms employed only 1.6% of total staff - The 60.6% small firms employed 22.9% - The 15% medium firms employed 28.1% - The 4.3% large firms employed 47.3% of the total <p>Sector :</p> <ol style="list-style-type: none"> 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%
1-3 Legislations for SMEs	<ul style="list-style-type: none"> - The new Enterprise Law No. 11/NA dated 09.11.2005, which replaces Business Law No. 03/94/NA dated 18.07.1994 - The Decree on the Promotion and Development of Small and Medium Sized Enterprises No.42/PM.
1-4 Planning and Implementation of SME Development Policies	<p>The SME promotion and development organizations at national level consist of:</p> <ul style="list-style-type: none"> - The National SME Promotion and Development and Productivity Committee, - The Standing Committee of the National SME Promotion and Development Office, and - The National SME Promotion and Development Office.

	<p>Directions and Policies for SME Promotion and Development</p> <ol style="list-style-type: none"> 1. Creating an Enabling Regulatory and administrative Environment 2. Enhancing Competitiveness 3. Expanding Domestic and International Markets 4. Improving Access to Finance 5. Encouraging and Creating Favorable Conditions for Establishment of Business Organizations 6. Encouraging Entrepreneurial Attitudes and Characteristics within the Society
<p>1-5 Financial Support For Small & Medium Enterprise Policy</p>	<p>Despite the limited budget resource of the country in providing public administrative services by the Lao PDR government, and the unavailable data on the amount spent by the government in the promotion of SMEs, it may be stated that the financial support for SMEs Promotion activities come from 3 sources:</p> <ol style="list-style-type: none"> (1) Government budget, (2) SME Development Fund and other funds and (3) funding from development partners and other possible sources.
<p>1-6 Breakdown of Responsibilities for Central and Regional Governments</p>	<p>Several government ministries, departments and agencies, both at national and provincial levels, have responsibilities for various aspects of the strategy, as specified in the action plans. This reflects the importance of coordination of various government departments and agencies. SMEPDO will play the coordinating role and report to the MOIC. In the provinces, the Departments of Industry and Commerce will serve as the coordinator of SMEPDO in implementation and monitoring. It is expected that SME development priorities and measures will be incorporated into the sector programmers and work plan of relevant government agencies.</p>

2. SME Development Policies –Specific Schemes

<p>2-1 Financing</p>	<p>Obtaining finance is still a big problem in the operation of SMEs in Lao PDR. The percentage of enterprises that obtained a loan declined slightly compared to in 2009/2007 and 2005. Only 31% of total enterprises received a loan in 2009 compared to 46% in 2007 and 28% in 2005</p> <p>To ensure better access to a variety of financial resources, the government has considered various forms of financial service to SME, including drafting regulatory conditions for providing more credits to SME.</p> <p>The Lao Development Bank has been improved and transformed into a bank whose major role is to provide credits to SME, making amendment to existing laws as well as enacting new laws which are related with business development in order to improve credit provision conditions and control.</p>
<p>2-2 Tax system and Tax Rate for SMEs</p>	<p>There is no specific tax law or provisions for SMEs in Lao PDR. Persons or juristic persons of any size are treated the same under the tax law. There are some tax incentives for investment in special economic zones or underdeveloped regions, or investment in priority fields through an investment priority plan, but these are not limited to small and medium enterprises.</p>
<p>2-3 Provision of Information, Human Resources Training, Environment, Consulting, Advice, etc.</p>	<p>Provision of information</p> <p>Provision of information is also performed by SMEPDO, other government authorities and certain private organizations including some international development agencies, such as departments of economic ministries, banks, the Chamber of Commerce and Industry, etc. The modes of dissemination are often in the form of leaflets, brochures, posters and handbooks with some internet access.</p> <p>SMEPDO sets the objectives of human resource development as following:</p> <ol style="list-style-type: none"> 1. increasing the participation of the private sector in technical vocational training. 2. increasing the role of the private sector in the National Training Council (NTC). 3. developing new professions according to the demand of the labor market. 4. promotion of job opportunities in different professions.

	<p>Assistance is also provide by foreign and international technical assistance organizations in the development of human resource, such as the Lao- German Programmer on Human Resource Development for Market Economy, World bank, JICA, etc. These are provided through relevant ministries or departments, such as Ministry of Education, Ministry of Industry and Commerce, Trade Associations, etc.</p>
<p>2-4 Support for Obtaining Management Resources for Existing SMEs</p>	<p>There are some services comparable to the support for obtaining management resources for existing SMEs, these are:</p> <ul style="list-style-type: none"> • Development of business development services has been improved through various mechanisms such as providing information supports, training, consultations in various aspects (accounting, financial, legal, marketing, design, technology and other), skill improvement for labors, study tours inside the country and abroad, distance learning through the satellite system and other supports. • Benchmarking of productivity, quality and standards The development of benchmarks in productivity, quality, standards etc for selected sectors for comparison on regional and international levels is important and helps to overcome existing gaps.
<p>2-5 New Business/ Venture Support</p>	<p>The next plan for 2011-2015 will have the following Directions and focus tasks with respect to this issue:</p> <p>Formation of new entrepreneurs</p> <ul style="list-style-type: none"> • Continue the inclusion of the subject of Entrepreneurship into the general, vocational and higher education systems • Stimulate young people and students to consider business careers through different projects and activities <ul style="list-style-type: none"> • Creation of business incubators in order to achieve experiences in business management and application of technologies before being exposed to the market competition • Training for people interested to start new business • Increase the promotion for women to become entrepreneurs • Promoting Franchise business

<p>2-6 Promotion of Fair Dealing and Maintenance of Markets for SMEs</p>	<p>For the provision of venture capital support to SMEs, the Lao government does not have any plan due to the limitation of its budget.</p> <p>It is the policy of the Lao Government to enforce fair and transparent trade practices. The government provides assistance to SMEs with respect to fair dealing through various channels, such as the facilitation of trading group formation into trading associations.</p>
<p>2-7 Regional SME Policies</p>	<p>One of the measures that could be relevant to the promotion and development of SMEs in the regions is the One District One Product program (ODOP)</p> <p>JICA has officially agreed with the Lao Government to start a technical assistance project for this purpose, with a Record of Discussion signed between the Ministry of Industry and Commerce (MoIC) and JICA.</p> <p>A Pilot project was scheduled for operation at Savannakhet and Salawan Provinces during January 2009 - December 2011 (3 years).</p> <p>The Project has been running more than 20 Pilot projects with potential ODOP products. They are divided into several sectors, namely “Handicraft”, “Agriculture, Forestry, and Fisheries”, “Processed food”, “Small & Medium Manufacturing”, and “Associated with overseas”.</p>
<p>2-8 Supporting the Internationalization of SMEs</p>	<p>Most Lao SMEs are not ready to invest or do business overseas, and will concentrate their operations locally or nationally. The promotion of SMEs would be in the form of enhancing export competitiveness of the products or services of SMEs in international markets. This is under the responsibility of the Ministry of Industry and Commerce, whose Export Promotion Department has drawn up an Export Promotion Strategic Plan.</p>
<p>2-9 Employment/ Work Policies for SMEs</p>	<p>In Lao PDR, there are no specific employment/work policies for SMEs. SMEs operate under the general labor law No. 06/PO dated 27 December 2006</p>
<p>2-10 SMEs organizations and networks</p>	<p>The Lao government attaches great importance to the formation of SMEs organizations and networks by providing support to trade grouping or trade associations to enable them to assist their members efficiently and strongly in accordance with the set objectives of respective trade associations. Currently, 14 provincial chambers of commerce and industry have been established in 14 provinces, and a training manual on business group or association establishment and operation has been prepared.</p>
<p>2-11 Development policies for Small scale SMEs</p>	<p>No specific policy is set for this group. Through a survey of Lao SMEs with very small scale, these Micro SMEs are mostly offering handicrafts, medicinal plants and herbs. The promotion of these enterprises is found under the Department of Production and Trade Promotion, Ministry of Industry and Commerce with the aim to export their products.</p>

3. Challenges of and Suggestions on Promotion of SMEs

Challenges	Suggestions
Finance: - SMEs lack of access to the source of fund.	- Expediting the formation of SMEs Promotion and Development Fund - Establishment of The Small Business Credit Guarantee Corporation - Facilitate the establishment of Micro Finance as a source of funds for those SMEs unable to access the formal financial services of the commercial banks.
Human resource: - Inadequate business management skills. - lack of qualified technical staff and skills.	- Training for SMEs owners/staff. - Establishment of more technical and vocational educational institutes. - Development of skill labor.
Technology: - low level of technology.	- Establishment of National Industrial Standards Organization. - Provide supporting facility to enable SMEs to gain certification for their goods and services at national and international levels.
Government: - SMEPDO limited budget. - Insufficient personnel.	- Allocate sufficient budget. - increase the number of staffs and improve the knowledge and competency of the existing personnel.

Small & Medium Enterprise Development Policies in Cambodia

1. Small and Medium Enterprise Policies –Overview

<p>1-1 Definition of SME and Its Bases</p>	<p>A definition for SMEs in Cambodia are defined based on the number of employees and value of fixed assets as follows;</p> <p>-Micro enterprises are those work with less than 10 workers and with start-up capital of less than (USD 50,000); Small enterprises are those with 11 to 50 workers and with start-up capital of (USD 50,000 to USD 250,000); Medium enterprises are those employ 51 to 100 workers and with start-up capital from (USD 250,000 to USD 500,000).</p> <p>This definition issued by the sub-committee, which is part of a policy and strategy mechanism of the Royal Government of Cambodia (RGB) for private sector development. There are four Sub-Steering Committees under the Steering Committee on Private Sector Development established by RGC. These Sub-Steering Committees are: (i) Sub-Steering Committee on Investment Climate and Private Participation in Infrastructure (PPI); (ii) Sub-Steering Committee on Trade Facilitation; (iii) Sub-Committee on SME; and (iv) Sub-Steering Committee on Corporate Governance. The Sub-Steering Committee on SME works in conjunction with the Private sector Working Group on Manufacturing and SME.</p>
<p>1-2 Environment and Conditions Surrounding SMEs</p>	<p>The SMEs in Cambodia are divided into three sectors by MIME as follows: 1) Production sector including agricultural processing, manufacturing, and mining; 2) Service sector; and 3) Trading sector including wholesales and retails.</p> <p>In 2009, from the total of 36,116 establishments registered with MIME 35,560 are small and medium handicrafts. The growth rate in total is 8.3%.</p> <p>In 2009, the small and medium manufacturers in Cambodia accounted to 98.5% whereas the large industries accounted to 1.5% of the total manufacturers. And most of the SMEs are in food, beverages and tobacco sector (84.33%); followed by the fabricated metal products sector (5.34%); textile and wearing apparel sector(4.05%); other manufacturing industries sector (2.78%); non-metallic mineral products (2.78%); chemicals Petroleum, coal, rubber and plastic products (0.58%); and paper or paper products</p>

	<p>sector (0.14%), respectively.</p> <p>For GDP Distribution by main economic activities in 2008.</p> <ul style="list-style-type: none"> -Agriculture account as 32.0 % -Industry account as 23.9 % -Service account as 37.7% <p>Capital Investment by Sectors in Cambodia Year 2008.</p> <ul style="list-style-type: none"> - Industry 365 million US\$, Tourism 9,091 million US\$, Infrastructure 1,775 US, Agriculture 130 million US\$ by total is 11,361 million US\$
<p>1-3 Laws related to Small & Medium Enterprises.</p>	<p>The RGC issued the Commercial legal framework on the period of 2005-2010 under MIME and sub Committee from GDI to control Small and Medium enterprises. The procedures and formalities for establishment of factory and handicraft are enforced by Prakas No.607/Date: July 22, 2009.</p> <p>The following Laws and regulations have been developed and are being implemented by the MOC to gain trust of the business community and investors:</p> <ul style="list-style-type: none"> - Law on Commercial Rules and Registration Right; (p.55) - Law on the Management of Quality and Safety of Products and Services; - The Law on Marks, Trade Names and Acts of Unfair Competition; - The Law on Commercial Enterprises; - The Law on Commercial Arbitration; - The Law on Secure Transaction; and - The Law on Insolvency. <p>There is no specific SMEs law for enforcement, but the Ministry of Commerce (MOC) has Law on Commercial rules and registration to manage the company registration in Cambodia, and all business engaging in commercial activities.</p>
<p>1-4 Planning and Implementation of SME Development Policies</p>	<p>The General Department of Industry (GDI) is a primary agency under the Ministry of Industry Mines and Energy responsible for formulating and implementing government policy and development strategies in industry sector.</p> <p>SME Sub-Steering Committee Work Plan in 2010 contains three fundamental areas: (i)- Promoting SME competitiveness through red tape reduction program; (ii)- Supporting local products through improving quality and</p>

	<p>standard; (iii)- Improving access to finance.</p> <p>In 2010, with the assistance of JICA, the General Department of Industry launched a new project to provide technical assistance to SMEs in improving their business performance and competitiveness. The RGC and JICA have extended its assistance to implement a Pilot Business Performance Support to SME sector with focus on productivity improvement. The project is structured with two components of activities: (i) developing strategic options for building business development services, and (ii) piloting SME's diagnostic on business performance.</p>
<p>1-5 Financial Support for Small & Medium Enterprise Policy</p>	<p>Cambodia has two institutions playing a key role in the microfinance sector. They are the National Bank of Cambodia (NBC) and the Ministry of Economy and Finance (MEF).</p> <p>The RGC has worked with commercial banks involving both small-enterprise lending and their traditional large-scale lending. Those banks are the Association of Local Economic Development Agencies (ACLEDA) and the Rural Development Bank (RDB).</p> <p>The General Department of Industry (GDI) has set up the Group of Microfinance institution to support Cambodia SMEs.</p> <p>Cambodian formal financial institutions under the National Bank of Cambodia control, including banks and financial institutions, are categorized into 4 groups,</p> <ul style="list-style-type: none"> ▪ Commercial Banks ▪ Specialized Banks, ▪ Micro finances institutions (MFIs) ▪ Representative Offices. <p>It may be stated that the financial support for SMEs Promotion activities come from 4 sources:</p> <ol style="list-style-type: none"> (1) The Royal Government of Cambodia (RGC) (2) Government agencies (3) Financial institutions (4) Non-governmental organizations (NGOs)

<p>1-6 Breakdown of Responsibilities for Central and Regional Governments</p>	<p>The Royal Government of Cambodia has committed to take actions to achieve four goals for administrative reform. These goals are (i) make public institutions more efficient; (ii) transfer responsibilities to local governments; (iii) improve management of the civil service; and (iv) select civil servants to carry out reforms quickly to improve local production and increase consumer confidence in local products.</p> <p>The MOC has established a Commercial registration office at its provincial branch in BattamBang Branch to serve businesses in BattamBang, Pursat, Bantay Meachay, and PaiLin Province.</p> <p>There are plans to open commercial registration offices in other provinces and to develop an electronic system for facilitating business registration for local.</p>
<p>1-7 Cooperation and coordination with Donors</p>	<p>There are many SME development programs in Cambodia that receive assistance from donors. More than 19 major donors including ADB, GTZ, USAID, IFC, UN agencies and World Bank, have been implementing private sector development activities ranging all aspects policy, regulatory framework, infrastructures, capacity-building, and financing.</p> <p>The SMEs Sub-Committee would be responsible for coordinating activities with donors. The Government-Donor Coordination Committee (GDCC) has been established to coordinate with the Technical Working Groups (TWGs) and to provide policy guidance in Cambodia</p>

2. SME Development Policies –Specific Schemes

<p>2-1 Financing</p>	<p>Financial structure in Cambodia:</p> <p>Cambodian formal financial institutions under the National Bank of Cambodia control can be classified into 4 groups i.e., Commercial Banks, Specialized Banks, Microfinance institutions (MFIs) and Representative Offices. All of them operate both credit and debt activities based on the Banking Law under the Ministry of Economy and Finance of Cambodia.</p> <p>Banking service is regulated by National Bank of Cambodia (NBC) and Insurance service is regulated by Ministry of Finance (MEF). The banking system in Cambodia consisted of 24 commercial banks; 7 specialized</p>
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	<p>banks; 2 representative offices of foreign branches; 21 microfinance institutions, which 4 licensed for public deposit taking; and 27 rural credit operators registered with the NBC.</p> <p>In addition, there were also around 60 NGOs providing informal financial services in the areas throughout the countries.</p>
<p>2-2 Tax System and Tax Rate for SMEs</p>	<p>There is no specific tax law or provisions for SMEs in Cambodia.</p> <p>The highest authority in the tax administration is the Minister of the Ministry of Economy and Finance (MEF). The Cambodian taxation system divides into three taxation regimes. Each regime imposes different tax obligations on taxpayers. These taxation regimes are as follows.</p> <ul style="list-style-type: none"> (i) the real regime tax system (RRTS); (ii) the estimated regime; and (iii) the simplified regime. <p>These three systems impose different tax obligations on taxpayers.</p> <p>There are the business tax which involved with SMEs:</p> <ul style="list-style-type: none"> - Sales Tax, - Corporate Tax - Patent Tax - Personal Income Tax - Tax on Profit - Valued Added - Tax: VAT - Specific Tax on Certain Merchandise and Service - Turn Over Tax. <p>The Ministry of Economy and Finance introduced to SMEs a standard financial reporting template in June 2006 called "Financial Reporting Template ("FRT") for Small and Medium-Sized Enterprises". The intention was to provide SMEs a tool to assists them in applying for financing from banking and financial institutions.</p>
<p>2-3 Information Services, Human resources Training for existing SMEs</p>	<p>Information Services, The MOC has provided market information only through the Ministry's News Letter and Television to improve market information. The Ministry developed an Electronic Market Communication System (EMCS) which is expected to provide better and faster information. The EMCS can now be accessed by mobile phones to check price information of agricultural products, food products, exchange rate, and other market demands.</p> <p>Capacity Building and Human Resources Development: as of the "growth" rectangle of Rectangular</p>

	<p>Strategy covers significant social sectors as follow: (1) strengthening th quality of education: (2) ensuring enhanced health services; (3) implementation of gender policy; and (4) implementation of population policy.</p> <p>Training: the Ministry of Labor and Vocational Training (MLVT) has been providing employment placement services to assist job seekers in finding employment in private sector businesses in the country and overseas. The MLVT was also providing technical and vocational training programs.</p>
<p>2-4 Support for Obtaining Management Resources for Existing SMEs</p>	<p>Some training are offered to the micro and small enterprise sector.</p> <p>There are some services to support for obtaining management resources for existing SMEs, these are: -Small and Medium Industries Association of Cambodia (SMI); - Private Sector Promotion in Rural Areas (PSP) or (PSP-GTZ) have provided the management for IT-Support, ISO 9001:2000 Certification and Measures for Development of SMEs.</p>
<p>2-5 New Business/ Venture Support</p>	<p>The Ministry of Commerce (MOC) has been working on streamlining the procedures for new business registration, providing market information, organizing product associations, implementing "better factories" program, trade facilitation and promotion, and enforcement of intellectual property laws. The MOC established a commercial registration office at its provincial branch in BattamBang Branch to serve businesses in BattamBang, Pursat, Bantay Meachay, and Pailin Province, and also plan to open commercial registration office in other provinces within 2010-2013 to facilitate registration of new business.</p>
<p>2-6 Promotion of Fair Dealing and Maintenance of Markets for SMEs</p>	<p>The Ministry has actively implemented the Sub-Decree on Trade Facilitation through Risk Management.</p> <p>RGC has reduced the costs of doing business and expanded market access, reduced in-country transportation costs and improved safety through better basic infrastructure that also promotes integration of urban and rural economies.</p> <p>To strengthen private sector for trade and economic development and promoting local business, the MOC has set up 11 Provincial Chambers of Commerce in 2006 and 2007 in the Bantam Bang, Siem Reap, Pursate, Bantay Meanchey, Kanda, Takeo, Kampot, Sihanoukville, Koh Kong, Kampong Speu, and Kampong Cham provinces.</p>

	<p>In 2008, Cambodia's Chamber of Commerce was organized to represent Cambodia's private sector in business negotiations and to attract foreign direct investment into Cambodia. Phnom Penh Chamber of Commerce that was established in 1995 has been providing training for trainers, as well as support to the Provincial Chambers of Commerce.</p>
<p>2-7 Regional SME Policies</p>	<p>The Royal Government of Cambodia continues to promote the "one village-one product" (OVOP) movement by encouraging inventions, entrepreneurship, and self-confidence in rural areas. This movement provides a comprehensive network linking production to the market, helps maintain regional identity, and encourages new initiatives for product diversification.</p> <p>The objectives of the OVOP are as follows:</p> <ul style="list-style-type: none"> - Promotion of local products and services - Increase of the value-addition to local products - Promotion of market-linkages from regional to international
<p>2-8 Supporting the Internationalization of SMEs</p>	<p>The private sector investment from both domestic and foreign sources has been the main drivers of the sustained high rates of economic growth achieved.</p> <p>The international Institutions to support Cambodia as being development partners are many included United Nations Development Fund for Women (UNIFEM), East and Southeast Asia Regional Office, and 3 International Financial Institutions are World Bank, IMF and ADB, 12 United Nation Agencies, 10 Associations from European Unions, 10 countries are Bilateral Development Partners.</p> <p>There are many SMEs development programs in Cambodia assisted by donors. More than 19 major donors including ADB, GTZ, USAID, IFC, UN agencies and World Bank, have been implementing private sector development activities ranging all aspects policy, regulatory framework, and infrastructures, capacity-building and financing. The Mekong Private Development Facility (MPDF) is the most active in e-Business related projects as well.</p>

<p>2-9 Employment/Work Policies for SMEs</p>	<p>In Cambodia, there are no specific employment/work policies for SMEs.</p> <p>The Ministry of Labor and Vocational Training (MLVT) is responsible the standards are based on Cambodian Labor Law (1997), MLVT has been providing employment placement services to assist job-seekers in finding employment in private sector businesses in the country and overseas.</p> <p>In order to reduce the gap between demand and supply for jobs, the government continues to implement the vocational training policy linking with labor market in close cooperation with relevant parties through the following measures:</p> <ul style="list-style-type: none"> (1) provide basic skills training to people in rural areas to increase income; (2) provide training or skill improvement to factory workers in cooperation with employers; (3) continue to expand technical and vocational training to provinces/ municipalities, including entrepreneurship training program; and (4) establish National Agency for Profession and Employment, and Employment Centers in provinces/municipalities as a mechanism for dissemination of labor market information. (Source:Part II "Rectangular Strategy-Phase II")
<p>2-10 SMEs Organizations and Networks</p>	<p>Developing clusters, business associations and value chains are key ways for SMEs to foster business linkage and increase market access. Cluster development is occurring organically in Cambodia and with the help of business associations. The Organizations that help networking SMEs are GTZ, UNIDO, and USAID etc.</p>
<p>2-11 Development Policies for Small Scale SMEs</p>	<p>The MIME, through its annual survey of industrial enterprises in 2005, determined that there were 28,747 small industrial establishments with fewer than 50 employees. In Cambodia, Women's role in SMEs Development is small scale and microenterprise; there are important sources of employment.</p> <p>In Cambodia, from USAID do the project Micro, Small and Medium Enterprise (MSME), the project works 25 tile makers in the three target provinces. These are small scale enterprises with less than 50 employees.</p>

2-12 Safety Net	<p>The Ministry of Labour and Vocational Training (MOLVT) is operationalised the National Social Safety Fund (NSSF) for workers/employees.</p> <p>A number of the RGC institutions are currently delivering social protection and safety net programmes to assist individuals, households, and communities to better manage risks. The Ministry of Social Affairs, Veterans and Youth Rehabilitation (MOSAVY), Ministry of Labor and Vocational Training (MOLVT) and the Ministry of Women's Affairs (MOWA) are all mandated to deliver social services to the population, and to protect specific vulnerable groups against risks.</p> <p>Specific Safety net interventions have been delivered by other RGC institutions such as the Ministry of Health (MOH), the Ministry of Education, Youth and Sport (MOEYS), The Ministry of Rural Development (MRD) and the Ministry of Economy and Finance (MEF). These organizations are delivering programmes to address some major causes of vulnerabilities through health fee waivers, scholarships and exemptions that have helped households deal with health costs and other safety net interventions include food distribution, and labor-intensive public works.</p>
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3. Current Problems of SMEs and Suggestions

3-1 Current Problems of SMEs and Suggestions	<p>The current problem of SMEs in Cambodia are as follows:</p> <ol style="list-style-type: none"> 1) Limited access to financing. SMEs lack information about how to access to finance. The cost for processing lending documents remains very high and long time. 2) Limited access to market information. The provision of information to SMEs related to product specifications or other information related to market channels, demand and pricing still need to be improved. 3) Human development and technical capacity. Technologies, including telecommunications and mass media sector, are major challenges for SMEs in Cambodia. New technology and supports in technical training for special products in the regions, are needed. 4) Regulations related to hiring SMEs. No specific regulation for hiring to SMEs group and the lack of specialize commercial.
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	<p>5) Smuggling and trade facilitation. With difficult to export SME's products as of the prevalence of smuggling is a result of the need for improved trade facilitation.</p> <p>Suggestion: Cambodia should initiate new incentive schemes in order to develop the potential of SME sectors and to encourage investment of specific sectors, rather than the 'one size fit all' policy. In addition, if the reach of financial system can be expanded into rural areas, the rural production sectors and its population will have more opportunities to take part in the country's economic growth.</p>
<p>3-2 Cooperation with Japan</p>	<p>Currently, Japan organizations cooperate with Cambodia as follows:</p> <ol style="list-style-type: none"> 1) Development of social and economic infrastructure. 2) Improvement of basic social services like health and medical care. 3) Promotion of agriculture and rural development. 4) Human resources development. <p>Because Cambodia has its status as a Least Developed Country (LDC) and its past political instability, Japan has not extended any yen loans to Cambodia since 1968.</p>

Small & Medium Enterprise Development Policies in Myanmar

1. Small and Medium Enterprise Policies –Overview

<p>1-1 Definition of SME and Its Bases</p>	<p>Classification of Private Industrial Enterprises from Ministry of Industry (2)</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%;"></th> <th style="width: 30%; text-align: center;">Small</th> <th style="width: 30%; text-align: center;">Medium</th> </tr> </thead> <tbody> <tr> <td>a) Power (HP) used</td> <td style="text-align: center;">3 to 25 HP</td> <td style="text-align: center;">26 to 50 HP</td> </tr> <tr> <td>b) No. of workers</td> <td style="text-align: center;">10 to 50</td> <td style="text-align: center;">51 to 100</td> </tr> <tr> <td>c) Capital Outlay (Kyat Million)</td> <td style="text-align: center;">up to 1</td> <td style="text-align: center;">over 1 to 5</td> </tr> <tr> <td>d) Production value a year up to 2.5 (Kyat Million)</td> <td style="text-align: center;">up to 2.5</td> <td style="text-align: center;">over 2.5 to 10</td> </tr> </tbody> </table> <p>Remark: Official Exchange Rate 1US\$ = 6.75 Kyats</p>		Small	Medium	a) Power (HP) used	3 to 25 HP	26 to 50 HP	b) No. of workers	10 to 50	51 to 100	c) Capital Outlay (Kyat Million)	up to 1	over 1 to 5	d) Production value a year up to 2.5 (Kyat Million)	up to 2.5	over 2.5 to 10
	Small	Medium														
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d) Production value a year up to 2.5 (Kyat Million)	up to 2.5	over 2.5 to 10														
<p>1-2 Environment and Conditions Surrounding SMEs</p>	<p>Myanmar economic growth is totally depend on the development of SMEs in the private sector. SMEs account for 90 percent of the industrial sector and 99 percent of the manufacturing sector.</p> <p>As of 2008, total number of SMEs in Myanmar are 40,194 (Small =33,472 and Medium = 6,722). Five major sectors of SMEs are in food and beverages (65.36%) construction materials (7.0%) clothing & wearing apparel (4.49%) mineral & petroleum (3.97%) and personal goods (1.95%).</p>															
<p>1-3 Legislations for SMEs</p>	<p>There is no specific SMEs' law.</p>															
<p>1-4 Planning and Implementation of SME Development Policies</p>	<p>Myanmar government formed a committee as (1) Industrial Development Committee (IDC) (2) Myanmar Industrial Development Committee (MIDC) (3) Myanmar Industrial Development Working Committee (MIDWC). Industrial Development Committee is going to give the policy guidelines for SME development and issued the task force of the IDC</p> <p>(1) After selecting and defining the state –owned sector and private-owned sector, development program of State owned sector is submitted to the Union Government and implement the projects by the permission, and also encourage the development private sector.</p> <p>(2) To provide, adjust, instruct and safeguard necessary energy, raw material, technical know- how, capital for fully production as per machine capacities of SME.</p> <p>(3) Push, uplift and look after SME and make the instruction to produce more value added products utilizing</p>															

	<p>the basic raw material in the country.</p> <p>(4) To build the modern industrialized nation by establishing community peace, tranquility, uplifting social progress, economic development and promoting green industries</p>
1-5 Financial Support for Small & Medium Enterprise Policy	Provide financial assistance to specific industry located at Industrial Zones etc..
1-6 Breakdown of Responsibilities for Central and Regional Governments	No- centralization

2. SME Development Policies –Specific Schemes

2-1 Financing	Provide financial assistance to specific industry located at Industrial Zones etc..
2-2 Tax System and Tax Rate for SMEs	-
2-3 Provision of Information, Human Resources Training, Environment, Consulting, Advice, etc.	<p>Ministry of Labor do a support of training project with free of charge.</p> <p>Non-government private organizations are active in giving support to the SMEs. In Myanmar, the Union of Myanmar Federation of Chamber of Commerce and Industry and its affiliates such as Myanmar Industries Association and Myanmar Engineering Society, Myanmar Computer Federation are providing support to the SMEs in the form of training and seminars, advisory services and liaison with foreign organizations for studies abroad etc.</p>
2-4 Support for Obtaining Management Resources for Existing SMEs	As 2-3
2-5 New Business/ Venture Support	UMFCCI is organizing many international business matching, seminars, trainings and supporting the trade shows for the new businesses.
2-6 Promotion of Fair Dealing and Maintenance of Markets for SMEs	No available data for this topic
2-7 Regional SME	No such policies have been identified

	Policies	
2-8	Supporting the Internationalization of SMEs	As 2-3
2-9	Employment/Work Policies for SMEs	No specific policies.
2-10	SMEs organizations and networks	As 2-3

2-11 Development Policies for Small Scale SMEs	No specific policy for SMEs now, but in the long run there is a committee that will develop a policy for SMEs.
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3. Challenges of and Suggestions on Promotion of SMEs

Challenges	Suggestions
3-1 Current Problems of SMEs and Suggestions	<p>Major problems are limited access to financing and financial facilities, lack of skilled labors, insufficient preparation to take advantage of ICT and E-commerce opportunities, insufficient entrepreneurs, venture spirit and weak in adopting modern management. In marketing, difficulties in finding distribution channel in oversea market, weak in local, regional an international marketing and access to markets.</p> <p>Suggestions: Government should draw a long term and short term SMEs/SMIs mater plans, should adopt a basis law on SMEs, to review existing tax structure which disincentive and discriminating against SME (motivation to pay tax), to improve infrastructure through development of economic corridor, inter corridors linkages. For private sector suggestion such as to introduce and develop cluster concept, establishment of productivity institutions to assist SMEs in developing necessary skills, improving quality and reducing costs to accelerate growth, develop One Village, One Product (OTOP) program and develop brand for Myanmar products.</p>
3-2 Cooperation with Japan	JODC, JETRO, JICA, AOTS, SMECA of Japan are providing technical and financial assistance to SMEs especially for HRD programs.

APPENDIX B

Comparative Issues of Small and Medium Enterprises Development Policies of 4 ASEAN Countries

Comparative Issues of Small and Medium Enterprises Development Policies of 4 ASEAN Countries

Issues	Brunei Darussalam	Lao PDR	Cambodia	Myanmar
1-1 Definition of SME	<p>Number of employees</p> <ul style="list-style-type: none"> -Micro enterprises 1-5 -Small 6-50 -Medium 51 - 100 	<p>Number of employees, total asset, annual turnover</p> <ul style="list-style-type: none"> - Small 1-19 persons or total assets not exceeding 250 million kip or an annual turnover not exceeding 400 million kip. - Medium 20 – 99 persons or total assets not exceeding 1.2 billion kip or an annual turnover not exceeding 1 billion kip. 	<p>Number of employee, value of fixed assets</p> <ul style="list-style-type: none"> -Micro 1- 10 start-up capital less than 50,000 USD -Small 11-50, start-up capital 50,000 – 250,000 USD -Medium 51-100 start-up capital 250,000-500,000 USD 	<ul style="list-style-type: none"> - Used word “Small and Medium Industry (SMI) - Horse power, number of employee, capital outlay and production value a year. - Small with 3-25 HP, 10-50 workers, with capital up to 1 million kyat and production value a year up to 2.5 - Medium with 26-50 HP, 51 to 100 workers, with capital over 1 to 5 million kyat, and production value a year over 2.5 to 10 million kyat
1-2 Environment and Conditions	<ul style="list-style-type: none"> - Micro enterprises = 52.3% - Small enterprises = 43.8% - Medium enterprises = 2.23% - Most of SMEs were in wholesaling and trading businesses. - Government has been encouraging economic diversification mainly into business services, financial services, hospitality and tourism, transport and logistics, manufacturing, primary resources (i.e. agriculture and agri-food, fisheries, and ecotourism) and agro-food and halal 	<p>95.7% of firms are SMEs. Mostly are in wholesale & retail trade sector (41.6%).</p>	<p>98.5% of firms are SMEs. Mostly are in food, beverages and tobacco sector (84.33%).</p>	<p>90 % of firms are SMEs. Five major sectors of SMEs are in food and beverages (65.36%), construction material (7.0%), clothing & wearing apparel (4.49%), mineral & petrol (3.97%), and personal goods (1.95%).</p>

Issues	Brunei Darussalam	Lao PDR	Cambodia	Myanmar
	industries. - Government provides various forms of assistance such as financing entrepreneurial development, investment incentives, technology transfer, infrastructure.			
1-3 Legislations for SMEs	- No specific law for SMEs.	- Enterprise Law No.11/NA dated 09.11.2005. - The Decree on the Promotion and Development of SMEs No. 42/PM.	- No specific law for SMEs.	-No specific law for SMEs.
1-4 Planning and Implementation of SME Development Policies	- SMEs development plans are in accordance with the national long term plan (Wawasan Brunei 2035) and the principles of APEC. - Five major priority areas of SMESs are human resources development, information access, technology and technology sharing, financing and market access.	Six policies: 1. Creating an enabling regulatory and administrative environment. 2. Enhancing competitiveness. 3. Expanding domestic and international markets. 4. Improving access to finance. 5. Encouraging and creating favorable conditions for establishment of business organizations. 6. Encouraging entrepreneurial attitudes and characteristics	SME Sub-Steering Committee work Plan in 2010 responsible in 3 areas 1. Promoting SME competitiveness through red tape reduction program. 2. Supporting local products through improving quality and standard. 3. Improving access to finance.	Industrial Development Committee (IDC) is going to give the policy guidelines for SME development and issued the task force of the IDC (1) After selecting and defining the state –owned sector and private-owned sector, development program of State owned sector is submitted to the Union Government and implement the projects by the permission, and also encourage the development private sector. (2) To provide, adjust, instruct and

Issues	Brunei Darussalam	Lao PDR	Cambodia	Myanmar
		within the society		safeguard necessary energy, raw material, technical know-how, capital for fully production as per machine capacities of SME. (3) Push, uplift and look after SME and make the instruction to produce more value added products utilizing the basic raw material in the country. (4) To build the modern industrialized nation by establishing community peace, tranquility, uplifting social progress, economic development and promoting green industries
1-5 Financial Support for Small & Medium Enterprise Policy	-Ministry of Primary Resources (MIPR) develop three financial schemes to support SMEs: Enterprise Facilitation Scheme (EFS), Microcredit Facilitation Scheme (MFS), and Export Refinancing Scheme (ERS).	Financial support come from 3 sources 1. Government budget. 2. SME Development Fund and other funds and 3. Funding from development partners and other possible sources.	Financial support come from 4 sources 1. Royal Government of Cambodia (National Bank of Cambodia and Ministry of Economy and Finance) 2. Government agencies (Association of Local Economic Development Agencies and Rural Development Bank) 3. Financial Institutions 4. Non-governmental organization (NGOs)	Provide financial assistance to specific industry located in industrial zones.

Issues	Brunei Darussalam	Lao PDR	Cambodia	Myanmar
1-6 Breakdown of Responsibilities for Central and Regional Governments	<ul style="list-style-type: none"> - Centralization. MIPR and Brunei Economic Development Board (BEDB) are responsible for the development of SMEs. 	<ul style="list-style-type: none"> - Decentralization. - Government ministries, departments and agencies both at national and provincial levels have responsibilities for various aspects of strategies. SMEPDO is the main coordinator in implementing and monitoring policies and also coordinate with Departments of Industry and Commerce in provincial level. 	Semi decentralization. One of the administrative reform goals is to transfer responsibilities to local governments. Ministry of Commerce has established a commercial registration office in provinces and develop an electronic system for facilitating business registration for local.	Centralization.
2-1 Financing	<p>MIPR initiates three types of financing, i.e. Enterprise Facilitation (EFS), Microcredit Financing Scheme (MFS), and Export Refinancing Scheme (ERS).</p> <ul style="list-style-type: none"> - EFS provides financing for SMEs in support of government's drive to speed up the process of industrial development. Maximum financing limit is B\$5million. - MFS provides support for small/micro socio-economy. Maximum loan ceiling is B\$ 50,000. 	Lao Development Bank provide credits to SME, making amendment to existing laws as well as enacting new laws in order to improve credit provision conditions and control.	<p>Financial support come from 4 sources</p> <ol style="list-style-type: none"> 1. Royal Government of Cambodia (National Bank of Cambodia and Ministry of Economy and Finance) 2. Government agencies (Association of Local Economic Development Agencies and Rural Development Bank) 3. Financial Institutions 4. Non-governmental organization (NGOs) 	Provide financial assistance to specific industry located in industrial zones.

Issues	Brunei Darussalam	Lao PDR	Cambodia	Myanmar
	<p>Maximum repayment period is 5 years.</p> <ul style="list-style-type: none"> - ERS provides loan with a maximum limit of B\$500,000. 			
2-2 Tax system and Tax Rate for SMEs	No specific tax law.	No specific tax law.	No specific tax law.	No specific tax law.
2-3 Provision of Information, Human Resources Training, Environment, Consulting, Advice, etc.	- Government established incubation programs to help in training and other activities.	Performed by SMEPDO, other government authorities and private organizations. Mode of dissemination are often in the form of leaflets, brochures, posters and handbooks.	Government agencies have provided market information, capacity building as well as training.	<ul style="list-style-type: none"> - Ministry of Labor do a support of training project with free of charge. - UMFCCI play a major role in the form of training and seminars, advisory services and liaison with foreign organizations for studies abroad, etc.
2-4 Support for Obtaining Management Resources for Existing SMEs	- MIPR and BEDB supports the development such as incubation programs, the web portal, training.	- Supports such as providing information, training, consultations in management aspects, skill improvement for labors, study tours.	- Support such as training for micro and small enterprise in business management, how to write business plan.	- As 2-3.
2-5 New Business/Venture Support	-MIPR is a one-stop agency in facilitating and assisting the start-up business.	Next plan for 2011 – 2015 will have activities to support new business such as creation of business incubators, promote women to become entrepreneurs, promote franchise business, etc.	Ministry of Commerce has play a major role for supporting new business venture such as registration, providing market information, organizing product associations, trade facilitation and promotion as well as enforcement of intellectual property	UMFCCI organized many international business matching, seminar, trainings and supporting trade shows both current and new businesses.

Issues	Brunei Darussalam	Lao PDR	Cambodia	Myanmar
2-6 Promotion of Fair Dealing and Maintenance of Markets for SMEs	- No competition law.	Only government policy to enforce fair and transparent trade practices.	registration. No competition law. Government try to strengthen of fair dealing and maintenance of markets for SMEs through supporting private sector to set up organization such as chamber of commerce, SMEs associations.	Information not available.
2-7 Regional SME Policies	- No specific policies.	No specific policies, but can imply from a project of One District One Product Program (ODOP).	No specific policies, but can imply from a project called “One Village-One Product (OVOP)” which aims to promote local products and services, and promote market-linkages from regional to international.	No specific policies.
2-8 Supporting the Internationalization of SMEs	- MIPR implements export repayment scheme of loaning for local entrepreneurs to export their products.	Export Promotion Department from MoIC responsible to drawn up an Export Promotion Strategic Plan for business, no specific strategies for SMEs	- Ministry of Commerce support in training and encouraging SMEs to joint international exhibition. International organization also direct support for SMEs to go international.	Private sector such as UMFCCI play a major role.
2-9 Employment/Work Policies for SMEs	- No specific Policies	-No specific Policies	No specific Policies	- No specific Policies
2-10 Development Policies for Small Scale Enterprises	- Ministry of Home, Affairs at the district office level is operating “One Village, One Product” project. - MIPR initiates the Microcredit Financing	No specific Policies	Government will announce the policies for development of SMEs in 2011. The policies aimed at lifting the performance of small and medium enterprises, and	No specific policy for SMEs now, but in the long run there is a committee that will develop a policy for SMEs.

Issues	Brunei Darussalam	Lao PDR	Cambodia	Myanmar
	Scheme (MFS) to provide financing support for small scale enterprises.		encourage official and private sector work together. It would be a collaboration between the ministry's Department of Small Industry and Handicrafts and the Japanese International Cooperation Agency, private sector groups, and the Ministries of Commerce, Economy and Finance, Tourism, and Agriculture.	
2-11 Safety Net	- Financial institutions are offered additional credit guarantees and government grants for private entrepreneurs.	- No.	Many ministries involve in delivering safety net programs to support business in general as well as SMEs such as health fee waivers, scholarships and exemptions, labor-intensive public works.	-No.
3-1 Current problems of SMEs and Suggestions	Major problems are marketing, capital, government policies, human resources development, location, raw materials, and attitude of SMEs (preferred government position rather than being an entrepreneur). Suggestions: Government has to be a proactive builder of competitive advantage, and one way is through maximizing human capital. More vocational schools are	Major problems are finance (lack of access to source of fund), human resource (inadequate business management skills, lack of qualified technical staff and skills), technology (low level of technology) and government (SMEPDO limited budget, insufficient personnel) Suggestions: Establishment of micro finance and Small Business Credit Guarantee	Major problems are limited access to financing and market information, problems with human development and technical capacity, regulations related to hiring SMEs and smuggling and trade facilitation. Suggestions: RGC should initiate new incentive schemes to develop and encourage investment in specific sectors, and try to	Major problems are limited access to financing and financial facilities, lack of skilled labors, insufficient preparation to take advantage of ICT and E-commerce opportunities, insufficient entrepreneurs, venture spirit and weak in adopting modern management. In marketing difficulties in finding distribution channel in oversea market and weak in local, regional and international marketing and

Issues	Brunei Darussalam	Lao PDR	Cambodia	Myanmar
	<p>needed. The country needs to develop an entrepreneurship culture in young people. SMEs should have a good business plan to convince banks to lend.</p>	<p>corporation. Establishment of more technical and vocational education institutes. Provide supporting facility to enable SMEs to gain certification for goods and services at national and international levels. Furthermore, allocate sufficient budget, recruit more for staffs each year with various training program in supporting SMEs.</p>	<p>extend financial support to rural areas.</p>	<p>access to markets.</p> <p>Suggestions: Government should draw a long term and short term SMEs/SMIs mater plans, should adopt a basis law on SMEs, to review existing tax structure which disincentive and discriminating against SME (motivation to pay tax), to improve infrastructure through development of economic corridor, inter corridors linkages. For private sector suggestion such as to introduce and develop cluster concept, establishment of productivity institutions to assist SMEs in developing necessary skills, improving quality and reducing costs to accelerate growth, develop One Village, One Product (OTOP) program and develop brand for Myanmar products.</p>
<p>3-2 Cooperation with Japan</p>	<ul style="list-style-type: none"> - Joint venture partnership in Brunei Liquefied Natural Gas Sdn Bhd (BLNG) - JETRO and MIPR signed in the Economic Partnership Agreement 	<p>-Japanese organizations have supported Laos in various aspects such as human resource development.</p> <p>- Ministry of Industry and Commerce (MoIC) signed 3</p>	<p>Japanese organizations cooperate with Cambodia in the following area:</p> <ul style="list-style-type: none"> - Development of social and economic infrastructure. - Improvement of basic 	<p>JODC, JETRO, JICA, AOTS, SMECA of Japan are providing technical and financial assistance to SMEs especially for HRD programs.</p>

Issues	Brunei Darussalam	Lao PDR	Cambodia	Myanmar
	(BJEPA) to eliminating tariffs on a range of products, including Japanese automobiles and auto parts.	years of pilot projects with JICA for supporting entrepreneur in Savannakhet province.	social services like health and medical care. - Promotion of agriculture and rural development. - Human resources development.	

Source: Researcher Team,2011

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