

# LINKAGES FOR SMALL AND MEDIUM ENTERPRISES FINAL EVALUATION BRIEF

This brief summarizes the final evaluation of the USAID Linkages for Small and Medium Enterprises Activity (LinkSME). The evaluation identified lessons and effective approaches and will inform the current activity, Improving Private Sector Competitiveness, and other USAID follow-on activities.

## About LinkSME

The USAID LinkSME Activity (2018–2023) aimed to improve the business environment for small and medium enterprises (SMEs) in Vietnam. The initiative focused on institutionalizing key reforms and strengthening the legal and regulatory framework for SME growth.

## Methodology

The evaluation team used a mixed-methods approach consisting of a literature review, 18 key informant interviews, 10 focus group discussions, a quantitative online survey with 218 responses, and a validation workshop to finetune the evidence.



A woman works with machine.  
Photo Credit: USAID/Vietnam



Market fair with people introducing products. Photo Credit: USAID/Vietnam

## Findings and Conclusions

### Business-Enabling Environment (BEE)

The evaluation team identified three significant LinkSME contributions to the creation of a BEE to strengthen the SME-lead firm (LF) business linkage:

-  Supported the Government of Vietnam (GVN) to formulate and implement 20 important regulations for the business environment.
-  Developed regulatory reform tools and pilot models that helped GVN partners to reduce regulatory compliance costs.
-  Supported the Office of the Government (OOG) to enhance government-to-business interaction by improving the Public Service National Portal and the Business Regulation Reference and Consultation Portal.

Factors that facilitated these efforts included shared goals between USAID and GVN partners on private sector engagement, the strong market demand for linkage between SMEs and global value chains (GVCs), and the highly influential and relevant GVN partners. Two key inhibiting factors were that the BEE reforms were broad-based instead of a focus on SME-LF linkage and the hesitation of SMEs in policy dialogues.

## Linkages

LinkSME applied a four-step approach to facilitate SME-LF linkage:






The Activity flexibly applied the approach by sector and context. Both SMEs and LFs found the approach highly effective and relevant to their demands. LinkSME improved SMEs' capacity in several areas, such as production, quality management, financial and debt management, business partnership, communication, and marketing. Over the Activity's implementation, 1,562 SMEs received support from the U.S. government, 63 improved local economy participation, 280 purchase orders were processed, and the private sector was engaged for \$31.8 million, exceeding targets. LFs confirmed that this was a good start for future business linkage development.

## GVN Coordination

LinkSME's implementation approach and coordination with the OOG and the Ministry of Planning and Investment (MPI) was effective to improve the BEE and capacity of Vietnamese SMEs. GVN partners were relevant: the OOG is charged with the role of coordinating efforts by ministries and provinces to reduce business-related regulations and compliance costs by 20 percent between 2021–2025, while the MPI's Agency for Enterprise Development (AED) is responsible for SME support programs and regulations. LinkSME's effectiveness was fostered by the trust and close cooperation between USAID, GVN partners, and the implementer.

## Recommendations

 <p><b>BEE</b></p>	USAID should continue to support GVN partners on SME-GVC linkage by continuing support to regulatory reforms and administrative reforms especially in SME-GVC linkage, improving the functions and operations of the Business Regulation Reference and Consultation Portal, and increasing the participation of membership-based business supporting organizations (BSOs) in the reform, formulation, and implementation of regulations.
 <p><b>Linkage</b></p>	USAID and GVN partners should continue to promote and adapt the four-step linkage approach with a focus on intensive assistance, expand from SME-LF to business-to-business (B2B) linkages, and further engage BSOs from both Vietnam and buyer countries to broker and support business linkages.
 <p><b>GVN Coordination</b></p>	USAID should promote further localization by selecting strong and relevant partners with shared priorities, maintaining the demand-based approach that helps strengthen the ownership of GVN partners, and increasing the level of technical assistance implemented by local consultants and BSOs.

To read the full report, please visit [here](#).

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