

SME and Entrepreneurship Development Programmes in 2016

The SME development programmes are further strengthened in the Eleventh Malaysia Plan (11MP), 2016-2020, in line with the SME Masterplan objectives and towards achieving a high income nation by 2020. Focus is on productivity, innovation, entrepreneurship and inclusiveness. In addition to programmes to enhance economic growth, new programmes are also being implemented for the bottom 40% of the pyramid largely comprising self-employed micro entrepreneurs to raise their incomes and standard of living. This is to ensure that the country is transitioning into an advanced and inclusive nation in the true sense. The Government will continue to monitor and measure the effectiveness and impact of these programmes through an outcome-based approach.



The programmes and initiatives for SMEs are to accelerate **productivity** through automation and human capital development including transforming technical vocational education and training (TVET) to become industry relevant; intensifying innovation and commercialisation through industry-academia collaboration; internationalisation and creating homegrown champions; enhancing alternative modes of financing to support activities in the new economy; improving ease of doing business and specific initiatives for Sabah and Sarawak particularly in upgrading infrastructure and connectivity. As in previous years, the programmes cut across five main focus areas namely, market access, human capital development, access to financing, innovation and technology adoption and infrastructure.

For 2016, with a total allocation of RM4.3 billion, the Government is currently implementing 125 programmes, which are expected to benefit 453,945 SMEs. Access to financing has the majority of programmes (24.8%) and the highest amount of financial commitment of RM3.8 billion. More information on these programmes is detailed in Chapter 6 on Access to Finance. As for the rest of the programmes, about one-quarter of the amount each is dedicated to human capital development (24.8%) and market access (24%), followed by innovation and technology adoption (16%) and infrastructure (10.4%). Overall, another 27 programmes with an additional allocation of RM2.9 billion are being implemented in collaboration with the private sector, thus bringing the total to 152 programmes and RM7.3 billion for 2016.

Table 5.1 : SME Development Programmes in 2016 by Focus Area

Focus Area	No. of Programmes	Financial Allocation (RM mil)	Expected Beneficiaries
Access to Financing	31	3,843.0	417,416
Human Capital Development	31	83.1	21,800
Market Access	30	107.1	7,175
Innovation & Technology Adoption	20	208.1	7,004
Infrastructure	13	112.0	550
TOTAL	125	4,353.3	453,945

Source: SME Integrated Plan of Action (SMEIPA) 2016, SME Corp. Malaysia

Chart 5.1 :

No. of Programmes by Focus Area, %



- 24.8 ■ Human Capital Development
- 24.8 ■ Access to Financing
- 24.0 ■ Market Access
- 16.0 ■ Innovation & Technology Adoption
- 10.4 ■ Infrastructure

Chart 5.2 :

Financial Allocation by Focus Area, %



- 88.3 ■ Access to Financing
- 4.8 ■ Innovation & Technology Adoption
- 2.6 ■ Infrastructure
- 2.4 ■ Market Access
- 1.9 ■ Human Capital Development

Chart 5.3 :

SMEs to Benefit by Focus Area, %



- 92.0 ■ Access to Financing
- 4.8 ■ Human Capital Development
- 1.6 ■ Market Access
- 1.5 ■ Innovation & Technology Adoption
- 0.1 ■ Infrastructure

HUMAN CAPITAL DEVELOPMENT

A perennial challenge faced by many SMEs is the dearth of knowledgeable, skilled and capable employees. This is vital as strong and efficient workforce contributes significantly to the growth of a company. Moreover, entrepreneurs need to have clear vision, wisdom, and skills to nurture and motivate their employees as well as expand their business. As such, programmes under this focus area will target both entrepreneurs and employees to strengthen human capital capability that can both spearhead and work towards generating high growth businesses and a thriving SME business community in the country. In total, there are 31 programmes that are expected to benefit some 21,800 SMEs. The programmes, which have a total allocation of RM83.1 million include the following from the Ministry of Human Resources (MOHR):

- **National Dual Training System (NDTS)** has a budget of RM37.5 million being implemented by Jabatan Pembangunan Kemahiran (JPK). NDTS is expected to register 4,000 apprentices in its training sessions for school leavers and the unemployed in line with supporting the workforce demands of SMEs. The programme also provides skills upgrading for existing and new employees in SME companies and is expected to train 2,000 employees; and
- Pembangunan Sumber Manusia Berhad (PSMB) is in implementing **SME Capability Programme** with an allocation of RM15 million. This programme is to enhance the capability of 3,000 SMEs who are business owners and decision makers in the areas of business strategies, innovation and productivity development.



- Jabatan Perdana Menteri (JPM) is implementing the following Bumiputera programmes through Institut Keusahawanan Negara (INSKEN), now under Unit Peneraju Agenda Bumiputera (TERAJU):
 - **INSKEN500 | SCALEUP Programme** is providing comprehensive entrepreneurial skills and knowledge in developing sustainable businesses through business counselling, training, consulting, and facilitating. A total of RM6.6 million has been earmarked to scale up 500 companies; and

- **INSKEN Public Programme** to share knowledge and experience among industrial practitioners. The programme has a budget of RM3.9 million for 3,000 participants.
- The following programmes are being managed by Jabatan Pembangunan Wanita (JPW) under the Ministry of Women, Family, and Community Development (KPWKM):
 - **Inkubator Kemahiran Ibu Tunggal (I-KIT)** has an allocation of RM750,000 to provide intensive skills training and entrepreneurship assistance for low income single mothers to enable them to start their own business. The programme is expected to enrol 290 participants in 15 training sessions in the areas of tailoring, beauty therapy, commercial cooking, crafts, childcare and travel; and
 - **Inkubator Keusahawanan Wanita (I-KeuNITA)** provides intensive skills training and entrepreneurship assistance for low income women to enable them to start their own business. With a budget of RM750,000, the programme is targeted to increase the income of 90 women participants by 50%.

MARKET ACCESS

The Trans-Pacific Partnership Agreement (TPPA) and the ASEAN Economic Community (AEC) will create more opportunities for SMEs to explore and broaden the market for their products and services. The programmes in this focus area are aimed at facilitating SME access to a wider market both locally and abroad through promotional initiatives and by boosting SME prospects in the export market through support assistance. A total of RM107.1 million has been allocated for 30 programmes under market access that are expected to benefit 7,175 SMEs.

- Malaysian External Trade Development Corporation (MATRADE) will implement the following programmes for the Ministry of International Trade and Industry (MITI):
 - **Going Export (GoEx) Programme** introduced as one of the High Impact Programme under the SME Masterplan has an allocation of RM7.7 million to identify, nurture and develop 125 SMEs in 2016 to be more competitive in the international arena;
 - With a budget of RM20 million, **Market Development Grant (MDG)** will provide advisory and financial assistance to 1,500 SMEs, Trade and Industry Associations, Chambers of Commerce and Professional Bodies to undertake activities for development of export market; and

- **eTRADE Programme** implemented by MATRADE, provides assistance to SMEs to accelerate their exports by participating in leading international e-marketplaces. This programme is targeted to benefit 1,000 SMEs and to generate RM10 million in sales.
- Additionally, MITI will oversee the following programmes:
 - **Galakan Eksport Bumiputera (GEB)** programme provides integrated assistance towards exploring the export market for capable Bumiputera SMEs. SME Corp. Malaysia is implementing the programme with an allocation of RM30 million to develop 15 Bumiputera SMEs; and
 - **Strategies to Enhance Export of Automotive Parts and Components** programme has a budget of RM2.9 million and will be implemented by the Malaysia Automotive Institute (MAI). Sixty participants are expected to participate in the programme to develop local auto component vendors with potential to export their products, and the amount of annual export is expected to increase to RM522 million.

Finally, the Ministry of Tourism and Culture Malaysia (MOTAC) is expected to increase craft sales in the domestic and international markets by 10%, amounting a sales value of RM500 million. This will be achieved through its **Craft Industry Development Programme**, which has a budget of RM2 million and is managed by the Malaysian Handicraft Development Corporation (HANDICRAFT).

INNOVATION AND TECHNOLOGY ADOPTION

In order to enhance the quality of products and services as well as cultivate a strong business reputation, SMEs must keep up-to-date with the latest technologies. Innovation has also become increasingly crucial in helping a company distinguish itself from the competition and upgrading its operational standards, which will help improve growth prospects and business opportunities. The Government has earmarked RM208.1 million for 20 programmes that are aimed at assisting SMEs in exploring innovation and technology adoption.

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With a target of 7,004 beneficiaries, the programmes include the following, which will be managed by MITI:

- **Bumiputera Enterprise Enhancement Programme (BEEP)**, implemented by SME Corporation Malaysia provides comprehensive assistance package to Bumiputera SMEs. The programme has a budget of RM10 million and is expected to benefit 80 SMEs; and
- **MAI Intelligence Technology System** programme by MAI is aimed at developing existing local vendors and vehicle service centres to level four standard. With an allocation of RM4.4 million, the programme is expected to involve 180 vendors and 500 workshops.
- The Ministry of Science, Technology and Innovation (MOSTI) manages **Pre-Commercialisation Fund** to assist SMEs in developing processes, technology, as well as new products and improvements to existing processes and technologies to be commercialised. A total of RM40 million has been earmarked for the programme which is targeted to produce 20 projects with potential for commercialisation.
- In addition, MOSTI implements the following programmes through the Malaysian Technology Development Corporation (MTDC):
 - **Commercialisation of R&D Fund (CRDF)** leverages on Science, Technology, and Innovation (STI) for national development and wealth creation via commercialisation of products and processes. With a financial commitment of RM40 million, it is expected to come up with five products or services for the overseas market; and
 - **Technology Acquisition Fund (TAF)** has an allocation of RM20 million to promote deployment of foreign technology in the manufacturing sector and physical development of existing and new products and processes towards wealth creation and increasing the technology content of Malaysian companies. About three companies are expected to be approved for this grant.
- A total of RM25.5 million has been earmarked for **Bumiputera ICT Demand Aggregation (BiDA) 2.0** programme, which is managed by the Malaysia Digital Economy Corporation (MDEC) under the Ministry of Communications and Multimedia Malaysia (KKMM). The programme is aimed at creating and identifying possible business opportunities for qualified Bumiputera Technopreneurs and information and communications technology (ICT) companies based on market needs towards creating a pool of market-compliant companies.

- **Demand-Driven Innovation Project by Public-Private Research Network (PPRN)**, is an initiative spearheaded by the Ministry of Higher Education (MOHE) to create a knowledge-friendly ecosystem where knowledge is produced and diffused from those who have it, to those who need it. PPRN will optimise and leverage resources and expertise available at Higher Education Institutions and other Research Institutions in Malaysia in providing scientific and technological solutions to problems faced by the industry and SMEs. PPRN provides matching grants up to RM50,000 per project. For 2016, PPRN aims for 300 projects to be successfully matched.



INFRASTRUCTURE

The Government's infrastructure development programmes are aimed at supporting economic development throughout the country by providing SME businesses with conducive environment to operate, complete with facilities and located in areas that have strong commercial potential. In addition, these programmes are also aimed at encouraging entrepreneurship in local communities while offering these communities with the opportunity to improve their income and standard of living. To that end, the Government has earmarked RM112 million for 13 programmes that are expected to benefit 550 SMEs.

- The following programmes will be implemented by the Ministry of Finance (MOF):
 - **Development of Business Premises** by Perbadanan Kemajuan Ekonomi Negeri Sabah (SEDCO) will focus on four projects: SEDCO SME Industrial Park, Bazaar Masjid Negeri Kota Kinabalu, Sandakan Industrial Premis and Shoplot at Sook, Keningau. With a financial commitment of RM4.6 million in total, the programme is expected to develop 94 units for all four premises combined;



- o **Development of SME Factory and Shoplot** in Kelantan by Perbadanan Kemajuan Iktisad Negeri Kelantan (PKINK) will provide conducive manufacturing factories and retail trade premises for SMEs to expand their businesses through construction of SME factories in Pengkalan Chepa and shoplots in Jeli projects respectively. The programme has been allocated RM4 million to develop 22 units in total for both premises; and
- o **Upgrading of Business Premises** in Kelantan which includes two projects: Upgrading of Wet Market in Berek 12 Kota Bharu to provide conducive retail trade premises to micro entrepreneurs, and Upgrading of Water Breaker in Medan Ikan Bakar to protect existing premises, which consists of 37 entrepreneurs' houses. With a total budget of RM8.9 million, the former is expected to be 58% completed, while the latter is targeted to be fully completed by end of 2016.

- Aside from MOF, other Ministries and agencies will also be involved in programmes to develop infrastructure including the Sabah State Government (Sabah Govt). Through the Sabah Economic Development Corporation (SEDCO), the Sabah Government will build shophouses for entrepreneurs to operate and start businesses under **Shophouses at Sindumin, Sabah Programme**. A total of RM2.8 million has been earmarked for the programme, which will target to build 12 units of shophouses.
- In addition, Jabatan Kemajuan Orang Asli Malaysia (JAKOA) has received an allocation of RM1.8 million from the Ministry of Rural and Regional Development (KKLW) to **Build Business Premises**. The programme is expected to provide business premises for 32 Orang Asli entrepreneurs, and provide 16 Orang Asli entrepreneurs with assistance for machineries, furniture, boats and other items related to their needs.
- Under the **Industrial Estate Development Programme**, the Ministry of Industrial and Entrepreneur Development, Trade and Investment Sarawak (MIETI Sarawak) will develop Sibu Industrial Estate. The project is to provide proper infrastructure for the industrial estate development as well as create a more conducive environment for the local business communities particularly for SMEs. For 2016, a budget of RM30,000 is allocated for this programme.

