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# SME NEWSLETTER

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# Message from the Chairman

My dear colleagues:

It is my pleasure to present to you the latest “SME Newsletter”, Volume X for 2020. This publication is a compendium of relevant reports, analyses and educational news, many of them abbreviated, concerning the SME sector in the region.

Recent developments in Australia, Bangladesh and India indicate better financing opportunities for SMEs, while technology in Azerbaijan is facilitating e-trade to power up startups. Indonesia is also using technology in the HR area for SMEs.

In the Philippines and Sri Lanka, commercial banks are allocating SMEs’ funds to mainstream their financing, while the Vietnam government is helping fund SME development. Indeed, it appears that all over Asia, financing needs are being gradually met in different shapes and forms. The 2020 SMEs’ outlook is positive.

We hope this latest edition of the SME newsletter will give you a better understanding of the latest development in the region’s SME sector.

Enjoy your reading!

***George Abraham***
*Chairman of SME Development Council*
*CACCI*

# Australia: Greensill shrugs off ASBFEO supply chain finance review

*East & Partners, Australia,Regulatory & Government,SME,Trade Finance, 4 November 2019*

The Australian Small Business and Family Enterprise Ombudsman (ASBFEO) announced a review into the impact of supply chain financing on SMEs.

The review will look at specific industry sectors, along with the broader impacts on small businesses using this finance and related reporting practices by big business with a final report released in April 2020.

The review will examine how small businesses can use supply chain finance to better manage cash flow and fund growth while also investigating supply chain finance offerings being used by larger businesses to offset extended payment times. As part of the ASBFEO's review into payment times, consultations with large businesses revealed that supply chain finance arrangements were being offered as an option for earlier payment to suppliers but since then there has been a significant number of small businesses contacting the Ombudsman in relation to supply chain financing issues, coinciding with greater media scrutiny.

"Supply chain finance is a legitimate and effective tool to free-up cash flow for small and family businesses. However, it is totally unacceptable for big businesses to use supply chain financing arrangements as a replacement for reasonable payment terms being offered, 30 days or less from invoice" said Ombudsman Kate Carnell.

"This review will provide a clearer picture on the range of supply chain finance options available on the market and which industries are using these products. More large businesses are offering supply chain finance to small businesses and we are keen to find out what's driving that. The review will investigate whether supply chain finance is being used by big business to stretch out formal payment terms and as a strategy to manipulate the reporting of working capital and cash reserves" Ms Carnell added.

The review is commencing amid Greensill, a leading non-bank provider of working capital finance for companies globally, securing an additional US$655 million investment from the SoftBank Vision Fund on top of the US$800 million investment made in Q2 2019. Proceeds will be used to accelerate Greensill's international expansion plans and to finance strategic acquisitions of complementary businesses into the Greensill family, continuing its 'track record of disrupting traditional financing'. Since 2018 Greensill has raised more than US$1.7 billion from leading institutional investors, General Atlantic and SoftBank Vision Fund.

"We believe Greensill is transforming global access to working capital through its innovative business model. By unlocking billions of dollars in supply chains around the world, we believe Greensill continues to play a pioneering role in working capital finance" stated SoftBank Investment Advisers Managing Partner and SoftBank Vision Fund Manager, Colin Fan.

Greensill Founder and CEO Lex Greensill won the 2019 EY Australian Entrepreneur of the Year award, stating that the award was recognition his company was making capital more accessible and he believed Australian companies were moving to shorter payment times and treating smaller suppliers better.

"I think there's a broad recognition amongst business and government that is the direction and technology has a role to play as well. "What worries me is that this becomes something of a witch hunt. We think that our supply chain finance tech is allowing businesses to access capital at a cost of just over 1% per annum. The great thing about the tech we deliver is it's giving completely democratic access to that low cost capital. In fact, the alternative to this is people using overdrafts or old fashioned factoring, which is vastly more expensive" Mr Greensill commented in response to the ASBFEO review.

"My sense is that the ASX50 tells you a clear message - there's a big weighting in the direction of Australia's biggest financial institutions. It seems amazing and wrong. The 'march of the fintechs' will hopefully cause incumbents to 'lift their game'" he added.

Small businesses and family enterprises who have had experience with supply chain financing can contribute to the Ombudsman's review via inquiries@asbfeo.gov.au

## Major banks reject one in four small businesses for loans

*The Sydney Morning Herald, Cara Waters, 8 October 2019*

Challenger bank Judo has claimed that one out of every four requests by small to medium businesses for loans is rejected by the big banks, in what it described as a sign of "significant market failure".

Judo's 2019 SME Banking Insight Report found Australian SMEs are facing a funding gap of A$91 billion (US$60 billion), up from A$83 billion (US$54.9 billion) in 2018.

The claims come after the Sydney Morning Herald and The Age revealed the competition regulator is planning to push ahead with fresh inquiry into competition in the banking sector, and may interview neo-banks as part of that process.

Judo launched in 2018 with the aim of providing an alternative to the major banks for SMEs and is on track to close the calendar year with a lending book of A$1 billion (US$660 milllion.)

Judo commissioned East & Partners to survey 1751 SMEs with turnover of A$1 million (US$660 thousand) to A$50 million (US$33 million) and found 46.3% of SMEs sought new finance 2018's financial year for an average value of A$1.1 million (US$660 thousand.)

***Joseph Healy and David Hornery are the founders of SME challenger bank Judo (Credit: Cole Bennetts)***

A similar proportion, 46.4%, will seek to increase borrowings this financial year for an average sum of A$1.2 million (US$790 thousand.)

Of those businesses which sought new funding 74.8% were successful in obtaining an average sum of $A800,000 (US$529 thousand) while 2.5% reported failed applications for an average sum of A$2 million (US$1.32 million.)

***The customers have been conditioned not to even bother applying now.***

***Chris Bayliss***

Joseph Healy, co-founder and chief executive of Judo, said there was a "significant market failure" in the way the major banks dealt with SMEs.

Chris Bayliss, chief financial officer at Judo, said the research findings contrast with the claims made by the big four banks that the problem is a lack of demand from SMEs for loans instead of a lack of capital.

"Nothing could be further from the truth," he said. "When you've got the Australian Bankers Association, saying that this is a demand issue, not a supply issue and actually their approval rates are very high ... that's because the customers have been conditioned not to even bother applying now."

***Anna Bligh said 94% of small business loans are approved (Credit: James Alcock)***

Anna Bligh, chief executive of the Australian Banking Association, disputed the findings.

"Australia’s banks are ready and willing to lend to small business with our own latest data showing 94% of small business loans are approved, which has remained steady for the last five years," she said. "Banks understand that small businesses might be hesitant in applying for finance for fear of getting knocked back however there is no better time to contact your bank about a loan."

Ganesh Chandrasekkar, general manager of SME Banking at Westpac, said the bank approved 93% of lending requests received and had loans out to around one third of its 750,000 small business customers.

Adam Bennett, group executive of business and private banking at Commonwealth Bank, said 2018 financial year the bank lent $36 billion to businesses across Australia and this year was "committed to lending even more".

# Future of the small business landscape

*The Sydney Morning Herald, Nina Hendy, 1 November 2019*

***This is sponsored content for TAFE NSW***

Australia’s small business fraternity are firing on all cylinders. But what does the future hold for this dynamic sector? It can be difficult for small business owners to know – in fact, the only constant in business is change.

Despite this, small business confidence is strong, with 57% of businesses now confident in their prospects over the next 12 months, according to research by Sensis.

Overall, 22% of businesses expect an improvement in the economy in the next 12 months.


***57% of small businesses are now confident in their prospects over the next 12 months, experts say (Credit: Getty)***

Metropolitan businesses are feeling somewhat more confident (58%) than their regional counterparts (52%), with 52% of SME owners and managers expecting significant or moderate expansion in the coming 12 months, the latest Sensis Business Index shows.

### Revenue growth predicted

The September 2019 SME Growth Index – surveying more than a thousand businesses with annual revenues of A$1-$20 million (US$660 thousand – US$13.2 million) – shows a two-and-a-half-year high in revenue sentiment among SMEs.

It revealed that more than half (54.6%) expect revenue growth for the back half of 2019, predicting an average 5.1% revenue increase. Improved cash flow was also reported by regional SMEs and 54.3% of city-based small businesses.

Many small businesses are buoyed by the prospect of future growth, with one in 10 in a constant state of expansion.

Meanwhile, investment made by businesses over the past year also demonstrates a focus on growth – with winning new customers, investing in new machinery, hiring new staff and increasing marketing sitting in the top five areas of investment, a NAB white paper on SMEs reveals.

### Looking to the future

According to TAFE NSW business management teacher Anthony Jones, sticking with traditional approaches and believing it will suffice in the future is holding many small businesses back – particularly if they're exposed to a shrinking market.

"It's important to work on your business, rather than always working in your business to ensure you're set up to compete," says Jones, adding that recognition of competition is an integral factor.

***Traditional approaches are holding businesses back, says TAFE NSW business management teacher Anthony Jones (Credit: Getty)***

"Even when it comes to advertising your business, you need to look at where your audience is and how to reach them in a more effective way. Businesses with a unique service will struggle if they continue to rely on word of mouth into the future."

### Accessing finance

Planning ahead when it comes to funding business growth is paramount given that access to finance remains a significant issue for SMEs. The Sensis research reveals that 30% of business owners and managers believe it's harder to access finance than it was six months ago.

The report also found that a quarter of businesses are using credit cards to access finance, and more than one in five are increasing their overdraft facilities.

“It’s not enough to be really great at what you do; you always need to be looking to the future and making sure you have an attractive offer that continues to appeal to your constantly-shifting target market,” Jones says.

Continuously looking for ways to keep things current and fresh is key, he adds.

Take control of your small business with fully subsidised Skills for Business training from TAFE NSW. Learn more and check if you’re eligible.

## Azerbaijan Minister: Over 2,000 startups joined the I2B From Idea to Business project

*Azer News, Leman Mammadova, 21 October 2019*

More than 2,000 startups have joined the I2B - From Idea to Business project, which shows the project’s success and its popularity among young people, Azerbaijani Minister of Transport, Communications and High Technologies Ramin Guluzade has said.

Guluzade made the remarks during the final ceremony of the "I2B - From Idea to Business" project held on October 18 as part of the Innovation Week, where the winners of 2019 were determined.

Guluzade noted that one of the tasks of the Ministry is to support innovative development. In his words, the Innovation Agency under the Ministry supports start-ups in the implementation of business ideas.

“Various projects, trainings, competitions are held to expand the startup movement, the development of innovative thinking among young people, their active involvement in this process. The startup tours ‘I2B - From Idea to Business’ held in Baku and the regions serve precisely this purpose,” he stressed.

Pointing to the opportunities created for startups at the InnoCamp innovation camp in Shamakhi, Guluzade noted the importance of such events in the formation and development of an innovative ecosystem in the country.

“Currently, the process of formation of the innovation ecosystem in Azerbaijan is rapidly developing,” Alessandro Fracassetti, UNDP Resident Representative for Azerbaijan said. Fracassetti emphasized that the UNDP supports the start-up movement in Azerbaijan, the implementation of innovations in education, agriculture and the environment.

During the final ceremony, held at the Heydar Aliyev Center as part of InnoWeek - Innovation Week, the best winners of startup tours held in Baku and the regions in 2019 were determined.

As many as 153 teams took part in startup tours conducted in 12 regions of the country. During startup tours, representatives of government agencies, various incubation centers, technology parks, as well as well-known ICT companies organized trainings and seminars for participants on the ecosystem of startups, ways to turn their ideas into business.

In the startup tours organized in Baku, Sumgait, Shamakhi, Sheki, Zagatala, Tovuz, Goychay, Ganja, Lankaran, Mingachevir, Sabirabad and Nakhchivan, 17 teams reached the semifinals. And the 10 teams that passed the final selection stage got the right to compete in the final of the project “I2B - From Idea to Business”.

At  the last stage, the finalists, including Heal With (Baku), Health Bag (Goychay), PayPort (Nakhchivan), Palliativ Plus (Baku), Chameleon (Baku), OSHE-01 (Shirvan), Professional (Nakhchivan), Nano Desal (Baku), Biobone (Ganja), Agroshare (Baku), presented their projects to a jury, and answered questions related to projects during the allotted time.

The projects have been evaluated according to criteria such as the uniqueness of the idea, market potential, the period of return on investment, the time required to develop a preliminary service/prototype, the team's ability to realize the idea.

Thus, “Heal With” team was announced the winner of the “I2B - From Idea to Business” project. In addition, “Buqelemun” team was ranked in the second place, while “Palliativ Plus” team in the third.

The organizers and partners will provide financial support to the first three winners to turn their ideas into business.

The winners will be able to present their projects at the 25th international exhibition and conference "Telecommunications, Innovations and High Technologies" Bakutel, which will be held on December 3-6.

The project "I2B - From Idea to Business" was implemented jointly by the Ministry of Transport, Communications and High Technologies, the Regional Development Public Union of Heydar Aliyev Foundation, Azerbaijan Youth Foundation, the UNDP, Microsoft and Azercell.

Startup tours under the project "I2B - From Idea to Business" are envisaged to continue in the next years.

# Azerbaijan to increase share of e-trade

*Azer News, Leman Mammadova, 22 October 2019*

Azerbaijan aims to increase the share of e-trade in the domestic market, Ramin Guluzade, the Minister of Transport, Communications and High Technologies has said.

He made the remarks at the opening of the second Baku E-Trade Forum (BEF - 2019) on October 21 organized as part of the InnoWeek - Innovation Week.

Guluzade said that the development of an innovative economy is proceeding rapidly in Azerbaijan. “Approved strategic roadmaps for the national economy and key sectors of the economy are being successfully implemented. This, in turn, as in all areas, creates a favorable environment for the development of e-trade,” he said.

He noted that the internet banking is developing in Azerbaijan, and many public and private companies are operating in the field of logistics. “As a result, e-trade offers many products and services across the country through numerous sites and platforms.”

Guluzade pointed out that the success has been seen in the sale of travel services, tickets and hotel bookings, information technology, clothing and food through e-trade.

“In general, although the dynamics of the development of e-trade in our country is high, our Internet users mainly place orders on well-known foreign e-trade platforms. Our goal is to increase the share of e-trade in the domestic market, while promoting e-trade entering our national products, in foreign markets,” he said.

Referring to the importance of international cooperation in the development of e-trade, Guluzade noted the expansion of cooperation within the framework of the European Commission's initiative to harmonize the digital markets of the Eastern Partnership countries in such areas as the development of legislation for the mutual recognition of e-signatures, cross-border data exchange, and cybersecurity.


“The fact that today the EU institutions are among the partners of the BEF is also a confirmation of this cooperation,” he said.

Delivering a speech, Alim Guliyev, First Deputy Chairman at Central Bank of Azerbaijan, said that in 2018, global retail trade turnover was US$24 trillion, of which US$3 trillion accounted for e-trade and accounted for 12% of turnover.

“The previous figure was 10%. By late 2019, e-trade is expected to grow by

21% to reach US$3.5 trillion, accounting for 14% of retail trade," he noted.

Guliyev added that in the next five years, e-trade is expected to reach US$6.5 trillion, accounting for 22% of retail trade.

"According to forecasts, by the end of this year, a quarter of the world's population will be a digital buyer. This is about 2 billion people. Estimates show that by 2040, 95% of the world's population will be trading in digital payments," he pointed out.

All sectors of the economy are rapidly electronizing with the application of smart technologies in the society. E-trade is an integral part of society. E-trade has become an effective mechanism for linking different sectors such as finance, real sector and IT, due to the widespread use of new technologies. The e-trade platform further enhances the ability of small and medium-sized enterprises (SMEs) to compete with large corporations. Digitalization provides young people with affordable opportunities to build their own businesses that do not require large financial resources. For this reason, e-trade has become an attractive platform for SMEs.

Later, Orkhan Mammadov, Chairman of the Board of the Agency for Development of SMEs, stressed that the Agency is ready to take an active part in the process of increasing the share of e-trade and to support further initiatives.

The two-day forum, which is organized by the Ministry of Transport, Communications and High Technologies, the European Union and in partnership of PASHA Bank, was attended by representatives of international organizations, government agencies, public organizations, micro, small and medium-sized businesses, investors, experts and startuppers.

The first day of the forum covered four sessions, including "E-Trade Regulatory Policies in Government and Intergovernmental Approach", "New technological trends in e-trade infrastructure: prospects and threats", "Online payment systems and digital solutions"  and "Smart" borders: opportunities for trade, tourism and logistics".

On the second day, trainings will be organized on business models, cybersecurity and data protection, marketing behavior and trends.

BEF, held for the second time in Azerbaijan, is an important platform to discuss the latest innovations and positive trends in the field of e-trade.

# Easy loans to empower women entrepreneurs in Bangladesh: BB adviser

*The Daily Star, Star Business Desk, 3 November 2019*


***Shitangshu Kumar Sur Chowdhury, adviser and former deputy governor of Bangladesh Bank, Sabbir Ahmed, head of retail banking at Standard Chartered Bangladesh, and Md Safiqul Islam, managing director of SME Foundation, attend a certificate awarding ceremony of a five-day training on "SME Business Management" for women entrepreneurs. Photo: Standard Chartered Bank***

Women should be empowered through the easing of processes and policies they have to go through to avail loans from banks and financial institutions, said an adviser to Bangladesh Bank recently.

"Bangladesh Bank already has a Women Entrepreneurs Development Unit to promote, support, and provide services to women entrepreneurs across the country," said Shitangshu Kumar Sur Chowdhury, also a former deputy governor of the central bank.

"(It) has introduced several policy reforms to facilitate the growth of women entrepreneurs," he said as chief guest at the closing of a five-day training on "SME Business Management", says a press release. Standard Chartered Bangladesh and SME Foundation organised the training for 27 women entrepreneurs working on elderly care, event management, catering, jute and leather product manufacturing and clothes and accessories. "This kind of collaborative training will create more skilled women entrepreneurs in the economy," said Chowdhury.

"Women entrepreneurs have created significant employment opportunities in Bangladesh and have always been one of the key drivers of economic growth," said Sabbir Ahmed, the bank's head of retail banking. He highlighted the importance of aiding women entrepreneur development. The foundation's managing director, Md Safiqul Islam, and management committee members and senior officials from Standard Chartered Bank attended the event.

# Bangladeshi SMEs to get access to finance, market

*Independent Online Desk, 9 September 2019*

***Prime Minister Sheikh Hasina speaks at the Cabinet meeting at her office on September 9, 2019 (Photo: PID)***

The Cabinet approved the draft of SME Policy 2019, aiming to ensure access to finance, technology and market for some 7,800,000 SMEs in the country.

The approval came at the Cabinet meeting held with Prime Minister Sheikh Hasina in the chair at her office, reports UNB.

“The SME Policy will be implemented from 2019 to June 2024,” said Cabinet Secretary Mohammad Shafiul Alam while briefing reporters at the Bangladesh Secretariat after the meeting.

“There’re some 7,800,000 micro, small and medium industrial entities in the SME sector. And the sector’s contribution to the GDP is 25%,” he said.

The policy will ensure six matters for SME investors, which are access to finance, technology, innovation, market, education and training, business support services, and information, said the Cabinet Secretary.

There will be two committees -- a 37-member committee headed by the Industries Minister and a 29-member committee led by the Industries Secretary—to implement the policy, the Cabinet Secretary said.

The strategic objectives of the policy include introducing guarantee fund, providing loan on soft conditions to SMEs, assisting the start-ups, making the startup process easier, provide training, loan and other facilities for women entrepreneurs, preparing data server over SMEs, promoting SMEs to set up environment-friendly industrial enterprises.

Besides, the Cabinet in principle approved the draft of Bangladesh Inland Water Transport Corporation Bill 2019 bringing some minor changes to the existing Bangladesh Inland Water Transport Corporation Order 1972.

“There’s no major change in the new bill,” said the Cabinet Secretary.

As per the bill, the amount of paidup capital for BIWTC is Tk 500 crore (US$58.8 million) and that of the authorised capital also is Tk 500 crore (US$58.8 million), he said.

There will be a six-member board of directors instead of the existing five-member board for the corporation as a joint secretary of the Shipping Ministry will be appointed as a part-time director for it, said Shafiul Alam.

The Cabinet also cleared a proposal to announce the 4th December as the National Textile Day and observe it every year.

The Cabinet expressed deep shock at the death of chairman of Bangladesh Atomic Energy Regulatory Authority Prof Dr Naiyyum Chowdhury.

The Cabinet meeting greeted the Bangladesh women cricket team for clinching the title of the Women’s T20 World Cup Qualifiers beating Thailand in the final held at Dundee, Scotland.

## Digitizing HR work allows Indonesia’s SMEs to focus on human development: Gadjian

*The Jakarta Post, Arya Dipa, 16 September 2019*

A tax officer disseminates information on the tax amnesty in Pasar Baru, Central Jakarta, a centefor micro, small and medium enterprises (MSMEs) in the capital city. Several SMEs have enlisted the help of specialized software to improve efficiency in the workplace. (Antara Photo/Muhammad Adimaja)

As more companies turn to digital technology for workflow assistance, several small and medium enterprises (SMEs) have also enlisted the help of specialized software to improve efficiency in the workplace.

Many entrepreneurs have experienced the need for an app that would enable them to efficiently complete human resources-related tasks such as calculating employee salaries and income tax, managing personal staff data, paying for employees’ health coverage, and keeping track of employee attendance, said Afia Fitriati, CEO and cofounder of Gadjian app.

Gadjian, a homegrown, cloud-based payroll app, has seen a steady increase in enterprise users over the years as SMEs seek to streamline their human resources (HR) department.

“Calculating salaries is a complicated task because there are weekly salaries, daily salaries, monthly salaries and overtime pay. If done manually, it would take a long time. Our app aims to increase efficiency in the workplace so that the HR department may be able to focus on more pressing issues like the development of employees’ capabilities,” Afia said recently.

The start-up, founded three years ago in Bandung, West Java, has amassed clients from various fields of entrepreneurship.


“Various enterprises have used our app, including cafes, boutiques and manufacturing businesses,” Afia said. “We set out to gain 100,000 clients by 2020.”

Afia, who previously worked for a fashion e-commerce platform, said she believed demand for HR-related software would only increase in the next several years as more SMEs recognized the need for digital solutions to HR issues.

“This is our third year. The challenges have mainly stemmed from our own work culture, which discourages HR personnel from trying out new digital solutions. Meanwhile, HR departments in developed countries are already used to experimenting with new software that could help them improve work efficiency," she said.

SMEs have been touted as one of the primary drivers of national economic growth. According to the Cooperatives and Small and Medium Enterprises Ministry, 60 million SMEs are expected to collectively contribute 60.34% of the country's gross domestic product by the end of this year. Furthermore, the ministry also found that the sector represents 97% of the nation's workforce.

The Gadjian app, which was previously only available on Android devices, is now accessible as desktop software. Afia said she had ensured that both versions of Gadjian would prioritize ease of use.

Customers of the Gadjian app are charged Rp 20,000 (US$1.43) per user every month, a significantly lower price compared to other, more conventional HR software, according to Afia.

"Traditional HR software typically charge Rp 100 million (US$7,269) for 100 users. They're not exactly a viable option," she said, adding that the Gadjian app used the United States-based Amazon Web Services for cloud storage.

Afia went on to say that although Gadjian was a cloud-based app, vital information uploaded by its users would remain confidential.

Rifaatun Miladina, a finance department representative of Homservis.com, said digitizing some administration work within the HR function of her company had been very helpful to save time and energy for more productive work. "It's very helpful, especially when it comes to calculating employee salary and general accounting," she said.

## Iran's ISIPO revives 600 idle production units

*Tehran Daily, October 16, 2019*

TEHRAN – Iran Small Industries and Industrial Parks Organization (ISIPO) has revived 600 idle production units since the beginning of the current Iranian calendar year (March 21, 2019), IRNA reported.

According to the Deputy Head of ISIPO Ali Asqar Mosaheb, Industry, Mining and Trade Ministry plans to revive 2,000 idle production units by the end of the current Iranian calendar year (March 20, 2020) of which 1400 units are Small and Medium-sized Enterprises (SME).

"Considering the project's progress, we are expected to reach the target set in this sector by the end of the year," Mosaheb told reporters.

Elaborating on ISIPO’s programs for reviving idle SMEs, the official said “2018, a successful plan for reviving production units was implemented, in which, despite targeting 1,000 units for reactivation, ISIPO was able to bring 1,726 small industrial units back into production.”

Back in August, Deputy Industry Minister Saied Zarandi had announced that the ministry allocated 15 trillion rials (about $357 million) for reviving 2000 idle production units across the country.


“Of the mentioned 2000 units, 1,338 are based in the industrial parks across the country and currently 400 of them are back into operation,” Zarandi had said. The official also said the ministry plans to support increasing the production capacity of 4,200 production units across the country.

Earlier that month, ISIPO head had also announced that the organization was following major programs in order to revive idle units and to help them to get back into business.

Speaking in a press conference Mohsen Salehinia mentioned some of his organization’s plans for supporting SMEs, noting that the industry ministry was also fully supporting ISIPO’s efforts in this regards.

“Although the SMEs have the potential to provide nearly 900,000 job opportunities across the country, but currently 22% of the SMEs are idle and there are only 710,000 people working in active units,” Salehinia said.

ISIPO plans to help revive 1300 idle SMEs by the end of the current Iranian calendar year, Salehinia said.

# 1,100 Iranian SMEs exporting domestic products to global markets

*[Tehran Times](), August 10, 2019*

TEHRAN – More than 33,000 small and medium-sized enterprises (SMEs) are currently active in Iran of which 1,100 are exporting their products and services to foreign destinations, head of Iran Small Industries and Industrial Parks Organization (ISIPO) announced.

According to Mohsen Salehinia, currently 43,650 SMEs are based in over 800 industrial parks across the country, of which nearly 78% or 33,800 are active.

Salehinia made the remarks in a press conference held on the occasion of National SMEs Day at Iran's Industry, Mining and Trade Ministry.

What follows is a summary of the official's remarks in this event.

## Plans for reviving idle SMEs

Underlining the importance of SMEs in the country's economy, the official mentioned some of his organization's plans for supporting such enterprises, noting that the industry ministry is also fully supporting ISIPO's efforts in this regards.

"Although the SMEs have the potential to provide nearly 900,000 job opportunities across the country, but currently 22% of the SMEs are idle and there are only 710,000 people working in active units," Salehinia said.

One of the major programs that ISIPO is following regarding the SMEs is reviving idle units and helping them to get back into business.

"ISIPO plans to help revive 1300 idle SMEs by the end of the current year [Iranian calendar year which ends on March 19, 2020]," Salehinia said.

### Activities and exports

Elsewhere in his remarks the ISIPO head mentioned the Iranian SMEs major areas of activities, saying “Iranian SMEs are currently operating in a variety of areas including industry, petrochemicals, food sector, energy and etc.”

According to the data provided by the official, nearly 17% of the country’s SMEs are active in the food industry, while 22% are working in petrochemicals sector, 27% in steel and metal products, 12% in non-metal minerals, 5% in textile, 6% in services, 6% in cellulose products and etc.

The official noted that SMEs exported about US$4 billion worth of commodities in the past Iranian calendar year (ended on March 20, 2019).

He further said that for the time being, 210 foreign investors are collaborating with Iranian SMEs by which US$2 billion worth of investment has been attracted. “Over 68 export consortiums have also been formed by domestic SMEs in order to export similar products,” he added.

### ISIPO plans for supporting SMEs

Further in his remarks, Salehinia mentioned some of his organization’s plans and programs for supporting the country’s small and medium-sized enterprises including financial support through government funds and the budget allocated for supporting domestic production and providing guarantee for SMEs which require bank facilities through the country’s Small Industries Investment Guarantee Fund.

“The guarantee fund’s current capital stands at 1.1 trillion rials (about $26 million) which is planned to be doubled in near future,” he said.

Holding training courses, supporting SMEs participation in international exhibitions, supporting SMEs research and study projects, and supporting knowledge-based SMEs were some other programs which ISIPO is following to help SMEs expand their activities, according to the official.

### Keeping up with the world

One other major issue which was stressed by the deputy industry minister, was the significance of staying in touch with the world knowledge and keeping the country’s SMEs up to date.

In this regard the official mentioned technological collaboration with South Korea, China, Germany and some other countries’ knowledge-based institutions and organizations with the aim of transferring knowledge into the country and using the two sides’ experiences and expertise to improve the SMEs performance.

“Despite the U.S. sanctions, our technological collaborations with many of the world’s great knowledge centers are intact and we are even trying to sign agreements with new research partners,” Salehinia stated.

“We are currently collaborating with the German Corporation for International Cooperation (known as GIZ) and a delegation is slated to visit the European country in [Iranian calendar month of] Shahrivar (August 23-September 22),” he added.

# Seoul to offer tax benefits to SMEs with virus losses

*The Korea Herald, Bae Hyunjung, 5 February 2020*

Government promises tax benefits for affected businesses, strong measures to prevent monopolies of masks and sanitizers.

***Deputy Prime Minister and Finance Minister Hong Nam-ki chairs a meeting of economy-related ministers at Seoul Government Complex (Yonhap)***

The South Korean government said that it will offer special tax benefits to owner-operators and small businesses, in an effort to minimize the economic impact of the new coronavirus outbreak.

It also vowed to prevent mass outbound shipments of face masks and hand sanitizers, of which supplies are running low amid the increasing number of confirmed cases here.

"(The government) will prescreen the mass outbound shipments by changing export procedures for masks and hand sanitizers," said Deputy Prime Minister and Finance Minister Hong Nam-ki in a meeting of economy-related ministers at the Seoul Government Complex.

The meeting was attended by Welfare Minister Park Neung-hoo, Labor Minister Lee Jae-kap, Land Minister Kim Hyun-mee, SME Minister Park Young-sun, Financial Services Commission Chairman Eun Sung-soo and Korea Customs Service Commissioner Roh Suk-hwan.

Normally, preregistered business-to-customer exporters have access to simplified customs procedures. In light of recent circumstances, however, outbound shipments of more than 1,000 units or 2 million won ($1,685) worth of masks and sanitizers will have to follow regular procedures.

“For (exporters) suspected of cornering and hoarding, we shall hold the customs clearance process and request prosecution of the case,” the fiscal chief said.

Also, authorities effectuated a special market regulation banning the monopolization of masks and hand sanitizers, which is punishable by up to two years in jail or a fine of 50 million won. A pan-government control team, comprising the National Police Agency and the Korea Customs Service, will be in charge of surveillance.

The government also confirmed its plans to alleviate the tax burden for owner-operators and small businesses struggling with the effects of the coronavirus outbreak and consequent shutdowns.

Depending on the type and size of the business, SMEs and owner-operators may have their tax payment due dates extended by a maximum of 12 months, or even have their tax investigations halted or postponed.

For those experiencing losses as a result of the shutdown of Chinese manufacturers, the government will offer special round-the-clock customs clearance procedures, he added.

Seoul has been keeping a close watch on industries that were directly impacted by the virus -- exporters, hotels, restaurants and transportation services. Asia’s fourth-largest economy has 18 confirmed cases of the virus, which originated in the central Chinese city of Wuhan. The virus has so far killed about 490 people in China’s Hubei province, of which Wuhan is the capital.

## Malaysia’s AmBank to allow instalment deferments, restructuring for virus-affected clients

*The Sun Daily, 11 February 2020*

PETALING JAYA - AmBank Group will allow temporary deferment or restructuring of instalment repayments for its individual and SME customers in the wake of the novel coronavirus (2019-nCoV).

In a statement this morning, group CEO Datuk Sulaiman Mohd Tahir (pix) said the group is committed to assisting its customers during this difficult period.

“This is a trying time for everyone in Malaysia, and globally as well. As a caring bank, AmBank is sympathetic towards the plight of our customers, particularly individuals and SMEs, who are affected by the 2019-nCoV,” he said.

Individual and SME customers who are affected by the 2019-nCoV may approach AmBank, which will then evaluate and consider offering temporary deferment or restructuring of instalment repayments to ease the burden of its customers, who are more susceptible to the adverse impact arising from the 2019-nCoV.

In addition to this, AmMetLife and AmMetLife Takaful have introduced supportive financial relief to assist policy owners.

Both insurance companies will cover hospital admission due to 2019-nCoV, as the Health Ministry currently requires treatment to be undertaken at designated government hospitals.

## Promoting SME in Pakistan

*Dawn, Editorial, 9 December 2019*

PRIME Minister Imran Khan acknowledged the importance of small and medium enterprises in the country’s economic progress and their role in employment generation.

He promised to enhance their access to banking credit and to reshape policies to create an environment to facilitate operations and doing business. Distributing cheques to the recipients of subsidised business loans under his government’s Kamyab Jawan Programme, he reiterated his commitment to promote SMEs.

A few days ago, the economic affairs minister spoke of the government’s efforts to push the development of SMEs, saying it was formulating a new policy and planned to increase the number of SME borrowers from 170,000 to 700,000 by 2023.

The SME sector is considered to be the backbone of any economy. No country has achieved sustainable economic growth and created jobs without promoting SMEs. It is generally estimated that SMEs create nine out of every 10 jobs.

They are an integral part of the supply chains in the economic sector. In Pakistan, they are responsible for 60% of the total jobs, and contribute 30% to GDP and around 25% to export revenues. Yet the sector remains one of the most neglected areas, especially when it comes to access to formal finance.

SMEs are facing a massive financial gap. Over the last one decade, the share of SMEs in the total private sector credit declined to 7.5% — as compared to 20% in Bangladesh and 29% in Turkey — from a peak of 17% in 2006.

Governments have taken policy initiatives over the last two decades for resolving multiple issues facing the SME sector to create a favourable regulatory framework and increase their access to formal finance.

But none has yielded the desired results because of the lack of a focused approach and political support. State Bank efforts to push the commercial banks to enhance their SME loan portfolios too have fallen through. No future policy or effort is likely to succeed unless these are backed at the highest level, just as Mr Khan is supporting his Digital Pakistan initiative.

## RCBC, fintechs launch P100 billion fund for Philippines MSMEs

*The Philipppine Star, Lawrence Agcaoili, 22 December 2019*

MANILA - Yuchengco-led Rizal Commercial Banking Corp. (RCBC) has partnered with financial technology firms (fintechs) led by Acudeen Technologies Inc. to launch a P100-billion (US$1.9 million) fund for micro, small and medium enterprises (MSMEs).


***RCBC president and chief executive officer Eugene Acevedo said access to finance has been among the challenges faced by MSMEs and the agriculture sector because banks require hard collateral, which borrowers do not have***

However, RCBC took the lead in launching ASEAN's first MSME Opportunity Fund to jumpstart the banking and fintech industry in creating markets and encouraging the private sector to utilize movable assets as collateral especially with the passage of Republic Act 11057 or the Personal Property Security Act (PPSA).

Now, PPSA allows the use of movable collaterals, such as account receivables, crops, farm equipment, warehouse receipts, bank accounts, and even future harvest.

“This pioneering initiative promotes innovation by giving all stakeholders the opportunity to offer creative solutions to sustainability challenges, especially in empowering our entrepreneurs in exponentially growing our MSME sector,” Acevedo said.

The open-ended fund will provide alternative funding for capital and operational requirements of MSMEs through the sale and purchase of invoice receivables and other movable assets registered by invoice receipts, certificates, or contracts as defined by the law.

It will be covered by a sovereign guarantee through PhilGuarantee to ensure the quality of underwriting and receivables assets.

A review of underwriting tools will be done and preference may be for shorter duration for loans/receivables including due diligence on the company providing long historical data.

This initiative hopes to address the MSME funding gap in the Philippines worth US$2 billion as of 2017 per IFC Enterprise Finance Group. Global trade finance gap amounts to US$1.5 trillion, 40% of which is from Asia Pacific region.

According to the Business and Sustainable Development Commission, sustainable business models could open economic opportunities worth US$12 trillion and create 380 million jobs by 2030 globally.

The pilot will initially cover Acudeen Technologies, a receivable factoring exchange that facilitates the buying and selling of SME invoices through its platform.

Deutsche Factoring Bank and Taishin Bank recently signed agreements with Acudeen to provide guarantees on export related receivables in the exchange.

The deal made it possible for the tech firm to attract more financial institutions like RCBC to consider investing in the movable asset space.

Lito Villanueva, executive vice president and chief innovation and inclusion officer at RCBC, said the next immediate step is to get the collateral registry operational as soon as possible and then quickly build up a real movable asset finance market with a diversified range of products and with as many players as possible from both banks and non-banks.

“A substantive movables finance market will mean, for example, that at least 30% of all commercial lending in the Philippines involve movable assets,” Villanueva said.

Acudeen founder Magellan Fetalino said they expect two more major banks to participate in the first half of 2020.

“The entry of RCBC proves that we have put to life a bank-grade machinery that is instrumental in putting PPSA at work, and in really helping out our entrepreneurs in the country," Fetalino said.

Agriculture and MSME sectors form the backbone of the Philippine economy. MSMEs account for 99.6% of the country's enterprises and generate 61.6% of employment.

"We really need to leverage technology to help our businesses, including MSMEs, thrive, compete, and grow while implementing regulations that reduce financial risks and boost confidence for MSME finance," Finance undersecretary and chief economist Gil Beltran said.

## Russia's small businesses contribute just 20% of economy

*The Moscow Times, 28 January 2020*

The importance of SMEs to the Russian economy is falling, despite government targets.

***The Russian government wants to increase the contribution of small businesses to the economyAnton Kardashov / Moskva News Agency***

Small and medium-sized enterprises (SMEs) make up just a fifth of Russia's economy, the national statistics agency Rosstat has assessed.

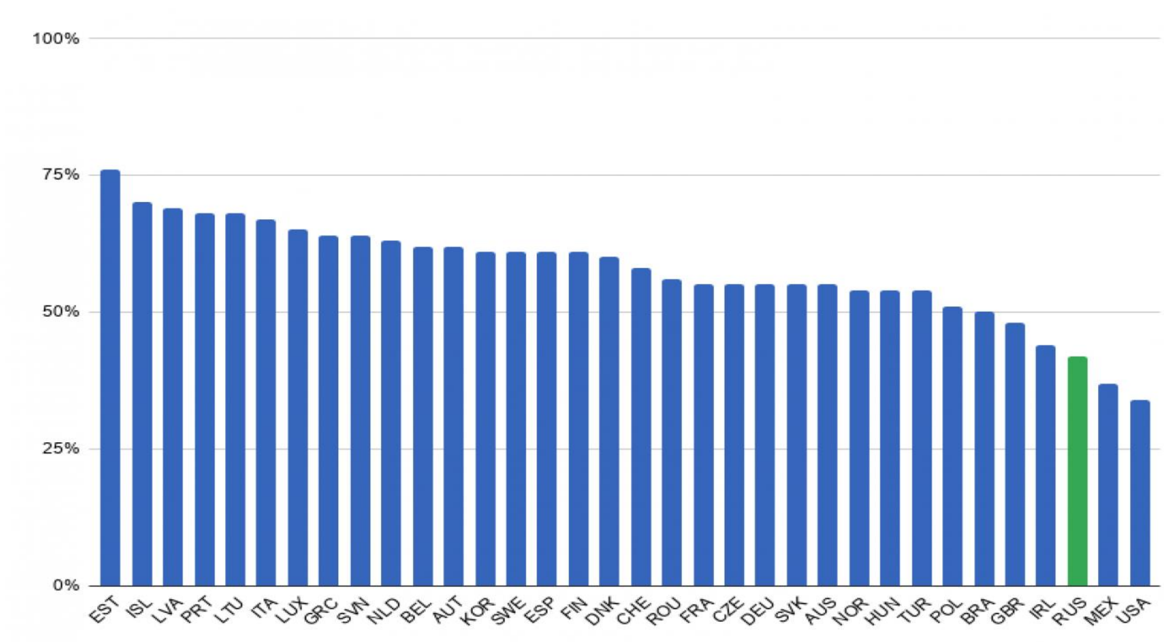
Rosstat also said the contribution of SMEs to Russia's GDP fell to 20.2% in 2018 from 22% in 2017, the most recently available data.

Russia defines SMEs as businesses employing fewer than 250 people, with annual revenues of under two billion rubles (US$31 million), and meeting certain ownership and corporate governance rules.

President Vladimir Putin wants to increase the importance of smaller companies to the Russian economy. Under his flagship National Projects scheme, Putin set an official target for SMEs to contribute one-third of Russia's GDP by 2024, when he is set to leave the presidency. By the end of this year, small companies should make up 23.5% of the economy — three trillion rubles (US$48 billion) above where they were at the end of 2018.

However, experts told Russian news site RBC that small firms have been hit hardest by sluggish consumer demand in recent years, and that last year's VAT hike could be responsible for a further deterioration in the sector in 2019, which would not yet have shown up in the Rosstat figures.

The Russian SME sector lags that of other countries. Under a different definition — just counting firms with under 250 employees — the Organization of Economic Cooperation and Development (OECD) found SMEs made-up 42% of Russia's economy, compared to a typical level of 50-60% for developed nations.




***Contribution of businesses with under 250 employees to GDP.OECD/MT***

"When taking the contribution of informal businesses into account, SMEs contribute to more than half of employment and GDP in most countries irrespective of income levels," the OECD wrote in a 2017 report. “In addition, SME development can contribute to economic diversification and resilience. This is especially relevant for resource-rich countries that are particularly vulnerable to commodity price fluctuations.”

Other ex-Soviet countries boast a much larger share of SMEs in the national economy. For instance, in the EU member Baltic states — Estonia, Latvia and Lithuania — they account for more than two-thirds of GDP.

## Singapore budget 2020: new multi-platform package to help firms grow and go global

*The Strait Times, Hariz Baharudin, 18 February 2020*

***A new platform called GoBusiness will streamline license applications for businesses, as well as make it easier for them to get information about government help. (St photo: Kelvin Chng)***

SINGAPORE - To help them grow and create jobs, businesses will receive more aid to enter new markets, innovate and adopt digital solutions through a new, multi-platform package.

The Enterprise Grow Package will include new grants as well as enhanced versions of existing support measures, Deputy Prime Minister Heng Swee Keat announced.

"Our enterprises must be the incubators of innovation, the crucibles for skills upgrading, and the creators of good jobs for our people," said Mr Heng, who is also the Finance Minister.

"Many of our enterprises are deepening their capabilities - by innovating, digitalising and venturing overseas."

As part of this package, a new platform for companies to transact with the Government online will also be launched to make the process easier.

The Ministry of Finance (MOF) said the platform, called GoBusiness, will be the central platform for businesses to transact with the Government. It was piloted in October 2019 for the food services sector.

GoBusiness will streamline license applications for businesses, as well as make it easier for them to get information about government help.

Mr Heng also pledged greater support for small and medium-sized enterprises (SMEs) to tackle business challenges brought by digital disruption through the expansion of its SMEs Go Digital scheme, which has helped more than 10,000 SMEs build digital capabilities.

Under the scheme, 10 out of 23 Industry Transformation Maps (ITM) sectors have had industry digital plans developed for them, which are step-by-step guides to help SMEs select digital solutions and skills training programmes relevant to them.

These plans will be expanded to the remaining 13 ITM sectors, which were first outlined in Budget 2016 as part of a US$3.23 billion industry transformation package.

Help for companies to enter new markets will be extended as well, with the enhancement of the Market Readiness Assistance (MRA), a broad-based enterprise grant scheme that gives funds to companies taking their first steps to internationalise.

MOF said that under the new MRA, companies can consult the Government on how to better leverage free trade agreements (FTAs) that Singapore has signed with other countries.

Said Mr Heng: "To help more enterprises enter new markets, we will enhance the Market Readiness Assistance grant by expanding the funding support and coverage, to include, for example, FTA consultancy."

The grant cap for the MRA will also be increased from US$14.3 thousand annually to US$71.8 thousand per new market per company, in the enhancement period of FY20-22.

The existing 70% support level for the MRA, which companies can use to pay for activities like promoting their products and services overseas and identify business partners, will also be extended for another three years, until March 31, 2023.

A separate initiative called Grow Digital will also be set up by the Infocomm Media Development Authority (IMDA) and Enterprise Singapore to access global markets via digital channels, and more details will be announced later in the year.

Enterprise Singapore will also be partnering with the Singapore Business Federation (SBF) to start GlobalConnect@SBF, which will assist Singapore companies looking to internationalise for the first time, as well as enterprises which are expanding and deepening their presence in key South-east Asian and emerging markets.

Launching in April, GlobalConnect@SBF will also have a team of market advisers to help SMEs through face-to-face market advisory services, as well as create networking and business-matching opportunities.

Under the Enterprise Grow Package, the 11 SME Centres, which offer general business diagnosis and advisory services, capability workshops and group-based upgrading projects, will implement a targeted support for small enterprises with high potential, said MOF.

Such firms, which need to have a good track record of growth and have a scalable or unique business model, will get more help to develop their business plans, with one-on-one in-depth business consultation and coaching, among other forms of support.

The Productivity Solutions Grant, which gives enterprises funds to adopt pre-approved digital solutions and equipment, will also be expanded, Mr Heng said.

This grant will be expanded to include consultancy services, and will include sector-specific solutions too.

MOF said more details about the platform will be given at the debate on the budget for the Ministry of Trade and Industry.

## Budget 2020: Every Singapore startups and SMEs need to know

*Vulcan Post, Alanna Tan, 18 February 2020*

In the Ministry of Finance (MOF)'s Budget for 2020, a large amount of focus and resources go into helping businesses and industries overcome recent challenges. Singapore's economy grew by a modest 0.7% in 2019, its weakest growth since the financial crisis of 2008.

Just as the global economy was beginning to recover, the COVID-19 outbreak hit unexpectedly last month, said Finance Minister Heng Swee Keat, bringing "new uncertainties".

In response, many of the initiatives announced in this year's Budget aim to protect the jobs of local workers as a "foremost concern", followed by helping enterprises with cashflow to tide through the tough season.

The Government has set up a US$2.87 billion Stabilisation and Support Package that will help implement a wide range of measures. Here's what businesses in Singapore can take away.

***(Credit: Gov.sg)***

## Defraying wage costs for employers

To help ensure that Singaporeans stay employed, a new Jobs Support Scheme will be introduced to subsidise the wages of local workers.

Employers will receive an 8% cash grant of each employee’s monthly salary, up to a monthly cap of US$2,585 for three months. This applies to employees who are Singaporeans or Permanent Residents (PRs).

This amounts to a US$930 million payout in total, which employers will receive by 31 July 2020.

An existing Wage Credit Scheme will also receive a US$790 million enhancement to support salary increases for local workers.

The scheme will now co-fund 20% of wage increases in 2019, and 15% of wage increases in 2020, for Singaporean employees earning a gross monthly income of up to US$3,591.

## Corporate tax rebates and working capital loans

All tax-paying companies will be given a 25% corporate income tax rebate for the year of assessment 2020, capped at US$10,774 per company.

Businesses can also expect enhanced tax treatments for one year, including faster write-down of investments in plants and machinery, and renovation and refurbishment incurred for the year of assessment 2021.

To give Singapore businesses easier access to working capital, the Enterprise Financing Scheme's Working Capital Loan will double its maximum loan quantum to US$430 thousand.

The Government will take on 80% of the risk of the loan, increased from the current 50% to 70%.

Additionally, tenants and lessees of government-managed properties can request for more flexible rental payments like instalment plans, to be approved on a case-by-case basis.

## Additional support for sectors hit hardest by COVID-19

Budget 2020 identifies tourism, aviation, retail, food services and point-to-point land transport services as sectors most directly affected by the COVID-19 outbreak. These sectors will receive additional help on top of the measures mentioned above.

Businesses under these five sectors will enjoy an extended funding period for re-skilling workers, increased from three months to a maximum of six months.

In tourism, hotels, serviced apartments and event venues can expect property tax rebates of 30% on their accommodations and function rooms for the year 2020.

Rental rebates will also be rolled out for shops at Changi Airport, while the airport itself gets a 15% property tax rebate.

Previously announced, taxi and private-hire drivers will receive a US$55.3 million support package to tide them through drops in business.

In the retail and food industry, hawker stall owners and commercial tenants in government-managed facilities will get a month's rental waiver and half a month's rental waiver respectively.

## S$300 million Set Aside For Deep-Tech Startups

According to the Global Startup Ecosystem report, Singapore's startup ecosystem is ranked in the top 15 worldwide.

There are about 3,800 technology startups in Singapore, and about 150 venture capital funds investing in local and regional startups.

This year, the Government will improve support for deep-tech startups in emerging technology areas such as pharmbio and medtech, advanced manufacturing and agri-food tech.

To catalyse investment into deep-tech start-ups, an additional US$215 million will be set aside under the Startup SG Equity.

Mr Heng says the Government expects this to draw in more than US$574 million of private funding over the next 10 years.

## Helping Enterprises Grow And Transform

Beyond startups, Minister Heng said that many enterprises are seeking to grow.

The Government's new Enterprise Grow Package will help businesses innovate and adopt digital solutions, and support their ambitions to enter new markets.

Firms can use a new platform, GoBusiness, to access streamlined license applications and transact more easily with the Government.

To help more SMEs build up their digital capabilities, more companies can benefit from step-by-step guides under the SMEs Go Digital Scheme which will be extended to 13 more sectors.

Singapore companies looking to expand can tap on an enhanced Market Readiness Assistance (MRA) grant, increased from US$14.3 thousand to US$71.8 thousand annually per new market per company, between the financial years 2020 and 2022.

## SkillsFuture Top-Ups

A one-off US$359 SkillsFuture top-up will be made available for every Singaporean aged 25 and above, as part of the Government's efforts to support workers to develop new skills.

The top-up will be available for use from 1 October this year, and will remain valid for five years until 2025.

To support reskilling, each Singapore aged 40 to 60 in 2020 will also receive an additional US$359 SkillsFuture Credit this year. This can be used from 1 October on about 200 career transition programmes by CET centres.

Enterprises will also benefit from the Government's investment into the "next bound of SkillsFuture", with a new SkillsFututre Enterprise Credit.

According to Mr Heng, this is meant to encourage employers to embark on the transformation of their workforce and enterprise in tandem.

Each enterprise will receive US$7.1 thousand to "defray 90% of out-of-pocket costs of business transformation, job redesign and skills training," he added.

## Support for hiring senior workers and people with disabilities

To support workers who intend or need to stay employed longer, employers who hire older workers will receive funding to offset the cost of their wages.

A new Senior Worker Support Package comprises of Senior Employment Credit, which will help employers offset up to 8% of wages, depending on the age of the employee. This applies to Singaporean workers aged 55 and above, earning up to US$2.8 thousand a month.

Currently, the highest wage offset is allocated to employers of workers aged 67. This will be raised to age 68 on 1 July 2022. This new scheme will be in effect for two years, from 1 January 2021 until the end of 2022.

Employers will also be given a CPF transition offset to cover half of the increase in their contribution rates for older workers next year, up to the CPF salary ceiling of US$4.3 thousand.

Additionally, another new Enabling Employment Credit scheme will also offset wages when employers hire persons with disabilities. It will be available for five years from 2021 to 2025.

## Foreign worker quotas

The Government will be reducing the quota for skilled foreign workers in the construction, marine shipyard and process sectors over the next three years to encourage firms to hire more Singaporean skilled workers and technicians.

According to Mr Heng, the dependency ratio ceiling (DRC) relating specifically to S-Pass holders will be cut from the current 20% to 18% by 1 January 2021, and to 15% on 1 January 2023 for these three industries.

The overall DRC, which refers to the overall foreign work quota across all classes of work pass, remains the same at 87.5% for the construction and process sectors, and 77.8% for the marine shipyard sector. This means that companies in these sectors can hire more low-skilled foreign workers, or work permit holders, as only the quota for skilled foreign workers is being cut.

The Government intends to tighten the number of skilled foreign workers in the manufacturing sector, but only “when conditions allow”, said Mr Heng. As the manufacturing sector has been contracting due to economic uncertainties, he said that the Government has decided not to reduce its foreign worker quota at this point.

The foreign worker levies for all sectors, including tourism, food and beverage and retail sectors, which have been hit hard by the COVID-19 outbreak, will remain unchanged.

## GST increase deferred

Many Singaporeans have been holding their breath (un-eagerly) to know if the Goods and Services Tax (GST) will be increasing next year. Minister Heng announced that GST will remain at 7% in 2021, in light of the current economic challenges.

Not being slapped with a GST hike for now probably means consumers could be more willing to spend and support businesses. However, Minister Heng emphasised that the increase cannot be deferred indefinitely, and will still be necessary by 2025.

The Government will carefully assess the appropriate time for the GST hike, and Singaporeans will be given “sufficient lead time” for the change, he added.

# Sri Lankan banks agree to provide credit support for SMEs

*Times Online, 10 February 2020*

All Sri Lanka's licensed banks have agreed to provide a special Credit Support Scheme to eligible Small and Medium Enterprise (SME) borrowers by way of suspending capital repayment for one year in accordance with the guidelines issued by the Central Bank (CB).

The aim is to complement the fiscal incentives already announced by the Government for SMEs as an immediate relief to accelerate economic growth in major sectors, the CB announced.

Licensed banks will defer auctioning of assets until December 31, 2020 and suspend legal action against non-performing borrowers who are participants of this scheme.

These banks are expected to have a mechanism not to decline loan applications solely based on an adverse record at the Credit Information Bureau of Sri Lanka (CRIB).

SMEs with an annual turnover between Rs. 16 million to Rs. 750 million (US$88 thousand – US$4.1 million) for the year ended 31.12.2019 that have obtained credit facilities from licensed banks are eligible to participate in this scheme.

In the case of SMEs, which are in the Non-Performing Loans (NPLs) category as at 31.12.2019, the lower limit of annual turnover of Rs. 16 million (US$88 thousand) will not apply under this scheme.

SMEs operating in manufacturing, services, agriculture (including processing) and construction sectors and have obtained business related term loans, leasing facilities, overdrafts and trade finance facilities denominated in Rupees are eligible under this scheme, subject to certain requirements.

In the case of SMEs which are in the NPL category as at December 31, 2019, the business sectors supported under this scheme shall also include value addition businesses and trading.

Eligible borrowers are required to make a written request to respective licensed banks to avail of this scheme on or before October 2, 2020.

Participants of this scheme shall continue to service the interest due on credit facilities considered under this scheme in a timely manner. Those who fail to service interest will not be entitled to enjoy the benefits of this scheme, CB circular stipulated.

Eligible borrowers with aggregate outstanding exposure up to Rs. 300 million (US$1.65 million) as at December 31, 2019 with a licensed bank will be eligible to the capital moratorium during January 1, 2020 to December 31, 2020, from such licensed bank.

Permanent overdraft facilities falling due or maturing or under review during the period up to March 31, 2020 will be extended up to June 30, 2020, by the licensed bank.

In the case of Temporary Overdraft facilities as at December 31, 2019, the expiry of Temporary Overdraft limits will be extended by two months.

Eligible trade finance facilities falling due or maturing or under review during the period up to March 31, 2020 will be extended by 30 days.

An additional loan or a new loan facility not exceeding Rs. 300 million (US$1.65 million) may be provided by a licensed bank, for investment or working capital purposes, with a maximum grace period of one year, subject to certain conditions. However, the borrower needs to submit a credible business plan.

Concessions already granted under different relief schemes and which are due to expire before December 31, 2020, will be extended up to December 31, 2020. However, such borrowers shall be required to comply with the requirements of this scheme.

Licensed banks may consider granting concessions to borrowers whose total borrowings exceed Rs. 300 million (US$1.65 million), on a case-by-case basis. (BS)

## Eight more Taiwanese SMEs invest US$83 million for smart upgrades

*Invest Taiwan, 14 February 2020*

***InvesTaiwan*** today approved total investments of US$83 million from 8 SMEs, including Yun Tan Technologies Co., Ltd., Yuenchigear Co., Ltd., Kaimau Technology Co., Ltd., Lian Wang Metal Works Co., Ltd., Multi-Tek Fastener & Parts Manufacture Corporation, Men Yin Genki Co., Ltd., Infinite Resource Technology Co., Ltd., and a company that specializes in vegetables.

InvesTaiwan has convened 28 joint review meetings for the Action Plan for Accelerated Investment by SMEs, and has approved investments of over US$2 billion by 143 SMEs, which will create 6,038 domestic employment opportunities.

The three major programs for investing in Taiwan has led 357 companies to invest approximately US$29 billion, which is expected to create 72,260 domestic employment opportunities. The applications of over 80 companies are still pending review.

Yun Tan Technologies Co., Ltd. is an affiliate of the hidden champion PMI Group, which manufactures linear guides. It specializes in processing and manufacturing of the main component of linear guides - the slider, providing the PMI Group with the best support. Linear guide is a key component in precision machinery, automation, power transmission, semiconductor, healthcare, and aerospace industries.

As the PMI Group returned to Taiwan in response to the trade war, Yun Tan Technologies Co., Ltd. will invest nearly US$13.3 million to build a smart factory in Taichung Dali Industrial Park, and will recruit 52 domestic talent, increasing the ratio of its automated production.

Resources of the central Taiwan machinery supply chain are fully utilized to accelerate the development of advanced pneumatic (electric) grippers and peripheral products for automation, so as to increase the source of revenue. The company and PMI Group mutually benefit each other in product lines of the automation and semiconductor industries, keeping key technologies in Taiwan.

Yuenchigear Co., Ltd. applied electronic control technology in rolling door motors to create a smart product that successfully eliminated the stereotype of conventional electric rolling doors being slow, noisy, and frequently causing accidents. The company has nearly 60 patents and has obtained international safety certifications trusted in Europe and America. Up to 99% of the company's products are exported, and it has built long-term relationships with several major electric rolling door manufacturers around the world, including the largest electric rolling door manufacturer in North America, special electric rolling doors, and industrial rolling doors.

To increase its production capacity and improve its quality to maintain a competitive advantage, the company plans to invest US$10 million to build a smart factory in New Taipei City Linkou Industrial Park, opening the door to the world with rolling door motors made in Taiwan. This investment will create 42 domestic employment opportunities.

Kaimau Technology Co., Ltd. is an expert in automobile headlight surface hardening and anti-fogging, and has numerous proprietary core technologies and customized mixtures. It is a Tier 3 supplier for Chrysler in Taiwan, and OEM purchase orders from TYC, Depo, and Tayih account for 75% of its revenue. The company also has its own coating plant equipment and automatic conveyor technology. The trade war caused the company's main customers to invest in Taiwan, and Chrysler also plans to transfer its purchase orders for headlights made in China to Taiwan. The novel coronavirus is further driving the transfer of purchase orders.

To handle the large amount of purchase orders, the company will invest over US$3.3 million to build a smart factory in Tainan City Xinji Industrial Park, adding an automobile headlight and dashboard processing line. The company plans to recruit 30 domestic talent.

Lian Wang Metal Works Co., Ltd. was established in a well-known padlock cluster in Pingtung nearly 50 years ago. When many of its competitors relocated to China in the 1990s, the company remained in Taiwan and developed prevision locks with high added value. It passed the ANSI Grade 1 door lock one million times life test, and broke through price competition.

All of the company's products are exported, and it became a key supplier for the ALLEGION group, the global leader in security equipment and smart electronic locks. The company is also working with OEM/ODM, such as APR and CAL-Royal. Considering that its current factory is old and production line has poor flow, the company will invest over NT$100 million to build a smart precision electronic lock manufacturing base in Pingtung City to meet the demand of foreign customers. It will also add smart automated mechanical equipment to improve its performance and expand its self-owned brand "MAXFORT" around the world. This investment will create 25 domestic employment opportunities.

The company that specializes in vegetables is a joint venture between Taiwan and Japan, and spares no effort in passing on positive energy of tomatoes. The company will invest over US$16.6 million to renovate its factories and production lines in Tainan Shanhua and Xinshi Industrial Parks, and will introduce a smart formula preparation and filling system, adding production lines for ketchup, organic beverages, and Halal food, securing its position as No. 1 in the field of tomatoes.

The company has dominated the ketchup market for over half a century, and maintained over 80% market share. People have eaten the company's ketchup from a young age. Besides learning from the latest technologies and wealth of experience of Japan in researching modifications, the company is working with a world-famous chain restaurant and the world's largest Japanese udon chain. It is also extending its reach to the supply chain of international food brands in Southeast Asia, jointly providing global OEM services.

The company is increasing its investment to strengthen its current business, and will accelerate the development of overseas markets, new products, and new businesses, maintaining the leadership of Taiwan's food processing industry. This investment will create 60 domestic employment opportunities.

Multi-Tek Fastener & Parts Manufacture Corporation has transitioned from conventional screws and fastener manufacturing to automobile fasteners with high added value many years ago, and successfully secured a key position in the EU and US auto parts market, marketing its products under the brand "MTM" around the world. Its main customers include the Germany-based WURTH, the world's largest fastener supplier, HEW (main customer is Mercedes-Benz), Germany's largest automobile fastener manufacturer, REYHER, Germany's largest screw distributor, and Fastenal, the largest fastener distributor in North America.

The company will invest over US$3.3 million to build a smart production line in Tainan to meet the large demand on customization and high precision, and will accelerate the development of high value products for aerospace, electric vehicles, and electronic information, expanding into a broader international market. This is expected to create 4 domestic employment opportunities.

Men Yin Genki Co., Ltd. is in the business of developing high precision plastic molds, parts and components processing, and plastic injection molding. Its products include medical devices, automobile electronics connectors, parts and components of consumer electronics products, and electrical equipment.

The company has maintained long-term partnerships with Canon and TE

Connectivity. Due to the growing barriers to international trade, rapid industry changes, and higher precision requirements of smart electric vehicles and healthcare related products in recent years, the company invested nearly US$6.6 million to expand its smart factory in Dashe District, Kaohsiung City to fulfill its quality commitment to customers. The investment will increase its automobile and healthcare product production capacity, and will create 42 domestic employment opportunities.

Waste recycling and reuse is an indispensable link in a circular economy. In light of the severely insufficient capacity of domestic waste processing plants, Infinite Resource Technology Co., Ltd. utilizes its core technology of using waste to process waste and plans to invest over US$16.6 million to establish a new production line in Pingnan Industrial Park.

The company will recruit 52 domestic talents and will process flammable waste into refuse derived fuel, which is directly used to provide heat for processing sludge and fuel renewable energy power generation equipment. The company uses innovative recycling methods to transform waste into resource, processing it into recycled products that can be used in civil engineering. This drives the integration and symbiosis of the energy and resource industries, and reduces the consumption of natural resources.

## Turkish venture ecosystem sees 66% surge in investments in 2019

*Daily Sabah, Itmur Sirt, 8 February 2020*

Ninty-four startups received US$102 million in investments in 2019, including US$38 million in the last quarter for the successful Istanbul-based grocery delivery startup Getir.

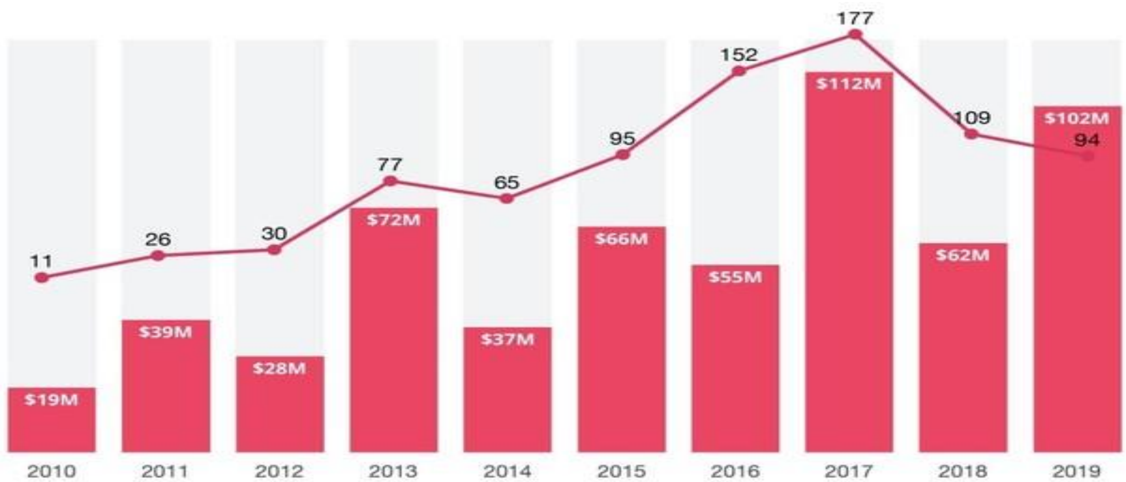
Investments in the Turkish venture ecosystem are once more on the rise as demonstrated by the figures announced this week at the Turkish Venture Ecosystem 2019 event, a research platform that tracks the development of the startup ecosystem across the country.

A total of 94 startups managed to receive a total of $102 million in investments over the course of the last year – a 66% increase year-on-year – well up from the US$62 million received by 109 startups in 2019. The Turkish startup Getir, which offers instant deliveries for fast-moving consumer goods (FMCG), raised US$38 million in a Series A round in the last quarter, which had a noteworthy impact on the final results. Investments received by Getir made up 37% of all investments in 2019.

## Fintech investments at top

Ventures such as Getir, Dream Games, Volt Lines, Picus Security, oBilet, Birleşik Ödeme, Mutlubiev, Armut, Martı and Dekopasaj received a 72% share of the US$102 million investment pie, the remaining 84 ventures receiving the remaining 28% of the total investment.

While digital markets and the market distribution sector received the highest amount of investment due to the large amounts of capital received by Getir, the highest number of investments were made in the financial technologies (fintech) sector.




***The table shows investment amounts Turkish startups have received since 2010.***

In 2019, 17 fintech startups received investments amounting to around US$8.4 million. Among these startups included Akaunting, Bankalarım, BiLira, Birleşik Ödeme, ComPay, Endeksa, Figopara, idverif, kassa, Kobaküs, manibux, manim, Metamorfoz, Moneymo, öde.al, Payfull and Paym.es.

## State incentive at the idea stage

While the Scientific and Technological Research Council of Turkey (TÜBİTAK ) and the Small and Medium Industry Development Organization (KOSGEB) granted a total of $8.6 million in state incentives to 985 startups in the ideas phase in 2019, no startup received investment at the idea phase according to the startup monitor Startups.watch.

## Turkey in the top league

In this sense, the state was the biggest angel investor in the idea stage. Some $95 million was invested in 91 startups in their small and medium-sized (SME) and growth stages, while TÜBİTAK and KOSGEB granted US$24 million in state incentives to 983 startups at these stages.

***Turkish Venture Ecosystem 2019, during which last year's performance of the venture ecosystem was shared, was held on February 5 in Istanbul***

Turkey has moved up to the next league in terms of foreign investment. In terms of angel and venture capital (VC) investments, Turkey completed 2018 in the second league, rising to the first league in 2019 thanks to the investments of US$102 million that enabled it to rank 20th among 36 European countries. The country ranked third after Israel and the United Arab Emirates (UAE) in the Middle East and North Africa (MENA).

## $294 billion investment in ventures worldwide

In 2019, angels and VCs worldwide invested US$294 billion in startups, 66% of which was made in startups in the U.S., China and India. Startups in the U.S. received US$124 billion, followed by China with US$53 billion and India with US$16 million.

## Exits provide motivation

The acquisition of startups such as Iyzico, Foriba and Parachute last year has provided a major boost to the morale of entrepreneurs and local funds. As such, groups like 212 and Revo Capital having increased their cash injections into the Turkish Venture Ecosystem. A total of 10 startups were sold for US$250 million last year. As of 2018, venture capital funds, which invested their first funds in startups between 2012 and 2017, started to establish their second funds one by one.

The Earlybird Digital East fund also established its second fund in 2019 and has started making investments. Cem Sertoğlu, partner at Earlybird Digital East said the fund's size reached US$132 million.

"Startups in Turkey set very low prices when they make valuations. Whereas, figures and estimates in Eastern Europe surprise us. That is why it is so important for entrepreneurs to target global businesses from the very beginning," he said.

Ali Karabey, a 212 venture capital partners, underlined that the target was to establish a unicorn – a privately held startup valued at over US$1 billion – and those who are investing in Turkey are pleased to see the wheels start spinning.

"Currently, we have startups with a valuation of over US$1 billion, though not official. Even though we made an exit, I am sure that iyzico is one of the startups that will manage to become a unicorn," he noted.

In a speech, Collectivespark investment fund founder Atıl Erken observed that the outputs from 2019 had provided extra morale for the venture ecosystem: "We are very pleased with the growth achieved by our investments. We invested US$6.8 million in eight startups in the space of one and a half years. We are planning to invest in four to six more startups in 2020," Erken added.

## $213 million investment in Turkish startups abroad

In the meantime, 35 Turkish startups abroad received an investment of US$213 million in 2019, spearheaded by Blueground, Plentific, Carbon Health, Firefly, Hazelcast, BillionToOne, Socio, Bunch, NormShield, and NarrativeDx, respectively.

Turkey 4th in the number of women entrepreneurs in Europe

Female entrepreneurs presided over 16% of technology startups established in Turkey between 2010 and 2019. This figure makes Turkey the fourth-highest in Europe after the Czech Republic, Italy and Portugal in terms of women's representation at the upper end of business initiatives.

The sectors with the highest density of female entrepreneurs included baby care, social startups, fashion, nanotechnology, biotechnology, gifts, beauty and cosmetics, food, the sharing economy and food distribution, respectively.

Some 58% of the startups in the babycare sector that held the highest rate were launched by women entrepreneurs. The startups that received investment in 2019 with women as founders or founding partners are Adalethanım, Armut, ComPay, Laska Energy, Manibux, Micro-S Biotechnology, Pakolino, Shopi, Tutumluanne, Twin and Vispera.

## Games and shopping most downloaded local apps

According to MobileAction, which gathers statistics about the world of app startups, the Turkish e-commerce platform Trendyol ranked first as the most downloaded domestic application in the Turkish market in both application stores in 2019.

The biggest apps of the year came in the categories of Games and Shopping. Trendyol, n11, sahibinden.com and Fun Race 3D (from Good Job Games) all came within the top 10 for downloads from both major app stores.

The domestic games' publishers whose works were most downloaded in the Turkish market included Good Job Games, Masomo, Fugo Games, Peak Games, Gram Games, Narcade, Ruby Games, Panteon, Lokum Games and Rollic Games.

## 'Turkey deserves more investment'

Attracting the biggest investment agreement of 2019, Getir's founder Nazım Salur stated that Turkey deserved greater amounts of investment.

"The number of investments we have received is actually not very high. However, since the amount of investment in technology startups remains very low in Turkey, our $38 million agreement is considered to be very large. However, the number seems big as an investment is low. Although Turkey has deficiencies in various issues, it deserves more in terms of investment. Turkey should receive more not only in technology but across all sectors," he added.

Salur said he was constantly asked about when he would sell Getir. "Everybody is in a little bit of a hurry. Not every entrepreneur has to exit. I respect those who exit. However, I think the potential of this project is high," he continued. "A startup becomes a permanent corporate culture after the 10th year. We are making long-term plans in this regard. From the very first day, we set out to make this startup a global business. We ask 450 questions everywhere we go. Based on our answers to these questions, we give Getir a score. As a result of all the evaluations we have done, we plan to take the first step to London."

## Tiko opens to the Portuguese market

Sina Afra, the founder of Spanish company Tiko, shared his global business experience at the event, announcing that the company would be making preparations to open in Portugal in 2020.

Afra pointed out that after six years, global investment funds were now monitoring developments in Turkey. "Many investors kept up to date with Getir. Silicon Valley-based investment has been a motivation for all of us. Now many mutual funds have started to look at Turkey differently. I think we will see the effects of this in 2020," he further stressed.

### Peak ranks among the top 3 in the U.S.

Ömer İnönü, the strategy director of Peak, a Turkish startup reformulating global business culture, stated that the group aimed to create technologies and products that impacted the world from its base in Turkey.

"As a company, we have aimed to do business globally from the very beginning. That's how we gained experience with different games," he said. "After 2014, we decided to focus on puzzle games. We achieved to rank among the top three in the U.S., our target market. Afterwards, we succeeded as a Western game developer in a market as crucial as Japan. We managed to become the 25th largest application developer in the world and the third-largest in Europe. We currently have 30 million monthly active users across 193 countries."

### PİLOT program ready for innovative entrepreneurs

Signups for Turkey's leading information and communication technology firm Türk Telekom's startup acceleration program PİLOT are still being received. The program continues to support entrepreneurs, with around TL 150,000 (US$24.5 thousand) in direct cash support on offer to each team accepted by the PİLOT program.

Eighth-period applications have been opened as part of the program, which Türk Telekom launched to support technology startups and boost sectoral cooperation to offer innovative products and services to its customers, as well as to support domestic and national startups. Applications can be made via www.turktelekompilot.com.tr.

Türk Telekom's Strategy Planning and Digital Deputy General Manager Barış Karakullukçu stated that 65 startups had graduated from the PİLOT program to date, having received a total of TL 4 million (US$653 thousand) in cash support from Türk Telekom, while graduates provided employment for 350 people across 2019 and achieved a turnover of TL 41 million (US$6.7 million.)

"To strengthen the entrepreneurship ecosystem in our country and to offer innovative products and services to our customers, we continue to increase our investments and works in this field every year," Karakullukçu said. "As part of the PİLOT program launched in 2013, we started to receive eighth term applications in February and will continue to support startups with our technology, knowledge and connections. At Türk Telekom, we offer technology and infrastructure support to startups to help them take on innovative business ideas, allowing them to flourish while supporting them financially. To this end, I invite all entrepreneurs with innovative business ideas to apply and wish them all the best success."

### TL 150,000 in cash support

In the latest period of the program, TL 150,000 (US$24.5 thousand) in cash support will be up for grabs for every startup accepted into the program, with each company also offered the opportunity to cooperate with Türk Telekom.

Furthermore, the startups will be provided access to a large mentoring network made up of major investors and business connections attached to Türk Telekom, as well as an office area, technological infrastructure, a mobile communication package, free promotional materials and accommodation support for teams participating in the program from outside the city.

PİLOT focuses particularly on the areas of education and health technologies, artificial intelligence, machine learning, virtual/augmented reality, internet of things (IoT), big data analytics, blockchain, financial and regulation technologies and cybersecurity.

Startups that apply to the program are evaluated according to criteria such as cooperation potential, innovation and the applicability of their idea, the size and growth potential of their target market, the consistency as a business model and the competence of the team.

## More soft loan policies for Vietnamese SMEs

*Vietnam Business Forum. 2 December 2020*

To further assist small and medium-sized enterprises (SMEs) to deal with hardships and stabilize business operations and development, in late September 2019, the Government issued Decree 74 on amendments to the Government's Decree 61 on employment creation policies and national employment fund heads to raise the preferential loan level from the national employment fund for small and medium-sized enterprises, co-operatives, cooperative groups, household businesses and laborers to create jobs, maintain and expand employment.

According to a report of the State Bank of Vietnam in Vinh Phuc, corporate outstanding loans in Vinh Phuc province exceeded VND36 trillion as of October 2019, accounting for nearly 50% of total outstanding loans and more than 10% higher than the end of 2018. Among nearly 3,000 corporate borrowers, over 2,600 customers are SMEs. However, with nearly 7,000 active SMES, over 2,600 borrowers are a modest figure.

According to Decree 74, which was officially effective on November 8, 2019, for production and business establishments, the maximum loan is VND2 billion (US$86.3 thousand) per project from the previous VND1 billion (US$43,153 thousand), not exceeding VND100 million (US$4,315) on every full-time employee from the previous VND50 million (US$2,157). The ruling clearly states that security asset is required for loan of from VND100 million (US$4,315). The loan maturity is also increased from no more than 60 months to a maximum of 120 months.

## Improving access to resources critical for Vietnam's SME development

*Vietnam News, VNA/VNS, 10 February 2020*

***A brick company in Son La Province. SMEs need easier access to resources in order to develop (Photo: Huu Quyet)***

HANOI - Access to resources was vital for the development of small- and medium-sized enterprises (SMEs), according to the Ministry of Planning and Investment.

The Law on Supporting SMEs came into force more than two years ago, but SMEs were still struggling to access credit, land and support programmes.

According to Nguyen Van Than, chairman of the Viet Nam Association of SMEs, problems remained in the implementation of the law.

Than pointed out that the resources available to implement the law remained limited, adding that many localities had not allocated resources to support SMEs.

He said the number of SMEs able to access bank credit and support funds was modest.

High logistics costs were affecting SMEs' market expansion as well as lack of competitiveness, plus complicated administrative procedures and slow issuance of preferential policies had made it difficult for them to tackle these difficulties, Than said.

Quoc Anh said that SMEs still faced problems such as complicated administrative procedures, inconsistent business requirements and vague regulations.

The biggest problem for SMEs was a lack of capital which resulted in small-scale operations and the lack of a long-term strategy, he said, adding that they did not have money to invest in advanced technologies.

The majority of SMEs were using outdated technologies and renovation among SMEs remained slow, he said.

Deputy Minister of Planning and Investment Vu Dại Thang said that support for SMEs mainly came from local authorities.

As of the end of 2019, 50 out of 63 provinces and cities had developed plans and projects to allocate resources to support SMEs, the ministry's statistics showed. However, localities were still facing problems bringing support policies into real life or identifying areas of strength.

Priority should be given to allocating resources to support SMEs, the ministry said, adding that a programme to support SMEs and start-up firms from 2021-25 period would be proposed to the Prime Minister soon for approval.

There were around 760,000 enterprises in Vietnam as of the end of 2019, around 98% of which were SMEs.

## Vietnam's SME Development Fund and MB Bank sign indirect lending contract

*Vietnam News, VNS, 11 February 2020*

HANOI - The Small- and Medium-sized Enterprise Development Fund (SMEDF) under the Ministry of Planning and Investment and the Military Commercial Joint Stock Bank (MB Bank) signed a framework contract on indirect lending.

SMEs account for 98% of the total number of enterprises nationwide, contributing greatly to national GDP and creating more than 50% of jobs for society, said Phan Thanh Ha, SMEDF director.

The purpose of the fund is to help SMEs innovate to develop competitive and eco-friendly products; invest in advanced technical equipment and technologies; and improve corporate governance capacity.

Enterprises will enjoy preferential interest rates with short-term loans at 4.16% per year and medium and long-term interest rates of 6% per year.

The maximum loan for each project or business plan must not exceed 80% of the total investment capital of each project or business plan.

The loan term is determined in accordance with the ability of capital recovery and repayment of enterprises and the specific conditions of each project and production and business plan but not exceeding seven years.


***The signing ceremony between SMEDF and MB (Photo: bnews.vn)***

The maximum grace period for a project is two years.

Đinh Như Tuynh, head of MB Bank’s SME division, said that the bank currently serves 125,000 SMEs operating in Vietnam with a debit balance of about VND100 trillion (US$4.3 billion).

“The co-operation with SMEDF will give MB more motivation and strength to target SMEs that lack capital and experience. In addition, MB also focuses on other areas such as communication, marketing and customer relations towards the business community; especially micro businesses,” Tuynh said.

# Two Malaysian women are connecting small farmers and the global market

*APEC, 6 February 2020*

PUTRAJAYA - Deep in Borneo's rural heartland, far from bustling cities and their trendy restaurants, women are producing unique and sought-after ingredients.

From tuhau, a local spicy ginger used in pickles and sauces, to fermented raw cacao, packed with minerals and protein, the ingredients are produced by multitudes of women on small, sustainable farms.

Restauranteurs and other businesses in Kuala Lumpur are keen to secure the high-quality ingredients, often grown only in Malaysia's Sabah state on Borneo island, and each with their own flavors.

"The women have their own recipes and their own ingredients that you won't be able to find outside Sabah," said Jeannette Goon, who, along with partner Faezrah Rizalman, has developed a digital platform to help the women sell their products directly, and at higher prices than they receive now.

"The entire economy depends on agriculture, but these farmers, who are actually at the root of everything, are still stuck at the bottom of the supply chain, making the least money," the 32-year-old said.

***"Helping women means helping their entire family"***

"So we want to help them move up. We probably can't help everyone, but we can help those who are interested."

Goon, an experienced e-commerce developer based in Kuala Lumpur, said they focused on using technology as a solution, after noticing that most of the women had smart phones and access to the Internet.

Goon and Rizalman, based in Sabah, have won the 2019 APEC Digital Prosperity Award, for the app they developed called Bayu Harvest. The award, launched in 2017 and supported by the APEC Secretariat, Google and the Asia Foundation, recognizes initiatives that have the most potential to broaden prosperity and inclusive growth in the Asia-Pacific.

Developers taking part in the competition in 2019 focused their apps on empowering women and small businesses. They account for 95% of the region's businesses, but only 5% of them are directly involved in trade.

The award reflected the priorities for 2019 APEC host economy Chile, along with those of 2020 host Malaysia, which focuses on inclusive participation in the economy through digital and other technology.

"Small businesses are full of ideas and potential. They employ more than half the workforce and a large number of women. But they often lack access to markets and represent only 35% of direct exports," said Rebecca Sta Maria, Executive Director of the APEC Secretariat. "If small and medium enterprises are to flourish, they will have to expand beyond their borders. At APEC, we work to help close these gaps."

The Malaysian pair were announced winners at an APEC meeting in Langkawi late last year after competing in the 2019 APEC App Challenge in Chile. That competition pitted 22 software developers and designers from across the Asia Pacific against each other, in a challenge to build a winning app in 24 hours – side by side in one collective space.

Goon said she was inspired to help other women get ahead professionally after witnessing her own mother, a single parent, working hard to make her business a success.

"When I was small, we couldn't even afford to eat meat every day. But my mom was able to work, and eventually she started a business. Because of her drive, I was able to attend university and do what I'm doing today. I wish my mom had more support during the earlier years."

"Helping women means helping their entire family, and apps are just one of the tools that can be used."

The pair have built a regular e-commerce site so that the products can be sold directly to end users, and the app is being built with a range of tools for the farmers. The app, managed by the pair, allows the farmers to create and upload profiles of their products and their farms, and manage their inventory. A forum also means they can exchange information with each other and discuss concerns such as weather conditions on crops.

Workshops have been conducted in Sabah, including in villages in Rizalman's home district of Keningau, and more are planned for this year. The pair have been teaching farmers how to best use the app, and also teaching them about packaging, branding and marketing their products.

"We've got a really good response, everyone's interested, but at the same time, it's also something new for them, so it will take some time to onboard them onto the app, and to scale up their businesses," Goon said.

A priority is working with farmers and authorities to obtain Halal and other food standard certificates needed to trade in bigger markets.

They are planning to soon add a new product to the platforms – fermented raw cacao – a popular ingredient found in protein bars and other health foods. Each farmer produces their own uniquely flavored crop, depending on where the trees are planted and how the beans are fermented.

In the future, they hope to also develop a digital platform that allows restaurateurs and manufacturers to communicate more directly with farmers about their products.

Goon juggles building the platforms with her other work, including managing a women's health-related project, while Rizalman also runs a coding school in Kota Kinabalu. But they are determined to push ahead with helping Sabah's women break down market barriers and find new customers.

"I hope one day we will actually be able to expand all over the world," Rizalman said.

## New policies to assist China's SMEs during disruption

*China Daily, Yuan Shenggao, 11 February 2020*

The Beijing government has released policies supporting rent, tax and financing in early February to reduce the impact of the novel coronavirus outbreak on small and medium-sized enterprises.

Activities have been cancelled and consumption reduced, which creates a challenge for many SMEs.

SMEs are more sensitive to capital costs so when the outbreak affects their operations, they face greater pressure in terms of rent and human resources, according to Tan Xuxiang, director of the Beijing Commission of Development and Reform.

"SMEs account for more than 70% of the city's employment. Securing the stable development of SMEs is to secure the livelihoods of people," he said at a news conference on February 6, adding most SMEs in Beijing operate in service, retail, transportation, culture and tourism sectors, which play a key role in city operation.

***Employees at a medical company in Beijing produce anti-virus drugs in early February, 2020 (Photo: Zou Hong/China Daily)***

The Beijing government is providing subsidies for rent, daily maintenance costs and product research and development to qualified SMEs, as well as special subsidies to landlords that offer rent reductions to SME tenants.

The policies allow SMEs to apply to delay tax payments for a maximum three months. The policies also encourage banks to offer loans, lower loan interest rates and streamline approval processes. Some administrative charges such as special equipment inspection fees, sewage treatment fees and road-usage fees have also been suspended.

**About CACCI:**

Founded in 1966, the Confederation of Asia-Pacific Chambers of Commerce and Industry (CACCI) is a regional non-governmental association principally composed of the national chambers or associations of commerce and industry in Asia and the Western Pacific. Its current membership of 29 countries and independent economies cuts across national boundaries to link businessmen and promote economic growth throughout the Asia-Pacific region. CACCI holds Consultative Status in the Roster Category of United Nations' Economic and Social Council (ECOSOC)

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