

January 2024

SME NEWSLETTER

Volume XIII



Table of Contents




Message from the Chairman	2
Cyber plan to protect small and medium businesses	3
IV Forum of Young Entrepreneurs takes place in Baku SME House.....	4
Baku hosts SME World Forum 2023 as part of Global Entrepreneurship Week	5
The challenges faced by women-led SMEs and the way forward.....	6
	
Green industry boosts SMEs, cuts emissions	11
\$150M in loans guaranteed for SMEs by CGCC.....	13
FICCI Report on SMEs in India	15
Not just pay, SME workers lag behind in benefits, too	17
Firms want government aid to keep costs down	19
SME digitalisation powers the travel industry	21
Extensive SME support plan	24
Subsidized electricity tariff should be provided to Karachi-based SMEs: FBATI	26
More data analytics infusions for MSMEs	28
Financing remains MSMEs' stumbleblock.....	29
Government highlights need to develop 'agile' exporters.....	31
7-Eleven Singapore to trial cashierless check-out	32
Nanyang Polytechnic, SME group ink deal to train 5,000 workers from 500 small retailers over 5 years	35
	
Sri Lanka's 42% of MSMEs at risk of collapse, ILO study	36
Historical economic success of Turkish republic: SME revolution	38
ADB Helps Support Privatization, Expand Lending to MSMEs in Uzbekistan	40

Table of Contents

PM lauds entrepreneurs' role in national development.....	41
 Vinh Phuc Reinforcing Support for SME Development.....	43
Hoa Binh Province prioritizes sustainable growth.....	45

Message from the Chairman



*George Abraham
Chairman of SME
Development Council*

My dear colleagues:

It is my pleasure to present to you the latest “SME Newsletter”, Volume XIII for 2024. This publication is a compendium of relevant reports, analyses and educational news, many of them abbreviated, concerning the SME sector in the region.

The review starts with Australia’s sanctions guidance for SMEs and changes in SME financing procedures. Azerbaijan increased SME funding and Bangladesh continues SME support in many areas and in India, digitalization drive reaches SMEs as well.

Malaysia SMEs are participating in EV areas and banks are more interested in supporting SMEs. Turkey is helping SMEs face cyber threats. Vietnam measures to finance SMEs include not only government entities but regular banks too. In Singapore, the national budget aims to boost SMEs.

This review of the region shows that after the devastating effects of the pandemic on the SMEs business, the sector is recuperating in many areas on its own, sometimes with government support and also with the support of banks and other industries. The road ahead is positive for SMEs to grow. Enjoy your reading!

Cyber plan to protect small and medium businesses

ACCI, 22 November 2023



AUSTRALIA - Direct assistance for small and medium enterprises to counter cyber risks has been welcomed by Australia's largest and most representative business network.

“Several of the initiatives announced with the strategy will directly assist small and medium businesses in preparing and responding to increasing cyber-attacks”, Australian Chamber of Commerce and Industry (ACCI) Chief Executive Officer

Andrew McKellar said.

“The cyber health-check and Small Business Cyber Security Resilience Service address the concerns ACCI has continuously raised about the importance of direct and tailored assistance for small businesses if we are to uplift the capability of our small business sector.

Cyber security is both a challenge and an opportunity for Australia, showing how a strong, ongoing collaboration between government and industry will uplift our cyber capabilities.

An expanded national cyber security awareness campaign and clear cyber guidance for businesses to navigate governance obligations will provide further support.

ACCI's submission called out the complex and prohibitive structure for reporting cyber incidents and seeking assistance, and we welcome the initiatives designed to simplify this by acting as a one-stop-shop.

It will be critical that the government partners with industry associations and chambers of commerce to implement this strategy successfully.”

Minister for Home Affairs Clare O'Neil released the 2023–2030 Australian Cyber Security Strategy and Action Plan. ACCI CEO Andrew McKellar attended the inaugural meeting of the new Executive Cyber Council that coincided with the strategy's release.

IV Forum of Young Entrepreneurs takes place in Baku SME House

AzerNews, Abbas Ganby, 17 November 2023



The IV Forum of Young Entrepreneurs was held in "Baku SME House," jointly organised by the Ministry of Youth and Sports, the Youth Foundation, and the Small and Medium Business Development Agency (SMB)

AZERBAIJAN - More than 100 entrepreneurs, active participants in the entrepreneurial ecosystem, start-ups, and young people interested in business activities took part in the event held within the framework of World Entrepreneurship Week.

The forum was organised within the framework of the events within the "Year of Heydar Aliyev" announced on the occasion of the 100th anniversary of the great leader Heydar Aliyev, who played a great role in the development of entrepreneurship in Azerbaijan.

The event started with the singing of the National Anthem of the Republic of Azerbaijan and a minute of silence in memory of sheikhs who died for the territorial integrity of our country.

Minister of Youth and Sports Farid Gaibov, Chairman of the Board of KOBIA Orkhan Mammadov, Executive Director of the Youth Foundation Gadir Khalilov, and Deputy Chairman of the Board of the State Employment Agency Ulvi Abasguliyev spoke at the forum.

The speeches discussed measures to support the development of entrepreneurship in Azerbaijan, the popularisation of entrepreneurship among young people, the importance of projects implemented in this direction, innovative approaches to entrepreneurial

initiatives of young people, the role of young people in the development of entrepreneurial ecosystems in our country, the improvement of knowledge and skills of young people interested in entrepreneurship, adaptation of young people to the challenges of the modern labour market, and informing them about the steps taken in the direction of unlocking their potential.

The forum also featured a video message by Jonathan Ortman, co-founder of Global Entrepreneurship Week and President of the Global Entrepreneurship Network.

In the panel discussion "Entrepreneur's Notebook: Investments of Tomorrow", organised as part of the event, representatives of the Youth Fund, Innovation Centre LLC, State Tax Service, Caucasus Ventures Foundation, and SABAH.HUB Innovation Centre discussed youth entrepreneurship in the field of entrepreneurship. They were informed about the innovations and concessions of the state and answered the questions of the participants.

It should be noted that the main goal of the Forum of Young Entrepreneurs, which is being held for the fourth time and has become traditional, is to popularise entrepreneurship among young people, informing them about the available opportunities and mechanisms of state support. to implement business projects, support them in acquiring basic knowledge to create their own business, and support entrepreneurship to unite its subjects.

Baku hosts SME World Forum 2023 as part of Global Entrepreneurship Week

AzerNews, Abbas Ganbay, 16 November 2023

AZERBAIJAN - The aim of the SME World Forum 2023 was to study best practices in the field of SME support and development, expand institutional partnerships, identify new opportunities for cooperation between stakeholders, promote young entrepreneurship, as well as introduce Azerbaijan's favorable business environment and potential investment opportunities to a wide audience.

Deputy Minister of Economy Sahib Mammadov, ICSB President and CEO Ayman El-Tarabishi, ICSB Chairman of the Board Ki Chang Kim, KOBIA Chairman of the Board Orhan Mammadov, Director of the Entrepreneurship Development Organisation of Moldova Dumitru Pintia, entrepreneurs of Azerbaijan spoke at the forum.

National Confederation of Organisations (Employers), Manuela Traldi, President of the Italian-Azerbaijani Chamber of Commerce, Yaşar Dogan, President of the Turkish Association of Industrialists and Businessmen (TÜMSİAD), discussed the development of entrepreneurship in the world and in Azerbaijan, the growing role of SMEs in GDP, employment and exports.



The event, organized with the support of the Ministry of Economy, the Small and Medium Business Development Agency (KOBIA), and the International Council for Small Business (ICSB), was attended by government officials, representatives of international organizations, business associations, and businessmen

Within the event, panel discussions were organized on the topics "Small Business and Entrepreneurship in Azerbaijan", "Digital Transformation of SMEs and Foreign Trade", and "Strengthening Entrepreneurial Activity of Women and Youth".

It should be noted that within the framework of the World Forum of Small and Medium Entrepreneurship held in Baku on 13-16 November, the "International Centre for Education and Innovation of the XXI Century" organized an event on "Training of Future Entrepreneurs."

The challenges faced by women-led SMEs and the way forward

The Daily Star, 27 December 2023

BANGLADESH - The SMEs operating in Bangladesh are important contributors to the economy's booming sectors including industry, service and manufacturing. These SMEs are also vital to attaining the SDGs, particularly for eradication of poverty, and achieving zero hunger, gender equality, economic growth, and employment generation. The advancement of the SME sector has been at the forefront of national priorities as highlighted in the 7th Five Year Plan.

Women-led SMEs in Bangladesh comprise around 22 percent of all SMEs. They have been going through a transitional phase and facing some challenges. To motivate them, the Government of Bangladesh (GoB) along with the help of Bangladesh Bank (BB), introduced various supportive programmes and initiatives. A guideline has been

provided for banks and non-bank financial institutions (NBFIs) for lending credit facilities to women entrepreneurs. This has certainly been helping women overcome some of the challenges they are still facing in accessing credit from banks and NBFIs. This analysis has been supported jointly by The Asia Foundation and iDE to assess the effectiveness of the BB policy, considering the current situation of women entrepreneurs in Bangladesh.



The Asia Foundation in association with The Daily Star organised a roundtable titled “Bangladesh Bank’s SME policy: Access to finance for women SMEs” on December 18, 2019.

The analysis reviewed existing policies and their current state of implementation based on consultations with selected women entrepreneurs, BB officials and concerned banking and non-banking representatives. The analysis aimed to identify the policy gaps and demand and supply side barriers of access to finance for women entrepreneurs. In the end, a set of policy recommendations have been made to ease the problems of women entrepreneurs’ access to credit needed to run their businesses smoothly.

Bangladesh has made some strides towards policy formulation to facilitate SMEs. This includes establishment of the SME & Special Programmes Department in BB. Bangladesh is also a member of Alliance for Financial Inclusion (AFI) whose goals are to improve financial integrity and stability by empowering and transforming the lives of disadvantaged groups.

Though BB policies and programmatic interventions have helped women entrepreneurs in gaining better access to finance, there are still some limitations which need to be addressed. These policy initiatives have not yet addressed some key barriers faced by women entrepreneurs, especially those related with guarantors or collateral. Another key concern is, whereas the government has introduced these initiatives, up to this point in time, no mechanism has been developed to bind the activities of the commercial banks (CBs)/ NBFIs and no effort has been made to evaluate the performance of these banks in terms of ensuring access to finance, except reporting to BB.

In effect, an 'accountability deficit' has emerged which is making the implementation of these policies challenging. Whereas the policies clearly state that different organisational bodies should be involved in identifying the 'real' women entrepreneurs and assisting them, their specific roles have not been defined and it is also not clear how these organisational entities will work together with different government organisations and CBs. This has made the tasks of these entities quite difficult as due to a lack of proper jurisdiction, they cannot help the women entrepreneurs in an effective way.

The analysis includes a detailed assessment of SME portfolio financing and explores selected private CBs in Bangladesh, providing women entrepreneurs' access to finance. According to BB's quarterly statement of SME loan disbursement 2019 (first quarter), the cumulative CMSME (cottage, micro, small and medium enterprises) loan disbursement of the financial sector from January to June 2019 is Tk 79,984.25 crore, which was given to 4,02,008 CMSMEs throughout the country. Out of these total enterprises, the number of women-owned enterprises is 29,587 and it comprises around 7.35 percent of total CMSME loans. Correspondingly, the number of new enterprises is 65,350, of which 10.45 percent are new women entrepreneurs. The amount of credit received by new women entrepreneurs is only 4.07 percent of the total loan disbursement. This implies that women are receiving less credit compared to male entrepreneurs.

This analysis concentrated on both the demand-side factors (i.e. issues related to the capacity and understanding of women entrepreneurs that may hinder their access to credit) and the supply-side factors (i.e. the impact of policies developed by GoB and BB on women's entrepreneurship, as well as the capacity, willingness and commitment of CBs to support women entrepreneurs). Factors like age, marital status, education, ownership pattern and family attitude restrict women from being present in the mainstream. It shows that the problems faced by women entrepreneurs can be categorised into two groups: socio-cultural barriers (issues not directly related with access to finance) and the problems directly related with access to finance. Socio-cultural stigma often prevents them from getting involved with business activities. In fact, without support from their husbands or other male members of the household, women do not feel comfortable to engage in business ventures.

Though overall knowledge about women entrepreneurs, business opportunities and credit facilities have improved over the years, the pace of this improvement is not satisfactory. It is observed that the credit-seeking women entrepreneurs listed loan interest rate, rigidity about loan-related analysis and collateral as the key hindrances towards access to finance. At the same time, they lack knowledge and information regarding where they should go to receive assistance from the CBs to get loans. For instance, the government has introduced dedicated desks in the CBs to help the women entrepreneurs but many women entrepreneurs have never heard about this desk. Similarly, BB has introduced a helpline (16236) to support the women entrepreneurs but only few women entrepreneurs that we interviewed know about this. Besides, lack of experience of women entrepreneurs has also hindered their progress and they mainly focus on some specific business ventures (e.g. beauty parlour, boutique, etc.) instead of more innovative business initiatives.

The unavailability of guarantors as required by the CBs often creates a problem. Some women entrepreneurs reported that husbands who are reluctant to see the women as entrepreneurs are also unwilling to be the guarantors. For unmarried women entrepreneurs, the bank policy requires their father, brother or any of their relatives to be the guarantors. In a patriarchal society, the siblings or parents are hardly interested to act as the guarantor of unmarried women entrepreneurs. Furthermore, for the women entrepreneurs, the decision of the CBs to not lend money without collateral creates another problem as majority of the women entrepreneurs opine that collateral requirement is one of the major constraints towards access to finance.

There is a mixed perception of the lending institutions about women entrepreneurs. Many banks have the impression that many women entrepreneurs are not 'real entrepreneurs' and in most cases, despite having license in their names, the businesses are operated by other family members such as their husband, son, and others. At the same time, they are of the opinion that as the business initiatives explored by the women entrepreneurs are less diversified, they have a very limited clientele and henceforth, it is not prudent for the CBs to support their business venture.

Based on the overall findings and analysis, it can be argued that in the case of promoting inclusive finance for women in Bangladesh, three broad types of problems can be found.

Capacity-related problems

As women entrepreneurs still lack access to information, they do not have adequate capacity to devise a business plan, and their financial and business expertise is not necessarily satisfactory. The capacity of individual entrepreneurs needs to be strengthened significantly.

Policy-related problems

We have pointed out in the analysis that there are some areas where further integrated policy interventions are necessary. In effect, such policy interventions should exist which would allow women entrepreneurs to deal with problems related with guarantors and collateral.

Implementation-related problems

Our analysis also indicates that developing a 'good' policy is never enough unless the implementing partners and agencies understand their duties and responsibilities properly.

To address these problems/limitations, we propose the following measures:

Especially with regard to the demand-side challenges, efforts to build the capacity of women entrepreneurs should continue to get priority. The women chambers should play a pivotal role here. Instead of conducting all kinds of training programmes, the chambers should conduct a needs assessment of their members to determine the types of training programmes to be provided. The chambers should also organise regular exchange-sharing meetings where it can interview representatives from the BB,

different CBs, NGOs and other financial institutions. These meetings will help the women entrepreneurs understand the loan-getting procedure, expose them to different institutions, and connect them with organisations which can in future fund their business initiatives.

Though the BB has directed the CBs to take certain actions to help women entrepreneurs, they have not yet set a binding target for these banks. BB can take the initiative to introduce a binding and target-based approach, where targets will be set for the CBs each month, i.e. each month they will be required to approve a certain number of loans, assist a certain number of women entrepreneurs, or provide information to a specific number of entrepreneurs. This target should not be set arbitrarily. Rather, after due consultation with the CBs, BB will set the targets. Besides, BB can also mandate CBs to provide clearance and appreciation certificates for successful repayment of loans taken by the women-led SMEs to accentuate social and financial recognition and encourage repayments in their forthcoming loans. CBs should take initiatives such as a special programme to identify a certain number of real women entrepreneurs each year, provide them capacity development training, help them get necessary finance including market access for the products of women-led businesses. If necessary, CBs could implement such special programmes under their CSR activities. CBs can organise bank fairs at the local level to familiarise potential loan takers with loan facilities through various edutainment activities which will also contribute in enhancing financial literacy among the community.

BB may consider creating a special fund to be utilised for real women entrepreneurs with subsidised interest rate, preferably at bank rate. BB should make compulsory the provision of grace period for loans though the current policy has a provision for grace period of three to six months against term loan of one year to maximum five years based on banker-client relationship. BB can also open online-based complaint systems.

At the local level (possibly at the district or sub-district level), a separate institutional arrangement can be established which will include members from CBs working within that locality, representatives from women chambers, women entrepreneurs, BB, local level administration (DC, UNO), Department of Women Affairs, SME foundation, women elected representatives (ZP chair, Mayor or UZP Chair). These entities monitor the activities of the CBs and evaluate whether these banks have managed to reach the agreed upon target and if not, why. This organisation will then report to the national level and may suggest actions that would enhance women's access to credit.

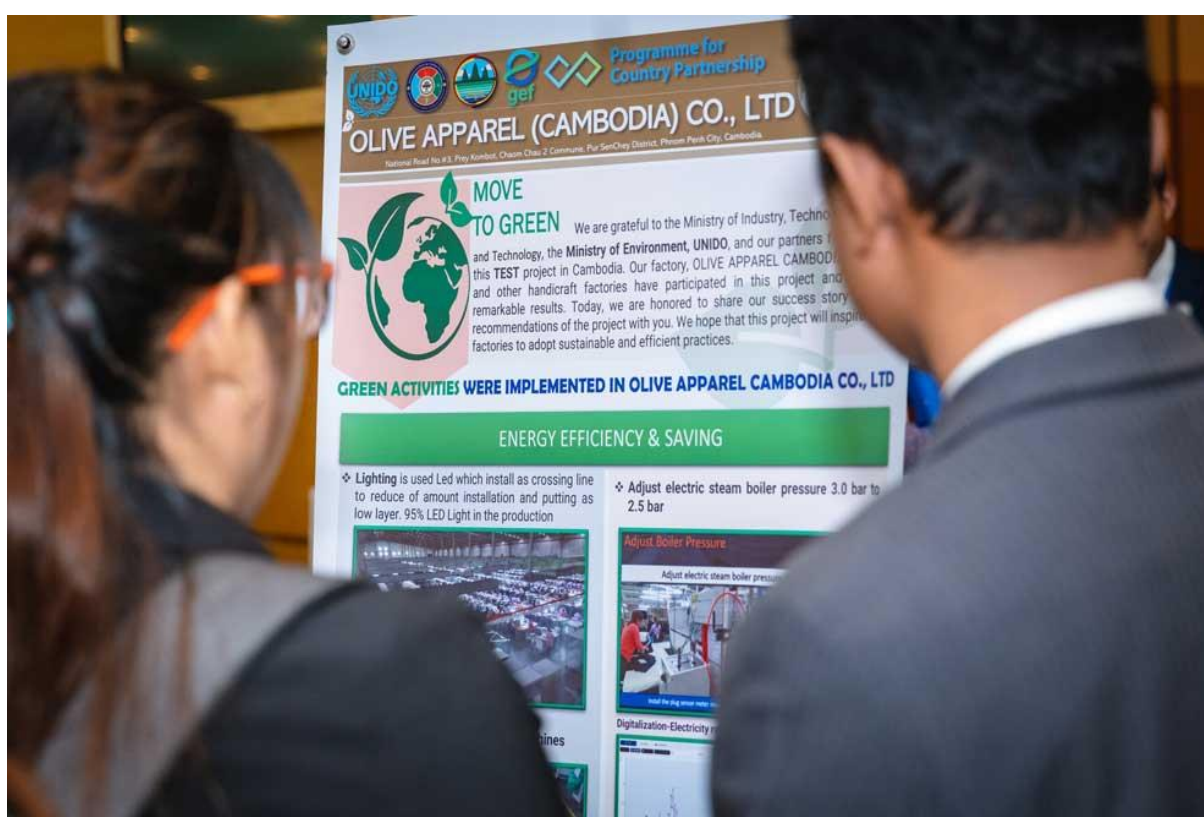
As a whole, collateral requirements and guarantee, lack of implementation of the provision of grace period, trade license and rigidity of loan procedures, reluctance and negligence towards women entrepreneurs and practical problems like family members misusing women entrepreneurs as a 'front' to collect loans from banks, are some of the constraints on the supply side. Socio-cultural constraints, barriers to market access, financial and business literacy, lack of knowledge on e-marketing, etc., are some constraining factors on the demand side. Banks and financial institutions can arrange provisional trade certificate for new women entrepreneurs, reform the rate of interest structure, introduce credit guarantee scheme, organise training for existing SMEs, support them to build networks, and monitor banks and non-banking financial

institutions. Female entrepreneurs themselves need to shift gears as well by participating in trainings and workshops to enhance their capacity.

Dr Mohammad Abu Eusuf is Professor, Department of Development Studies and Director, Centre on Budget and Policy, University of Dhaka, and Executive Director, Research and Policy Integration for Development (RAPID). This article was prepared with research assistance from Tunaggina Sumaia Khan and Dalia Rahman.

Green industry boosts SMEs, cuts emissions

The Phnom Penh Post, May Kunmakara, 24 December 2023



Participants read a banner about the Transfer of Environmentally Sound Technology (TEST) Methodology project on December 23 2023 (UNIDO)

CAMBODIA - At least 55 factories and small and medium-sized enterprises (SMEs) have been benefiting from a green industrial plan that has made sustainable practices accessible and scalable and have also participated in promoting renewable industry in Cambodia.

The framework was developed in collaboration with the Ministry of Industry, Science, Technology and Innovation, the Ministry of Environment and the UN Industrial Development Organisation (UNIDO).

It has successfully implemented an environmental project called Low-carbon Development for Productivity and Climate Change Mitigation through the Transfer of Environmentally Sound Technology (TEST) Methodology, aiming to address pollution issues and promote sustainable industry in the country, according to a recent announcement from UNIDO.

Rana Pratap Singh, project manager for the UNIDO programme, said it supported the beneficiaries by providing them with a green industrial strategy that made sustainable practices feasible.

“By doing so, the project contributed to improving the manufacturing conditions at these factories and SMEs and supported their green transition. As a result, the [beneficiaries] were able to save resources and increase productivity by 10 to 20%, leading to an annual saving of around \$10 million per year,” he said.

“Additionally, it facilitated reaching \$10 million in investments. The success of TEST is a concrete example of the greening industry for other developing countries,” he added.

Sok Narin, country representative for UNIDO, highlighted that the project aided approximately 130,000 workers, with over 80% of them women, by assisting the factories in meeting sustainability and compliance standards.

He said the programme increased the capacity of key staff, improved the health and safety of workers, reduced negative impacts on the surrounding community and fostered a shift in mindset towards green activities and practices.

“Aside from the economic and social benefits of the green industry resulting from TEST project intervention, the environmental impact was also noteworthy,” he said.

“The project can potentially contribute directly to the CO₂ reduction with an average of 40,000 tonnes per year during the period of 2018-28 while also contributing to a sustainable reduction in the discharge of wastewater, solid waste and GHG [greenhouse gas] emissions,” he added.

Industry minister Hem Vandy expressed his gratitude to all stakeholders for their strong collaborations, especially the environment ministry for partnering to implement the programme, UNIDO for their technical assistance, the Global Environment Facility (GEF) for project funding and the factories and SMEs for their commitment to the project.

He said that TEST has helped the enterprises strengthen Resource Efficiency and Cleaner Production (RECP), the Environmental Management System (EMS), Environmental Management Accounting (EMA), increase productivity, reduce production costs and increase the competitiveness of manufacturing sectors for local, regional and international markets.

“We could scale up and encourage more initiatives and commitments as outlined in the 100 Days campaign toward a green and sustainable industry sector in Cambodia and we urge all developers, public and private sectors and institutions under the ministry to

commit and continue to support the above initiatives, especially among our 60,000 SMEs and 2,000 factories,” he said.

“Also, we will further support an advanced level of TEST for a bigger impact in the greening industry such as Eco-Industrial Park [EIP] initiatives which aim to strengthen SEZs or Industrial Parks [IP] in Cambodia,” the minister added, following the project’s “successful” outcome.

Heng Chanthoeun, deputy head of the general directorate of policy and strategy under the environment ministry, said the project also supported Cambodia’s National Determined Contribution (NDC), especially the Industrial Processes and Product Uses (IPPU), by reducing carbon emissions.

He said it also helped to increase the awareness of RECP and TEST methodology as a whole.

“Additionally, the ministry will commit further to the Long-Term Strategy for Carbon Neutrality [LTS4CN] 2050,” he added.

\$150M in loans guaranteed for SMEs by CGCC

The Phnom Penh Post, May Kunmakara, 25 December 2023

CAMBODIA - As of November 30, the state-owned Credit Guarantee Corporation of Cambodia Plc (CGCC) has issued a total of 1,880 Letters of Guarantee (LG) for loans worth \$159.69 million. The guarantees were in support of small- and medium-sized enterprises (SMEs) affected by the Covid-19 pandemic.

According to figures released on December 22, the total of outstanding loans equal \$113.96 million, with a non-performing loan (NPL) ratio of 5.41. Total claim payouts came to \$123,336. The businesses supported included 1,731 micro, small and medium enterprises (MSMEs), and 149 larger firms.

Mey Vann, secretary of state at the Ministry of Economy and Finance, recently explained that SMEs have played an important role in supporting Cambodia’s socio-economic development. They contributed to the reduction of poverty by 50.2 per cent in 2003 to just 17.8 per cent in 2020, by increasing employment and income for Cambodians.

He said the CGCC was established to share risks with financial institutions, in order to increase the accessibility of loans to businesses, especially SMEs.

“The government considers that the use of the state budget to support financing through the credit guarantee mechanism has the first major advantage of a ‘Leverage Effect’. By using the capital of the CGCC to secure rotating loans, the capital is used only when a secured loan is lost. The state budget of \$200 million provided by the CGCC supports the issuance of loans with a far greater value,” he said.



Local products are exhibited at the 15th Cambodian & Import-Export Goods Exhibition. Heng Chivoan

“Second, it serves as a ‘Countercyclical Crisis Tool’ by maintaining market confidence, especially during a crisis, to balance economic activity,” he added.

Toch Chaochek, CEO of Cambodia Post Bank Plc (CPBank), a CGCC partner, explained that SMEs which are correctly registered and seek loans with the assistance of the CGCC are less risky creditors than their counterparts that do neither.

The National Bank of Cambodia expressed support for lending to smaller businesses, noting that the benchmark risk weight was reduced to 75 per cent for properly registered SMEs that could produce appropriate financial statements.

The CGCC was established by Sub-Decree No 140/ANKR/BK on September 1, 2020, and its \$200 million Business Recovery Guarantee Scheme (BRGS) was launched on March 29, 2021 in a bid to widen access to formal loans from participating financial institutions (PFI) for working capital, investment and business expansions.

In early January 2023, the finance ministry announced the ongoing BRGS to MSMEs, as well as large enterprises. The project will continue until the initial capital of \$200 million is gone.

FICCI Report on SMEs in India

FICCI, 19 October 2023

INDIA - Incorporating digital technologies in business functions leads to higher productivity and lower operational costs amongst SMEs; Sustainability is high on the agenda as it helps companies to mitigate their ecological footprint, optimise resource utilisation and minimise waste generation.

SMEs seek support from government to embrace digitisation and sustainability practices with greater vigour.

The FICCI Report on SMEs in India was conceptualised to assess the awareness of and preparedness for digitalization and sustainability by small and medium enterprises from the manufacturing sector in India. It is based on a nationwide survey of more than 600 SMEs across 14 cities followed by focussed group discussions. The report highlights how SMEs are adapting to the digital transformation taking place and adopting sustainability practices; it identifies the challenges in this regard and, more importantly, makes specific recommendations on how to overcome them.

Digitalisation of SMEs in India

Digitalisation has gained traction. SMEs in India have been increasingly adopting technology and digital solutions to enhance their competitiveness. This includes the use of e-commerce platforms, digital marketing, cloud computing, and automation tools.

The survey reveals that SMEs have been utilising digital technology across different business functions, with 60 percent of enterprises using digital tools for human resources, 51 percent for sales and marketing, and 48 percent for finance. The accounting software (such as Tally/ Vyapar/ Busy, etc.) and business applications like ERP and CRM were reported to be the most used digital tools by SMEs. What is noteworthy is that about 37 percent of enterprises surveyed were also using cloud-based business applications such as IaaS, PaaS, SaaS, etc.

Most of the firms have experienced improvements in productivity and reductions in operational costs as a result of incorporating digital technology into their business functions. Approximately 35 percent of respondents reported a reduction in their annual operational costs by 11-20 percent as a result of digitalisation. Another 30 percent of respondents indicated that their annual operational costs had decreased by more than 20 percent.

SMEs have also been leveraging e-commerce platforms and online marketplaces to reach a larger customer base and expand their market presence. These platforms provide opportunities for SMEs to showcase and sell their products nationally and globally. In terms of online markets and sales platforms, a significant 71 percent of participating enterprises had their own online channels or sales platforms (such as a website to display or sell products).

Amongst the enterprises that reported selling through online channel(s), 24 percent reported that more than half (50 to 75 percent) of their overall sales came through online platforms like e-commerce platforms or own website. Another 39 percent respondents reported that one fourth to half of their sales were through such online platforms.

The adoption of online markets and sales platform has increased their sales, profits as well as reach to customers.

The study also brings to fore some of the key challenges faced by SMEs in integrating technology in business functions, especially in on-boarding on e-commerce platforms. About 40 percent of respondents highlighted lack of skilled resources and technological expertise required to effectively integrate and operate these technologies, as well as limited knowledge of business-specific technology solutions.

While there is a government scheme “Digital MSME” as a part of the Champions Scheme to promote digital adoption amongst MSMEs enterprises, there is perhaps a need to create greater awareness about the scheme and its utility to the SMEs across India.

SMEs in India can also take advantage of Digital Public Infrastructure (DPI) for improving their access to finance and access to markets. For instance, the GeM (2016) portal for public procurement and the TReDS (2014) platform for receivables financing have been instrumental for development of SMEs in India. The survey findings reveal that while there is reasonable awareness about these platforms amongst the SMEs, there is a scope for further improving awareness and adoption of these platforms.

The two portals have high utility for SMEs and a further push may be given through capacity building workshops and awareness campaigns to increase SME registration on these platforms. Additionally, policy suggestions were offered to improve the performance of these platforms. In case of TReDS, the key suggestions offered include automatic publishing of GST registered MSMEs’ invoices on TReDS and deemed acceptance by corporates; allowing participation of State Government Agencies in TReDs; and making Customer Care Helpline of TReDS more robust. In case of GeM, the suggestions offered include reduction in charges and ensuring timely payment to SMEs.

Sustainability practices by SMEs in India

In recent years, there has been a growing emphasis on adoption of sustainable practices by Small and Medium Enterprises (SMEs) in India. By adopting sustainable practices, SMEs can mitigate their ecological footprint, optimize resource utilization, and minimize waste generation.

Businesses have recognized the importance of integrating Environmental, Social, and Governance (ESG) practices into their operations, not only to meet regulatory requirements but also to improve their competitiveness and reputation.

FICCI study shows an overwhelming 72 percent of respondents were generally aware of sustainability and ESG practices. The importance of buyer support in implementing

sustainability and ESG practices was instrumental as 64 percent of enterprises received guidance and support from their buyers.

Over the past two years, a significant number of surveyed enterprises have taken steps to adopt sustainable practices. The highest proportion of enterprises (41 percent) implemented measures to eliminate paper usage, demonstrating a growing awareness of the need to reduce waste and conserve resources, conserve water (41 percent), invest in green projects (39 percent), etc. The respondents also highlighted their priority for implementing sustainable practices over the next two years, which included the usage of renewable energy (36 percent), and investment in green projects (35 percent).

The enterprises have also reported benefits and cost savings by transitioning to green and sustainable practices including adoption of water conservation practices.

The respondents also highlighted the key impediments faced by SMEs in adopting sustainable practices. The majority of the respondents (42 percent) have indicated that time constraint is a key challenge in adopting sustainability practices, followed by limited funding (41 percent) and lack of incentives for implementation (41 percent).

In order to overcome these challenges, enterprises may invest in sustainability training and education, define clear goals and metrics for sustainability efforts, and establish partnerships and collaborations with other stakeholders in the industry. In-addition, approximately half of the respondents have suggested increasing awareness through targeted campaigns, training programs, etc. and providing subsidies or other benefits to incentivize compliance (35 percent).

Other issues and suggestions

While the study primarily focused on the digitalisation and sustainability preparedness of SMEs in India, the survey and discussions with SMEs also bring to fore some of the key challenges and issues faced by these enterprises in their day-to-day business. Besides the need for enhancing access to finance, the SMEs also highlighted issues with electricity supply and land leasing.

The key recommendations for improving the SME eco-system include improving access to finance, especially by laying emphasis on cash-flow based lending to SMEs. Another suggestion was to revise the classification norm of MSMEs in relation to NPAs from the current limit of 90 days to 180 days.

Not just pay, SME workers lag behind in benefits, too

Korea Herald, Lee Jaeun, 25 December 2023

SOUTH KOREA - The welfare benefits offered to employees at small to medium companies were around one-third of those provided by major corporations in 2022, amid widening gaps between the two groups, government data showed.

Smaller companies with less than 300 employees provided nonstatutory welfare benefits, also called fringe benefits, averaging 136,900 won (\$105) per month as of the end of 2022, according to data compiled in a report called "Corporate Labor Cost Survey for the 2022 Fiscal Year" released by the Ministry of Employment and Labor.

In contrast, during the same period, larger companies employing over 300 individuals disbursed monthly fringe benefits amounting to 400,900 won. The nonstatutory welfare benefits extended to employees in smaller enterprises accounted for only 34.1 percent of those offered by their counterparts in major corporations.



(The Getty Images Bank)

As of the end of 2022, companies with 10 or more regular employees were, on average, providing fringe benefits at a rate of 249,600 won per month per employee.

Specifically, benefits were at an average of 119,400 won for companies with 10 to 29 employees, but 489,300 won for companies with more than 1,000 employees.

Nonstatutory welfare benefits are the best-known form of non-wage compensation.

They can be defined as a program

voluntarily implemented by a company bearing a part or all of the costs for improving the welfare of its workers and their families.

Fringe welfare benefits include providing meals for employees; communication allowances; transportation allowances; subsidies for children's tuition fees; housing allowances; insurance premium subsidies; and subsidies for leisure and cultural activities.

Compared to nonstatutory welfare benefits, statutory benefits in Korea include annual leave; maternity leave; paternity leave; working hour limits; compensation for overtime; statutory minimum wage; and certain protections around unfair dismissal.

The latest figures come amid a widening welfare gap between the employees of large companies and their counterparts at smaller firms.

In fiscal year of 2012, those at companies with fewer than 300 employees were given monthly fringe benefits of around 163,000 won per worker on average. At the time, the figure for employees at firms with more than 300 employees was around 250,500 won.

The gap between the two groups was 87,500 won per month in 2012, but by the end of 2022, it had tripled to reach 264,000 won.

"As the dual structure of the labor market in Korea has solidified since the early 2000s, the gap in welfare provided by large companies and small and medium-sized companies has widened. Measures are needed to alleviate this dual structure," said Lee Byoung-hoon, a professor of sociology at Chung-Ang University in a local news report.

Labor market dualism is deeply entrenched in Korea's labor market. The dual labor market structure comprises of the primary sector, made up of large corporations, and the secondary sector made up of small and medium enterprises. Companies in the dual labor market are usually classified based on firm size.

Employees working at large corporations on average receive higher wages and social insurance coverage and a high degree of job security, while employees at small and medium enterprises receive lower wages, and are less likely to get other welfare benefits.

According to a 2022 report by the Korea Labor Institute titled "Measures to Improve the Dual Structure of the Labor Market and to Innovate Industrial Relations," the gap between large companies and SMEs in terms of wage level and working conditions is widening.

The structural barriers between the two types of enterprises are becoming higher and firmer, the report said, warning that this has contributed to eroding the Korean economy's growth engine and weakened the job creation capacity of the labor market.

Meanwhile, looking at the wage gap between the employees of major companies and the employees of small companies, the average monthly income of workers at large corporates in 2021 was 5.63 million won, about 2.1 times that of 2.66 million won for workers at SMEs, according to Statistics Korea.

Firms want government aid to keep costs down

New Straits Times, Daniel Ahmad, Ainun Jariah, 1 January 2024

MALAYSIA - With impending initiatives expected to drive up the cost of goods in 2024, businesses are seeking a government lifeline to navigate financial challenges.

Federation of Malaysian Manufacturers (FMM) president Tan Sri Soh Thian Lai said manufacturers had been grappling with cost increases since 2021.

He said they expected the high-cost business environment to remain after the announcement of the new electricity tariffs, fuel subsidy rationalisation and the minimum wage.

He cautioned that it would be impossible for industries to continue to absorb the increased costs which would ultimately impact their business sustainability.

"The price increases would have a direct impact on consumers. The government will have to intervene to ensure inflation can be controlled, particularly on essential items."

Soh hoped some form of tax relief and incentives would be given to help industry players cope with the direct and indirect costs of the petrol subsidy rationalisation.

"Direct costs would be in the form of logistics and distribution cost if industries are not considered for the subsidised fuel prices, while the indirect cost would be in the form of higher input costs from suppliers who cannot absorb the higher cost of production and operations as a result of the higher cost of fuel.



Companies look forward to some form of tax relief and incentives so as not to pass on the cost increases to their customers (AFP)

"We look forward to some form of tax relief and incentives as not everyone can pass on the cost increases to their customers," he said.

Soh also hoped that policies and measures implemented would aid businesses' growth.

Small and Medium Enterprises Association of Malaysia (SME Malaysia) president Ding Hong Sing said government support was needed to expand businesses and venture into international markets, which would indirectly boost economic growth.

This involves aiding SMEs in adopting machinery and embracing automation to boost production and mitigate price increases.

"The government wants to increase the minimum salary in 2024 and with that, the prices of goods will increase as well (due to high demand and low supply).

"What the government can do is help SMEs automate their businesses and improve on our production," he said.

Associated Chinese Chambers of Commerce and Industry of Malaysia treasurer-general Datuk Koong Lin Loong suggested incentives to businesses to promote automation.

Koong also called for ease in the process of doing business, which included simplifying licence and permit processes to encourage more domestic direct investment.

He also hoped the government would reduce the cost of doing business, such as cutting electricity charges for the year to help SMEs.

"The previous electricity hike has caused an increase by almost 30 per cent so it is quite burdensome for many businesses," he said, adding that the petrol subsidy rationalisation programme should be done in stages.



Federation of Malaysian Manufacturers (FMM) president Tan Sri Soh Thian Lai (NSTP)

Swift action, he said, was needed to attract foreign investors as there was a risk that China, the world's second-largest economy, might turn to other countries.

He welcomed the Malaysia My Second Home programme and the free visa initiative for attracting foreign talents.

"In March, Prime Minister Datuk Seri Anwar Ibrahim went to China to bring in RM170 billion, then Saudi Arabia.

"Signing a memorandum of understanding is just the beginning. It is important to ensure we materialise the agreement because foreign investors complain that in Malaysia, they have to deal with a lot of permits, licences, land acquisition, and paying premiums.

"Then there is no alignment between the federal and state governments. The government might have noticed this and that is why the prime minister said we must have one agency or ministry to coordinate. This will increase foreign investors," he said,

SME digitalisation powers the travel industry

The New Straits Times, Caesar Indra, 20 December 2023

MALAYSIA - Businesses are the gateway to consumers, whose needs are ever-evolving in this dynamic era of travel.

The chain that binds tourism in Southeast Asia comprises small and medium-sized enterprises (SMEs) and micro-SMEs (MSMEs). They are the beating heart of the region's economy and key to meeting customer demand.

* SMEs and MSMEs make up nearly 99 percent of all businesses here and contribute to 85 percent of all jobs across the region, contributing to nearly half of Southeast Asia's gross domestic product. In Malaysia alone, there are more than 1.1 million MSMEs, accounting for 97.4 percent of total businesses.

* As they are intrinsic to the travel sector's success, businesses that undergo digital transformation have the potential to become even more crucial partners that drive economic growth, productivity, and consumer-centricity. The power of digitalisation is clear: it offers opportunities to scale while expanding product portfolios to personalise services.



Businesses are the gateway to consumers, whose needs are ever-evolving in this dynamic era of travel

* The digitalisation of SMEs breeds competition, which will bring out the best in businesses in terms of winning customers. In the long run, this will pave the way for a thriving, connected ecosystem that can remain robust in the face of challenges. As such, Southeast Asia tourism must do more to encourage small businesses to embrace bytes for a bigger bite of the cherry that ultimately benefits the entire industry.

Digitalisation never stops

* For most businesses, digitalization is not a destination. It is a continuous journey that is necessary for survival and success. Through digital transformation, SMEs and MSMEs in Southeast Asia can contribute to data-driven decision-making and collaboration within the travel industry while empowering sustainable growth.

* The region is on the right track. One of the lasting legacies of the pandemic has been the greater adoption of digital technologies, something that forced a hitherto slow-to-change travel industry to accelerate its online migration. According to a white paper by global digital customer experience solution provider TDCX, SMEs in Southeast Asia have spent US\$78 billion on digitalisation initiatives over the last three years.

* A common goal for every business is to do more with less. That is when innovation, the lifeblood of growth, is critical. Leveraging technologies such as artificial intelligence (AI) and the Internet of Things (IoT) has allowed SMEs to explore new business models, develop innovative products and services, and disrupt traditional markets.

* One example is travel platforms incorporating AI to enhance strategic financial optimisation. Using algorithms, travel companies no longer have to resort to traditional methods of demand prediction and price optimisation, which could be time-consuming for smaller businesses with limited manpower. AI can also analyse both historical and real-time data, giving businesses access to booking trends that shape travel demand. Travel platforms that incorporate cutting-edge technology at an early stage would gain a competitive advantage.

* Tourism stands to win big, especially in Malaysia, which is home to 33 million internet users and has an internet penetration rate of 96.8 per cent. For instance, popular destinations like Penang and Sarawak have launched digital solutions such as the "Welcome to Penang VR" project and the Sarawak Travel Portal and App to promote tourism while also boosting efficiency to serve more consumers.

* Malaysia has also embarked on a roadmap that envisions 90 per cent of MSMEs digitalising their business operations by 2025. Such a move helps small businesses reach a more global audience and generate new revenue streams. At the core of this seismic shift are people, as tech-savvy travelers in the region are getting comfortable with, and even open to, revolutionary ways of travel.

Embrace, expand, and grow

* These bold steps by SMEs make them well-placed to serve consumers in the new age of travel. The rapid expansion of the region's middle class, with rising spending power, is leading to more consumption. That growth has also enabled the flourishing of Southeast Asia's internet economy. By 2025, Southeast Asia's internet economy is set to double to US\$363 billion. Digitalisation must, then, be a matter of when, not if.

* A joint study by Yahoo and research firm Milieu Insight of 1,000 Malaysians earlier this year found that 65 percent of respondents wanted to explore as much as they could on holidays. As such, the chance to earn 'brownie points' with customers who want a customized travel plan within seconds should not be underestimated.

* But this is not just limited to travel companies. In fact, for businesses where customer satisfaction is non-negotiable, tapping technologies like AI would simply enhance their performances. In Southeast Asia's mammoth economy, where SMEs play a crucial role, an expanded and AI-enhanced outreach has the potential to enable highly targeted marketing—a crucial aspect as the travel industry continues to recover.

Digitalisation remains a tall order

* Encouraging digitalisation is the way forward, but that comes with its share of challenges. One significant hurdle is the initial cost of implementing digital technologies, including software, hardware, and training, which can strain the budgets of SMEs. They may also lack the internal expertise, making it necessary to hire or train employees with digital skills.

* Here's where government initiatives can be an important crutch that helps SMEs effectively tackle the hurdles of digital transformation. For one thing, partnerships with larger organisations or technology providers can offer valuable guidance and resources during digitalisation; knowledge-sharing is vital for SMEs in navigating the complex processes.

* Ultimately, a holistic approach that combines education, financial support, and industry collaboration can empower SMEs to thrive in the digital age while mitigating the challenges they face. When that happens, the travel industry's wings will spread and soar.

* The online world is filled with growth opportunities at every corner. But SMEs must take that first step to the next level. Only then will they be able to elevate their products and services, which, in turn, will drive the travel industry to greater heights as we usher in the return of travel.

Extensive SME support plan

The Sun, Raveen Aingaran, 2 January 2024

Association hopeful of boosting sector via multiple initiatives involving training, financing and collaborations

MALAYSIA - With the dawn of 2024, the SME Association of Malaysia is looking forward to further promoting small and medium enterprises as the backbone of economic growth.

Its president Ding Hong Sing said the association's confidence has been boosted by Budget 2024's allocation of RM44 billion to advance micro, small and medium-sized enterprises (MSME).

"MSME contributed 38.2% to the gross domestic product in 2021 and employed 7.3 million workers.

"Our 2023 growth was due to the government's promotion of initiatives such as the Corporate Green Power Programme, which presented SME with investment opportunities, especially for the environmental, social and governance (ESG) centric markets like Europe and the US."

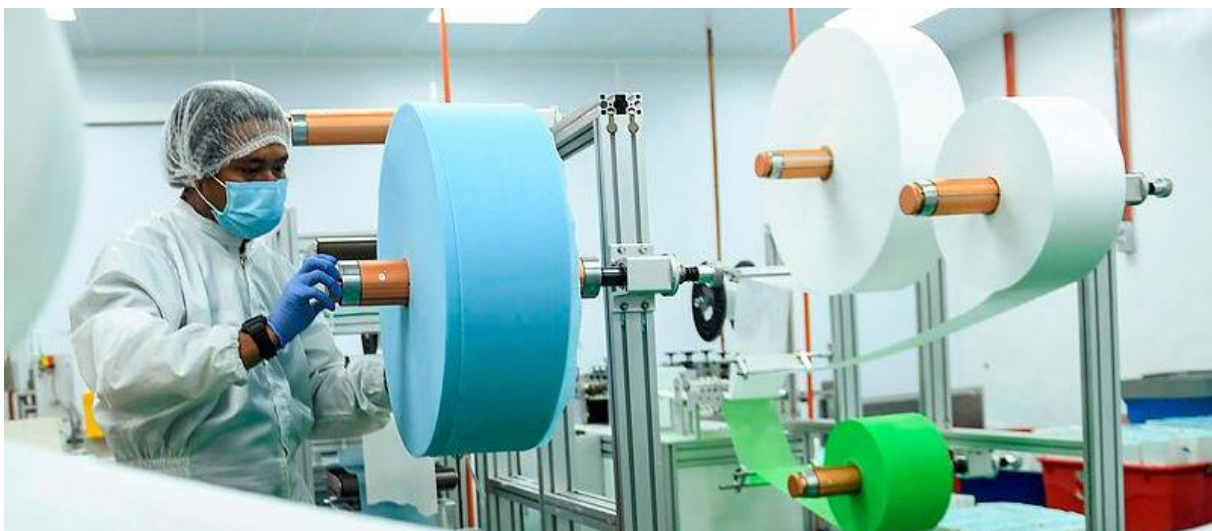
Ding said the push towards high-tech industrial transformation benefitted SME by integrating technology and addressing global demand.

“In Budget 2024, RM2 billion was allocated for the National Energy Transition Roadmap and RM900 million for digitalisation to boost SME productivity and green transition.

“Recent policy shifts in Malaysia also underscore a collective effort to bolster SME, particularly in ESG and industrial transformation,” he said, adding that to achieve net-zero greenhouse gas emissions by 2050, Malaysia has adopted Sustainable Development Goals and ESG frameworks.

Ding also said key budgetary provisions from 2024 include elevating salary ceilings and introducing initiatives to increase public sector integration. He anticipates a 20.2% increase in benefits for 1.45 million workers from such initiatives.

“Simultaneously, there is a push for SME to move from labour-intensive to knowledge-driven industries in 2024, along with an emphasis on regional development, for which significant funding has been provided in Budget 2024 to improve infrastructure in Sabah and Sarawak.”



Bernamapix

Ding said SME in Malaysia are presented with an abundance of training opportunities to enhance competitiveness and adapt to evolving sectors, adding that these were aligned with the New Industrial Master Plan 2030 missions, in which training will focus on science, technology, engineering, and mathematics.

Training will also be provided in advanced innovations and ESG practices that are crucial for Industry 4.0 and artificial intelligence integration.

“Collaborative efforts between the Human Resources Ministry (MOHR), Higher Education Ministry (MOHE) and industry partners also channelled RM6.8 billion for technical and vocational education and training (TVET) programmes.

“This includes RM1.6 billion for 1.7 million training slots as provided for in Budget 2024.”

Ding said in fostering skills development for SME, the association would continue to collaborate with educational institutions and organisations to align talent supply with industry demands.

He said the efforts encompass enhancing TVET programmes, fostering research and development partnerships on ESG and innovations, and crafting specialised training initiatives.

These will be led by MOHR and MOHE and supported by Talent Corporation Malaysia Berhad and the Human Resource Development Corporation.

The strategy will integrate talent evaluation from diverse educational institutions, forecast industry needs and tailor training to pivotal sectors.

Ding said to support SME in international expansion, the government and associated entities have provided a variety of financial and non-financial aid.

“Notably, the Market Development Grant by Malaysia External Trade Development Corporation (Matrade) offers up to RM300,000 for overseas market penetration activities, covering costs from booth rentals to digital marketing.

“Businesses are encouraged to engage with Matrade for market insights, training and access to international trade leads. Financing support is also available from institutions under Majlis Amanah Rakyat, SME Bank and Exim Bank, facilitating SME readiness for global markets.”

He added that despite the association’s efforts, SME in Malaysia continue to grapple with multiple challenges, which will be looked into this year.

These range from business strategies not being aligned with national goals to organisational constraints for transformative endeavours.

“Accessing financing in challenging economic times and limited awareness of government support programmes further worsen our struggle.

“Continuous engagement and support remain pivotal as SME navigate these obstacles,” he said.

Subsidized electricity tariff should be provided to Karachi-based SMEs: FBATI

Daily Times, 9 November 2023

** President FBATI says government should treat traders of Karachi at par with rest of country by facilitating them with subsidized cost of electric units, mainly to SMEs*

PAKISTAN - The President of the Federal B Area Trade and Industry (FBATI) Syed Raza Hussain said the government should provide a subsidized electricity tariff to Small

and Medium Sized Enterprises (SMEs) of the commercial capital Karachi to revive economic activity at an accelerated pace.

Speaking in a meeting with a delegation of K-Electric officials, the FBATI President said the government should treat the traders of Karachi at par with the rest of the country by facilitating them with the subsidized cost of electric units, mainly to SMEs.

He added the government had allocated subsidized quotas for the export-oriented sectors in different cities of the country besides Karachi, depriving businessmen of their right to equal treatment, which cost them severe losses.

The FBATI President also emphasized that the government should resolve the long-awaited matter of industrialists of Karachi, passing on the benefit of incremental units' consumption of electricity to consumers.

Industries in Karachi neither received subsidy on account of the incremental unit consumption of electricity in 2022 nor in 2023 but this particular relief has been provided to industrialists in different cities of the country, he remarked.

He mentioned that industries and utility companies, mainly electricity distribution and generation companies, should foster relationships to ensure uninterrupted power supplies to industrial zones, including the area under FBATI.

He urged the KE delegation to resolve issues of the industrial units regarding load enhancement in collaboration with the association and its members for a smooth supply of electricity to industrial units to ensure their uninterrupted production.

Fawad Gillani, Chief Distribution Officer at K-Electric, said the power utility is transforming its system into a customer-centric organization with a proper mechanism to address the company's issues, mainly the industrial customers, to resolve their issues on a priority basis.

He further mentioned that K-Electric is working proactively to provide new connections to industrial customers through a one-window system requirement to submit limited documentation for legal compliance.

He lauded the role of associations for supporting the power utility in removing the illegal connections of the residential areas and shanty towns through active drives, adding that the high cost of electricity is one of the reasons for increasing electricity theft in the city.

Masoor Alvi, Chairman of Utility Committee FBATI, said the industrial activity in Karachi witnessed a slight sustainability in the past two months, which is a good omen for the economy, but uncertainty remains prevailing.

He mentioned that the industrial activity and expansion witnessed in the commercial capital for the past two months after a very long time, but this expansion did not continue due to various reasons on the political and economic front.

He appreciated the role of K-Electric in addressing the issues of industrial customers with the marked improvement in the supply system.

More data analytics infusions for MSMEs

Daily Tribune, Kathryn Jose, 2 January 2024



PHILIPPINES - The Department of Science and Technology, or DoST, encourages more institutions to explore data analytics as it aims to expand data science investments in growing micro, small and medium enterprises or MSMEs.

“We need data science to fast track our country’s growth and improve the quality of life of our countrymen,” Science and Technology Secretary Renato Solidum

stressed.

The DoST said a total of P30 million were already disbursed in 2022 for its Good Governance through Data Science and Decision Support System or GODDESS program. Renato said the GODDESS projects conceptualized in 2022 involved opportunities in agribusiness and tourism.

The program funded 22 data analytics projects and the training of 11 students. These are the PhilRice Data Analytics Initiative – RiceLytics of Philippine Rice Research Institute, the Development of Data Analytics System for Visualization and Exploratory Analysis of Philippine Rice Genetic Resources of Philippine Rice Research Institute — Genetic Resources Division, and the Hundred Islands National Park Management System: Implementation of Smart Tourism of Pangasinan State University.

Data analytics is the science of generating insights from various information using computer technologies. It helps businesses detect inefficiencies and trends and automate processes.

A 2020 survey by the World Economic Forum reveals data analysts as the most in demand role post pandemic, followed by artificial intelligence or AI and digital marketing specialists.

The global institution says these jobs can create 97 million new jobs by 2025.

“Product development and data and AI are newer, constantly evolving pockets within the labor market,” the World Economic Forum said.

However, unlike other computer-related jobs, online learning provider Coursera says data analytics are easier to learn by people with different work backgrounds.

“It’s common for individuals moving into data and AI to lack key data science skills, but it’s possible to master those skills, such as statistical programming, within a recommended time frame of 76 days of learning,” Coursera said.

Financing remains MSMEs' stumbling block

Daily Tribune, Kathryn Jose, 25 December 2023

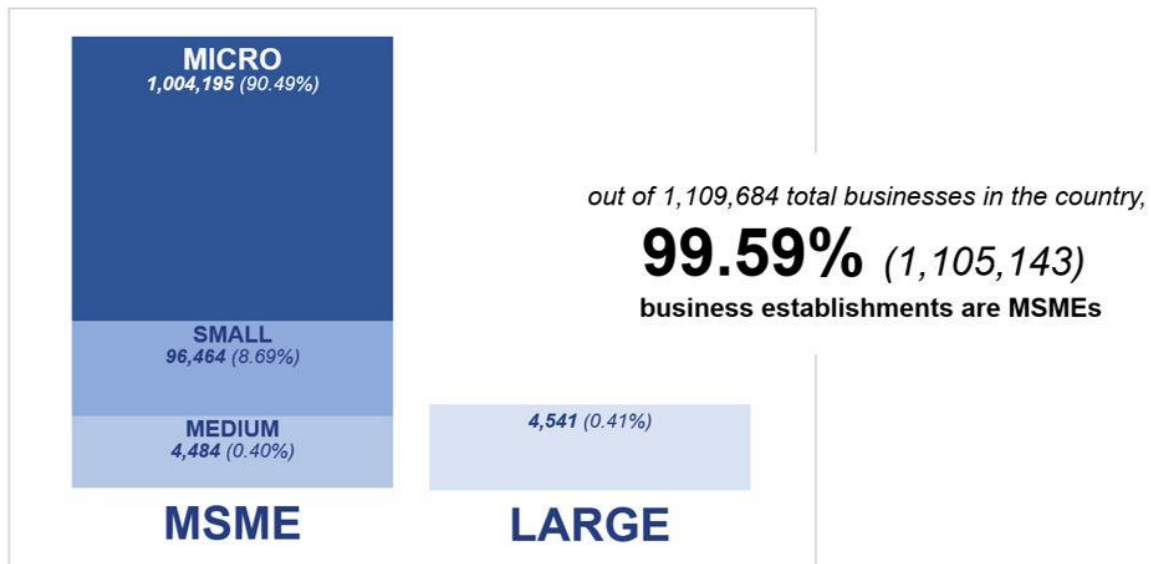
PHILIPPINES - Micro, small and medium enterprises or MSMEs are more vulnerable to economic changes as they often rely on daily revenues, unlike large corporations that have huge and diversified fund sources.

MSMEs' low financial capacity was highlighted during the pandemic when 38 percent of them closed shop while 49 percent reduced operations, according to a 2020 survey on the Philippines by the United Nations Development Program.

A key reason for this was the lack of funding, which was identified by 49 percent of the poll respondents as a major constraint.

A substantial 47 percent said they have a hard time obtaining bank financing while they encounter insufficient and slow financial aid from the government.

Results of the survey revealed 80 percent of MSMEs had no access to any form of financial support.



Number of Establishments, PSA 2022 List of Establishments

Graph courtesy of Philippine Statistics Authority In 2022, the Philippine Statistics Authority recorded a total of 1,109,684 business enterprises. Of these, 1,105,143 are MSMEs and 4,541 are large enterprises. Micro enterprises constitute 90.49 percent of total establishments, followed by small enterprises at 8.69 percent and medium enterprises at 0.4 percent.

Even after the pandemic which began in 2019, studies showed many Filipino MSMEs have been struggling to grow their businesses due to insufficient funds.

According to the Asian Development Bank or ADB, total loans for Filipino MSMEs from 2007 to 2019 stabilized at 5 percent of the gross domestic product or GDP, much lower than Thailand's 30 to 34 percent and Malaysia's 20 to 24 percent.

Laggard financial institutions

ADB data showed non-bank financial firms in the country had slower MSME lending in 2019 at 3 percent of GDP compared to Cambodia's 27 percent and Indonesia's 8 percent.

In 2022, Philippine lenders poured 76 percent of all loans over large corporations, much higher than Thailand's 38 percent and Malaysia's 32 percent based on data from McKinsey & Company.

Fast forward to the first half of 2023, the Bangko Sentral ng Pilipinas reported MSME lending slightly grew by 3.1 percent compared to the year-ago level.

However, it remained much smaller at 3.6 percent share of the total loans compared to 47.8 percent for non-financial corporations, 20 percent for individual borrowers, and 10.6 percent for financial firms during that period.

The central bank said universal and commercial banks remained the top provider of MSME loans.

Top uses for loans

The United Nations Industrial Development Organization identified in 2020 the top reasons for MSMEs to take out loans.

The majority or 65 percent of its survey respondents said they wanted to borrow to increase their working capital, 40 percent to pay existing loans, and 40 percent to pay taxes.

The survey results said the majority or 75 percent of MSMEs needed up to P2 million to sustain their businesses, while 50 percent said they did not have business continuity plans to cope with economic crises. Most of them or 83 percent were micro enterprises.

"Overall, the results of the rapid response survey confirmed the significant disruptions caused by Covid-19 pandemic and the consequent community quarantine in the day-to-day operations of MSMEs, with their income and cash flow affected most," the United Nations or UN said.

"Furthermore, MSMEs were concerned about their employees' welfare but the lack of income made it difficult for business owners to provide regular financial assistance to their workers," the global institution added.

Funding for the digitalization of MSMEs has also emerged as one of their top concerns since the pandemic as they needed to reach more customers.

“It is possible, however, that while microbusinesses had not developed on paper their business continuity plans, several may have already resorted to concrete actions by going digital and selling diversified products online,” the UN said.

Infusion to digital shift

Based on a study by global technology firm Cisco, 15 percent of Filipino MSMEs lack budget for digitalization, making it their top challenge followed by the shortage of digitally skilled staff and resistance to change.

Government highlights need to develop 'agile' exporters

Manila Bulletin, Ma. Joselie C. Garcia, 1 January 2024

PHILIPPINES - Government agencies, as export enablers, emphasized the need for agile exporters to adapt to the uncertain international trading environment by empowering them through providing support services and incentives during the recent National Export Congress.

The export congress held December 6, 2023 was organized by the Department of Trade Industry-Export Marketing Bureau (DTI-EMB), together with the Export Development Council (EDC) and the Philippine Exporters Confederation Inc. (PHILEXPORT).

During the event, the Department of Science and Technology (DOST) reaffirmed its position as the leading enabler and provider of science, technology, and innovation (STI) solutions for national development.

Among the support services it offers exporters include highly specialized STI facilities, testing and calibration services, innovation hubs, access to experts, access to technologies, technology upgrading for SME exporters, and research and development support.

The Land Bank of the Philippines, the country’s largest government financial institution, discussed its financing programs for Filipino exporters, which have the vision to “unlock the full potential of the export industry.”

Some of the Landbank’s agri-financing programs for exporters include the high-value crops and value chain lending program, poultry and livestock value chain lending program, and aqua lending program.

Among its non-agri financing programs are the I-Tech lending program, real energy financing program, and ecozone lending program.

Meanwhile, the Intellectual Property Office of the Philippines (IPOPHL) talked about empowering Filipino exporters to take advantage of their intellectual property (IP) to add value to their products and to protect their IP assets before jumping into the global market.



IPOPHL said its Juan for the World Program is one of these projects with public and private sector partners that intend to make exporters competitive in the world market.

The program is aimed at enabling by end-2024 a targeted 100 eligible micro, small and medium enterprises (MSMEs) to protect their trademarks and be globally competitive under the Madrid Protocol.

The program's incentive package provides financial and technical business assistance including registration assistance, waived handling fee, basic fees coverage, and technical help like marketing and management.

The Bureau of Customs, on the other hand, said it continues to undertake modernization and trade facilitation initiatives to support export growth and overall economic progress.

Earlier, the Bureau of Internal Revenue (BIR) said the agency's 10-year digitalization program rests on four pillars that uphold ease of doing business and reduction of red tape.

These pillars seek to strengthen the BIR organization; modernize the digital backbone of the agency; enhance policies, governance, and standards; and elevate taxpayer experience and innovate BIR services.

The National Export Congress was part of the week-long celebration of the 26th National Exporters' Week (NEW) 2023 last December 4-7, with the theme, "Agile Philippines: Empowering Exporters towards Global Excellence."

7-Eleven Singapore to trial cashierless check-out

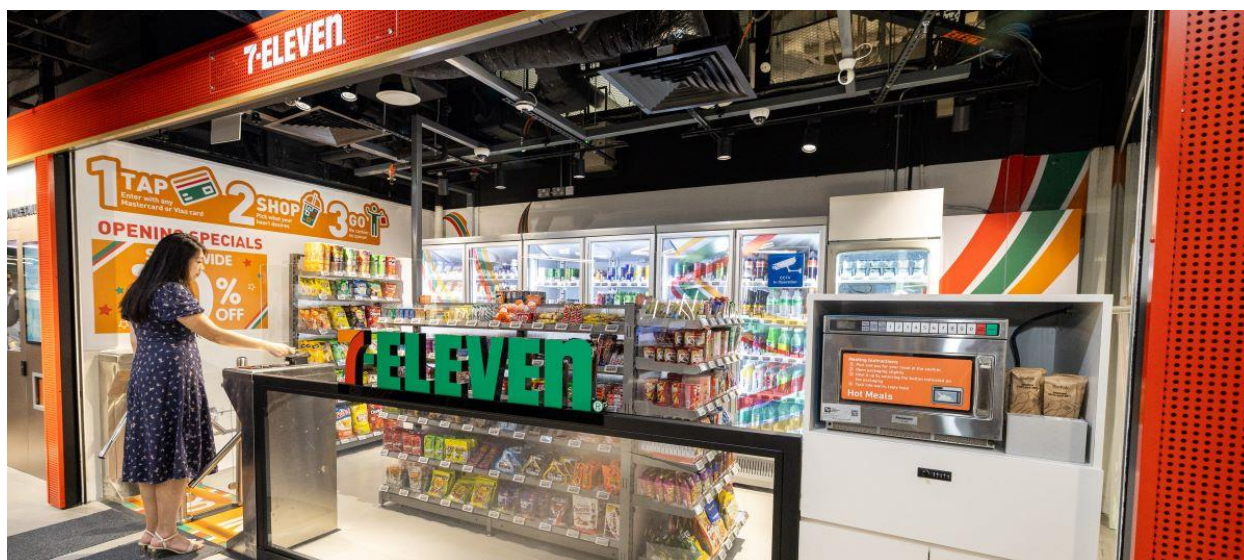
The Edge Singapore, Nurdianah Md NurMon, 22 January 2024

SINGAPORE - Drop by the 7-Eleven outlet at Hive 2.0 along Esplanade Xchange to take a sneak peek at the future of convenience stores.

Called 7-Eleven Shop & Go, the autonomous store offers a cashierless and frictionless experience. Shoppers will need to tap their credit card to enter. A small fee is then charged to verify the card, which will be used to offset their purchase or refunded if there is no purchase.

Thereafter, shoppers can simply pick the items they need and walk out as their purchase will be automatically charged to their credit card as they leave the store. All of this is enabled by smart cameras, deep learning and multi-sensor fusion technologies.

“The 7-Eleven Shop & Go store will run for a minimum of six months while we gather and review feedback. We have set a limit of five shoppers within the store to ensure a comfortable shopping experience, and we will continue to monitor and adjust this limit, if necessary,” Serene Seow, managing director of 7-Eleven Singapore, shares with DigitalEdge. DigitalEdge also understands that 7-Eleven may expand the accepted payment options if the trial is scaled up in the future.



The 7-Eleven Shop & Go is enabling a swift and fuss-free shopping experience (Photo: Stellar Lifestyle)

Besides that, office workers at South Beach Development can order items from Esplanade MRT station’s 7-Eleven through the QuikBot app and get them delivered to their office buildings via robots.

QuikBot's delivery robots will autonomously transport purchases, consolidating orders on larger robots with a fleet of smaller ones, seamlessly navigating lifts, gantries, and multiple buildings to deliver items directly to office floors. These robots will exchange items with each other to optimise logistics efficiency and they will self-navigate on common corridors as they move between Esplanade MRT and South Beach Tower.

7-Eleven Shop & Go and QuikBot are among the innovations currently being tested at Hive 2.0, a 3,200 sq ft retail innovation hub of Stellar Lifestyle, a business arm of SMRT. Other new retail concepts (mostly developed by local start-ups) that can be found there include:

The Gym Pod – An on-demand fully-private gym to help health-conscious commuters hit their fitness goals.

JAVIS – An upcoming fully automated bubble tea store that can brew freshly made bubble tea tailored to customers’ preferences.

BuzzAR – A virtual assistant powered by artificial intelligence (AI) that provides shopping guidance and recommendations to Hive customers.

Mr.R Robotics – Singapore’s first adaptive robotics retail store, serving frozen, chilled and ambient products concurrently.

NOYES – A fully automated nano-warehousing storage solution to support re-stocking and self-collection for retailers.

Le Tach Vending – An intelligent vending machine operator that stocks traditional and non-traditional products, ranging from herbal teas to bak kwa (sweetmeat) and fresh fruit.



QuikBot's autonomous delivery robots can self-navigate along common corridors between Esplanade MRT and South Beach Tower to transport orders (Photo: Stellar Lifestyle)

IncuBaker – An F&B Incubator offering a co-working kitchen workspace and studio to help aspiring F&B entrepreneurs test and sell their products.

Yzel – An AI-powered, pop-up sampling solution that helps local brands access complementary physical spaces for product display, sampling and sales.

Tap Tiles – A startup that designs kinetic floor tiles which can harvest clean energy in the form of electricity and data from footsteps while engaging the users in the process.

“Hive by Stellar Lifestyle continues to support Small and Medium Enterprises (SMEs) by introducing and validating innovations. This year, Hive 2.0 will leverage AI, robotics and connected networks to help our merchant partners become more operationally resilient,” says Tony Heng, president of Stellar Lifestyle.

He continues: “We designed these innovations to leverage our extensive rail network, allowing us to create new in-store experiences where consumers can enjoy greater convenience and enhanced retail experiences. What you see here today could scale across the train network in the future, as SMRT is committed to Moving People, Enhancing Lifestyles.”

Nanyang Polytechnic, SME group ink deal to train 5,000 workers from 500 small retailers over 5 years

The Straits Times, Renald Yeo, 17 August 2023



NYP's Singapore Institute of Retail Studies and the Bosses Network, an SME advocacy group, signed the new partnership on August 16 2023 (ST file)

SINGAPORE - A new partnership aims to upskill 5,000 employees from 500 small retailers in Singapore over the next five years, by providing access to a curated selection of training programmes.

The deal was signed between Nanyang Polytechnic's Singapore Institute of Retail Studies (NYP-SIRS) and the Bosses Network, an advocacy group of more than 10,000 local small and medium-sized enterprises (SMEs).

The two parties will design and develop tailored programmes, organise webinars and curate events such as overseas trips, seminars and specialised training. NYP-SIRS will also offer consultancy in areas such as transformation, expansion and digitalisation.

The two organisations have worked together since 2019 to offer training courses, in which more than 100 companies have taken part. The new partnership will give trainers from NYP-SIRS "first-hand insights" into the challenges faced by Singapore's SMEs, and enable them to incorporate "authentic and relevant case studies into their training programmes", said Minister of State for Trade and Industry Low Yen Ling.

The courses are available to employees of SMEs which are part of the Bosses Network.

Ms Low, the guest of honour at the event, said: "(NYP-SIRS') training programmes, consultancy services and ecosystem partnerships are positioned towards supporting companies' business development as well as innovation needs."

She cited Unidbox Hardware as a retailer which has benefited from NYP-SIRS' programmes.

The company's sales were hit by outlet closures during pandemic-era movement restrictions. But its past efforts to develop e-commerce capabilities, from a 2019 training programme by NYP-SIRS, enabled it to pivot towards digital sales during the pandemic.

Following the training and engagement with NYP-SIRS, Unidbox grew its revenue by 100 per cent between 2019 and 2022, Ms Low said.

Courses available under the partnership include a week-long study trip to Chinese e-commerce giant Alibaba's Hangzhou campus, where SMEs' top management will take courses from Alibaba Business School.

Mr Russell Chan, principal and chief executive officer at Nanyang Polytechnic, said: "Upskilling is paramount across all sectors, particularly for SMEs in Singapore, to help them stay competitive amid evolving market conditions.

Sri Lanka's 42% of MSMEs at risk of collapse, ILO study

Ceylon Today, Ishara Gamage, 9 November 2023

SRI LANKA - Addressing the launch of the ILO report titled 'Impact of multiple crises on Sri Lanka's MSMEs' Simrin Singh said that 50% of MSMEs were struggling to retain or hire employees due to their unaffordability to pay enough salaries due to the rising cost of living.

Additionally, 44% think employee morale is low, and nearly as many think employees are less productive than they were before the crisis.

The report provides a thorough overview of the challenges faced by MSMEs and offers insights into the support mechanisms necessary to enhance their performance and stimulate job creation. The keynote speech at the launch event was delivered by Manusha Nanayakkara, Minister of Labour and Foreign Employment, emphasising the Government's commitment to addressing the challenges faced by MSMEs in Sri Lanka.

The study provides insights into a labour market recovery strategy in Sri Lanka, based on the ILO's support for the Ministry of Labour and social partners.

It analyses data from a survey of 500 MSMEs that survived the crisis, 50 MSMEs that succumbed, and sector-wise informant opinions of officials and officials of relevant organisations.

The findings aim to understand the impact of the economic crisis on MSMEs in Sri Lanka.

The study identified environmental organisation, technological adaptation, factor substitution, minimising waste, and searching for new markets as the primary resilience factors.

'The surviving MSMEs displayed more adaptive behaviors, such as using digital technologies for business operations (38 per cent), sourcing from new suppliers (38 per cent), introducing flexible work practices (39 per cent), adjusting the product or service mix to the labor that was available (39 per cent), using online sales and social media to mark products (32 per cent), and rescheduling bank loans (36 per cent)' it stated.



Around 42% of Sri Lanka's existing micro, small, and medium-sized enterprises (MSME) were at risk of failure within a year, the International Labour Organisation's (ILO) country director for Sri Lanka and the Maldives, Simrin Singh said.

'Many surviving MSMEs resorted to digitalisation in their adaptive behavior, but the digital strategies they adopted were at the low end of the digitalisation scale, such as using social media platforms mainly for information society'.

This ILO report is a vital resource for policymakers, business leaders, and stakeholders concerned about the future of Sri Lanka's MSMEs.

ILO is developing a labour market recovery and transformation strategy, focusing on human-centred recovery. The organisation is working with government, social partners, development partners, and economists to formulate policy options, conduct further monitoring, support resource mobilisation, and implement capacity building to support institutions in implementing the strategy.

Historical economic success of Turkish republic: SME revolution

Daily Sabah, Kerem Alkin, 29 October 2023

TURKEY - When considering the historical economic transformation of the century-old Republic of Türkiye, several titles come to mind, including planned development, the small and medium-sized enterprises (SME) revolution, infrastructure advancement, export-oriented growth, and the heavy industry push. It is not easy to choose: We are talking about a development move that has set an example for many developing economies of the world.



After the first five-year industrialization plan between 1933 and 1938, with 12 Five-Year Development Plans from 1961 to the present, Türkiye has boosted the gross domestic product (GDP) to over \$1 trillion and its exports to over \$250 billion. It's a wish that these historical leaps in the Turkish economy were not divided into pieces: the great leaps in the first 15 years of the republic and the last 15 years in which we reached the 100th anniversary have already been engraved in the pages

of history. These achievements are foundational support for sustainable development and regional peace.

As we observe the heavy human tragedy in the Middle East and the "conscious" ignorance of some of the world's leading countries, we once again realize how valuable the free and fair stance of the republic of Türkiye, the work of the founders of the republic who signed its establishment 100 years ago with their blood and hearts, is for the security and peace of the entire geography around our country. For this reason, we need to grasp again what an invaluable success the economic independence of the Republic of Türkiye, the "economic rise of Anatolia" and the SME revolution are in the 100-year-old glorious story of the republic. This is the essence of the industrialization move, engraved in golden letters in the 100-year history of the republic, which has turned into a historical export move from all 81 provinces in the last 20 years, where Turkish industry has achieved an export volume of hundreds of billions of dollars, and that the high value-added products of Turkish industry are sought after in every corner of the world.

Transformation

Anatolia's economic rise and the SME revolution have also transformed many cities of Türkiye into production, employment, innovation and export centers. What has been achieved in the name of university-industry cooperation and Türkiye's "domestic and national" ("yerli ve milli" in Turkish) technology moves in techno-cities, techno-parks and

incubation centers are of strategic importance for the consolidation of the high value-added economy in the second century of the republic under the vision of the "Century of Türkiye."

These achievements are also important in strengthening Türkiye's strategic autonomy capacity, which is necessary for strengthening the nation's possibilities and capabilities in the painful restructuring process of the global order and global economy-political system. Türkiye's deepening of its defense, energy, food, logistics, transportation and digital capabilities with domestic and national resources, and its expansion of its area of dominance from the depths of space to the depths of the seas and oceans are signs of the success of the 100-year-old republic's economy.

In the founding days of the republic, a significant part of its working population was martyred in the War of Independence, and from a Türkiye that did not have the capital for the investments needed to build a new economy, to a Türkiye that has made strategic investments in five continents, ranking second in international contracting services in the world, and strengthening its position as a "safe port" country in the global supply system with its goods and services, is another important dimension of the 100-year story of the Turkish economy, and is the epic entrepreneurship story of the Turkish people.

Entrepreneurship success

The entrepreneurship success of Turkish people is the essence of the economic road map of the "Century of Türkiye," because we will continue to increase our claim in the world economy with our unstoppable entrepreneurial skills. For the last 35 years, countless times, I have tried to find rational answers to the countless questions of many of our people who are looking for all kinds of solutions to realize their entrepreneurial projects.

The success story of the Turkish economy is also the story of the endless determination of our SMEs. We will take the SME revolution to an even more assertive level in the Century of Türkiye with a new generation that observes and analyzes the new ruptures and new challenges in global competition.

An invaluable achievement in the last 20 years of the economy of the republic is the democratization of the economy. It is the spread of capital and investment skills to the public. Türkiye is in an exceptional position in the world with the number of companies operating in the real sector. For this reason, our nongovernmental organizations (NGOs) representing the real and private sectors in Türkiye set an example to the world with the projects they carry out and their professional working skills, and therefore stand out in the management of umbrella organizations on an international scale.

The 100-year success of the Turkish economy is also known to the world with the ambitious projects and work of our umbrella organizations such as the Union of Chambers and Commodity Exchanges of Turkey (TOBB), Turkish Exporters Assembly (TIM), Türkiye's Foreign Economic Relations Board (DEİK), the Turkish Industry and Business Association (TÜSIAD), Independent Industrialists and Businessmen's

Association's (MÜSIAD) and NGOs that have close relations with the business world at the international level.

ABOUT THE AUTHOR

Kerem Alkin is an economist, professor at Istanbul Medipol University. He currently serves as the Turkish Permanent Representative to the Organisation for Economic Co-operation and Development (OECD).

ADB Helps Support Privatization, Expand Lending to MSMEs in Uzbekistan

The Times of Central Asia, 1 December 2023



According to a press release by the Asian Development Bank (ADB), the bank, in partnership with Sanoat Qurilish Bank (SQB) have signed a \$50 million senior convertible loan to support Uzbekistan's privatization of state-owned banks, which will strengthen the banking sector, and contribute to economic growth and job creation. The International Finance Corporation (IFC) and the European Bank for Reconstruction and Development

(EBRD) are parallel lenders.

The loan will be used to help SQB expand its financing to underserved micro, small, and medium-sized enterprises (MSMEs), including those owned or led by women (WMSMEs). Portfolio diversification will contribute to SQB's transition into a fully universal commercial bank by serving a broader customer segment. ADB will also provide technical assistance to help SQB implement its transformation roadmap.

"ADB fully supports the Government of Uzbekistan in its transformation to a vibrant and inclusive market economy and its implementation of banking sector reforms", said ADB's Director General of the Private Sector Operations Department, Suzanne Gaboury. "This project will support the stability of the country's banking system, capitalization and deposit levels, while strengthening resilience and lending to climate projects and underserved MSMEs and WMSMEs".

According to ADB's Uzbekistan Country Director, Kanokpan Lao-Araya, "MSMEs continue to struggle to secure commercial financing to fund their growth, with women-owned enterprises being the most affected. ADB is supporting an enabling environment in Uzbekistan for MSMEs gain easier access to markets, as well as providing much needed financing to close the financing gap for MSMEs. ADB's partnership with SQB builds on those two objectives".

MSMEs play a significant role in Uzbekistan's economy, comprising the majority of registered businesses and employing 74% of the workforce. However, access to financing remains a challenge, with only 13% of the sector having access to commercial loans. Women-led businesses face an even greater financing gap, estimated at \$2.7 billion, with loans to women-owned businesses making up just 2.5% of total bank loans.

PM lauds entrepreneurs' role in national development

Vietnam Business Forum, VNA, 10 December 2023

VIETNAM - Prime Minister Pham Minh Chinh affirmed that businesses and entrepreneurs play a crucial role in the cause of national construction and development when he chaired a hybrid meeting between permanent cabinet members and outstanding businesspeople in Hanoi on October 11.

Speaking at the meeting, held on the occasion of the Vietnamese Entrepreneurs' Day (October 13), the PM said Party General Secretary Nguyen Phu Trong, on behalf of the Politburo, has signed to issue a resolution dated October 10 on developing and promoting the role of Vietnamese entrepreneurs in the new period.

He praised the businesses and entrepreneurs who have worked to advance the positions of Vietnamese products in the international market, thereby enhancing the national economy's self-reliance.



Prime Minister Pham Minh Chinh speaks at the meeting

The leader stressed that Vietnam is home to nearly 900,000 operating businesses, about 14,400 cooperatives and more than 5 million business households. The business

circle contributes more than 60% of the national GDP, and about 30% of the total workforce.

Notably, after more than 36 years of reform, the country's GDP stood at about 409 billion USD in 2022, up 51 times. In the 1986 – 2022 period, Vietnam was among the five countries with the highest economic growth in the world. It has become the 4th biggest economy in ASEAN and the 40th largest in the world. Vietnam is in the top 20 economies in terms of international trade.

The Government and the PM will continue to support the business community, stabilise the macroeconomy, control inflation, promote growth, ensure major economic balances, maintain security and social order, the leader stressed.

At the same time, the Government will further improve the business environment, remove unnecessary business conditions, raise national competitiveness, streamline administrative procedures, and build the digital economy and the digital government, he went on.

The Government leader also pledged to remove bottlenecks in resources mobilisation, production and business, and further facilitate credit access of people and businesses.

He urged ministries, agencies and localities to review obstacles facing businesses, and set out plans to quickly and effectively handle them, noting great efforts are needed to speed up public investment disbursement.



PM Chinh urged stepping up the application of scientific-technological advances, startup ecosystem building, personnel training, national digitalisation, and the formation of domestic and international supply and value chains.

He laid emphasis on policies in support of enterprises, especially in recovery and innovation based on the trends of digital transformation, energy transition, green transition, and inclusive and circular business models.

The PM asked the business community to constantly raise their competitiveness, reform production and business models, expand the markets, and diversify products and supply chains, while showing their social responsibility and playing a more active role in poverty reduction.

At the meeting, Minister of Planning and Investment Nguyen Chi Dung reported that the total revenue of non-state firms in the first half of this year reached over 11.8 quadrillion VND (482.61 billion USD), an increase of 16.17% from the same period in 2022. Meanwhile, the revenue from state-owned enterprises was nearly 690 trillion VND, equivalent to 50% of the plan.

Representatives from businesses and associations lauded efforts by the Government and the PM in instructing ministries, agencies and localities to drastically implement policies and solutions in the new situation, helping to untangle knots for enterprises in a timely fashion.

Vinh Phuc Reinforcing Support for SME Development

Viet Nam Business Forum, Hien Nam, 10 October 2023

VIETNAM - Vinh Phuc province aims to have 1,300 - 1,500 new companies each year in the 2022-2025 period and implements various policies to support local companies, especially small and medium-sized enterprises (SMEs), to overcome difficulties, boost production, advance integration and keep pace with the Fourth Industrial Revolution.

According to statistics, Vinh Phuc has over 15,000 businesses, including more than 9,500 active ones, mostly SMEs. Recognizing the difficulties and challenges of local businesses in the context of international integration, especially entry into free trade agreements, the province has introduced many policies to support business development. The Provincial People's Committee instructed relevant bodies to upgrade the information and communication portal and their websites to promptly provide information on planning, business support, investment projects and free advertisement for businesses.

The Department of Planning and Investment is the lead agency for business support. It has provided useful advice for local SMEs. Director Nguyen Van Do of the Department of Planning and Investment said that the department recently invited experts from the Enterprise Development Department under the Ministry of Planning and Investment - the lead advisor on SME support content according to the Law on SME Support and related documents - to the "Conference on Implementation of Vinh Phuc SME Development Support Plan in 2023".



Interflex Vina Company Limited (Ba Thien Industrial Park)

The experts shared information, directly answered questions and offered advice on solutions to difficulties faced by business support agencies and businesses in Vinh Phuc province. In 2023, Vinh Phuc province aims to provide consulting support for 200 SMEs and technology support for 300 SMEs. The province will also open 66 human resource development training courses.

The Department of Planning and Investment has also conducted several surveys to assess the needs of small and medium-sized enterprises. The survey results serve as the basis for implementing support activities in 2023 according to 70/KH-UBND of Vinh Phuc Provincial People's Committee.

The Department of Industry and Trade has accelerated trade promotion, domestic and foreign trade programs and activities. It has increased domestic and foreign market information sharing to help businesses work out production and business plans and activities. The department has also encouraged businesses to establish product distribution chains.

The State Bank of Vietnam (SBV) Vinh Phuc Branch has directed credit institutions to actively launch loans to support the economy. They have reviewed eligible subjects for 2% interest rate support according to regulations. According to the SBV, by January 31, 2023, commercial banks lent VND49 trillion to 3,300 companies, accounting for 48.81% of total outstanding loans. This is an increase of 16.36% from the end of 2021. At the same time, they provided VND250 billion in loans for supporting industries and VND21,700 billion for SMEs.

With timely support policies, in the first two months of 2023, Vinh Phuc had nearly 120 companies resume their operations. Many companies expanded their investment and production scale. The labor utilization index of industrial manufacturers rose by 2.96%.

The output of key industrial products increased. Revenue from electronic components manufacturing services rose by 1.32% year on year to VND30,300 billion.

To further support businesses amid international integration, the Provincial People's Committee approved the SME Support Project to 2025 at the end of 2022. The project aims to have 100% of newly established companies informed of digital transformation and have over 50% of them use digital platforms. In 2022-2025, SMEs are expected to create new jobs for 7,700 workers each year. They are also expected to increase their contributions to GRDP value by 10-15% annually and tax payments by 7-10% a year.

Hoa Binh Province prioritizes sustainable growth

Viet Nam News, 20 December 2023

The province will focus on assisting small- and medium-sized firms (SMEs) in establishing clean production chains in diverse industries.

VIETNAM - Sustainability and green production are now becoming measures for business growth as foreign and domestic consumers are more concerned about environmentally friendly products and services throughout the entire production and usage process.

Given many distinct potentials, competitive advantages and diverse resources, Hoà Bình Province is pursuing sustainability on the basis of innovation, creativity, practical application, and the establishment of models that promote sustainable production and consumption.

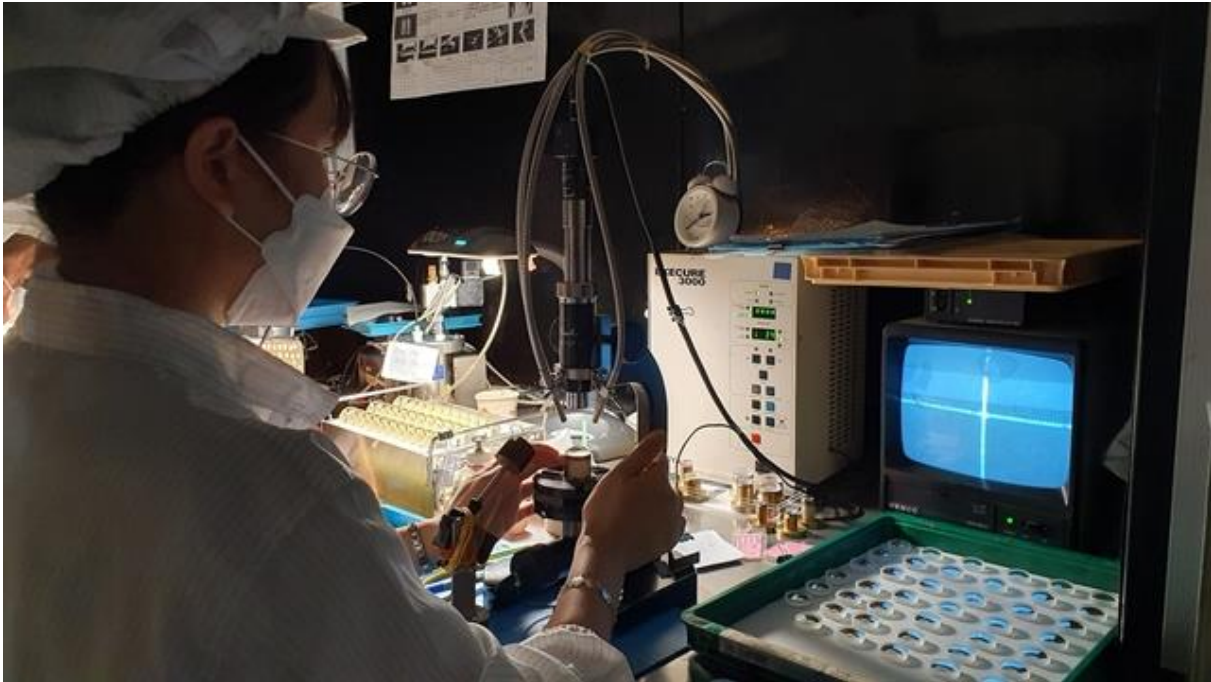
As a result, the province has promptly issued Decision No. 2583/QĐ-UBND to implement Prime Minister's Decision No. 889/QĐ-TTg on the National Action Programme on Sustainable Production and Consumption for the period 2021-30.

Based on the provincial decision, Hoà Bình Province has integrated and implemented various projects, programmes, and plans, such as the Industrial and Cottage Industry Development Project for the period 2021-25, the Industrial Development Assistance Programme for the period 2021-25, the Environmental Protection Plan of the Ministry of Industry and Trade for Hoà Bình Province for the period 2021-25, and the project to promote direct participation of Vietnamese enterprises in foreign distribution networks by 2030.

The province has supported approximately 50 per cent of businesses in the distribution sector by providing guidance and implementing solutions for cleaner production and energy conservation.

It has also achieved a 60 per cent reduction in the use of non-biodegradable packaging in local markets, residential areas, and commercial centres, including supermarkets.

Moreover, around 55 per cent of businesses in industrial parks and clusters have embraced environmentally friendly and technologically innovative approaches, while about 70 per cent of enterprises have participated in the production and supply chain of safe agricultural and food products.



A worker checking a product at a factory of R Technical Research Vietnam Co Ltd in Hòa Bình Province (VNS Photo Ly Ly Cao)

There is a particular emphasis on assisting small- and medium-sized firms (SMEs) in establishing clean production chains in diverse industries such as agriculture, forestry, aquaculture, construction, consumer products, mechanical engineering, and electronics.

This assistance includes putting them in touch with supermarket chains and retail distribution centres. This creates a strong link between green production, green distribution, and green consumption.

Hoa Binh Province will allocate funds to organise and carry out tasks related to priority groups aimed at promoting sustainable production and consumption, changing consumer habits, raising community awareness, and driving the sustainable production and consumption process towards a circular economy.

The province will develop material consumption norms in industries, with a particular emphasis on critical areas such as textiles, plastics, chemicals, cement, alcoholic beverages, paper, seafood processing and other major industries.

Furthermore, pilot projects will be implemented to recover, reuse, and recycle waste in processing industries, while "Green Business Points" will be established to support sustainable practises.

Extensive support will be provided to businesses, including high-quality workforce training, to ensure successful implementation while strengthening trade promotion and increasing ties between manufacturers, distributors, and consumers.

At the international conference on green development in Jiangsu, China on October 18, Vice Chairman of Hòa Bình Provincial People's Committee stated that Hoà Bình Province is attracting investments in green industries, agriculture processing, tourism, and eco-friendly urban development. The local authority is prioritising necessary infrastructure, such as transportation and electricity, to facilitate investment opportunities.

However, there are still some drawbacks along the path. As it is a mountainous province, a majority of SMEs have limited access to advanced equipment and technologies.

This results in significant energy waste during production processes. The small-scale production and financial constraints further hinder these businesses from investing in modern equipment for high energy efficiency and accessing advanced, environmentally friendly technologies.

In addition, some businesses mistakenly confuse activities related to technical support and monitoring for cleaner production with environmental auditing and inspection activities.

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 27 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).

Published by: **The Secretariat, Confederation of Asia-Pacific Chambers of Commerce and Industry**

David Hsu, Director General; Amador Honrado Jr., Editor; Mig Moreno, Assistant Editor

7F-2, No. 760, Section 4, Bade Road, Songshan District, Taipei 10567, Taiwan; Tel. (886 2) 2760-1139, Fax (886 2) 2760-7569

Email: cacci@cacci.biz

Website: www.cacci.biz