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SUPPORTING WOMEN ENTREPRENEURS IN VIET NAM
OVERVIEW OF MSME IN VIET NAM

870,000 active enterprises + 5 million household businesses
98% are MSMEs

2.8% Big enterprises
3.5% Medium enterprises
93.7% Small & micro enterprises

Women-owned SMEs account for 24% of all active enterprises.
Law on Small and Medium enterprise (SME) support

Determine SME based on = Capital/Revenue + Headcount

**AGRICULTURAL SECTOR**
- VND 3 bil capital/ 10 bil revenue
  - 10 employees

**INDUSTRIAL & CONSTRUCTIONAL SECTOR**
- VND 3 bil capital/ 10 bil revenue
  - 10 employees

**COMMERCIAL & SERVICE SECTOR**
- VND 20 bil capital/ 50 bil revenue
  - 10 employees

**SMALL ENTERPRISES**
- VND 50 bil capital/ 100 bil revenue
  - 100 employees

**MEDIUM ENTERPRISES**
- VND 100 bil capital/ 200 bil revenue
  - 200 employees

- VND 100 bil capital/ 300 bil revenue
  - 100 employees

**MICRO ENTERPRISES**
- VND 3 bil capital/ 10 bil revenue
  - 10 employees
Women-owned SME

>=01 women owns >= 51% Charter capital &
>= 01 woman being executive director

Female labor intensive Enterprise

Labor < 100; Labor of female >50% total labor

Labor >=100; Labor of female >30% total labor
ARTICLES OF SME LAW THAT PROVIDE SPECIFIC SUPPORT FOR SME

General support
1. Access to credit loans
2. Credit guarantee funds
3. Tax and accounting
4. Technology, start-up incubation, technical facilities, and co-working space
5. Production space
6. Market expansion
7. Information and legal advice
8. Human resource development

Targeted support
- STARTUPS SMEs
- SMES IN VALUE CHAIN
- SMES TRANSFORMED FROM HOUSEHOLD BUSINESSES

What are supported women enterprises??

Priority is given to choosing female-owned enterprises, using female employees supported first.
To choose between this and previous slide. Font and color do not match the rest of the powerpoint, but I like the more dynamic design better.

Jessica Murphy, 20/01/22
THE ROLE OF PARTIES IN SUPPORTING SME

- Provincial Government
- Government (MPI, MOF, MARD, MOST, MOIT, MOJ..)
- SME
- BDS
- Business Association
- Women Union
- Youth Union
- International development partners
- Banks Funds Universities
BARRIERS FACED BY WOMEN ENTREPRENEURS

Limited access to assets and restricted financial inclusion of women

Limited access to markets and business-oriented networks for women MSMEs

Large proportion of women-led MSMEs are in informal and less profitable sectors

Laws safeguard women’s equal rights but are not always applied

Discriminatory socio-cultural norms including 25% gender pay gap in some countries

Digital literacy and access and use of ICT remains low, especially for women in rural areas

IMPROVE GENDER
CWE INITIATIVES IN VIET NAM

**Research**
- Study on impact of COVID-19 on women-led MSMEs.
- Assessment of the SME Law

**Policies & Laws**
- Formulation of the new Decree 80 taking into account the findings of the study

**Knowledge Portal**
- Digital one-stop portal for women entrepreneurs

**Addressing Social Cultural & Stress Factors**
- Enabling psychosocial ecosystem for women entrepreneurs

**Governance Mechanism**
- Technical Advisory Committee: Enabling platform for partnerships across policy, financing and ICT, e.g.: State Bank of Viet Nam, Ecommerce Development

**Regional impact and influence**
- Sharing successful initiatives to promote scaling up through ASEAN Coordinating Committee on MSMEs

Assessment of the Impact of COVID-19 on MSMEs, and especially women-led MSMEs in Viet Nam
STUDY ON THE IMPACT OF SME LAW ON WOMEN-LED MSMEs IN VIET NAM

KEY FINDINGS & RECOMMENDATION
Women-owned SMEs consider the demand for secured assets to be one of the most difficult constraints for accessing bank capital.

They also find it challenging to access the information and/or lack the skills to prepare the required documents.

**Recommendations:**
- create a more comprehensive framework
- strengthen the human resource capacity
- pilot different models to improve the efficiency and coordination between commercial banks and local CGFs
- improve the diversification and risk sharing of financial resources
- simplify the process for claims with clear and consistent rules on payments;
- strengthen the capacity, financial knowledge and financial plans of women-owned SMEs
- conduct an in-depth assessment of the SME Development Fund (SMEDF) and CGF
Female businesses continue to lag behind in the adoption of digital technology.

One of the major challenges is the differences in taxes related to the revenue of SMEs and that of household businesses.

**Recommendations:**

a. Provide tailor-made support for women-owned SMEs and household businesses, to bridge the gender digital divide

b. Disseminate information and guidance for online business registration and electronic tax declaration and payment

c. Sponsor newly established women-owned SMEs to apply digital tax and corporate accounting regime

d. Ease business entry regulations to support the transformation of household businesses to SMEs

e. Provide free advisory support and guidance on tax administrative procedures and accounting regime
Women-owned SMEs struggle to rent land and lack information about policies and processes for available industrial clusters.

Those outside of industrial clusters have few opportunities to engage directly with leaders, agencies and departments in charge.

**Recommendations:**

a. Improve access to information on support measures for production space
b. Support women-owned SMEs in order to benefit from policies on land allocation measures in local industrial clusters
c. Improve engagement and coordination between local leaders and women-owned SMEs

“The SMEs in industrial clusters save a lot of costs, especially by limiting the risk of waste discharge into the environment. If our factories are located outside, we will struggle to find a way to solve this problem, because SMEs often do not have enough budget to treat wastewater, and can lead to fines and penalties.”

(Quoted Women Entrepreneur in Ben Tre province)
The quotes are just to visually break up the slides a bit. I didn't feel that any of the photos from the report fit with "production space" or "information and legal services", but an alternative could be to put pictures instead of the quotes.

Jessica Murphy, 19/01/22

Note that I did not include the last sentence of the quote- to make it fit better

Jessica Murphy, 20/01/22
In a number of provinces, women enterprises have reported benefits from the support offered in co-working spaces or incubators.

However, overall funding for the operation of incubators, technical facilities and co-working space is limited. State and local budgets are particularly small.

SMEs also lack access to networks of experts and professional services that can support SMEs and start-ups.

Large enough and centrally located spaces at affordable costs are hard to find.

**Recommendations:**

a. Incentivize incubators, technical facilities and co-working spaces to support women-owned SMEs
b. Improve coordination between the CDF and the SMEDF and financing options
c. Equip service providers with information on SMEs support policies
d. Reduce production costs for women-led SMEs and start-ups
Female entrepreneurs have benefited from support on trade promotion and market expansion at both central and local levels. However, policies have not been implemented in a targeted manner to benefit women-owned SMEs.

Lessons learned on models of cooperation between international organizations have not been systematically documented to inform future policies of MOIT.

**Recommendations:**

a. Scale up the success of Hanoi's Women's Association of Small and Medium Enterprises in receiving support from MOIT

b. Strengthen women's business associations and organizations providing support services for women-owned SMEs

c. Scale up good practice models of cooperation

d. Develop targeted interventions to increase the capacity and knowledge of women-owned SMEs
Implementation guidelines and regulations for information, consultancy and legal advice do not include specific activities to ensure benefits for women-owned SMEs.

There is no mechanism to mobilize the networks of women entrepreneurs.

Recommendations:

a. Align the guiding documents and related Decrees for information, consultancy and legal advice with the priority principle as per the SME Law, Decree No. 39 /2018/ND-CP;

b. Improve coordination and engagement of women’s associations

c. Make legal and policy information about the SME Law more accessible

“Access to legal and policy information should be digitized and disseminated through relevant and accessible channels. Focal agencies should be assigned in charge of SME development and implementing SME policies, and these should be announced so women-owned SMEs are informed of key actors.”

(FGD participant)
Although there are central and provincial level trainings and fee exemptions, many women-led SMEs felt that policies of human resource development were not sufficient for them to attract quality human resources, since most workers were attracted to work in bigger enterprises and cities.

Some of the limitations of the trainings were the condition for workers to have six-months employment to qualify for free tuition, the lack of specific percentage targets for women-owned SMEs or SMEs employing a large number of women, and the content not being targeted to the needs of women-owned SMEs.

**Recommendations:**

- **a** Revise the terms and conditions of support for training of workers of SMEs
- **b** Target opportunities for women-owned SMEs to improve their knowledge and capacities
- **c** Enhance online training content for women-owned SMEs, and SMEs employing a large share of female workers
- **d** Provide tailor-made vocational training programs for women-owned SMEs and SMEs employing a large share of female employees
Despite policy measures and support to transform household businesses into enterprises, there have not been major changes for women-owned businesses.

Women entrepreneurs indicated they are not always aware of the available support to transition from a household business to an enterprise and do not necessarily understand the benefits.

The additional costs to an SME, such as corporate tax policy, and related regulations are discouraging and disincentivize such transformations.

Many women entrepreneurs found that implementing the tax procedures is complicated and inconsistent, especially, for micro-enterprises that use input from households.

Recommendations:

a Improve the tax system, process and incentives associated with transforming household businesses into enterprises
KEY REFORMS ON SUPPORTING WOMEN OWN SMEs THROUGH DECREE 80

1. Technological assistance for SMEs
2. Information assistance for SMEs
3. Counseling for SMEs
4. Assistance in development of human resource for SMEs
5. Assistance for SMEs converted from household businesses
6. Assistance for startups
7. Assistance for SMEs participating in industry clusters and value chains
8. Subsidized interest rate for startups, SMEs participating in industry clusters and value chains
Summary of provisions included into Decree 80

- Article 11 – Addressing the limited funding for incubators, technical facilities and co-working spaces
- Article 12 – Making legal and policy information for women entrepreneurs more accessible through the SME portal
- Article 13 – Higher financial support for women-led SMEs (upto 70 million VND/year/enterprise)
- Article 14 – Strengthening human resources capacity - supporting 100 per cent of the total cost of a training course for women-owned SMEs
- Articles (11, 12, 13, 14) - Assistance for SMEs to convert from household businesses
- Article 12 - Disaggregated data and reporting at the provincial level to improve gender responsiveness of policy provisions
HUMAN RESOURCE DEVELOPMENT

- Training and coaching on starting business and business administration courses for representatives of SMEs, female labor-intensive social enterprises, and other groups located in specially difficult economic and social conditions.

- Free access and participation in lectures available in the portal of the Ministry of Planning and Investment and provincial People Committees.

- Free participation in online interactive training sessions for SMEs through online learning platforms (Zoom, Teams, ...).

- 100% funding for 1 course on starting business and business administration for women-owned SMEs, female labor-intensive SMEs, and social enterprises but exceeding 1 course/year/enterprise.

- On-site training for SMEs in the manufacturing and processing sectors.

- Vocational training for SMEs’ employees attending vocational training courses of basic or of 3-month-or-less duration.

- Free participation in online interactive training sessions for SMEs through online learning platforms (Zoom, Teams, ...).
Technical consultation support through a mentoring network

SMEs shall receive support on HR management, finance, manufacturing, sales, market development, governance and others relating to production and business activities.

<table>
<thead>
<tr>
<th>Enterprise Type</th>
<th>Micro enterprises</th>
<th>Small enterprises</th>
<th>Medium enterprises</th>
</tr>
</thead>
<tbody>
<tr>
<td>[normal] SMEs</td>
<td>Support 100% of total contract value</td>
<td>Support 50% of total contract value</td>
<td>Support 30% of total contract value as a maximum</td>
</tr>
<tr>
<td></td>
<td>Not exceeding VND 50 mil/year/enterprise</td>
<td>Not exceeding VND 100 mil/year/enterprise</td>
<td>Not exceeding VND 150 mil/year/enterprise</td>
</tr>
<tr>
<td>Women-owned SMEs, female labor-intensive SMEs, social enterprises</td>
<td>Not exceeding VND 70 mil/year/enterprise</td>
<td>Not exceeding VND 150 mil/year/enterprise</td>
<td>Not exceeding VND 200 mil/year/enterprise</td>
</tr>
</tbody>
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ROLE OF STAKEHOLDERS IN ACCELERATING CHANGE

- WSME
- Associations (VWEC, VAWE)
- Women Union

ASEAN, APEC, UN (priority agenda)
- Technical support from development partners (ESCAP, ADB, UN Women, USAID, GIZ...)

MPI – leading role Ministries Provincial government

REFORM
**KEY IMPACT**

- Annual state budget for WMSME support
  - Central budget
  - Provincial budget

- Tailor-made support for WMSME
  - Annual support plan for WMSME
  - ODA project focusing on WMSMEs

- National database on WMSME
  - National economic census
  - Annual enterprise survey
  - M&E framework

- Higher rate of WMSME supported
  => Inclusive & sustainable growth
THANK YOU