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USAID LAOS MICROENTERPRISE

USAID Laos Microenterprise, a five-year activity funded by the United States Agency for International Development (USAID), will strengthen the competitiveness of agricultural microenterprises in the Lao People's Democratic Republic.

Laos has been experiencing strong economic growth in the past decade, with GDP growth averaging 7.8 percent annually, driven primarily by large hydropower and mining projects. To make this economic development more sustainable and inclusive, the Government of Laos is focusing its efforts on improving the business environment to promote more diverse and broad-based private sector investment, especially at smaller scales. Microenterprises, particularly in the agricultural sector, remain uncompetitive and largely unengaged within the domestic and regional economies. USAID Laos Microenterprise uses a comprehensive approach to spur enterprise competitiveness along targeted value chains by expanding access to and adoption of business skills, modern technologies and practices, finance, market linkages and public-private dialogues.

STRENGTHENING ABILITY OF LAO MICROENTERPRISES

USAID works with the public and private sectors to equip microenterprises with the skills needed to respond to market needs and access technology and facilities. In addition, the activity will assist microenterprises to reduce operations costs by enhancing their negotiating power and establishing reliable linkages between microenterprise groups and markets.

INCREASING ACCESS TO MARKETS AND FINANCE

USAID helps microenterprises gain access to finance by increasing the ability of financial institutions, such as savings banks and credit unions, to manage and assess loans as well as develop new financial products tailored to microenterprises' needs. USAID also helps microenterprises expand their

markets both domestically and internationally. The activity builds sustainable linkages with larger buyers within Laos and across the region, and promotes public-private dialogues on enabling environment issues that, if left unaddressed, could continue to constrain microenterprise growth.

ANTICIPATED OUTCOMES

- At least 8,000 supported microenterprises improve their business performance
- 25 percent increase in income for beneficiary firms
- 2,000 microenterprises linked to other businesses through partnerships
- 180 market linkages created between farmers' groups and buyers

PARTNERS: USAID partners with ACDI/VOCA to provide technical support and services to strengthen competitiveness of Lao agricultural microenterprises to offer products and services that meet the quality standards and markets' needs. The result will be a self-sustaining cycle of microenterprise market readiness, creditworthiness and private sector investment.

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