
SMEs in Thailand and Indonesia: Development, Policies and Experiences

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Contents

- SME development and promotion policies
- International cooperation
- Lessons for Vietnam

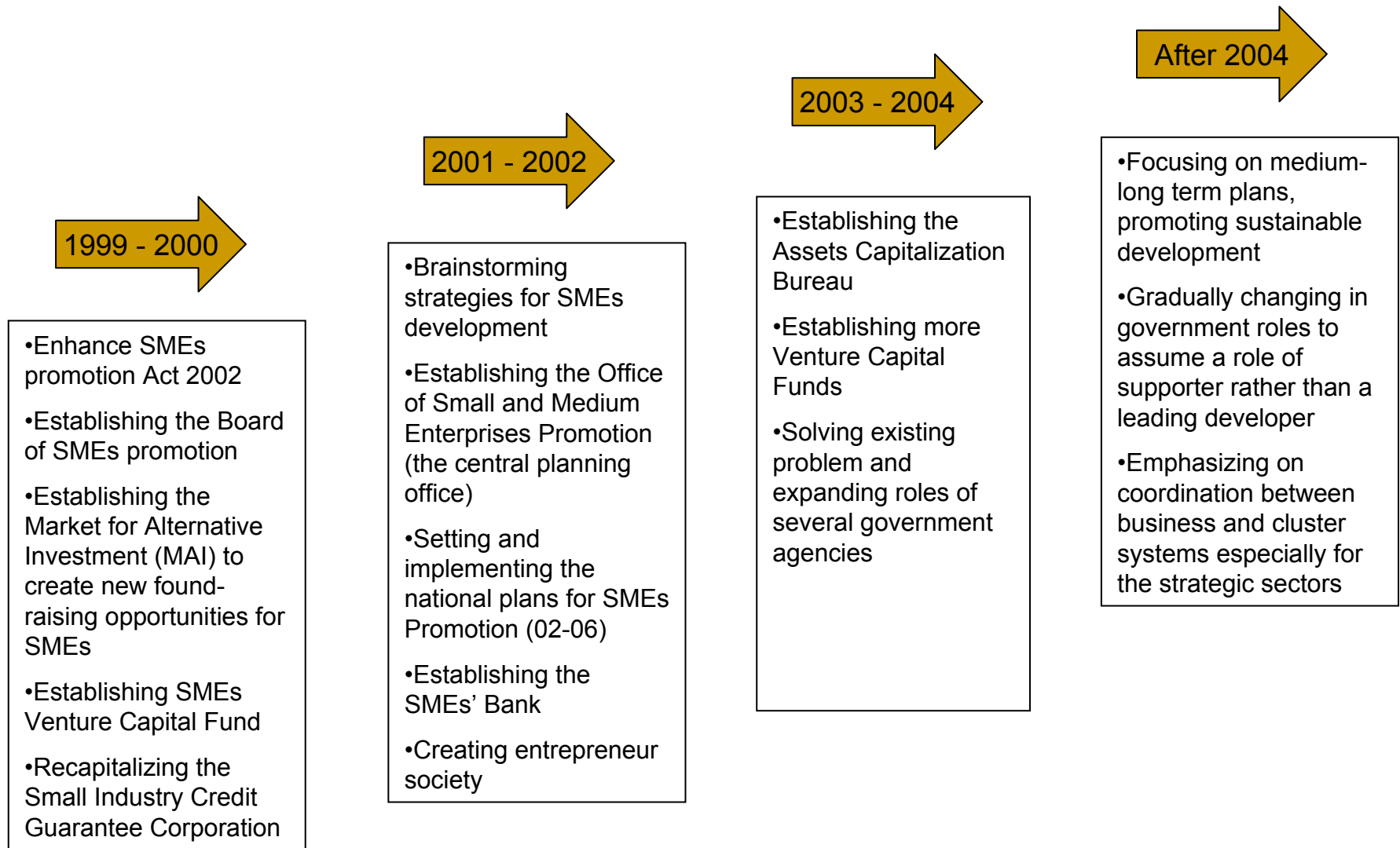
SMEs and their roles in Thailand and Indonesia

	Thailand	Indonesia	Vietnam
Definition			
- Capital (US\$)	≤ 200,000	≤ 50,000	≤ 625,000
- Employment	≤ 200	≤ 100	≤ 299
No. of enterprises	2,274,525	16.000.000 (estimated 2000)	57,700 (Micro: 2,660,000)
No. of employees	8,863,334	30,547,132	2,108,000 (Micro: 4,375,000)
% in GDP	39.4% ('06)	~50%	
% in Export	29.1% ('06)	~10%	

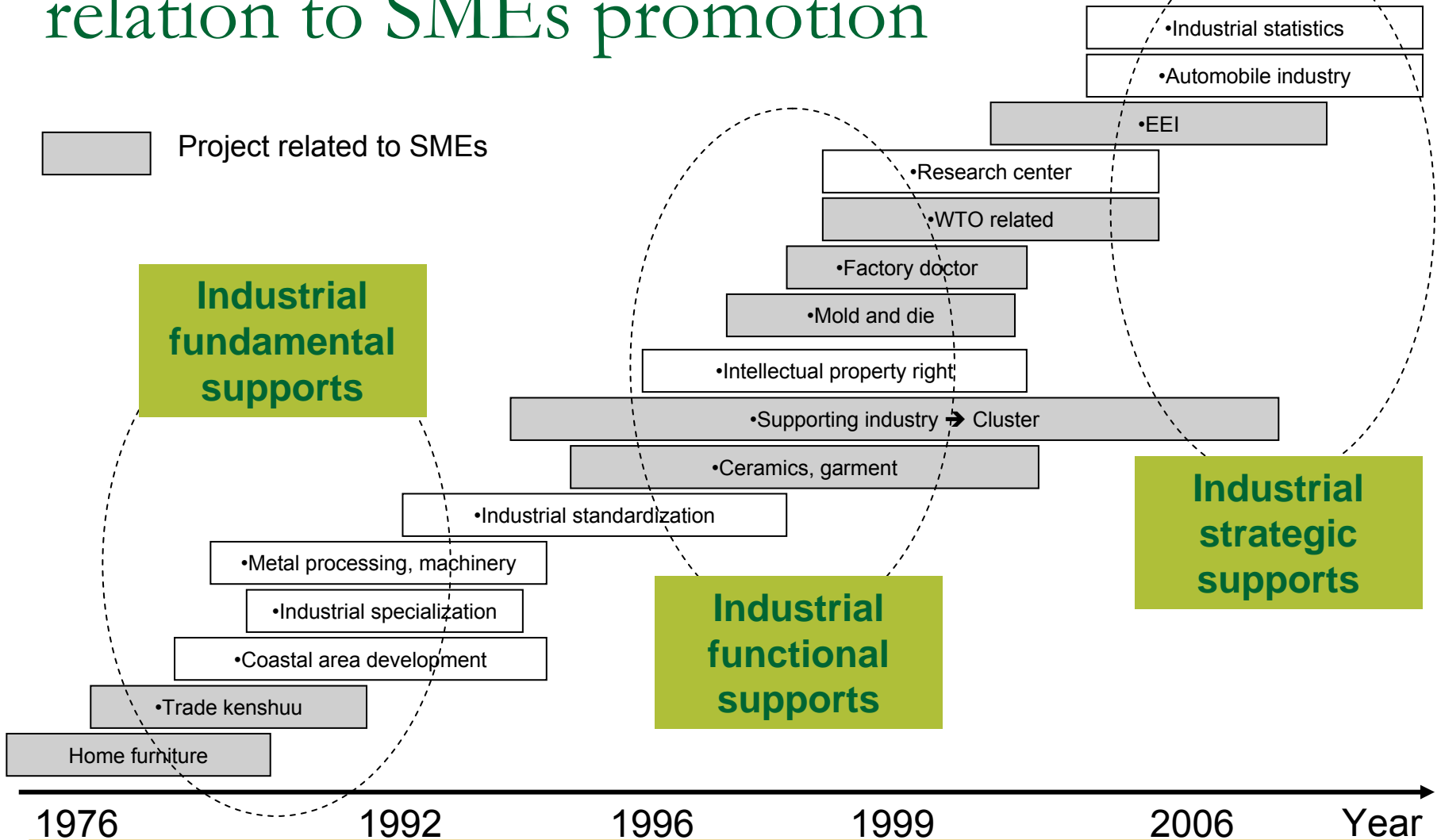
1 USD = 30 BTH; 1USD = 10,000 RP; 1USD = 16,000

Source: OSMAP, ASMED, World bank (Indonesia Policy Briefs, 2005), Choompon Asasen et al. (2003)

Government Policy for SMEs in Thailand

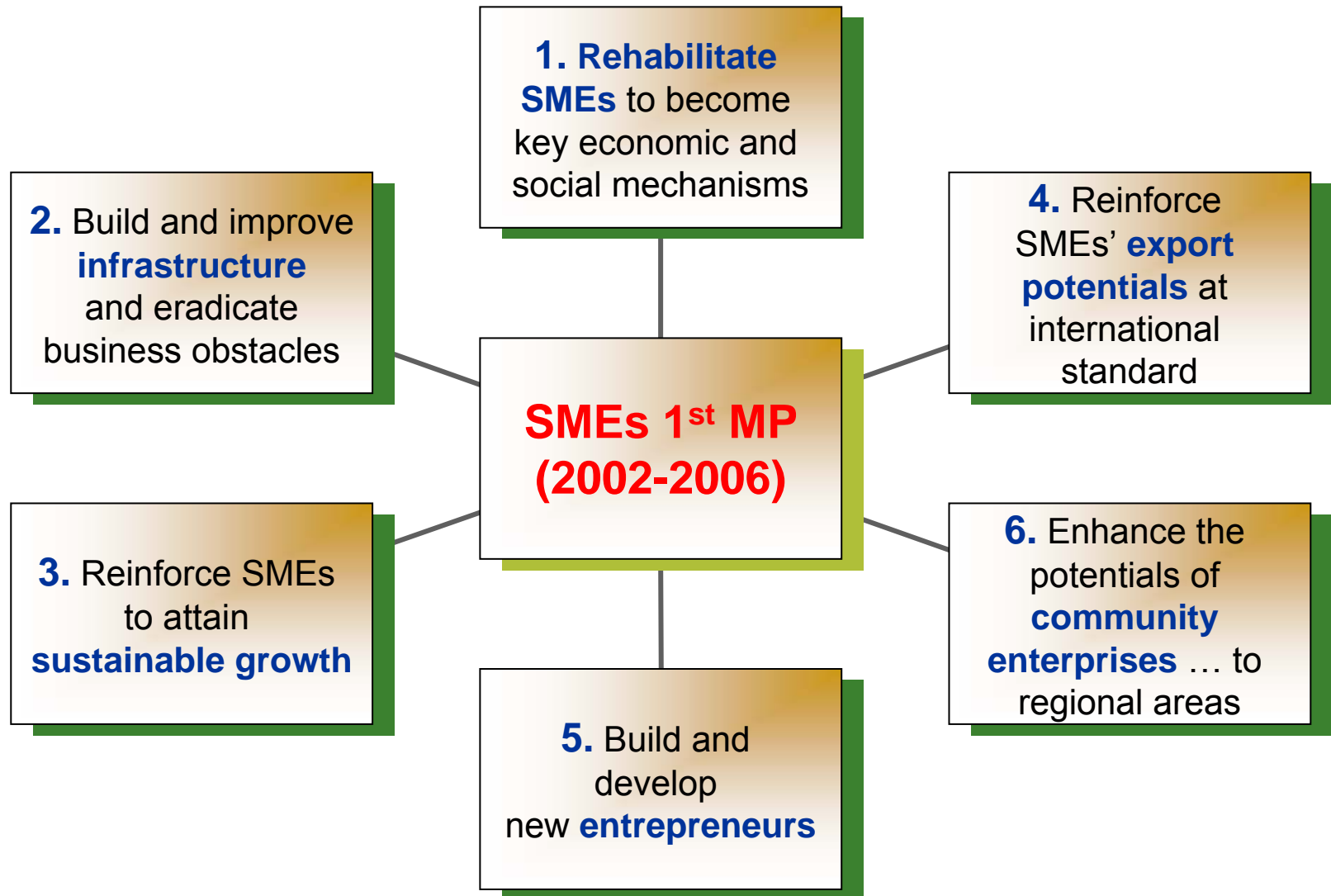


Japanese cooperation (in industry) and its relation to SMEs promotion



Source: created by the authors based on JICA websites in interviews in Thailand

Thailand's first SMEs Promotion Plan



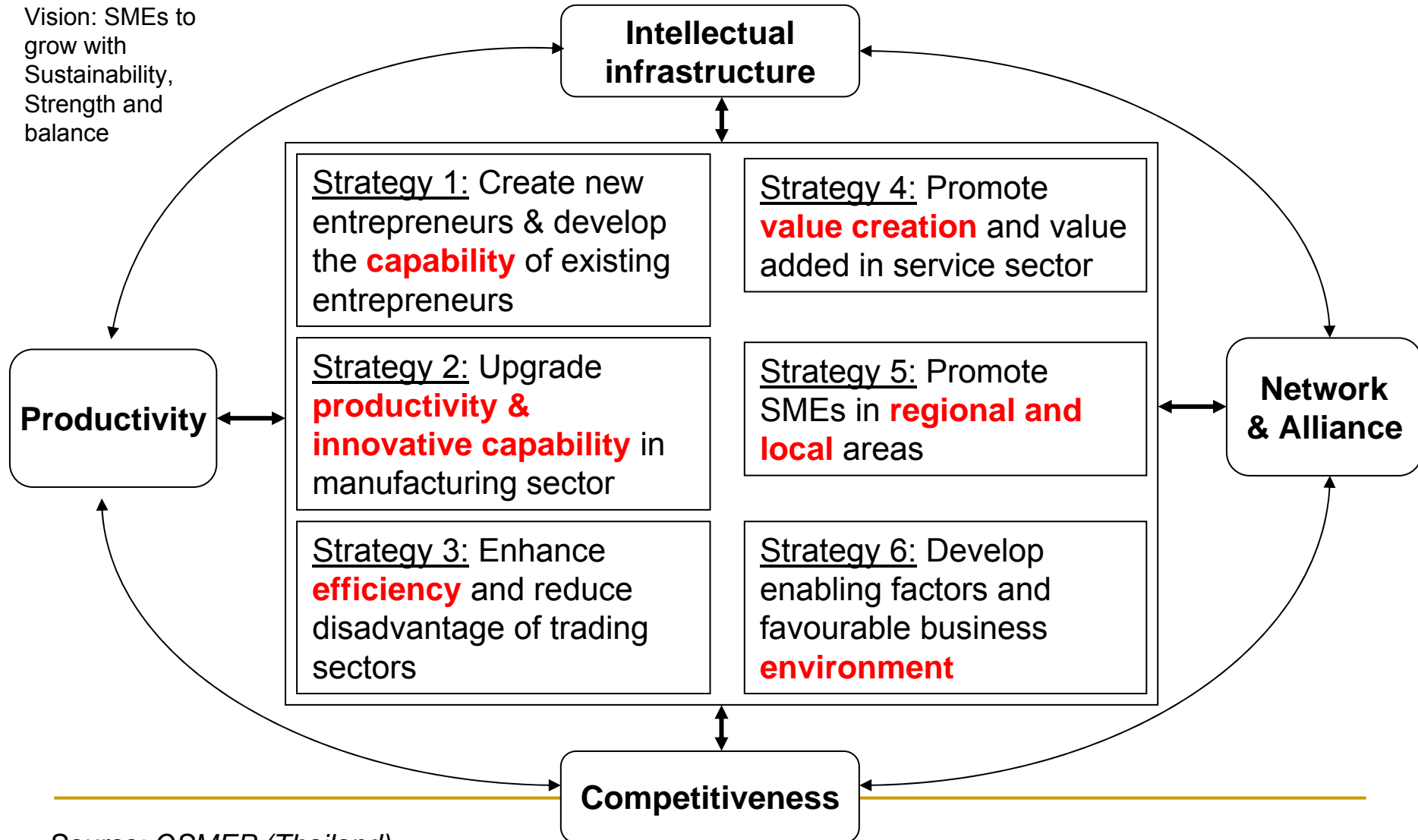
1st SMEs Promotion Plan result

Main objective	Achieved?	Details
1. Ratio of GDP of SMEs to be 50% GDP in 2006	NO	< 40%
2. Annual employees increase by 180,000	YES	410,244 in 2006
3. Labor productivity (industry) increase by 2.5% per annum 2006	YES	4.4 %
4. SMEs' export values grow by at least 6% annually	YES	9.3% in 2006
5. Increase promotion efficiency through the registration of SMEs (72% total of SMEs by 2006)	N.A.	537,360 pers in 2006
6. 50,000 new entrepreneurs annually	NO (nearly)	49,534 in 2005 46,819 in 2006
7. Support vocational groupings to be commercially (10% annually, 6,300 group by 2006)	YES	7,450 in 2005 8,010 in 2006

Source: created by the authors based on OSMEP's documents

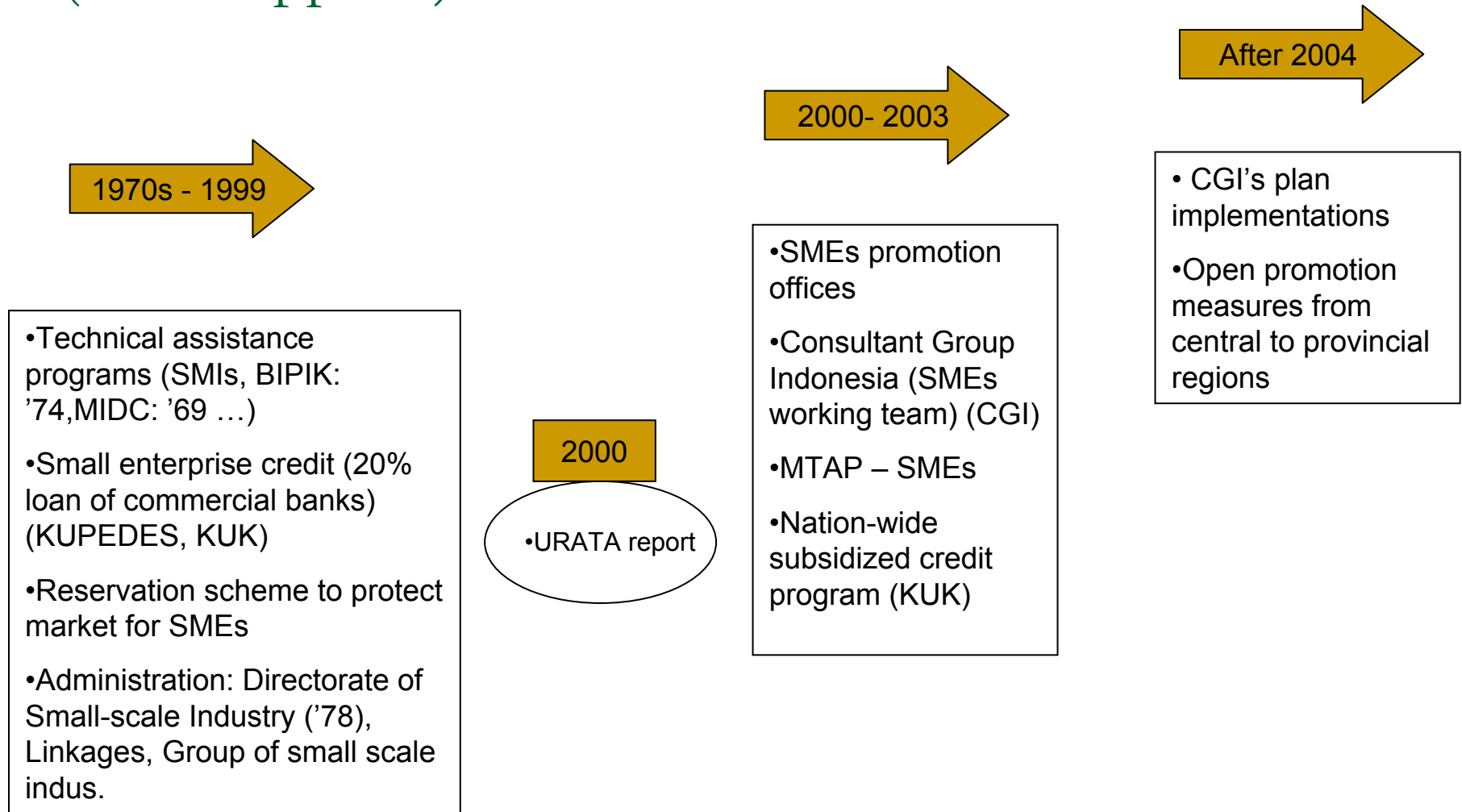
Thailand 2nd Promotion Plan (2007-2011)

Vision: SMEs to grow with Sustainability, Strength and balance

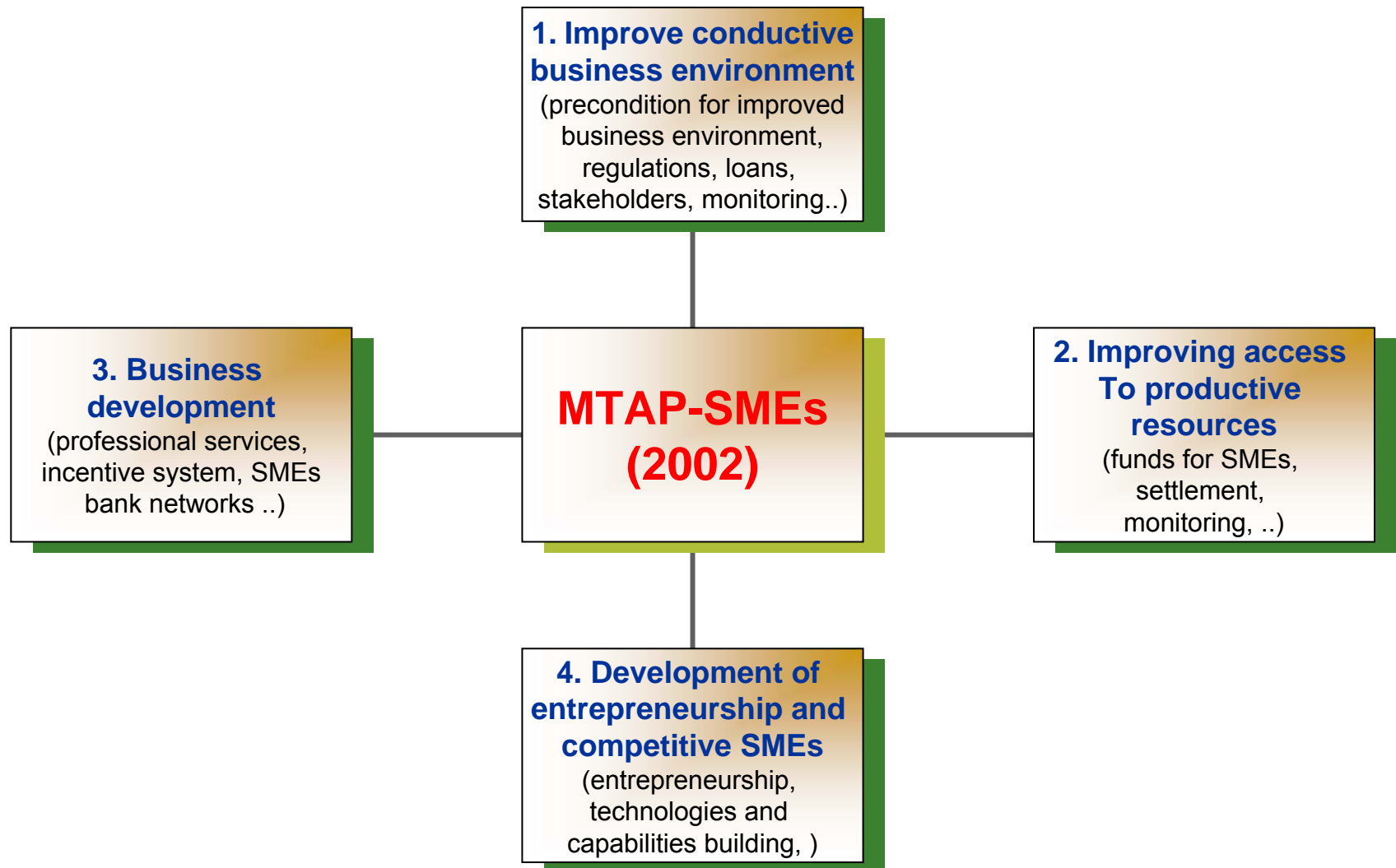


Source: OSMEP (Thailand)

Government Policy for SMEs in Indonesia (main supports)

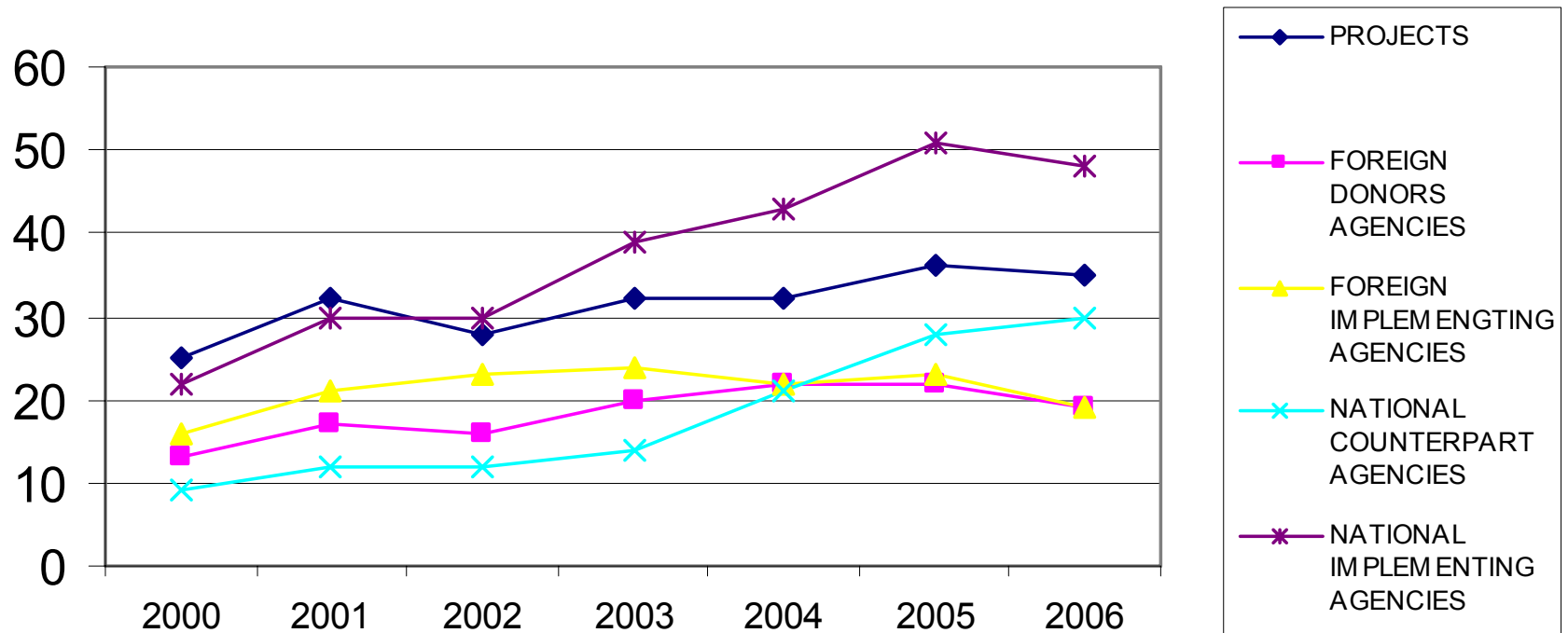


MTAP-SMEs Indonesia 2002 (Matrix of action plan for SMEs)



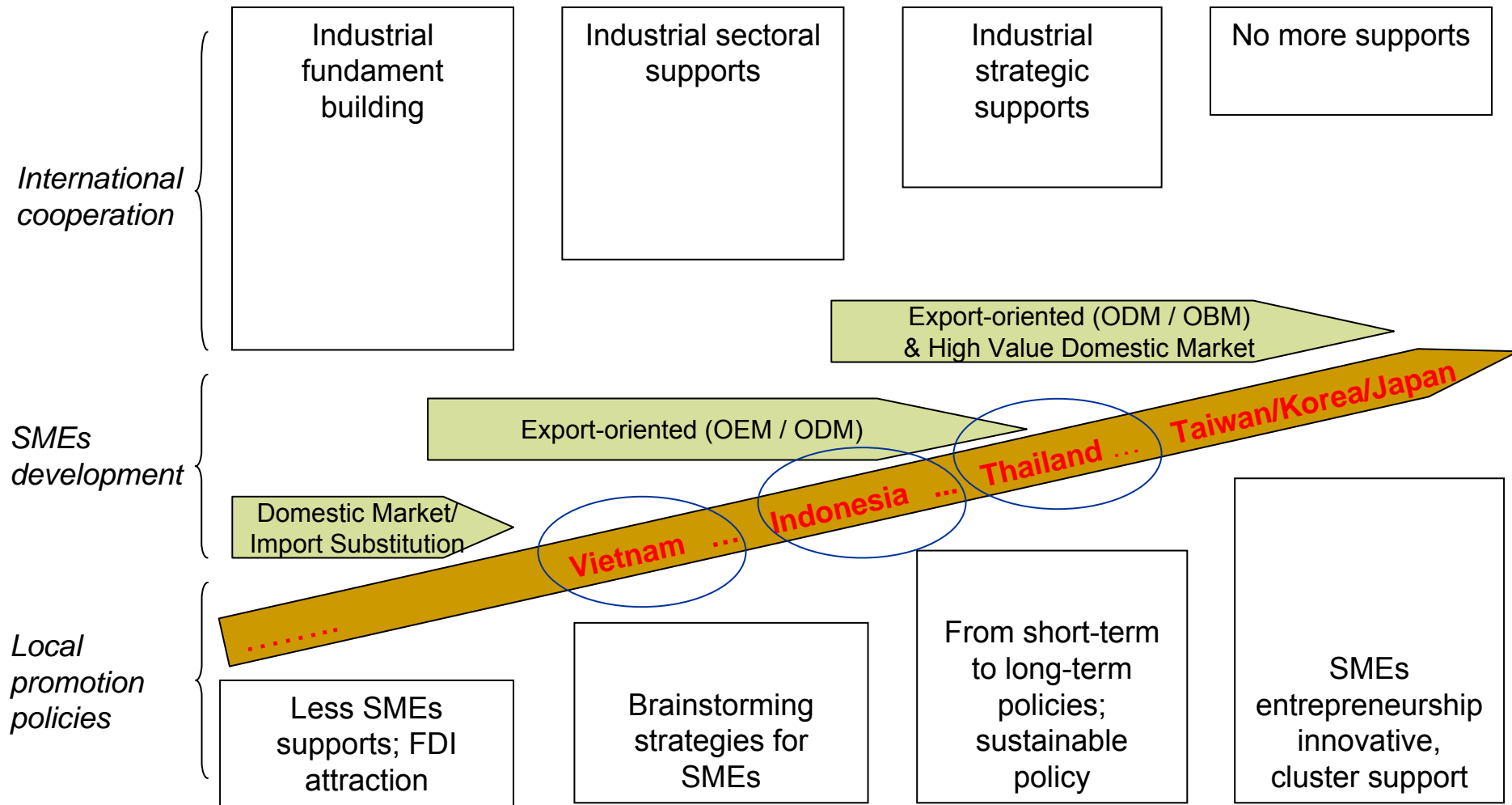
International cooperation in SMEs promotion in Indonesia

Proliferation of Projects, Foreign Donors, National Counterparts and Implementing Agencies



Source: Loebis and Schmitz, 2007

Summary 1: Steps of SMEs development



Source: created by the author with reference from OSMEP Thailand

Summary 2: SMEs policies and implementation

- Cooperation between stakeholders
 - Participants: Government agencies; donors
 - Need a commitment in implementation

- Coordination between government agencies
 - Direct monitoring of PM, DPM
 - Representative of leaders of agencies
 - More cooperation of agencies
 - Have commitment of agencies & implementation
 - Central monitoring
 - Specialization in executing

Summary 3: Comparison between Thailand and Indonesia

Important issues	Thailand (More effective)	Indonesia (Less effective)
Commitment of administration and implementation	Direct commitment of PM (DPM)	Shortage of commitment
Centralization in monitoring	Centralization	Decentralization (regional)
Centralization in executing	Central executing	Decentralized (various ministries)

Lessons for Vietnam

- Stepwise development of SMEs:
From “Where are we?” to “What we do?”
 - Need for background research & dynamic databases
 - Realistic policies for level and context of Vietnam

- Cooperation with international cooperation
 - Group of consultants
 - Matrix of plan
 - Commitment and implementation

Lessons for Vietnam (cont.)

- Centralization and cooperation in SMEs promotion
 - Who will become the center for cooperation?
 - Need a powerful agency directly under PM and DPM
 - SMEs committee
 - How to make a cooperation?
 - Need a leading agency
 - Cooperation from master plan complying
 - Strong commitments within ministries

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Thank you very much !!!