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Overview of Women's Entrepreneurship in Micro, Small and Medium Enterprises in Lao PDR

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List of Acronyms

ADB	Asian Development Bank
GDA	Gender and Development Association
GRID	Gender Resource Information and Development
IFC	International Finance Cooperation
ILO	International Labor Organization
LBWA	Lao Women's Business Association
Lao PDR	Lao People's Democratic Republic
LHA	Lao Handicraft Association
LNCCI	Lao National Chamber of Commerce and Industrial
LTPC	Lao Trade Promotion Centre
LWU	Lao Women's Union
MIC	Ministry of Industry and Commerce
MPSDF	Mekong Private Sector Development Facility
MSME	Micro, Small and Medium Enterprise
NCAW	National Commission for the Advancement of Women
INGOs	International Non-Government Organizations
PADTEC	Participatory Development Training Centre
SME	Small and Medium Enterprise
UNDP	United Nation Development Program
UNIDO	United Nations Industrial Development Organization
UNICEF	United Nations Children's Fund
WB	World Bank
YEAL	Young Entrepreneurs Association of Laos

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1. Introduction

Entrepreneurship can be an element for women's economic empowerment which is a fundamental issue of human rights and an important development goal [1]. According to Sustainable Development Goal 5, all countries need to achieve gender equality and empowerment of women and girls by 2030, that includes targets to ensure women's full and effective participation and equal opportunities for leadership at all levels, including business [2]. The enterprises survey of the International Finance Corporation (IFC) estimates that the proportion of formal micro, small and medium enterprises with one or more women owners is 38 to 47 percent in East and Southeast Asia, and 38 to 46 percent in Central Asia and Eastern Europe [3]. Thus, enhancing women's economic participation and entrepreneurship abilities is a factor to the realization of the Sustainable Development Goals and enhancement of the global economy [4].

In Lao PDR, women's participation in micro, small and medium enterprises (MSMEs) plays an important role in enhancing economic development [5]. Since 1986, the government has moved to a market oriented economy [6]. Since then, the private sector has emerged as a significant force in economic development, in which micro, small and medium enterprises become a key mechanism to achieve the goal [6]. While MSMEs grow in the country, women also gradually began to take part in businesses. By 2016, more than 43 percent of all enterprises in Lao PDR were partially owned by women [7]. The government has also developed a set of laws and policies to promote the status of all women in businesses [8]. Article 15 of the Law on Development and Protection of Women states that "the state promotes the rights of women to engage in production, business, and services in accordance with the laws"[9, p.37].

While the number of women-owned MSMEs is progressing, women's enterprises in Lao PDR face challenges in becoming prosperous. Women-owned micro, small and medium enterprises tend to be smaller than men's and concentrated at the micro and small levels of operation. It is unclear what the existing challenges are that underpin this situation in Lao PDR. Therefore, this study aims to review the existing challenges to the development of women-owned MSMEs. This research paper seeks to address three specific research questions as set out below.

1.1 Research questions

- What is the current situation regarding women-owned micro, small and medium enterprises in Lao PDR?

- What are the existing challenges to the development of women-owned MSMEs in Lao PDR?
- What are the existing government legal frameworks, policies and stakeholders, to support women-owned micro, small and medium enterprises in Lao PDR?

1.2 Research methodology

A desk review approach was applied in this research paper. The researcher searched and analyzed existing reports of government and non-government organizations and journal articles with reference to the gender and challenges of female entrepreneurs in Lao PDR. The main legal framework and government documents were also reviewed. Those documents were from the National Assembly of Lao PDR; the National University of Laos; and the Ministry of Planning and Investment of Lao PDR. The researcher also reviewed reports from the World Bank (WB); Asian Development Bank (ADB); United Nations in Lao PDR (UNDP); USAID and Organization for Economic Co-operation and Development (OECD).

2. Overview of women-owned MSMEs in Lao PDR

2.1 Number and types of women-owned MSMEs

In Lao PDR, the definition of MSMEs was first set out in 2004 and then in 2017 by the Prime Minister's Office. According to the Prime Minister's Office (2004), MSMEs are defined as independent enterprises that are legally registered and operated according to the prevailing laws of Laos and are classified into different categories dependent on the number of employees, value of assets and sales [10]:

- Micro enterprises: have annual average numbers of employees not exceeding 4 persons, or total assets not exceeding 70 million kip (USD8,233)ⁱ or annual turnover not exceeding 100 million kip (USD11,762).
- Small enterprises: have annual average numbers of employees not exceeding 19 persons, or total assets not exceeding 250 million kip (USD29,405) or an annual turnover not exceeding 4 hundred million kip (USD47,048).

ⁱ Note: 8,502 kip =1 USD (according to the Bank of the Lao PDR exchange rate on Sep, 2018)

- Medium enterprises: have annual average numbers of employees not exceeding 99 persons or total assets not exceeding 1.2 billion kip (USD141,143) or an annual turnover not exceeding 2 billion kip (USD235,239).

On 16 January 2017, the Prime Minister’s Office issued a new Decree 25/PM, to redefine MSMEs [11]. According to the new Decree, MSMEs are still independent enterprises that are legally registered and operated according to the prevailing laws of the Lao PDR. However, the criteria for classifying the size of enterprises are changed in terms of the amount of the annual average number of employees, the total assets, and the annual turnover (See Table 1) [12]:

Table 1: Lao PDR’s SME definition

Size classification	Indicator	Unit	Sector		
			Manufacturing	Trade	Services
Micro	Assets	LAK	<100,000,000	<150,000,000	<200,000,000
		USD	<11,762 ⁱⁱ	<17,643	<23,524
	Turnover	LAK	<400,000,000	<400,000,000	<400,000,000
		USD	<47,047	<47,047	<47,047
	Employment	Persons	1-5	1-5	1-5
	Small	Assets	LAK	<1,000,000,000	<1,000,000,000
USD			<117,619	<117,619	<176,429
Turnover		LAK	<2,000,000,000	<3,000,000,000	<1,500,000,000
		USD	<235,239	<352,858	<176,429
Employment		Persons	6-50	6-50	6-50
Medium		Assets	LAK	<4,000,000,000	<4,000,000,000
	USD		<470,478	<470,478	<705,716
	Turnover	LAK	<4,000,000,000	<6,000,000,000	<4,000,000,000
		USD	<470,478	<705,716	<470,478
	Employment	Persons	51-99	51-99	51-99

Source: Decree No. 25/PM, 16 January 2017.

Based on the definition in 2004, the Ministry of Industry and Commerce showed that about 100,000 businesses were registered in the Lao PDR in 2013. Among those, about 99 percent (98,700 enterprises) are micro and small-sized enterprises (1–19 employees)[13]. The country has

ⁱⁱ Note: 8,502 kip =1 USD (according to the Bank of the Lao PDR exchange rate on Sep, 2018)

approximately 1,100 medium-sized enterprises (20–99 employees) and 200 large enterprises (100 or more employees)[13].

Women-owned enterprises have been rising in recent years and different sources provided different data (See Table 2). The Ministry of Industry and Commerce reported that women-owned micro and small enterprises had increased from 44 percent in 2009 to 55 percent in 2012[13]. Similarly, GIZ enterprise surveys revealed that the share of registered small enterprises owned by women increased from 36 percent in 2005, to 41 percent in 2009 and to 48 percent in 2013[13]. According to the World Bank’s enterprise surveys, enterprises owned by women had increased from 39 percent in 2009, to 42 percent in 2012, and to 43 percent in 2016[13].

As highlighted in Table 2, women-owned SMEs in Lao PDR were predominantly made up of small firms. By sectors, women-owned enterprises mainly function in the retail and wholesale trade, and only to a small extent in the industrial sector[13]. The Table also shows that even in small firms, women are still more engaged in the retail and wholesale trade sector than in the industrial sector[13].

Table 2: Percentage of enterprises with female participation in ownership by firm characteristics

Category	GIZ survey 2013 (%)	World Bank enterprises survey 2016 (%)
Firm Size		
Small (1–19 employees)	51	46
Medium (20-99 employees)	33	17
Large (100+ employees)	18	8
All firms	48	43
Sector		
Industry	33	16
Retail and wholesale trade	57	65
Other services	45	42
All firms	48	43
Small firms by sector		
Industry	36	N/A

Retail and wholesale trade	60	N/A
Other services	45	N/A
All small firms	51	N/A

GIZ = Deutsche Gesellschaft für Internationale Zusammenarbeit, N/A = not available

The World Bank defines small as 5–19 employees.

Sources: Surveys by GIZ (2013) and the World Bank (2016).

Another nation-wide survey by the Centre of Gender Resource Information and Development (GRID) in 2004 provided further details on types of businesses or enterprises owned by women under specific sectors. For example, GRID (2004) found that in retail and wholesale trade, women often engage in retail and vending [14], and their work was often related to family businesses at home or in a marketplace (see Table 3)[9]. In services, women are involved in guesthouse/restaurants, and in industry, women were found predominately in textiles [14].

Table 3: Percentage of women-owned businesses by types in 2004

Business sector	Types	GRID survey 2004 (%)
Industry	Textiles	12
	Wood processing	3
	Metal products	1
	Other manufacturing	3
Retail and wholesale trade	Vending	14
	Retail	46
Other services	Guesthouse/restaurant	5
	Service/repair	8
Agriculture	Agriculture	8

Source: GRID, 2004

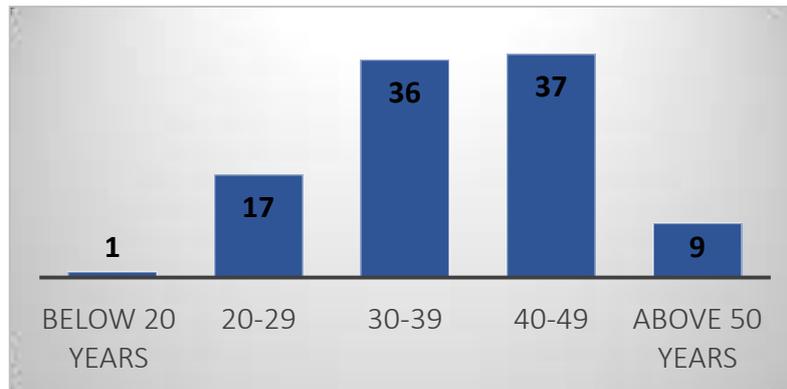
2.2 Characteristics of female entrepreneurs

2.2.1 Age, education and marital status

No study describes the characteristics of female entrepreneurs in Lao PDR. However, according to the International Labor Organization (ILO)'s survey report of 250 entrepreneurs (150 of which were women) in five major provinces in Laos; Vientiane Capital, Vientiane, Savannakhet, Champasak and

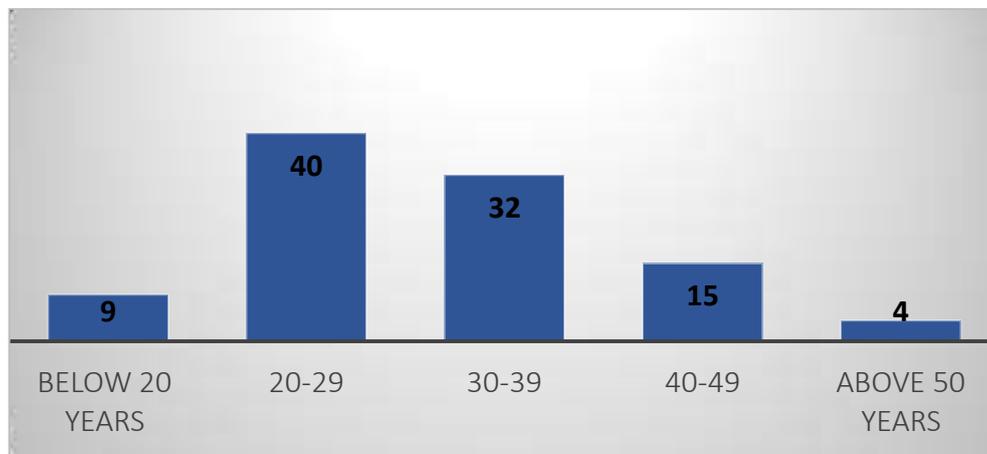
Luang Prabang, on micro and small enterprises in 2006 [15], the majority of women entrepreneurs interviewed were aged between 30 to 49 years old (See Figure 1). Interestingly, most of them started their enterprises at young ages, between 20-29 years and 30-39 years old (40 percent and 32 percent, respectively) (See Figure 02) [15].

Figure 1: Age of women entrepreneurs (%)



Source: ILO, 2006

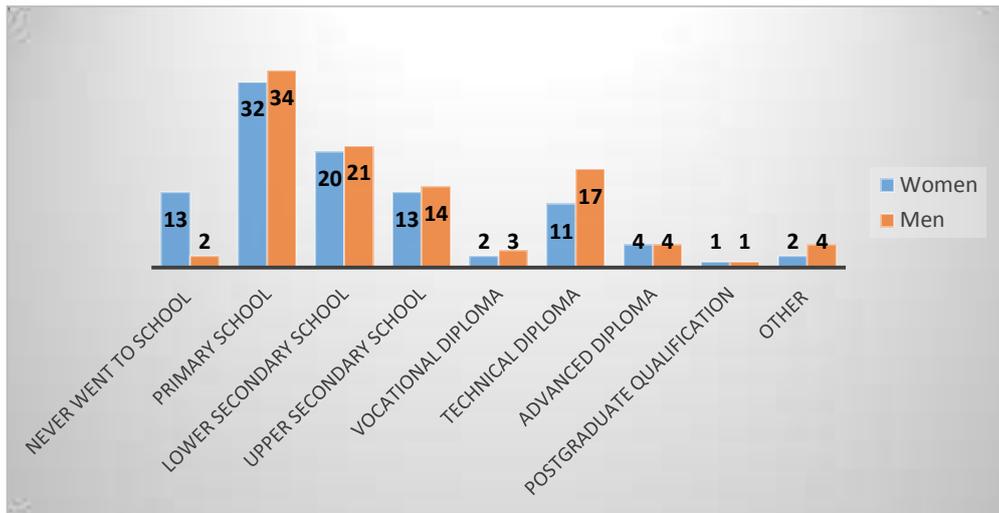
Figure 2: Age at start of enterprises (%)



Source: ILO, 2006

As Figure 3 shows, women entrepreneurs had low education levels. The majority of them were at the primary school level (32 percent) with only 13 percent completing upper secondary school. Compared to men, women entrepreneurs had lower education in all categories except the advanced diploma and post graduate degree levels where both women and men were equal. In addition, the percentage of women entrepreneurs who had never gone to school tended to be higher than male entrepreneurs (13 percent versus 2 percent respectively) [15].

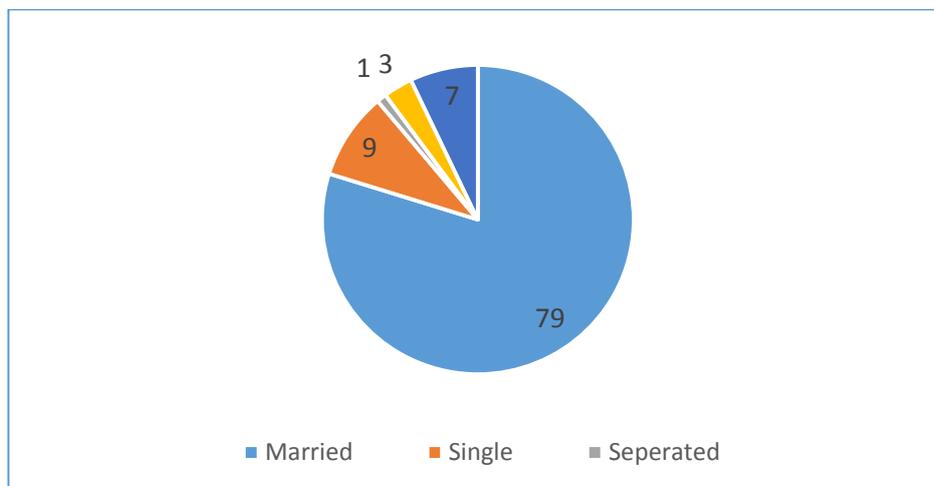
Figure 3: Educational level of female and male entrepreneurs (%)



Source: ILO, 2006

The majority of female entrepreneurs are married (79 percent) (Figure 4). Only 9 percent are single. Widowed and divorced women account for 7 percent and 3 percent respectively and as heads of households they have to combine single motherhood with running their enterprises[15].

Figure 4: Marital status of women entrepreneurs (%)



Source: ILO, 2006

2.2.2 Motivation for starting an enterprise

Motivation for women entrepreneurs to start a business is made up of several factors. As shown in Table 4, growing up in family business inherited from parents was the highest motivating factor (40 percent). The second highest reason was related to earning income for the family (32 percent). Another, was related to having an appropriate location for business activity (29 percent) and last was a desire for recognition and economic independence (8 percent) [15].

Table 4: The most important reasons for women starting a business (multiple responses) (%)

Motivating factors	Women (%)
Growing up in business family (family business/business inherited from parents)	40
To improve family status and earn more income	32
Appropriate location for business	29
Desire for recognition and economic independence	8
Family labor available	3
Cannot work in another job because of health conditions	0
To transfer experience to my children	0

Source: ILO, 2006

Despite having motivation, women still need enabling factors for starting a business. It was found that family help related to raising capital (61 percent) was the main factor in supporting women entrepreneurs in business start-ups (Table 5). An additional factor was having their own skills and experiences to be able to establish a business (18 percent). Other important factors included turning a hobby into a business (17 percent), having an appropriate location for a business and having sufficient capital for starting a business (at 15 percent and 13 percent respectively) [15].

Table 5: Helpful factors in business start-up (some gave more than one response) (%)

Helpful factors in business start-up	Women (%)
Hobby	17
Having raw material	8
Having sufficient capital available	13
Initial endowment (donation of money or property to a non-profit organization)	3
Skills and experience	18
Appropriate location for a business	15
Retirement of spouse/need for income	10
Family help (land, house and capital)	61
Other than family help (other investment available)	13
Business idea copied from friends/relatives in similar business	10

Source: ILO, 2006

Despite owning their businesses, the decision making of women in managing the businesses was still shared within their family. Table 6 shows that women’s decision making in marketing, recruitment and investment received high responses at 97 percent, 88 percent and 78 percent respectively. However, women’s decision making was not so high with regard to public contracts and signing legal documents (only 58 percent and 57 percent respectively). Decision making regarding public contracts and signing legal documents tended to receive involvement from other family members such as husbands [15].

Table 6: Role of family and others in business decision making (%)

	Investment (%)	Recruitment (%)	Marketing/sales (%)	Public contracts (%)	Signing legal documents (%)
Self	78	88	97	58	57
Husband	5	5	1	14	30
Self/husband	11	5	0	20	5
Consultation with family members	6	3	1	7	8
General manager/director	0	0	1	-	-
Others	1	0	1	1	-

Source: ILO, 2006

3. The existing challenges for the development of women-owned MSMEs in Lao PDR

As mentioned above, women-owned MSMEs play an important role in the economy. While women-owned MSMEs is growing they still faced many challenges. As discussed above, women tended to operate micro and small enterprises, and their businesses tended to be small and located in their homes or at local marketplaces, and were concentrated in less lucrative trades such as retailing and textile manufacturing. Women’s businesses tended to be smaller than men’s, and their total turnover is 2.5 times less than men’s and employ fewer workers than companies owned by men[9]. Additionally, women’s businesses tended to use less information technology than men’s[9]. The key challenges to the development of women-owned MSMEs were related to socio-cultural factors; low

education of women entrepreneurs; limited access to finance; inadequate access to markets and infrastructure; low skills and experience; and government-related factors.

3.1. Socio-cultural factors

Women tended to encounter challenges regarding traditional norms more than men in family life especially for those in ethnic groups and in rural areas. In Lao PDR, males are often the leaders of the family, working outside to earn income to support the family and the decision-maker and representative of the family while females are always the followers, saving money, and providing care for children and households[16]. Such traditional norms limit women's time and mobility which makes it difficult for them to access markets or working far from their homes[9]. Due to the cultural issues and gender norms, women's ability to be successful in businesses is often constrained. In addition, traditional norms also influence the way businesses operate in a family. Men are often the general manager looking after the overall business activities and major decision making, while females are more likely to be an accountant, taking care of financial matters [16].

3.2. Education

In terms of education, women are particularly disadvantaged compared to men with nearly one in four being illiterate [7]. Disadvantages in education based on gender, ethnicity and geographical location is evident with the female literacy rate at 79.30 percent, and the male literacy rate at 89.96 percent in 2015[17]. A gender gap in adult literacy among those aged 15 years and above was high with 90 percent of males considered to be literate compared to 79 percent of females in 2015[9]. Women who had the lowest literacy rates in the country were those living in rural areas without roads. Women aged 17–25 are also less likely to be studying than men. In some ethnic groups (Lahou, Akha and Tri), women who have never attended school was more than 50 percent[9]. A lower level of education also makes it difficult for women to access credit or to register a business. Low levels of literacy, particularly in the Lao language, mean that women could not access market information[9]. When women had low levels of education, they face difficulties dealing with complicated and time consuming business registration procedures and also often lacked the confidence to deal with legal documents and to communicate with official authorities [14].

3.3. Access to finance

Access to finance, especially from the commercial banking system was considered as the most significant challenge for women entrepreneurs in Lao PDR in order to establish, maintain and grow

businesses [9]. Women still lack the confidence and knowledge to navigate financial systems, and distance from banks for those living in rural areas was another challenge[9]. Additionally, women customers were also considered as high-risk borrowers in some circumstances, therefore they were required to demonstrate to formal banks a greater level of collateral than male-owned firms in the same situation. Women who are within ethnic minority groups may also face more issues associated with customary land rights. For ethnic groups, land was often inherited verbally rather than in writing, so it was difficult for women to protect it, as well as to use it as collateral with banks. Banking institutions also tend not to lend to women who operate small businesses [9]. In this regard, women often use their husband's name to take out loans and this mean their husbands were the ones who could manage the loans. Also, sometimes women may not be aware that they can use their land as collateral [9]. Additionally, women often seek credit from sources other than banks such as informal savings schemes, moneylenders or microfinance and as such, they are vulnerable to high interest rates. Women tend to rely on microfinance, with 61% of microfinance borrowers in Lao PDR being women [9].

3.4. Access to markets and infrastructure

It is difficult to access market information and infrastructure due to distance and lack of roads in remote areas (which is where many ethnic groups are concentrated) [9]. Many women tend to establish businesses in retailing and textile manufacturing, and their businesses are often home-based because of the traditional norms limiting women's mobility with poor public infrastructure also adding to the costs of small enterprises [18]. Moreover, middlemen control market prices, and producers still have only limited bargaining power [9]. Additionally, systematic marketing information services are not available for producers in the media such as newspapers, radio or television and women are often more disadvantaged in accessing market information than men due to lower levels of literacy and Lao language proficiency [18].

3.5. Skills and experiences

Another challenge faced by women entrepreneurs is related to the lack of experience in running business in a specific field such as mining, electricity and construction [18], and a lack of technical skills related to vocational development, business opportunity identification, financial management, marketing, and entrepreneurship [14]. Thus, women may face difficulties challenges when facing competition, a attracting customers, dealing with late payments, and adjusting to the fluctuations of the price of goods [15].

3.6. Government related factors

Government related factors were constraints for both men and women-owned enterprises. However, women found these more challenging than men. Both women and men entrepreneurs complained that they faced high costs of importing raw materials/goods to run their businesses, and some officials were not cooperative. They also faced high electricity prices, irregular and high cost of water supply, and high tax rates [15] due to the size of their businesses and the need to pay tax in lump sums based on sales rather than actual profits. Many women do not understand tax regulations and some tried to negotiate the amounts of tax they are being asked to pay [9].

4. The existing legal framework, policies and stakeholders to support women-owned MSMEs in Lao

PDR

4.1 Laws and policies related to women-owned MSMEs

There are many relevant laws for promoting gender equality in Lao PDR. Firstly, the revised Constitution of 2003 states that women and men have equal rights in all spheres including political, social-cultural, and family. The Constitution gives the mandate for women's advancement to the Lao Women's Union (Article 7) [18].

The Law on Development and Protection of Women, endorsed in 2004: the purpose of the law is to guarantee and promote the roles, rights and interests of women and to define the responsibility of the State, society and family towards women. Article 13 states "equal rights for women and men means equality in self-development, [and also means that] women and men have the same value and opportunities in politics, the economy, society and culture, family [affairs], national defense and security, and foreign affairs as provided in the Constitution and laws" [19, p.4].

The Law on the Promotion and Development of Small and Medium Sized Enterprises, endorsed in 2011: the law aims to establish and promote small and medium sized enterprises, enhance capacity to be competitive in production of commercial goods, trade and services business activities, create employment, raise income and living standards, and contribute to the growth of sustainable national socio-economic development. To achieve the goals, this law suggests to create the environment and conditions that facilitate business owners in establishing and operating their SMEs. This law applies to all sectors of SMEs, which are established and operated in accordance to the laws of the Lao

People's Democratic Republic. However, the law does not provide specific emphases on women-owned MSMEs and what support should be provided to support women entrepreneurs[20].

The Small and Medium Enterprises Development Plan 2016-2020: this policy was endorsed by Prime Minister Decree No. 253/PM, on 18 January 2017. Its main objectives are to promote productivity, technology and innovation, enhance access to finance for SMEs, enhance access to business development services, enhance SMEs accession and expanding domestic and international markets, develop entrepreneurs, create an enabling environment for establishment and operating business of SMEs and tax incentives. This policy was developed through consultations with stakeholders including government institutions and the private sectors [12]. However, this policy did not address women-owned MSMEs in particular..

4.2 Stakeholders to support women-owned MSMEs in Lao PDR

Key stakeholders that support women-owned MSMEs in Lao PDR include government institutions, non-government organizations and associations. The section below describe these stakeholders, and their roles and responsibilities.

4.2.1 Government institutions

The key government institution that work to support MSMEs are the Ministry of Industry and Commerce (MIC). It is the main Government agency which provide services and training for MSMEs. It has various departments including: the Departments of Industrial and Handicrafts, SMEs Promotion, Trade Promotion and Registration and Enterprises Management and has prepared a comprehensive and detailed policy framework for MSMEs development in Lao PDR. It also developed the Medium-term Strategy and Action Plan for Industrial Development and the National Action Plan for the Promotion of SMEs [15].

Besides the MIC, Lao PDR also established a union and commissions for supporting women-owned businesses or MSMEs. For example, the Lao Women's Union (LWU) is a state union that was established in 1955, comprising one president, deputies and staff who are governmental officials based at the national, provincial, district and village levels. This serves as an important bridge between the People's Revolutionary Party, the government, and the Lao women for disseminating information on gender issues and mobilizing women's participation in development and trade integration activities. Its mandate is to represent the interests of women from all ethnic groups,

promote women in socio-economic development at the grassroots level, including MSMEs, and improve the living conditions of women and their families through various programs. For example, Community Development Funds (CDF) program run by LWU in 2010 seeks to provide loans to local small businesses and farmers in rural areas [7]. The LWU also operates microfinance services for women-owned enterprises which are not regulated by the central bank. The LWU provides the primary network of entrepreneurs for rural women relevant to their livelihoods. These represent an important part of the social fabric, especially in rural communities [9]. Additionally, LWU also collaborates with many international donors and NGOs to promote micro-credit through their development programs, mainly in connection with agriculture, livestock and primary health. The LWU also aims to provide credit services and boost potential development of enterprises. The LWU also has a training center which provides training in vocational skills for employment and income generation, business training for female entrepreneurs, micro-credit, rice banks, and promotion of handicrafts, and agricultural activities. From 2002-03, 610 poor women participated in the training courses and seminars [15].

The National Commission for the Advancement of Women (NCAW), established in 2002, is another state body that is responsible for formulating and implementing national policy for the advancement of women, as well as for mainstreaming gender in all sectors through ministries and state organizations at the national, provincial, district and villages levels. The head of this commission is the Deputy Prime Minister of Lao PDR and the deputies are the President of the Lao Women's Union, the Minister of the Prime Minister's Office, the Minister of Public Health, and the Vice Minister of Education [15].

The Lao Trade Promotion Centre (LTPC) is a Government agency established by the Ministry of Industry and Commerce in 2001. It assists Lao and foreign companies which are looking for investment opportunities in Lao PDR. The LTPC has three divisions: (1) exhibitions and trade fairs division; (2) the trade policy division; and (3) the trade information division. Based on the report on Gender Issues in MSEs in Lao PDR in 2006, it is implementing a project in Vientiane Capital, Bolikhamxai, Savannakhet and Champasack to support local entrepreneurs by organizing seminars on microfinance, technology application, marketing, business management and trading for 50 rural entrepreneurs (20 are women). Through the LTPC, women entrepreneurs receive information on marketing and exporting and become involved in domestic and international trade fairs [15].

4.2.2 Non-government organizations

NGOs that work to support MSMEs in Lao PDR include the Mekong Private Sector Development Facility (MPSDF), the United Nations Industrial Development Organization (UNIDO), and the International Labor Organization (ILO) [15].

MPSDF: Established in 1997, MPSDF works to support the development of local private entrepreneurs, and small and medium enterprises (SMEs) in Viet Nam, Cambodia and Lao PDR. The MPSDF's objectives are to develop sustainable local providers of financing and other SMEs business services to cooperate with relevant institutions and improve the business environment for SMEs. It implemented three separate programs: (1) Company Advisory Assistance (CAA); (2) Business Development Programs (BDPs); and (3) Business Enabling Environment (BEE). It also provides specialized assistance to two main target groups: private sector entrepreneurs and managers with plans for business expansion, and organizations providing business support services to private companies [15].

UNIDO: It assisted the Ministry of Industry and Commerce in drafting the Small and Medium Enterprise Development Framework in 2002 which includes the National Policy for SMEs development, an overview of SMEs in Lao PDR, guiding principles for implementing SMEs development, and strategies for SMEs development. However, UNIDO does not focus on gender issues and women's concerns in SMEs [15].

ILO: It collaborated with the Lao National Chamber of Commerce and Industry to hold a national workshop on MSMEs in 2003. The purpose of this workshop was to develop a better understanding of the national policy framework for MSMEs development and its main components. The ILO has developed a project to develop SMEs in Lao PDR since September 2003, namely "Alleviating poverty and increasing income generation in a market economy through the development of small, family and co-operative enterprises". The project also focuses on gender issues and women's concerns in SMEs. However, to facilitate its implementation, the project still requires a Gender Action Plan to define the proportion of women and men beneficiaries clearly and identify the working relationships among key stakeholders, especially for cooperation with the LWU. ILO has also been running a project on microfinance and micro-entrepreneur support activities to provide families with alternative economic activities, complemented with vocational skills development and training [15].

4.2.3 Associations and networks

There are seven associations and networks that are operated to provide support for women-owned MSMEs in Lao PDR. They are the Lao Business women's Association (LBWA), Lao Handicraft Association (LHA), Gender and Development Association (GDA), Lao National Chamber of Commerce and Industry (LNCCI), Young Entrepreneurs Association of Laos (YEAL), Participatory Development Training Center (PADTEC) and infoDev.

Lao Women's Business Association (LBWA): Established in 2004 by the Lao Women's Union, LBWA is a branch of the Lao National Chamber of Commerce and Industry. It has 300 women entrepreneurs as members in many business sectors and is a professional association for women in the country [9]. Its current five-year plan (2014–19) aims to achieve international collaboration (e.g. building networks between its members and the ASEAN Economic Community), and facilitate the sharing and/exchange of ideas and, experiences regarding management, business skills training, and activities for learning. It also promotes women's rights and interests to government and other relevant sectors. To be a member, women must be Lao nationals and have businesses that are legally registered in Lao PDR [15].

Lao Handicraft Association (LHA): It is a member of the Lao National Chamber of Commerce and Industry (LNCCI). Its head office is in Vientiane capital and branch offices are located in five provinces (Luang Prabang, Xiengkhouang, Houaphan, Savannakhet, and Champasak). It represents the interests of over 75 enterprises, which engage in retail and trade related to textiles, non-timber forest products, jewelry, cultural products, recycled goods, and pottery. It is an important stakeholder group composed mainly of women entrepreneurs who have businesses related to the handicraft sector. They promote handicraft festivals and seek opportunities to build connections between producers and markets around the world [7].

Gender and Development Association (GDA): Its objective is to empower women in society to live without violence and discrimination and work with men to reduce poverty for development [7]. GDA was established in 1991 by the Lao Women's Union and UNICEF. About 20 international NGOs work to support GDA in organizing meetings, coordinating and sharing experiences on gender issue and provides external training and consulting service [7].

Lao National Chamber of Commerce and Industry (LNCCI): This business association represents and supports the private sector in the country. LNCCI links with Chambers of Commerce overseas, including Australia, China, France, Germany, Thailand, the United States, Viet Nam and other European countries and the ASEAN region [7]. It organizes conferences, training and advocacy opportunities, exhibitions and provides local and foreign investors with information and connections to local business people [7]. LNCCI has 350 members from abroad, more than 4,000 local members and at least 20 business groups/associations [15].

Young Entrepreneurs Association of Laos (YEAL): Established in 2005, YEAL is a non-profit organization driven by volunteers. It aims to promote young business owners aged under 45. It supports opportunities for young entrepreneurs to exchange experiences and provide mentorship. YEAL members make use of social networks to access information and connect with other entrepreneurs and attend professional and social events associated with ASEAN [7].

Participatory Development Training Center (PADTEC): It was established in 1996 under the Ministry of Education and is a non-profit training facility located in Vientiane capital. PADTEC supported establishment of small and medium enterprises producers through training in business planning, product development, marketing, and access to micro-credit. It also builds capacity for Hmong minority women, on leadership and advocacy through learning centers and networks [7].

infoDev: It is a multi-donor group supported by the World Bank aiming to build innovative enterprises, including business run by women. In 2012, with support from the Ministry of Foreign Affairs of the Government of Finland, infoDev sponsored a contest for woman entrepreneurs in Laos with the 10 winners receiving rewards of business coaching, marketing connections, and access to finance [7].

5. Conclusion

Women-owned MSMEs play an important role in contributing to the economic development in Lao PDR. This paper showed that women-owned enterprises have increased in recent years, but still function at the micro level. The low number of medium-sized firms indicate that women-owned MSMEs still face significant challenges to expand. The main challenges to the development of women-owned MSMEs in Lao PDR are related to socio-cultural factors, limited education of women entrepreneurs, limited access to finance, markets and infrastructure, limited skills and experiences

on business management, and government-related factors. Given existing laws, policies and institutions, future efforts to improve women-owned MSMEs need to make sure all stakeholders cooperate in implementing, enforcing and monitoring these policies which focus on addressing the challenges and responding to the needs of women-owned MSMEs.

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