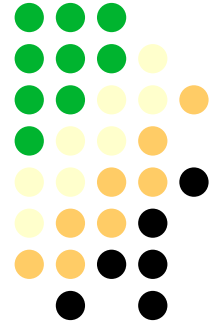


# SME Policy in ASEAN - Possible Application for Vietnam from Experiences of Thailand and Indonesia

VDF Workshop  
March 21<sup>st</sup>, 2008  
Vietnam Development Forum

Chizuru Tobita  
GRIPS-VDF, Tokyo



## Table of Contents



### 1. Current Situation of SMEs

Motivation and Reason

### 2. Introduction of Indonesia and Thailand Report

Summary of two reports

### 3. Actual Implementation of Reports

### 4. Summary and Future Plan

How to apply for Vietnam



## Current Situation of 2 countries

Table: Definition of SMEs in 3 countries

	Vietnam	Indonesia	Thai(Manufacturing)
Capital(US \$ )	63,000	> 22,000 <	1,600,000
Employment	300	> less than 30 <	less than 50

Resource: **Indonesia:** Central Statistics Bureau, Indonesian Statistics 1998, **Thai** OSMEP "Information on Thai SMEs", **Vietnam:** Paper" Nomura Research Institute" Rate is as of March 2008.

SME Policy in ASEAN - Possible Application for Vietnam from Experiences of Thailand and Indonesia



## SME Organization in 3 countries

Indonesia : Ministry of Industry,  
BAPPENAS (National Development  
Planning Agency)

Thailand : Office of Small Medium Enterprise  
Promotion (OSMEP)

Vietnam : SME Development Council,  
Ministry of Promotion of Investment,  
ASMED (Agency for SME Development)

SME Policy in ASEAN - Possible Application for Vietnam from Experiences of Thailand and Indonesia



## How We Think about SME

- Situation is different from big company.  
Finance, employment, production
- Difference in products and manufacturing process

SME Policy in ASEAN - Possible Application for Vietnam  
from Experiences of Thailand and Indonesia



## Two Policy Reports by Japan

- **Indonesia**

In 2000, Prof. Shujiro Urata (Waseda University in Japan) drafted

**“Policy Recommendation for SME Promotion”.**

- **Thailand**

In 1999, Mr. Shiro Mizutani (CEO-cum-Vice president Chubu Electric Power Co., Inc., former-bureau manager Ministry of International Trade and Industry) drafted

**“Master Plan for SMEs Promotion Policy”.**

SME Policy in ASEAN - Possible Application for Vietnam  
from Experiences of Thailand and Indonesia

# Table of Contents



## 1. Current Situation

Motivation and Reason

## 2. Introduction of Indonesia and Thailand Report

Summary of Two Reports

## 3. Actual Implementation of Reports

## 4. Summary and Future Plan

How to Apply for Vietnam

SME Policy in ASEAN - Possible Application for Vietnam  
from Experiences of Thailand and Indonesia

## 2. Introduction of Indonesia and Thai Report

# Comparison of Two Reports 1



Table: Summary of Two Reports

Title	<i>Policy Recommendation for SME Promotion</i>	<i>Master Plan for SMEs Promotion Policy</i>
Country	Indonesia	Thailand
Leader	Prof. Shujiro Urata	Mr. Shiro Mizutani
Counter part	Coordination Minister of Economy, Finance and Industry	Ministry of Industry and Ministry of Finance
Status	Senior Advisor for a Minister	Advisor for Ministry of Finance, Industry
Drafting Period	From January to June in 2000	From January to June in 1999
Submission	July 26, 2000	28 June, 1999
Prime Minister	Abdurrahman Wahid	Thaksin

SME Policy in ASEAN - Possible Application for Vietnam  
from Experiences of Thailand and Indonesia



## Comparison of Two reports 2

### Framework of Two Reports

- **Indonesia**

Finance, Human resource, Shindan-shi,  
Export promotion, Training center

- **Thailand**

Finance, Human resource, Shindan-shi,  
Local SME promotion, Industrial classification,  
Improve business environment

SME Policy in ASEAN - Possible Application for Vietnam  
from Experiences of Thailand and Indonesia

## Table of Contents



### 1.Motivation and Reason

Current Situation of 3 countries

### 2.Introduction of Indonesia and Thai Report

Summary of two reports

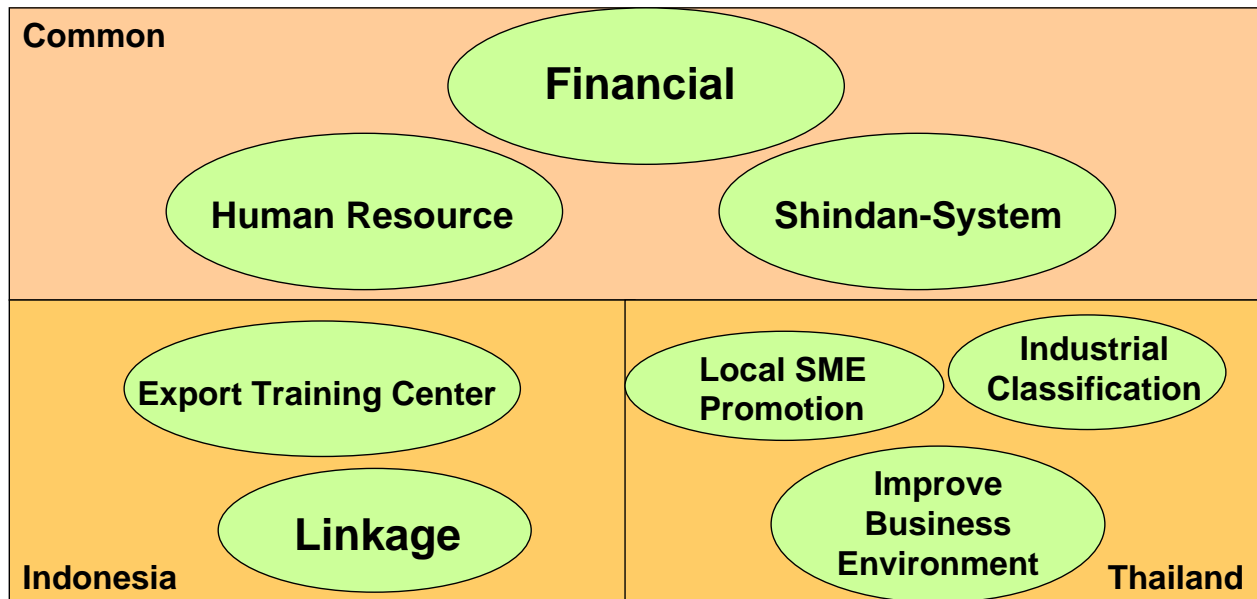
### 3.Actual Implementation of Reports

### 4.Summary and future plan

How to apply for Vietnam

SME Policy in ASEAN - Possible Application for Vietnam  
from Experiences of Thailand and Indonesia

# 3.Introduction of Experience from Reports



SME Policy in ASEAN - Possible Application for Vietnam from Experiences of Thailand and Indonesia

## 3.Introduction of Experience from Reports



# Finance-Indonesia

- Improving Credit Guarantee Institution
- Improving SME Financial Institution



SME Credit Insurance,  
SME Development Public Corporation,  
Credit Guarantee Indonesia

SME Policy in ASEAN - Possible Application for Vietnam from Experiences of Thailand and Indonesia



## Finance-Thailand

- Enhancement of SME Finance



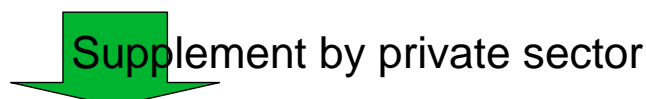
Small and Medium Enterprises  
Development Bank

SME Policy in ASEAN - Possible Application for Vietnam  
from Experiences of Thailand and Indonesia



## Human Resource- Indonesia

- Establishment of SME Training Center



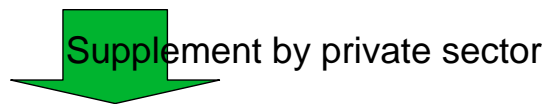
Indonesia Mold & Dies Industry Association  
(IMDIA) and SME Institution, Matsushita  
Gobel Foundation

SME Policy in ASEAN - Possible Application for Vietnam  
from Experiences of Thailand and Indonesia

## Human Resource- Thailand



- Establish SME University



Establish Thai-Nichi Institute of  
Technology in 2006

SME Policy in ASEAN - Possible Application for Vietnam  
from Experiences of Thailand and Indonesia

## Establishment “Shindan System” in Indonesia & Thailand



### What is “Shindan System”?

- **What do they:** Define the criterion financing  
**Method:** To undertake diagnostic evaluation  
of financial health
- **Merit :** Get objective data of financial health
- **Cost :** Free of charge

SME Policy in ASEAN - Possible Application for Vietnam  
from Experiences of Thailand and Indonesia

## What do “Shindan-Shi”?



- Define the criterion financing
- Show Standards Financial Health to Banking Institution
- Show better direction to client

### 3.Introduction of Experience from Reports

## “Shindan System” Implementation - Indonesia



- Establish System and Cultivation of Shindan-Shi



- Participants : Rural Government Officer  
in Charge of SME Department
- Lecture : Last Session Began on March 2008

## “Shindan System” Implementation - Thailand



- Establish System and Cultivation of Shindan-Shi



- Participants :Private Sector.
- Certified: In March, 2008, Associate National License and Qualification

SME Policy in ASEAN - Possible Application for Vietnam  
from Experiences of Thailand and Indonesia

## Others - Indonesia



- Expand Export
  - Export promotion Service
  - Improvement of Export finance
  - Simplify Government Procedures
- Linkage
  - Promotion of Supporting Industry
  - Activation of Local Industrial Cluster



## Export Training Center (Indonesia)

Established by aid in 1987



Current situation

Create Indonesian original design



SME Policy in ASEAN - Possible Application for Vietnam from Experiences of Thailand and Indonesia



## Others - Thailand

- Policy of Industrial Classification
- Local SME Promotion
- Improve Business Environment





## Improve Business Environment

- Why they need to improve business environment for SMEs?

(1) Business Regulation is Same as Big One

(2) Weakness of Local Governments

SME Policy in ASEAN - Possible Application for Vietnam  
from Experiences of Thailand and Indonesia

## From Other Views Evaluation for SME by a Japanese Company



- Technical Level is Equivalent Sometime.
- Requirement of QCD\*, TQM\*, 5S\*, Needs of Primary Education
- To Deal with a Company Design Products by Themselves

\*1, QCD: Quality Cost

\*2, TQM: Total Quality Management

\*3, 5S: Seiri, Seiton, Seisou, Seiketsu, Shitsuke

SME Policy in ASEAN - Possible Application for Vietnam  
from Experiences of Thailand and Indonesia

# Table of Contents



## 1. Motivation and Reason

Current Situation of 3 countries

## 2. Introduction of Indonesia and Thailand Report

Summary of two reports

## 3. Actual Implementation of Reports

## 4. Summary and Future Plan

How to Apply for Vietnam

SME Policy in ASEAN - Possible Application for Vietnam  
from Experiences of Thailand and Indonesia

# 4. Summary and Future Plan



Both countries implemented several plan.



- Grasp the Number of SME  
Update the Number
- Update SME Master Plan

SME Policy in ASEAN - Possible Application for Vietnam  
from Experiences of Thailand and Indonesia

## 4. Summary and Future Plan



### Future Plan

- On the purpose of overview of the situation in two countries, interview with official organization.
- On the purpose of grasp the finance rate of SME, interview with commercial bank.
- On the purpose of know current situation, interview with local government.
- On the purpose of know current situation, interview with local SMEs.

SME Policy in ASEAN - Possible Application for Vietnam  
from Experiences of Thailand and Indonesia

## 4. Summary and Future Plan

### How to Apply for Vietnam



- Establish Institution of SME Promotion with Related Organizations
- Make Definition of SME
- Grasp the Number of SME
- Label SME to Handle by Category
- **Make Master Plan for SMEs Again?**
- **Implement Master Plan: Manage Financial System etc..**

SME Policy in ASEAN - Possible Application for Vietnam  
from Experiences of Thailand and Indonesia

## Similar Policy or Organization in Vietnam



- SME Technical Assistance Center in Hanoi
- Vietnam Japan Human Resource Cooperate Center (VJCC)
- Strengthening the Capacity of ITSS (Information and Technology Skill Standard) Education at Hanoi University of Technology
- Program for the Development of SME

SME Policy in ASEAN - Possible Application for Vietnam  
from Experiences of Thailand and Indonesia

- Vietnam have a capability and chance to promote SME now.
- Now is the time to promote SME.



SME Policy in ASEAN - Possible Application for Vietnam  
from Experiences of Thailand and Indonesia



**-Thank you for your attention-**

**End of Presentation**