



Message from YAB Prime Minister

Against a backdrop of an increasingly competitive environment and uncertain global economic landscape, the small and medium enterprises (SMEs) have continuously demonstrated resilience, perseverance and determination not only to succeed, but to become an important catalyst for Malaysia's economic development towards attaining the nation's aspiration in becoming a high-income economy in 2020.

Central to our country's transition is the Economic Transformation Programme (ETP) where SMEs will play an integral part of this transformation process. Many of the projects announced under the various National Key Economic Areas (NKEAs) will benefit SMEs. SMEs are poised to assume an even greater role in propelling Malaysia and increasing their contribution to the economy going forward. However, with the new role comes new challenges. This also includes the challenges from the liberalisation of the services sector where SMEs have a strong presence. The changing environment and new role I believe will call for a new approach to SME development to accelerate the growth of SMEs. For this purpose, the Government is now finalising the SME Masterplan that will chart the policy direction for SMEs through the year 2020 by creating the conducive ecosystem for SMEs to flourish and enhance their competitiveness and over time to develop some homegrown multinational companies. The Masterplan aims to transform domestic SMEs to be globally competitive towards enhancing wealth creation and contributing to the social well-being of the nation.

The Masterplan will build on existing Government support provided by the National SME Development Council (NSDC). The coordinated approach in SME development through policies by NSDC have seen encouraging results, with value added growth of SMEs continuing to expand strongly in 2010 by 8.4%, higher than the overall GDP growth of 7.2% for the economy. Consequently, the contribution of SMEs has trended upwards over the years from 29% in 2005 to 31.9% in 2010. The favourable growth performance was also accompanied by productivity gains. In 2010, the Government invested a total of RM7.1 billion for the implementation of 226 SME development programmes that had benefited over 600,000 SMEs. This year will see a further RM5.9 billion of financial commitment channelled towards implementing 219 programmes which are expected to benefit about 400,000 SMEs nationwide. The Government has also gone a step further to evaluate the impact of SME development initiatives by implementing a result-based approach aimed at three levels, namely at the macro level based on high level indicators such as GDP, employment and productivity assessment as well as programme and firm level assessment involving improvement in sales, profitability, productivity and other performance indicators.

Moving forward, Malaysian SMEs must strengthen their position in preparation for the liberalisation measures which has brought competition closer to home and irreversibly changed the environment in which they operate. The next few years will therefore be critical in building the capacity and capability of SMEs to not only withstand the ongoing competition but for SMEs to leverage on opportunities arising from the liberalisation measures and the ETP projects to realise growth. This is well-depicted through the theme for this year's SME Annual Report which is "Leveraging Opportunities, Realising Growth".

With this in mind, in the recent 2012 Budget, SMEs have been given special focus with a comprehensive and inclusive approach covering microenterprises, rural SMEs and women entrepreneurs. With all the programmes by the 15 Ministries and 60 Agencies which are a testimony of the Government's commitment towards the development of SMEs, I am confident that Malaysian SMEs will rise to the challenge and together, they will propel the nation towards the journey to become a fully developed nation by 2020.



Dato' Sri Mohd Najib Tun Haji Abdul Razak
Prime Minister of Malaysia /
Chairman of National SME Development Council
October 2011

Section I: **Economic Assessment**

Chapter 1:	The Malaysian Economy	7
Chapter 2:	SME Developments and Outlook	19

Chapter 1: **The Malaysian Economy**

Developments in 2010	8
Outlook for 2011	11



The Malaysian Economy

The Malaysian economy recorded a strong recovery in 2010 with real Gross Domestic Product (GDP) expanding by 7.2% and the growth momentum continued into the first half of 2011. Robust domestic demand emanating from higher private sector spending and improvements in employment conditions underpinned the growth. On the back of continued challenging global economic environment characterised by uneven growth across countries, elevated prices and volatile capital flows, the Malaysian economy is projected to expand at a more moderate pace of 5.0 - 5.5% for 2011 as a whole. Key initiatives by the Government under the Economic Transformation Programme (ETP) together with the sound macroeconomic fundamentals and continued access to financing will be key elements in enabling the country towards a sustainable growth path.



8



Developments in 2010

Following the downturn from the global economic and financial crisis in 2009, the Malaysian economy rebounded to record a strong growth of 7.2% in 2010. Growth was underpinned by robust domestic demand, particularly private sector activity, and continued public sector spending on infrastructure and enhancement of the delivery system. Recovery in external demand further lent support to growth with diminishing impact in the second half year. Strong domestic demand and exports led to expansion in all economic sectors during the year.

Aggregate domestic demand expanded strongly reflecting high consumer spending activity amidst the improved labour market conditions and the steady increase in income, including rural income from strong commodity prices. At the same time, private investment turned around to register a double digit-growth to reflect the expansion of capital spending across all sectors, particularly the manufacturing, mining and services sectors, as a result of favourable domestic economic conditions and an improvement in external demand.

Public expenditure continued to support economic growth particularly on rural infrastructure, urban transportation and in the provision of public education and healthcare services.



Table 1.1: Real GDP by Expenditure (at 2000 prices)

	2009	2010	1H 2011
	Annual Change (%)		
Domestic Demand ¹	-0.4	6.3	6.1
Private sector expenditure	-2.6	8.3	n/a
Consumption	0.7	6.5	6.6
Investment	-17.0	17.7	n/a
Public sector expenditure	5.4	1.5	n/a
Consumption	3.9	0.5	6.3
Investment	7.5	2.8	n/a
Net exports of goods and services	3.2	-25.7	-21.4
Exports	-10.5	9.9	2.8
Imports	-12.2	15.1	5.7
Real GDP	-1.6	7.2	4.4

¹ Excluding stocks

Source: Department of Statistics, Malaysia

Table 1.2: Real GDP by Key Economic Activity (at 2000 prices)

	2009	2010	1H 2011
	Annual Change (%)		
Agriculture	0.6	2.1	3.4
Mining & Quarrying	-6.3	0.2	-6.6
Manufacturing	-9.3	11.4	3.8
Construction	5.9	5.1	2.1
Services	3.1	6.8	6.4
Real GDP	-1.6	7.2	4.4

Source: Department of Statistics, Malaysia



On the **sectoral performance**, all economic sectors grew in 2010. The services sector was the largest contributor to GDP growth accounting for 3.9 percentage points. The strong performance was driven by services sub-sectors related to domestic demand namely distributive trade and communications. After a sharp decline in 2009, the manufacturing sector recovered firmly, with the electrical and electronics (E&E) sub-sector and domestic-oriented industries rebounding to register double-digit growth. This was largely attributed to the revival of global corporate IT investments and higher consumer spending on electronics that promoted greater demand for semiconductors and audio-visual products. The agriculture sector posted a higher growth due to sustained production of food crops and strong rubber output. The construction sector was supported by increased activity in the non-residential segment and by infrastructure projects as part of the Government's Second Stimulus Package particularly in the first half of the year.

10

Table 1.3: Inflation and Unemployment

	2009	2010
	Annual Change (%)	
Inflation		
Consumer Price Index (2005 = 100)	0.6	1.7
Producer Price Index (2005 = 100)	-7.1	5.6
Unemployment	3.7	3.4

Source: Department of Statistics, Malaysia

Table 1.4: Balance of Payments

	2009	2010
	RM Billion	
Balance on current account	112.1	88.1
% of GNI	16.9	11.9
Goods balance	141.7	134.7
Export of goods	554.1	640.0
Gross exports (% annual change)	-16.5	15.5
Imports of goods	412.3	505.3
Gross imports (% annual change)	-16.2	22.6
Services balance	4.7	1.7
Income account	-14.6	-26.5
Current transfers	-19.6	-21.8
Balance on capital and financial accounts	-80.4	-20.0
Direct investment	-22.9	-13.6
Abroad	-27.9	-42.9
In Malaysia	5.0	29.3
Portfolio investment	-1.7	48.5
Other investment	-58.1	-54.0
Errors and omissions	-17.9	-70.7
Overall balance (surplus + / deficit -)	-13.8	2.6
Net international reserves BNM	331.3	328.6
Net international reserves of BNM (USD billion)	96.7	106.5
Reserves as months of retained imports	9.7	8.6

Source: Department of Statistics, Malaysia and Bank Negara Malaysia

Inflation increased although remained at a relatively low level as reflected by the change in the Consumer Price Index (CPI) of 1.7% for 2010. Supply factors affecting food and commodity prices as well as adjustments to administered prices as part of the subsidy rationalisation led to the increase in CPI. Of significance, the higher global commodity prices resulted in the producer price index, as measured by the Producer Price Index (PPI) increasing to 5.6%, while core inflation, an indicator of the demand-driven pressures on prices, moderated to 1.5% in 2010 (2009: 2.7%).

Amidst the economic recovery in 2010, **labour market conditions** improved with lower retrenchments, higher vacancies and increase in employment growth. Overall, the unemployment rate declined to 3.4%. Retrenchments declined as the manufacturing sector recovered, while the services sector continued to emerge as the major source of employment. Labour productivity, as measured by real value-added per worker turned around to increase by 5.8% during the year from a negative 2.1% in 2009, due in part to upturn in economic activity and partly to greater efficiency from upgrading of skills.

Malaysia's **external position** remained resilient during the year on the back of a sizeable current account surplus and lower net outflow. Trade surplus although remained large was lower during the year as the import growth outpaced export growth fuelled by acceleration in domestic demand. The services account posted a small surplus

supported by receipts from tourism and computer and IT services, while the deficit in the income account widened due to higher repatriation of profits and dividends by foreign investors operating in Malaysia. The financial account recorded a smaller net outflow during the year due to resumption in portfolio inflows similar to the other regional countries amidst a more positive growth outlook, as well as higher foreign direct investment (FDI). As at end-2010, the overall international reserves remained strong at RM328.6 billion equivalent to USD106.5 billion. As at 14 October 2011, the overall international reserves amounted to RM427.9 billion which is equivalent to USD134.4 billion, sufficient to finance 10 months of retained imports and is 4.6 times the short-term external debt.

Outlook for 2011

The Malaysian economy is expected to expand at a moderate pace of 5.0 - 5.5% in 2011. This is against a backdrop of continued challenging global environment. Despite the global recovery from one of the worst financial crisis, the growth performance is expected to be uneven, with robust activity in the emerging markets and more modest performance in the advanced economies. Sovereign debt and fiscal concerns in the Euro area as well in the United States (US), geopolitical tensions in the Middle East and impact from the Tsunami in Japan will likely to weigh down on growth prospects in the advanced

economies as they brace against high unemployment combined with weak credit and fiscal conditions.

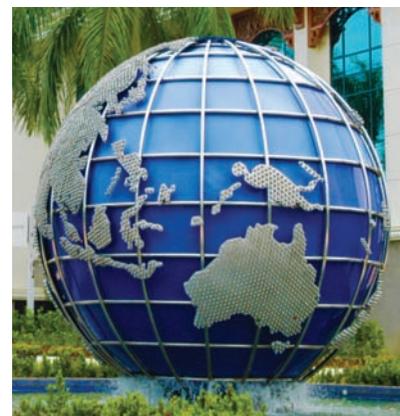
After experiencing above-trend growth in the previous year, the Asian economies are poised to continue to lead the growth path, albeit the momentum returning to their long-term growth trend. Growth in Asia is expected to be driven by domestic demand amidst the favourable labour market and financing conditions and intra-regional trade. Notwithstanding, the changing growth dynamics and monetary tightening in certain emerging economies have also brought about new challenges, resulting in shift in global short-term capital flows from the advanced economies to emerging markets. This is likely to complicate monetary policy and lead to asset bubbles in these capital recipient economies, while the high commodity prices are also likely to exert inflationary pressures. Thus, 2011 will continue to be another challenging year as the authorities in emerging markets manage these risks, while in the advanced economies, the policies would be towards stimulating growth.

The Malaysian economy will be supported by sustained domestic demand and positive net exports from strong commodity performance despite the moderate external environment. The growth momentum in 2010 continued into the first half year of 2011, with real GDP expanding by 4.4%. While external demand will moderate

The Malaysian economy is expected to expand at a moderate pace of 5.0 - 5.5% in 2011, against a backdrop of continued challenging global environment

in tandem with the slowdown in global trade, the contribution of net exports would turn around to be positive amidst a larger trade surplus on sustained commodity exports to the Asian region.

- Domestic demand is expected to remain strong led by private sector activity.
 - o Private consumption is envisaged to be supported by improved labour market conditions, higher disposable income and continued access to financing.



12



- o Private investment to remain robust led by domestic-oriented industries amidst the high capacity utilisation and implementation of the entry point projects under the ETP.
 - o Public sector to remain supportive of growth following the implementation of new projects and acceleration of existing projects to promote private sector activity.
 - On the **supply side**, all economic sectors are expected to expand in 2011 supported by domestic economic activity. The key sectors, services and manufacturing, are expected to grow albeit at a more moderate pace in line with the slower growth of the trade-related services and export-oriented manufacturing industries.
 - o The services sector will be supported by wholesale and retail trade sub-sector due to consumption and tourism activities, as well as finance and business sub-sectors due to robust capital market activities and implementation of ETP projects. The communication sub-sector is also expected to continue to remain strong supported by demand for non-voice segment following the growing popularity of smartphones and new devices and wider usage of broadband.
 - o Output of domestic-oriented industries is expected to lend support to the manufacturing sector arising from increased consumption and construction activity.
 - o The agriculture sector is expected to record a higher growth due to a turnaround in output of industrial crops, namely palm oil and rubber benefiting from the strong global demand and high prices.
 - o The mining is projected to pick up on higher natural gas output following the opening of two new gas fields.
 - o Growth in the construction sector is likely to be sustained at a high pace supported by civil engineering sub-sector due to the ongoing infrastructure projects and implementation of projects under the ETP.
- The GDP growth forecast is premised on the assumption of continued global growth on sustained activity in the advanced economies and return to trend growth in the Asian economies. Nevertheless, the fragility in US and Europe due to the looming debt and burgeoning fiscal deficit have exacerbated the weakness in the global economy and raised the risks of a “double-dip” recession. The potential risks to the Malaysian economy would be weaker-than-expected external demand amidst deterioration in global economic and

financial conditions, higher-than-expected capital flows and elevated inflation due to supply side factors. This could result in massive shifts in global liquidity, uncertainties in the international financial markets flows, and the changing global financial landscape that has potential of destabilising financial markets in the emerging economies.

Balance of Payments in 2011

The current account surplus is projected to increase mainly on the back of higher trade surplus as robust commodity prices and firm domestic demand are expected to result in continued growth in gross exports and imports, while the financial account is expected to benefit from further increase in FDI inflows with the continued favourable economic outlook for the region.

- Gross exports are expected to be supported by sustained regional demand for resource-based products and high commodity prices, as well as moderate demand for E&E products arising from global demand for new products namely smart phones, tablets and other consumer electronic gadgets, audio-visual equipment such as flat panel televisions and Blu-Ray disc players/recorders.

2011 focuses on enhancing the welfare of the people, containing inflation and further encouraging the private sector to lead economic growth

National SME Development Council

- Gross imports to expand at a moderate pace in tandem with the growth in manufactured exports but strong consumption and capital imports supported by firm domestic economic activity.
- The financial account is expected to be underpinned by higher gross inflows of FDI particularly into the manufacturing, services, and oil and gas sectors amidst the favourable economic outlook. Meanwhile, direct investment abroad is also expected to increase to capitalise on new business opportunities in tandem with the national agenda to develop local, regional and global champions.

Inflation Outlook

Headline inflation to average 3.0 - 3.5% in 2011 influenced by supply factors such as higher global commodity prices especially for food and energy, and further adjustments to domestic administered prices. Demand pressures likely to remain modest in line with the steady

increase in domestic demand and wages. Prices will also be affected by the timing and magnitude of the adjustments to the administered items under the Government subsidy rationalisation programme.

Labour Market Outlook

Labour market conditions are expected to remain positive in 2011 with continued expansion of employment growth especially in sectors related to domestic demand. The unemployment rate is projected to remain at 3.3% of the labour force. The favourable outlook will also be accompanied by increased wages thus sustaining sentiment and private consumption activity during the year.

Macroeconomic Policies

Year 2011 focuses on enhancing the welfare of the people, containing inflation and further encouraging the private sector to lead economic growth. Fiscal policy in 2011 will be pursued in line with the national aspiration and agenda



SME ANNUAL REPORT 2010/11

14

of transforming Malaysia into a developed and high-income economy by way of facilitating and enabling a higher degree of private sector participation. The projection of a lower fiscal deficit of 5.4% of GDP (2010:-5.6% of GDP) and a series of further efforts to contain fiscal expenditure in 2011 reflects on the Government's move to gradually reduce its direct role in economic building and to encourage the private sector to become the main driving force for economic growth.

To accomplish this, the Government has underlined several strategies that are being pursued under the Tenth Malaysia Plan (10MP), seven National Key Result Areas (NKRAs) and the 12 National Key Economic Areas (NKEAs). Budget 2011 has also provided a further impetus to the efforts of reinvigorating private investment and to boost domestic demand, outlining among others, the three key initiatives:

- Establishing public-private partnerships to implement Government development projects through private sector funding;
- The identification of several high-impact development projects to further attract private sector investment, such as the Kuala Lumpur International Financial District (KLIFD) and Mass Rapid Transit (MRT); and
- The implementation of measures designed to enhance the sources of private sector financing, including measures to revitalise both the capital market and venture capital industry.



In addition, efforts during the year will also continue to be devoted to enhancing the existing public delivery system in order to facilitate more efficient transactions between the private sector and Government agencies; intensifying the development of human capital; establishing a National Wage Consultation Council to determine fair wages that commensurate with productivity; and enhancing the welfare of all Malaysians namely those from the disadvantaged groups. These will be done by eradicating hardcore and urban poverty through increase home ownership and expanding public health facilities.

Against an increasingly complex environment due to the continued uneven global economic growth, high global liquidity, volatile capital flows, and elevated commodity prices, monetary policy in 2011 will emphasise on containing the upside risks to inflation, and to support the sustainable growth of the economy. Necessary adjustments will be undertaken to ensure that inflation

does not increase to levels that will undermine economic activity and erode economic welfare.

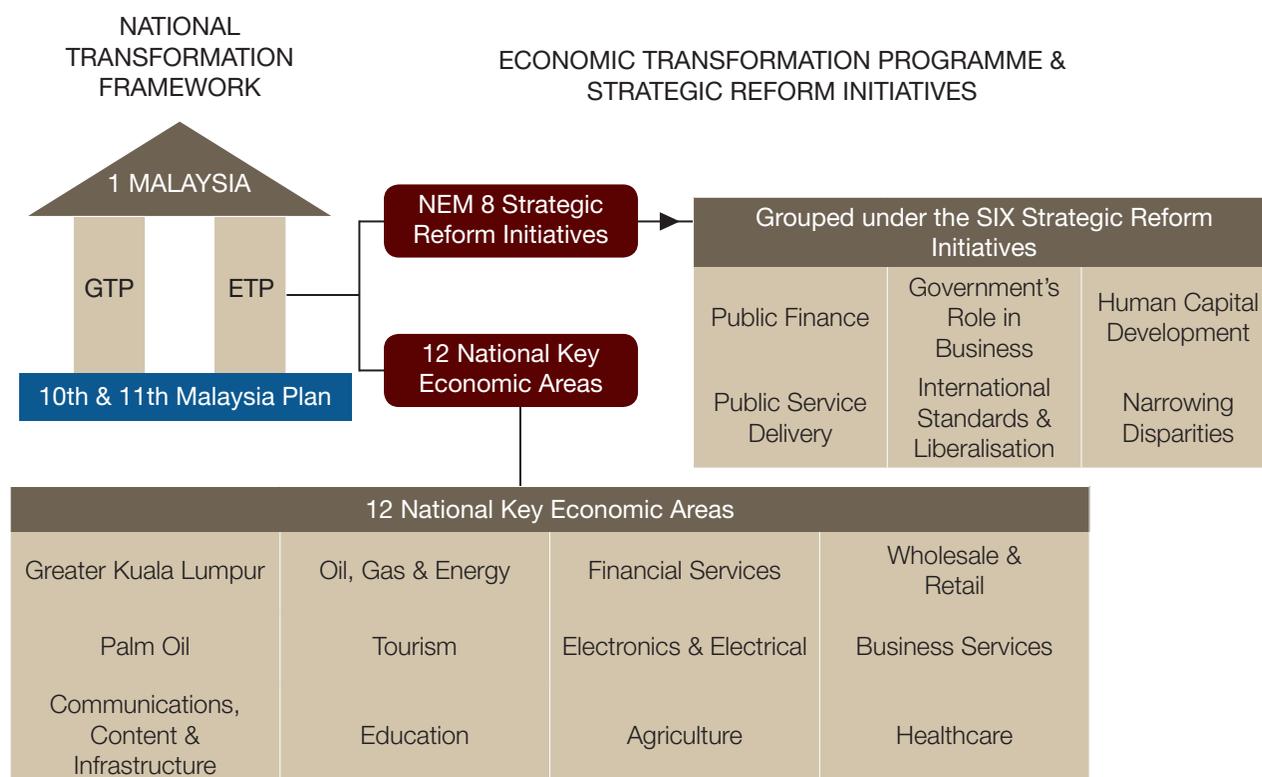
With the economy firmly on a steady growth path, Bank Negara Malaysia (BNM) raised the Overnight Policy Rate (OPR) to 3.00% on 5 May 2011. At the current OPR level, the stance of monetary policy remains supportive of growth. The future monetary policy stance depends on the assessment of the risk to growth and inflation prospects. While it is important to provide depositors positive real returns on their savings, low real interest rates also poses the risk of excessive risk taking behaviour, the disintermediation of funds from safe assets, like deposits, into more risky investments in a search for higher yields, and potentially spur the build-up of excessive leverage.

BNM will also be carefully monitoring and managing the significant capital flows, which due to its large size; can create sharp movements in the exchange rate within a short period that could in turn be detrimental to

emerging economies like Malaysia. Excessive flows can also lead to a sharp escalation in domestic asset prices, whereby, when these flows reverse, can collapse, and in turn create negative wealth effects. A pre-emptive measure undertaken to manage the risk of an excess build-up of liquidity is the raising of the Statutory Reserve Requirement (SRR) ratio in three steps from 1.0% in March 2011 to 4.0% effective 16 July 2011.

On 5 July 2011, the Government announced six Strategic Reform Initiatives (SRIs), the second critical components of the ETP in addition to the 12 NKEAs to boost its global competitiveness. The six SRIs are derived from the eight SRIs that were highlighted in the 'NEM for Malaysia Concluding Part' publication dated 3 December 2010. The ETP has been conceptualised to have two key thrusts, namely focus, through the 12 NKEAs, and competitiveness, to be delivered by the SRIs. The framework for the economic transformation is now complete with the comprehensive SRIs being put in place. The pursuit of economic growth complemented with policy reforms will position Malaysia to compete in the global arena.

Chart 1.1: National Transformation, Economic Transformation Programme and Strategic Reform Initiatives



Source: Performance Management and Delivery Unit (PEMANDU), Prime Minister's Department

As of September 2011, under the ETP, 100 initiatives have been announced under the various NKEAs including three under the SRIs of NEM, with an estimated investment commitment of RM171.2 billion, Gross National Income of RM228.6 billion and over 372,361 new jobs to be created.

Chapter 2: **SME Developments and Outlook**

SMEs in the Advanced and Emerging Economies in 2010	20
Performance of SMEs in Malaysia in 2010	21
Box Article: Survey on SMEs in 2010	24
Outlook for SMEs in 2011	28



SME Developments and Outlook

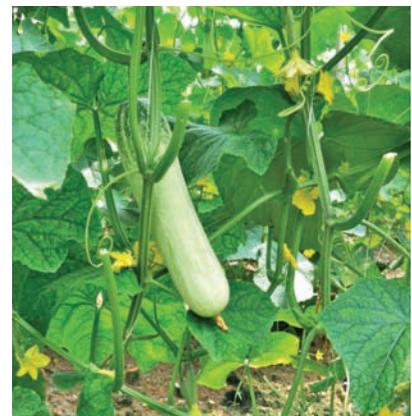
SMEs in Malaysia continued on their recovery path in 2010. Real value added of SMEs expanded by 8.4%, well within the growth forecasts, supported by expansion in all economic sectors. During the recent global financial crisis, Malaysian SMEs had remained resilient to record positive growth. Early measures by the Government to stimulate SME activities, including two fiscal stimulus packages and monetary measures helped to soften the impact on local SMEs, especially in terms of employment and access to financing. Employment and productivity growth of SMEs also continued to exceed that of the large enterprises. Outlook for SMEs in 2011 would however depend largely on external developments given the current concerns on weaker-than-expected performance in the advanced economies due to escalating structural weaknesses in many countries, and the ensuing turbulence in the financial markets. Barring any unexpected developments, value added growth of SMEs is expected to be in the range of 5.5 - 6.0% in 2011.



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SME ANNUAL REPORT 2010/11





SMEs in the Advanced and Emerging Economies in 2010

The global economic recovery has been uneven depicted by slow growth in the advanced economies and firm recovery in the emerging markets. The World Bank report indicated that developing countries have increasingly provided the growth impetus to help steer the global economy out of the 2008/09 crisis. Accordingly, SMEs in emerging economies particularly those in Asia, fared better compared to some of their counterparts in the advanced economies.

SME business was sustained by firm domestic demand amidst the improvement in employment conditions and higher disposable incomes. The World Bank report also emphasised that in the wake of the crisis, it was apparent that all economies needed to boost private sector participation in economic building and to develop supportive policies that would not only strengthen SME clusters but promote SMEs into becoming world class companies.

The Organisation for Economic Co-Operation and Development (OECD) region meanwhile recorded

real Gross Domestic Product (GDP) growth of 0.5% during the fourth quarter of 2010. Net exports and private consumption were the main contributors, partly offset by an unwinding of inventories. This reverses the pattern in earlier quarters whereby inventory-rebuilding had contributed positively to GDP growth and net exports had contributed negatively. For 2010 as a whole, private consumption emerged as a whole the main driver of real GDP growth, contributing 1.2 percentage points to the overall 2.9% growth.

The main challenge facing the governments in the OECD area was managing debt and fiscal issues amidst moving from a policy-driven recovery towards self-sustained growth. This includes SMEs that make up 97% of firms in the OECD countries which contribute 40 - 60% of GDP and up to 70% of employment.

At the APEC SME Summit 2010 held in Yokohama, Japan in November 2010, member countries underlined the importance of government support measures

and public-private cooperation to ensure the constant and uninterrupted process of SME growth and innovation. The APEC SME Economic Crisis Monitor reported that small business employment creation continued to be sluggish in 2010 and that 41% of small businesses could not get adequate financing. The Summit went on to agree that the recovery process from the financial crisis had been largely attributed by the stimulus measures implemented in a number of regional economies.

In the European Union (EU), SMEs continue to be the backbone of the economy, providing employment for almost 90 million Europeans. The global financial crisis however, had caused severe job losses of estimated 3.25 million jobs among SMEs in the period 2009 - 2010, as opposed to creation of employment opportunities for 9.4 million people in the period 2002 - 2008. The EU therefore supports the development of dynamic clusters as catalysts of change and the introduction of a new European Cluster Excellence Scoreboard that should help to better understand factors that drive cluster development and specific framework conditions that are conducive to support world-class clusters in Europe. This is expected to assist SMEs, especially in emerging areas, to develop and integrate cutting-edge technologies, and help them evolve into international companies. At the European Cluster Conference in September 2010, the EU called on European clusters to also work with universities and highly innovative SMEs which would provide an excellent business environment for innovation and for internationalisation of SMEs.



Performance of SMEs in Malaysia in 2010

Overview

The latest statistics indicate that SMEs constitute 99.2% of the total business establishments, and contribute about 32% of GDP and 59% of total employment. This year's SME Annual Report releases new time series statistics on employment and productivity for SMEs. Generally, SMEs have performed favourably in recent years in terms of value added, employment and productivity. The Department of Statistics Malaysia (DOSM) is currently undertaking the 2011 Economic Census which includes SMEs and is expected to be completed by June 2012.

Analysis on SME Performance in 2010

Analysis derived based on the time series data from DOSM from 2001-2010 shows that the value added growth of SMEs has consistently outperformed the overall value added growth for the country since 2004. Value added growth of SMEs reached its peak in 2007 at 10%, before moderating to 6.4% in 2008 and continued to move downwards to 0.4% in 2009 following the global financial crisis. In 2010, value added growth of SMEs rebounded to 8.4% higher than the overall GDP growth of 7.2% (refer to Chart 2.1). For the period 2004-2010, the average annual growth rate of SMEs was 6.8%, above the 4.9% average growth in the overall economy. As a result, SME contribution to GDP increased from 31.5% in 2009 to 31.9% in 2010 (2003: 28.1%).

In 2010, GDP growth of SMEs rebounded to 8.4% higher than the overall GDP growth of 7.2%

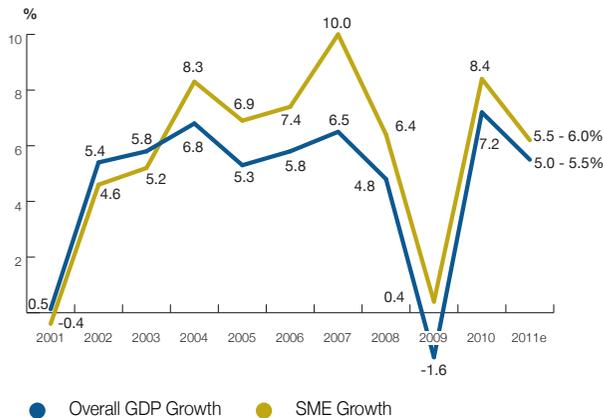
22

Sectoral Review

The growth in SME value added in 2010 was contributed by all sectors, with SMEs in each of these sectors recording higher growth rate compared to that of the overall sectors (refer to Table 2.1). However, the highest growth was seen in the manufacturing sector, followed by construction and services sectors. The strong performance of SMEs in the manufacturing sector was underpinned by robust growth of non-metallic mineral products, basic metal and fabricated metal products (23.5%; 2009: -7.3%) following the implementation of Government stimulus packages.

Similarly, Government policy to ensure that most public sector infrastructure projects benefited the small and medium contractors resulting in higher value added growth in the construction sector in 2010. The higher growth of SMEs in the services sector was driven by the distributive and motor vehicles trade, transport and storage, and accommodation and restaurants sub-sectors. In the case of the agriculture sector, SMEs in the food related activities, namely farmers and fishermen benefited from higher growth in livestock rearing; fishing and production of agricultural cash crops, such as paddy, vegetables, fruits and flowers.

Chart 2.1: SME Valued Added and Overall GDP Growth (Annual change in %)



e: estimate
Source: Department of Statistics, Malaysia, and SME Corporation Malaysia

Table 2.1: SME Value Added and Overall GDP Growth by Key Economic Activity in 2010 (constant 2000 prices)

	Year 2010 (% annual change)	
	SME Value Added Growth	Overall GDP Growth
Agriculture	5.0	2.1
Manufacturing	11.8	11.4
Construction	8.6	5.1
Services	7.1	6.8
Total	8.4	7.2

Source: Department of Statistics, Malaysia

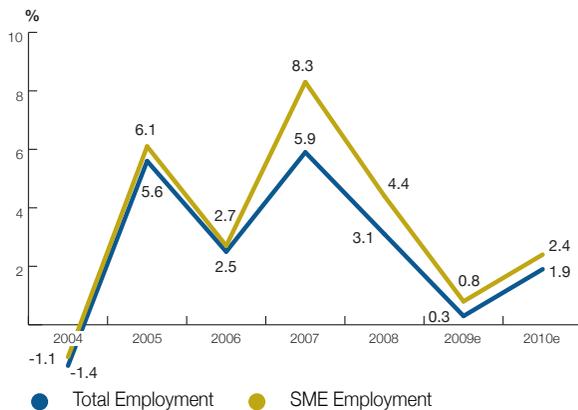
Employment Conditions of SMEs in 2010

Since 2003, contribution of SMEs to total employment has been increasing as a result of the steady increase in employment by SMEs compared with that of large enterprises. In 2010, it is estimated that the share of employment by SMEs increased close to 60% (59.5%; 2003:56.4%). Most of the increase has been observed during the last four years (2007-2010), whereby the

SME employment growth had significantly outperformed the overall growth in employment.

The strong employment growth of SMEs began in 2007 at 8.3%, when the value added growth of SMEs was at its peak (refer to Chart 2.2).

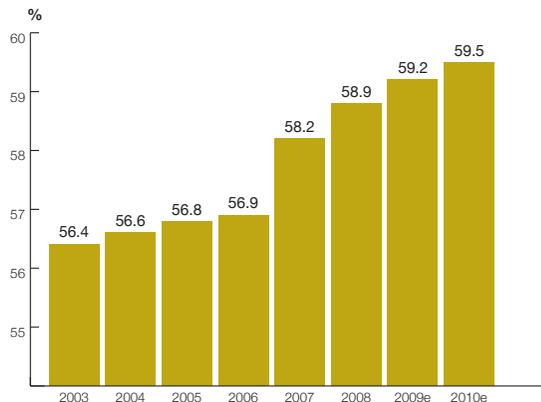
Chart 2.2: SME Employment and Total Employment Growth (Annual change in %)



e: estimate

Source: Department of Statistics, Malaysia, and SME Corporation Malaysia

Chart 2.3: Employment of SMEs to Total Employment (% share)



e: estimate

Source: Department of Statistics, Malaysia, and SME Corporation Malaysia

The year also saw a robust growth of SMEs in the construction, manufacturing and services sectors that absorbed a larger number of skilled and unskilled workers to support the growing demand in these sectors. As a result, there was a marked increase of 271,812 employees by SMEs in 2007 (2005-06: average of 133,338 per year) resulting in the share of SME employment to total employment increasing from just under 57% in 2006 to 58.2% in 2007 (refer to Chart 2.3).

In 2010, SME employment growth is expected to have continued to exceed that of the total employment in line with the higher GDP growth of SMEs compared with the overall GDP. SME employment is estimated to have recorded a growth of 2.4%, above the 1.9% estimated growth in the total employment. SME employment growth had picked up in line with the recovery in economic activities.

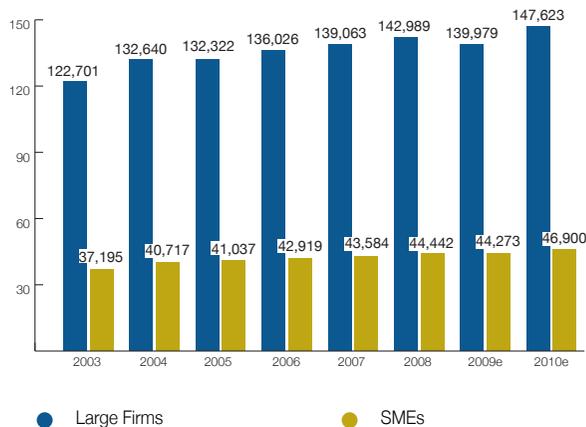
Productivity of SMEs in 2010

In 2010, the average productivity of SMEs is estimated at RM46,900 per employee, about one-third of the average productivity of large firms of RM147,623 per employee (refer to Chart 2.4). This is due to large scale of employment of unskilled workers by SMEs particularly in the labour-intensive activities.

Nevertheless, latest data from DOSM showed that productivity of SMEs has been improving in recent years. The average growth rate of SME productivity in recent years has been increasing at a slightly higher rate compared with large companies. The trend continued in 2010 reflecting 5.9% growth in productivity of SMEs versus 5.5% for large firms (refer to Chart 2.5). In the course of time, the gap between the productivity of large firms has been reducing from 3.3 times higher than SMEs in 2003 to 3.1 times in 2010. This was in part due to various programmes and initiatives undertaken by the Government to encourage SMEs to invest in machinery and equipment, and the training programmes for greater adoption of technology to increase efficiency and productivity levels.

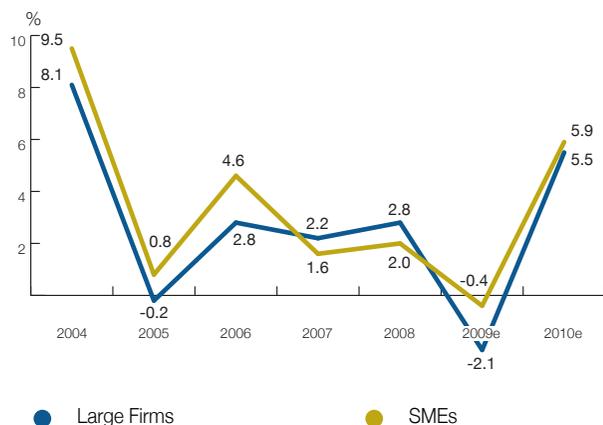
24

Chart 2.4: Productivity Level of SMEs and Large Firms (RM per worker)



e: estimate
 Source: Department of Statistics, Malaysia, and SME Corporation Malaysia

Chart 2.5: Productivity Growth of SMEs and Large Firms (Annual change in %)



e: estimate
 Source: Department of Statistics, Malaysia, and SME Corporation Malaysia

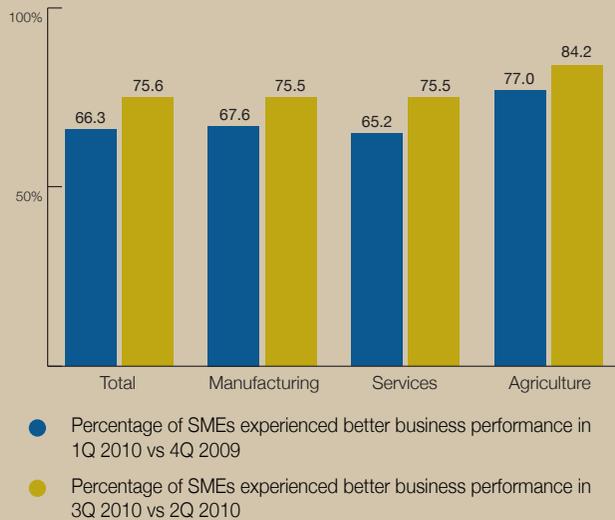
Survey on SMEs in 2010

Since 2008, SME Corporation (SME Corp.) Malaysia has been conducting bi-annual surveys on SMEs as part of the surveillance work to monitor the performance and to identify the current issues faced by SMEs. The survey is comprehensive covering SMEs in all regions including East Malaysia. In 2010, with the assistance of Bank Negara Malaysia, two surveys were conducted in the first and third quarters of the year. The assessment was on the current quarter performance and near-term business expectations of SMEs; trends pertaining to human capital development, access to financing, investment, R&D spending, linkages with other companies; as well as key constraints to business.

First Quarter 2010

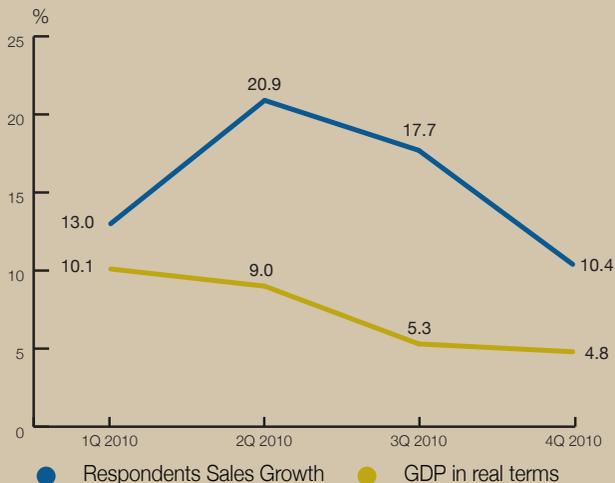
The Survey covering a total of 3,264 respondents indicated that 62% of respondents were affected by the global financial crisis. Of these, 23% had fully recovered by 2009, while the remaining expected the recovery to take place in the second half of 2010. The Survey also highlighted that the three most important issues facing SMEs were increase in raw material prices, rising overhead costs and cash flow problems. The Survey also revealed that labour shortage was prevalent among SMEs across all sectors and SMEs undertook measures to address the problem through increased automation, offer higher remuneration and benefits to domestic employees and increase the selling price of products and services. While majority of the respondents acknowledged that they would be affected by the Government's measures to

Chart 1: Business Performance in 3Q 2010 versus 2Q 2010



Source: SME Corporation Malaysia

Chart 2: SME Performance versus Real GDP (Annual change in %)



Source: Department of Statistics, Malaysia, and SME Corporation Malaysia

remove subsidy, many of them indicated not knowing the impact if the Goods and Services Tax (GST) were to be implemented.

Third Quarter 2010

The Survey covering 2,530 respondents showed that SMEs continued to recover. About 76% of the respondents reported an improvement in business performance compared to the second quarter of 2010 (1Q 2010 survey: 66% reported improvement compared to 4Q 2009). SMEs surveyed in the third quarter of 2010 were also more optimistic on the business outlook despite an environment of rising business costs.

Total sales growth moderated on a year-on-year basis but still remained double-digit at 10.4% from 17.7% in the previous quarter. More than half of the respondents (63%) experienced an increase in sales during the quarter under review compared with the preceding quarter, of which majority cited an increase of up to 5%. In particular, tourism-related services and manufacturing sub-sectors such as transport equipment, other resource-based and furniture and parts industries enjoyed high sales increase.

In terms of exports, 42% of respondents that catered to the external market experienced an increase in sales compared to the preceding quarter. These mainly involved SMEs in the rubber products; chemical and chemical products; food, beverage and tobacco; and wood and wood-based products.

26

Table 1: SME Performance in Key Business Areas during 3Q 2010 (% share of respondents)

	Decreased	Same Performance	Increased	Total Share
Sales Turnover	20.4	16.8	62.8	100
Exports	21.0	37.1	41.9	100
Production	16.6	27.9	55.5	100
Profit Margin	17.9	32.3	49.8	100
Average Selling Price	12.1	41.9	46.0	100

Source: SME Corporation Malaysia

More than half the number of respondents (56%) had increased production during the third quarter, while at the same time, 46% of respondents increased the selling price of goods and services, particularly those in the agriculture sector and related industries that benefited from the rising global prices in commodities. These indicators pointed towards an improving business environment and that economic recovery was underway.

Another positive indicator was that 45% of respondents reported an increase in new orders / bookings of products and services, mainly SMEs involved in the production of rubber products, agriculture crops, furniture and parts as well as providing logistics services. Another 42% of respondents recorded the same amount of orders as in the previous quarter.

A total of 99.6% of the respondents were confident that they would remain in operation over the next six months, with:

- 40% introducing new products/services;
- 32% expanding their branches;
- 30% planning to increase number of employees;
- 18% diversifying into new areas in Malaysia; and
- 13% expanding to other countries.

SMEs participating in the Survey reported that increase in raw material prices, rising overhead cost and cash flow problems continued to remain as key challenges in the third quarter of 2010. About one-third of respondents cited that these factors combined with the initial high cost of investment, lack of Government incentives and shortage of skilled labour had impeded SME investment in new assets, which only grew by 5.5% in 2010 as compared to 18.4% in 2009.

Respondents said these factors have resulted in the cost of doing business spiraling upwards, compounded by both internal and external constraints. Other constraints to business operation and growth of SMEs included:

- Cost of financing (38%);
- Economic policy uncertainty (33%);
- Macro-economic instability (32%);
- Tax rates (29%); and
- Access to domestic credit (28%).

Chart 3: Key Issues Faced by SMEs during 3Q 2010



Source: SME Corporation Malaysia

Table 2: Percentage of Respondents that Cited the Three Most Important Issues (%)

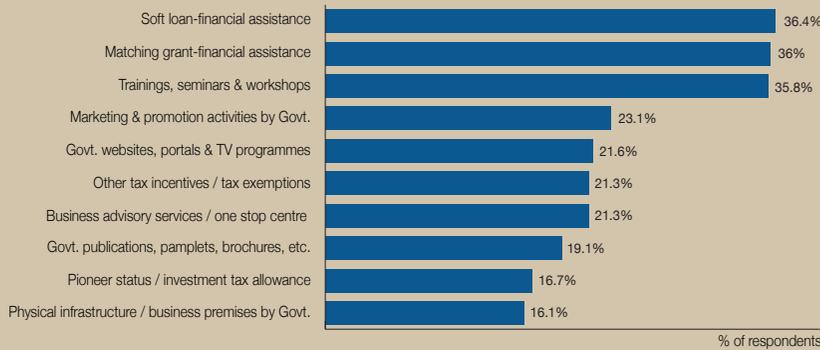
	Manufacturing	Services	Agriculture
Rising raw materials costs	62.9	50.0	55.3
Rising overhead costs	55.0	50.4	44.7
Cash flow constraints	40.0	35.4	42.1

Source: SME Corporation Malaysia

During the third quarter of 2010, SMEs continued to have access to external financing, particularly from financial institutions which remained as the key source of fund provider, with the approval rate of 85%. Besides financing from banks and development financial institutions (83%), the other sources of external finance to SMEs were shareholders / business owners' funds (45%), retained earnings (34%), grants and other financing from Government agencies (24%) and borrowings from family and friends (18%). About half of the respondents (51%) did not request for new or additional external financing as majority of them did not require it (53%). The Survey also showed that 36% of respondents also benefited from Government financial assistance such as soft loans and matching grants as well as trainings, seminars, conferences and other outreach programmes.

The survey revealed that a point of concern was that majority of SMEs (58%) do not undertake any form on research and development (R&D) activities in their company. About 32% of respondents undertake R&D, mainly by those in the manufacturing sector. For companies that do conduct R&D activities, majority of them (60%) spent less than 1% of the operating cost on R&D expenditure.

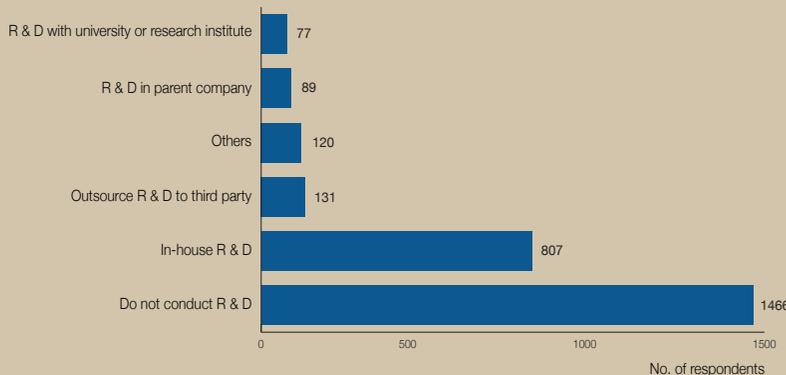
Chart 4: Percentage of Total Respondents who Benefited from Government Programmes



Source: SME Corporation Malaysia

The survey also revealed that only 3% of the respondents had fully automated or mechanised their operations, while half of the respondents either adopted semi-automation or semi-mechanisation. Again automation was more prevalent among SMEs in the manufacturing sector.

Chart 5: SMEs Involved in R&D Activities



Source: SME Corporation Malaysia

Outlook for SMEs in 2011

With the global economic outlook remaining uncertain, SMEs have been bracing themselves against soaring commodity prices, exchange rate volatility, slowing international trade, as well as escalating cost of doing business. Malaysian SMEs should prepare for plausible risks and for those who are exporting, should also consider taking risk mitigation measures where possible such as hedging and trade insurance. The imbalances in the current global recovery with shifting of the economic power to emerging economies particular in Asia may appear on the surface to be advantageous to countries like Malaysia, while the potential weakness in global growth may also imply less trade and investment opportunities available for emerging countries. At the same time, Malaysian SMEs would also face competitive pressures from the larger regional economies such as China, India and Indonesia that have the advantage of scale, in terms of market size and cover cost.

Amidst the numerous challenges and what remains a volatile global economic environment, the majority of Malaysian SMEs held firmly to a positive outlook on business growth moving forward. This is supported by the confidence of seeing the global economy gaining momentum recovering from the crisis. Moving ahead, 64% of respondents surveyed (third quarter of 2010) had a positive outlook on business growth, while of even greater significance was the fact that 68% of respondents in the agriculture sector were confident of a more prospective business environment.

The challenging operating environment endured over the last two years has significantly strengthened the resilience of Malaysian SMEs. While local SMEs continue to tread cautiously due to global uncertainties, at the same time they are adjusting to changes and are just as determined to explore business opportunities, introduce new products and services, open new branches and outlets, increase full-time employees, diversify into new areas and expand abroad.

In line with the expectations of more moderate growth of 5.0 - 5.5% in 2011 for the overall economy, it is projected that value added growth of SMEs would be in the range of 5.5 - 6.0%. SME growth is expected to be supported by firm domestic demand and continuous activity in the services sector, particularly in the distributive trade, logistics as well as financial, business and private services sub-sectors.

In line with the expectations of more moderate growth of 5.0 - 5.5% in 2011 for the overall economy, it is projected that value added growth of SMEs would be in the range of 5.5 - 6.0%

Section II: **SME Development Policies and Programmes**

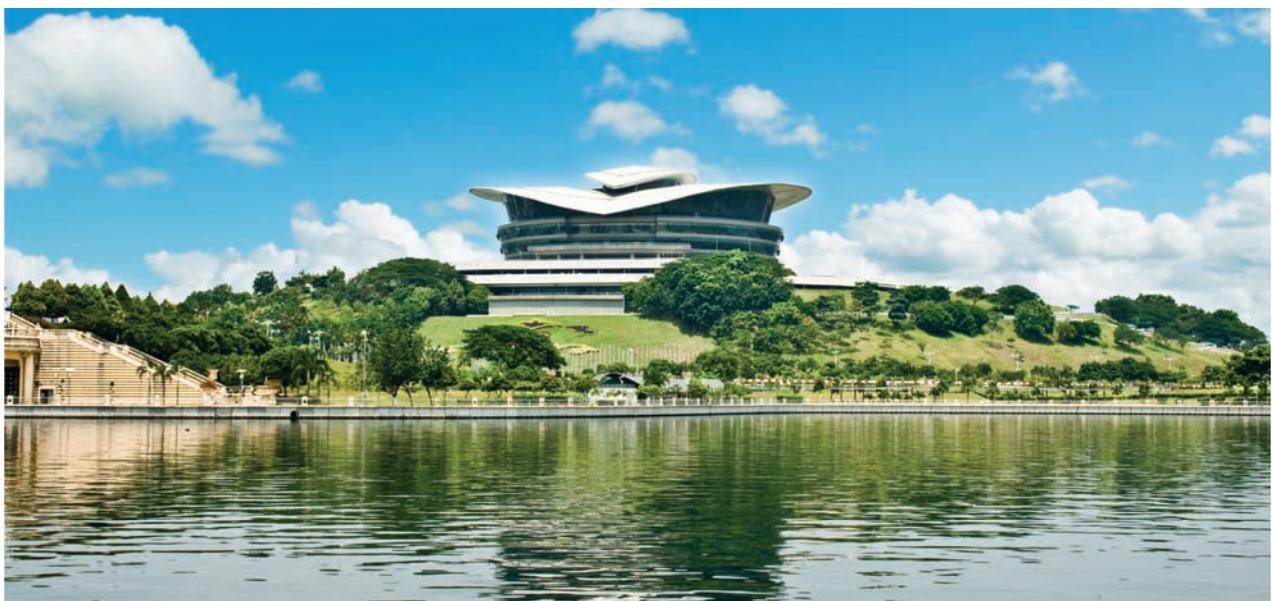
Chapter 3:	Policies on SME Development	33
Chapter 4:	Strengthening Enabling Infrastructure	45
Chapter 5:	Building Capacity and Capability	53
Chapter 6:	Enhancing Access to Financing	69

Chapter 3: Policies on SME Development

National SME Development Council and Key Initiatives	34
Box Article : SME Masterplan (2012-2020)	35
Highlights of SME Development Programmes in 2010	38
SME Development Programmes in 2011	39

Policies on SME Development

While the structured approach to SME development has helped in the past to accelerate the growth of SMEs, the next phase would focus on integrating SMEs into the economic mainstream to become an important engine of growth in the New Economic Model. This is no ordinary task given that the road ahead for SMEs is surrounded by challenges such as uncertainty in the external environment and pressures from globalisation and market liberalisation. Policy focus would be to enhance the capacity and capability of SMEs towards building long-term resilience and competitiveness. The SME Masterplan is being developed to achieve these goals through more targeted and result-based approach to SME development.





National SME Development Council and Key Initiatives

SME development was accorded national priority with the establishment of the National SME Development Council (NSDC) in 2004. Chaired by the Prime Minister, the high-powered Council comprising members from more than 15 key Ministries and agencies is responsible for providing the strategic direction and formulation of SME development policies for the country. The NSDC has laid the foundation on SME development policies by setting clear objectives with long-term goals that helped to raise the contribution of SMEs to the economy from 29.0% in 2005 to 31.9% in 2010 (2003: 28.1%). Key achievements of the NSDC include:

- Adoption of a standard definition for SMEs which is currently used by all Ministries and Agencies implementing SME development programmes;
- Formulation of the SME development framework with three key strategic thrusts, namely strengthening the enabling infrastructure, building capacity and capability of domestic SMEs, and enhancing access to financing with a yearly plan of programmes under the SME Integrated Plan of Action or SMEIPA ;
- Strengthening of the institutional framework and development of comprehensive database;
- Establishment of a dedicated agency, namely SME Corporation (SME Corp.) Malaysia to streamline, coordinate and monitor SME development initiatives;
- The establishment of special SME units in each of the Ministries and Agencies involved in SME development; and
- Adoption of an result-based approach in SME development initiatives.

Another key milestone was the endorsement of the First Phase of the SME Masterplan (2012-2020) at the 11th NSDC meeting in April 2011. The Second Phase of the Plan is currently being undertaken and is scheduled to be completed by end-2011.

SME Masterplan (2012-2020)

The SME Masterplan will chart the policy direction of SMEs in all sectors through the year 2020 towards achieving a high income nation by 2020 in line with the New Economic Model (NEM). The vision is to create globally competitive SMEs that enhance wealth creation and contribute to the social well-being of the nation. The SME Masterplan is divided into two phases:

- The First Phase comprising a new SME Development Framework as well as broad policies and strategies to achieve the NEM goals; and
- The Second Phase of the Masterplan is to look into the specific action plans and the monitoring mechanism.

The Masterplan focuses on creating an enabling ecosystem to accelerate the growth of SMEs through productivity gains and innovation and to bring them to the next level of development. The vision of creating globally competitive SMEs is crystallised through the four strategic goals, namely:

1. **Increase business formation** to facilitate business dynamism through a constant stream of new entrants into the market;
2. **Intensify formalisation** to incentivise innovation, growth and promote fair competition;
3. **Raise productivity** of SMEs to boost incomes and raise standards of living; and
4. **Expand number of high growth and innovative firms** as they generate a substantial share of employment and output in the country and to grow these companies to be regional and global champions.

To support the strategic goals, the Masterplan has identified six focus areas:

1. Encourage greater **innovation and technology adoption** among SMEs;
2. Enhance **human capital and entrepreneurship development** among SMEs;
3. Ensure that creditworthy SMEs have **access to financing** for working capital and investment;
4. Expand **access to market** for goods and services produced by SMEs;
5. Ensure the **legal and regulatory environment** is conducive to the formation and growth of SMEs, while protecting the broader interest of society; and
6. Improve the **infrastructure** needed by SMEs to operate effectively.

Achieving the SME development goals will significantly alter the economic structure of the overall Malaysian economy. SME Corporation Malaysia as the Central Coordinating Agency in SME development will continuously engage the relevant Ministries and Agencies as well as other stakeholders and the private sector towards achieving the goals of the Masterplan.

36

SME Development Policies

In the past, policies on SME development were articulated in the Third Industrial Master Plan and the Ninth Malaysia Plan. The New Economic Model (NEM), Economic Transformation Programme (ETP) and the Tenth Malaysia Plan (10MP) would shape the policies going ahead requiring a New Framework on SME Development to facilitate a quantum leap in SME growth and to achieve the aspirations of high income nation status by 2020.

The NEM consisting of Part 1 and Part 2 (Concluding Part), include a raft of economic measures to transform Malaysia to become a fully developed nation by 2020. The NEM is based on the three guiding principles: high income, inclusiveness and sustainability. The high income principle strives for per capita income doubling from the current USD6,700 to USD15,000 by 2020, sustainability will address present needs without compromising on the future generation, while inclusiveness ensures that communities are able to fully benefit from the country's wealth. Representing 99% of total business establishments, SMEs would definitely serve as an important agent towards transforming Malaysia into a high-income and innovation-led economy. Part 1 of the NEM unveiled eight Strategic Reform Initiatives (SRIs) namely:

- Re-energising the private sector;
- Developing a quality workforce and reducing dependency on foreign labour;
- Creating a competitive domestic economy;

- Strengthening the public sector;
- Creating a transparent and market-friendly affirmative action;
- Building the knowledge base infrastructure;
- Enhancing the sources of growth; and
- Ensuring sustainability of growth.

The concluding part of the NEM presents greater details on the policy measures embedded in the eight SRIs that would propel Malaysia into becoming a high income, sustainable and inclusive economy by 2020. The concluding part covers five key focus areas, namely:

1. Transformation through reinvigorating the private sector;
2. Enhancing innovation;
3. Public sector transformation;
4. Intensifying human capital development; and
5. Narrowing disparities.

Transformation through reinvigorating the private sector will see greater effort in integrating enterprises into the national supply chain to support the creation of home-grown multinational companies (MNCs) that will serve towards enhancing Malaysia's global brand. In this context, the Government Linked

Companies (GLCs) are urged to assume a more important role in SME development through the provision of business development services (BDS) to SMEs. The initiative would also promote SMEs' participation in Government procurement as well exploring the non-bank avenues to promote access to financing by SMEs. On technology and ICT adoption, focus will be towards enhancing connectivity of businesses and building SMEs through broadband expansion policies.

In enhancing innovation, policies will be focused on developing Government and GLC procurement policies that support local innovative products and services, establishing institutes of higher learning as centre of excellence for R&D collaboration with the private sector, consolidation and merging of national enterprises to leverage on greater economies of scale, encouraging open innovation system to foster knowledge sharing between firms, public, research institutions and public; and aligning innovation support policies to extract greater value from intellectual property (IP).

Meanwhile, transformation of the public sector would look into addressing bureaucratic reforms to further enhance efficiency and reduce cost of doing business. Specific measures would also be undertaken to support investors and in implementing broad-based tax for revenue and fiscal stability particularly through the implementation of the Goods and Services Tax (GST). Acknowledging the importance of human capital in realising the national agenda, the Government would intensify



human capital development via the establishment of the National Human Resources Centre (NHRC) to provide strategic HR support to the business community, particularly SMEs that often have limited capacity in such area. The Government also hopes to narrow disparities by establishing specific programmes for Bumiputera SMEs as well as focusing on capacity building programmes that are geared towards the 12 National Key Economic Areas (NKEAs) identified under the NEM.

Meanwhile, under the 10 MP, SMEs are to be developed into a strong engine of growth and innovation by way of supporting SMEs at an early stage and identifying those with the potential of becoming global players, as well as in encouraging greater collaboration between foreign and local SMEs in the areas of modern technology. This will be supported by:

- Enhancing SME access to financing;

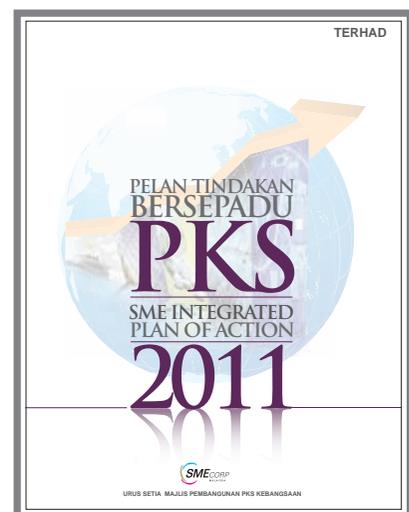
- Establishing a Green Lane for procurement;
- Promoting skills upgrading;
- Advancing the agenda to develop Bumiputera entrepreneurs;
- Establishing a social justice policy; and
- Enhancing labour market efficiency.

The Annual SME Integrated Plan of Action (SMEIPA)

In an effort to enhance monitoring of SME development programmes, SME Corporation Malaysia has in 2011 introduced SMEIPA online, which is a dedicated portal to provide relevant authorities involved in SME development with valuable access to information pertaining to SMEIPA. The portal will store information related to SME development programmes

and the impact and result of these programmes. It will also enable SME Corporation Malaysia, as the Central Co-ordinating Agency, to monitor the implementation and performance of SME development programmes carried out by the various Ministries and Agencies.

In addition, beginning 2012, SMEIPA will be adjusted to the new SME Development Framework proposed in the SME Masterplan. It basically enables greater cooperation among the Ministries and Agencies to streamline and coordinate SME programmes, continually review their roles and responsibilities pertaining to SME development, develop sectoral policies aligned to the overall SME policies and to track and monitor the effectiveness of programmes. For 2010 and 2011, SMEIPA continued to focus on the earlier framework covering the three strategic thrusts of strengthening the enabling infrastructure; building capacity and capability of domestic SMEs; and enhancing access to financing.



38

Highlights of SME Development Programmes in 2010

In 2010, the Government successfully implemented 226 SME development programmes at the cost of RM7.1 billion benefiting a total of 614,242 SMEs. As in previous years, majority of the programmes (73%) were for building capacity and capability with a financial expenditure of RM717.8 million, while another 38 programmes were to enhance access to financing which accounted for the biggest sum of allocation at RM6.3 billion. The balance 23 programmes were implemented to strengthen the enabling infrastructure at the cost of RM179.8 million. In terms of the objectives of the programmes implemented in 2010:

- Bulk (135) were implemented to enhance the viability of SMEs across all sectors, at a cost of RM4.3 billion benefiting a total of 465,327 SMEs;
- 75 programmes were devoted to promoting Bumiputera participation in the SME sector. These programmes were implemented at the cost of RM2 billion, benefiting some 43,836 SMEs; and
- 16 programmes were implemented to develop K-based SMEs, at the cost of RM925.6 million benefiting 105,079 SMEs.

Table 3.1: SME Development Programmes in 2010 by Strategic Thrusts

Strategic Thrusts	Programmes	SMEs Benefited	RM (Million)
Strengthening Enabling Infrastructure	23	6,672	179.8
Building Capacity and Capability	165	338,134	717.8
Enhancing Access to Financing	38	269,436	6,256.1
Total	226	614,242	7,153.7

Source: SME Corporation Malaysia

Building Capacity and Capability

The bulk of programmes were devoted to building capacity and capability, reflecting the importance of enhancing skills, technical knowledge, capabilities and competencies of SME owners and workforce in support of the Government's aspiration to become a high-income and knowledge-based nation. These programmes focused on the four main areas:

- **Entrepreneur Development:** In support of increasing the number of SMEs, a total of 59 programmes were focused on entrepreneur development, benefiting some 134,459 SMEs.
- **Human Capital Development:** Some 35 programmes were implemented to enhance the competency, technical knowledge and capabilities of SME employees, benefitting 101,452 SMEs.
- **Marketing and Promotion:** 34 programmes were carried out to enhance skills to market and promote SME products and services, benefitting 25,042 SMEs nationwide.

- **Product Development:** A total of 19 programmes were implemented on product development which benefited 589 SMEs.

Enhancing Access to Financing

In 2010, the Government continued to ensure that there was sufficient funding available for the purpose of start-ups, working capital and expansion, and therefore, the largest allocation of RM6.3 billion or 88% of total SME development funds for 2010 was channeled towards enhancing access to financing. A total of 38 programmes were implemented and these initiatives benefited 269,436 SMEs. These include the seven new schemes introduced during the year.

Bulk of the programmes in 2010 include providing working capital for SMEs, which accounted for 33 programmes with a total expenditure of RM5.1 billion.

Strengthening the Enabling Infrastructure

In further strengthening the enabling infrastructure, the Government carried out 23 programmes at the cost of RM179.8 million which benefited some 6,672 SMEs. The programmes were mainly devoted towards enhancing the physical infrastructure which included the development of facilities aimed at supporting the business operations and activities of SMEs. Other areas of focus include enhancing the information and regulatory infrastructure. Among the programmes include the following:

- Assisting Bumiputera entrepreneurs with the ownership and rental of business premises, factories, workshops and procurement of equipment and machineries under initiatives by the Ministry of Rural and Regional Development (MRRD), Ministry of International Trade and Industry (MITI), Ministry of Agriculture and Agro-based Industry (MOA) as well as Ministry of Finance (MOF);
- Implementation of the SME Competitiveness Rating for Enhancement (SCORE) to monitor and assess the progress and competitiveness of SMEs; and
- Initiatives by MOA to establish new collection and distribution centres to assist SMEs in marketing their products.

SME Development Programmes in 2011

SME development programmes being implemented in 2011 continue to be closely guided by the three strategic thrusts. However, the orientation of programmes has been driven towards result-based objectives. A total of 391,105 SMEs are expected to benefit from 219 programmes planned for implementation throughout 2011 with a financial commitment of RM5.9 billion. Programmes devoted to building capacity and capability will again be the focus of attention in 2011, underlining the Government's steadfast commitment in promoting entrepreneurship and in moving SMEs up the value chain to become integrated into the regional and global network. Some 150 programmes with a total cost of RM525.7 million are being implemented and expected to benefit 54,298 SMEs. A sum of RM5.3 billion (accounting for 90%) meanwhile, has been allocated towards enhancing access to financing, whereby a total of 50 programmes have been earmarked, mainly to make available sufficient funds for start-ups and to support the expansion and the business diversification plans of SMEs. The Government will also implement 19 programmes costing of RM76.8 million to further strengthen the enabling infrastructure.

From the total number of programmes, 139 programmes with a financial commitment of RM3.8 billion will be channeled towards enhancing viability of SMEs across all economic sectors; a total of 24 programmes at the cost of RM1.2 billion has been allocated to promote

K-based SMEs; and 56 programmes costing RM909 million for development of Bumiputera SMEs.

Building Capacity and Capability

In order to enhance productivity of SMEs and to become globally competitive, it is imperative that Malaysian SMEs continually upgrade their capabilities and technical knowledge in their respective fields. In a global economic landscape that is evolving so rapidly, Malaysian SMEs can no longer compete on costs, but on higher content of value-add into their products and services to remain relevant. Entrepreneur development and continued investment in human capital remain as the two most critical elements in building the capacity and capability of SMEs. A total of 52 and 30 programmes with a financial commitment of RM195.5 million and RM118.4 million will be channeled towards strengthening these two respective areas. Greater empowerment, however, must be supported by fundamentals and therefore an allocation of RM90.7 million has been made to support SMEs in terms of product development.

A total of 391,105 SMEs are expected to benefit from 219 programmes planned for implementation throughout 2011 with a financial commitment of RM5.9 billion

40

Table 3.2: SME Development Programmes in 2011 by Strategic Thrusts

Strategic Thrusts	Programmes	SMEs benefitted	RM (million)
Strengthening the Enabling Infrastructure	19	3,309	76.8
Building Capacity and Capability	150	54,298	525.7
Enhancing Access to Financing	50	333,498	5,303.2
Total	219	391,105	5,905.7

Source: SME Corporation Malaysia

- A sum of RM52.7 million has been allocated to assist and empower SMEs with a higher degree of technology.
- 31 programmes with an allocation of RM66.8 million will go towards assisting SMEs in being able to market and promote their services and products more effectively.
- 32 programmes are devoted towards developing 16,753 Bumiputera entrepreneurs.
- Entrepreneur development programmes will focus on numerous target groups: young graduates, unemployed graduates, youth, FELDA settlers, women in the low-income group, smallholders, Bumiputera SMEs, homestay operators, farmers, social aid recipients, single mothers, technology-based entrepreneurs and fishermen.

Enhancing Access to Financing

From the total allocation of RM5.3 billion for enhancing access to finance in 2011, 96% or RM5.1 billion, will be towards providing working capital to about 307,748 SMEs.

- MOF via AIM has been allocated a sum of RM1.4 billion to implement an Initiative Financing Scheme with the aim to reduce poverty among poor households by undertaking economically viable activities. This scheme is expected to benefit about 296,000 participants.
- RM400 million has been allocated under the Maritime Fund and will be administered by Bank Pembangunan Malaysia Berhad for the purpose of providing financial assistance to existing and new companies involved in shipping, shipyard and maritime-related activities.

- In supporting the development of K-based SMEs, MOF is targeting to disburse 50 new loans amounting to RM500 million to provide Syariah-based project financing to local companies involved in the ICT, biotechnology and other technology sectors.
- A total of RM230 million has been allocated under the Green Technology Financing Scheme to promote the green technology industry. The scheme is administered by Bank Negara Malaysia, the Credit Guarantee Corporation Malaysia Berhad (CGC) and Malaysia Green Technology Corporation (MGTC).



Strengthening the Enabling Infrastructure

The total sum RM76.8 million allocated in 2011 under this strategic thrust will be mainly utilised to enhance the physical infrastructure in support of SME businesses. The allocation will be used to fund the purchase of equipment and machinery for SMEs in selected sub-sectors, development of shophouses, distribution and collections centres for SMEs as well as the establishment of six fisherman's markets.

- MOA together with the Department of Agriculture is developing a Permanent Food Production Park, built at the cost of RM2.6 million with an area size of 3,187 hectares, and is scheduled for completion in 2011. When operational, the park will be capable of increasing the production of fruits and vegetable to 31,870 metric tonnes.
- In support of Bumiputera participation in the automotive industry, MOF via Perbadanan Kemajuan Iktisad Negeri Kelantan will construct an Automotive Centre in Pengkalan Chepa to provide business premises and workshop equipment to Bumiputera entrepreneurs.

Chapter 4: **Strengthening Enabling Infrastructure**

Highlights of Programmes in 2010	46
Programmes in 2011	48



Strengthening Enabling Infrastructure

The growth of SMEs is dependent on a supportive and conducive business environment through a well-developed physical infrastructure and non-physical infrastructure including the regulatory and information infrastructure. Recognising this, the Government remains committed towards strengthening the enabling infrastructure for SMEs by embarking on various initiatives particularly to improve the physical infrastructure through the provision of business premises and the required facilities to complement their needs.



National SME Development Council

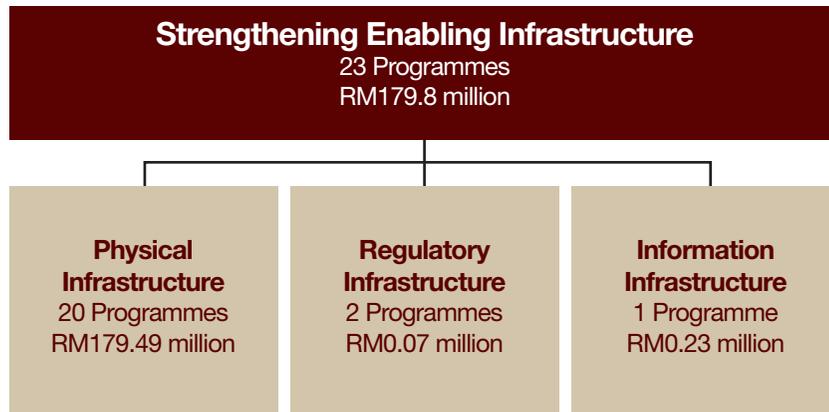


SME ANNUAL REPORT 2010/11

46

Highlights of Programmes in 2010

In 2010, the Government spent a total of RM179.8 million to implement 23 programmes geared towards strengthening both the physical and non-physical infrastructure for SMEs. Initiatives undertaken covered the three core areas, namely physical, regulatory and information infrastructure with bulk of the programmes (87%, 20 programmes) devoted towards strengthening the physical infrastructure, while the remaining programmes addressed the gaps in the regulatory and information infrastructure. A total of 6,672 SMEs benefited from these programmes.



Source: SME Integrated Plan of Action 2011

Physical Infrastructure

During the year, the Government implemented various programmes to provide appropriate infrastructure either through construction of new facilities or upgrading of existing premises to support the increasing needs of SMEs. Initiatives were focused on providing SMEs with the appropriate business premises, factories and collection centres to conduct and expand their operations. The different categories of physical infrastructure are depicted in Chart 4.1.

A total of 20 programmes were implemented at the cost of RM179.49 million, benefiting a total of 3,134 SMEs. Among the programmes with significant results include:

- The Halal Product Development Project by the Ministry of Finance (MOF) in collaboration with Perbadanan Kemajuan Iktisad Negeri Kelantan (PKINK) comprising the establishment of nine manufacturing premises with high capacity machinery and equipment for *Halal* food production. The project has enabled participating SMEs to enjoy an 80% increase in sales with participants registering income of between RM8,000 and RM10,000 per month. The Ministry through PKINK also helped to establish 41 stalls and kiosks at the seafood-based hawker centres in Kota Baru and Pasir Putih, Kelantan;

- The Collection and Marketing Centres for Entrepreneur Product (4PU) /Trading House under the Ministry of International Trade and Industry (MITI), which comprised the formation of two collection centres which have, benefited a total of 253 SMEs in terms of marketing, distribution and product quality enhancement initiatives. Meanwhile, the Factory Assistance Scheme by MITI through SME Bank provided a total of 422 factory space for rent in strategic locations to Bumiputera SMEs;

- The Business Premises / Workshops / Factories Infrastructure Programme by the Ministry of Rural and Regional Development (MRRD) which comprised the construction of a total of 66 premises for Bumiputera SMEs in the rural areas have enabled these SMEs to operate in a more comfortable and hygienic environment complemented by fully-equipped premises at low and affordable rental. Under the Provision of Business Premises Programme implemented by the Majlis Amanah Rakyat (MARA), some 142 SMEs benefited from new premises and factories constructed to increase the participation of Bumiputera entrepreneurs in the commercial and industrial community; and



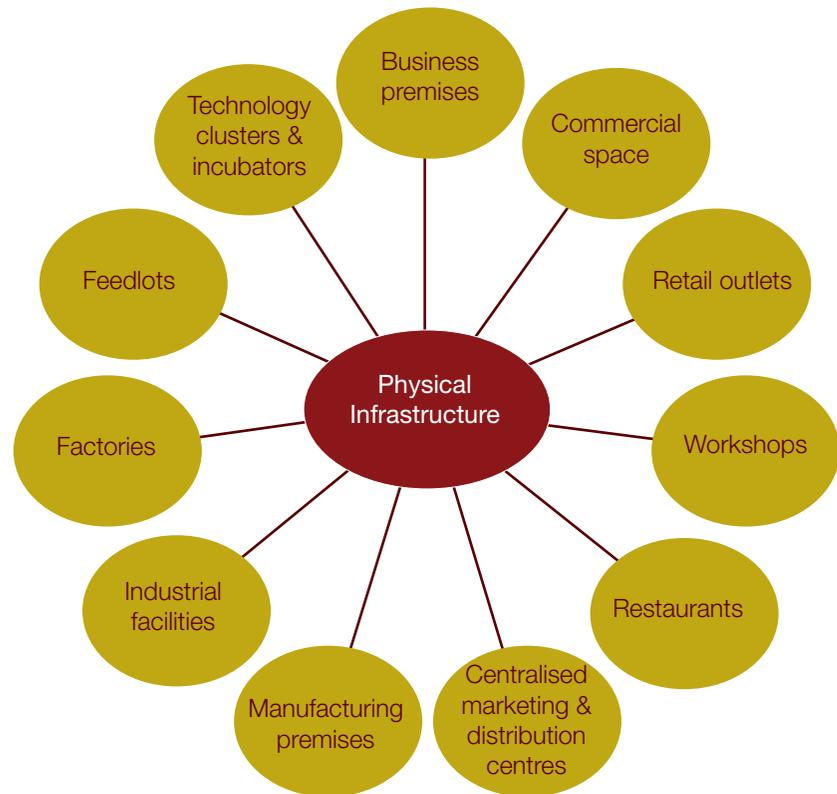
- The Marketing Infrastructure Programme implemented by the Ministry of Agriculture and Agro-based Industry (MOA) through the Federal Agriculture Marketing Authority (FAMA) which has benefited a total of 2,138 SMEs by adding value to their products at farm level through the implementation of good post-harvest practices in grading, packaging and labeling. During the year, FAMA has also established 23 new collection and distribution centres to assist agro-entrepreneurs through better distribution, packaging and labeling of their products. The National Agribusiness Terminal in Ipoh, Perak was also opened in August 2010.

Regulatory and Information Infrastructure

Improvements to the existing regulatory and information infrastructure are necessary to ensure a holistic approach in strengthening the enabling infrastructure for SMEs. In 2010, initiatives to enhance the regulatory infrastructure for SMEs were skewed towards evaluating the competitiveness of SMEs which was aimed at enabling the relevant Ministries and agencies to prioritise areas of importance in future development programmes. Two programmes were implemented in 2010 benefiting some 3,508 SMEs.

- MITI via SME Corporation Malaysia (SME Corp. Malaysia) continued to intensify efforts to assess and rate the competitiveness of SMEs based on their business performance, strengths and capabilities under

Chart 4.1: Categories of Physical Infrastructure



Source: SME Integrated Plan of Action 2011

the SME Competitiveness Rating for Enhancement (SCORE). As at 31 December 2010, a total of 5,246 SMEs have been rated, of which 4.2% were rated four-star, 29.5% rated three-star and the balance 66.3% had a rating of two-star and below. There were no companies that scored a five-star rating. Under SCORE, companies that achieve three to five-star ratings are designated as being ready for the export market and will be selected to participate in trade missions and linkages programmes. SMEs that are in the two-star category and

below meanwhile will continue to be given hand-holding assistance to enhance their capabilities.

- In 2010, SME Corp. Malaysia also developed the Micro Enterprise Competitiveness Rating for Enhancement (M-CORE) which is a tool to gauge the performance of micro enterprises in four areas: business performance and financial, operations, and management capability. As at 31 December 2010, a total of 101 micro enterprises have been evaluated from which 2.9% were

48

rated as Level Three, 63.3% rated as Level Two and the remaining 33.6% rated as Level One. A total of 211 SMEs also participated in a series of 13 workshops which encompassed lectures and coaching sessions to SMEs which had completed M-CORE. In an effort to enhance dissemination of information to SMEs, MITI through SME Corp. also published the SME Annual Report 2009/2010 which contained information on SME development including the status, progress and programmes implemented.



Programmes in 2011

In 2011, a total of 19 programmes are being implemented to further strengthen the enabling infrastructure for SMEs, with a financial commitment of RM76.8 million. Programmes for the year will be entirely devoted to strengthening the physical infrastructure and is expected to benefit some 3,309 SMEs. Among these programmes include the Permanent Food Production Park by MOA in collaboration with the Department of Agriculture (DOA), involving development of a 3,187 hectares plantation area at the cost of RM2.6 million which is scheduled for completion this year. Once operational, the Park will be able to increase the production of fruits and vegetable to 31,870 metric tonnes. Meanwhile, six fishermen markets will be established by the Fisheries Development Authority of Malaysia (LKIM) to encourage more fishermen to venture into business. This is expected to increase the monthly income of these fishermen by between 10% to 20%. The Authority will also establish three distribution centres and one collection centre to market aquaculture fish.

Other infrastructure programmes to provide business premises for SMEs include:

- The development of 401 industrial lots throughout the country by the Ministry of Industrial Development Sarawak with a financial commitment of RM49.5 million;
- The Cottage Retail Shop programme by MOF in collaboration with UDA Holdings Berhad, which has allocated a total of RM8.2 million to develop 33 cottage retail shops in the rural areas to benefit some 50 SMEs.

Chapter 5: **Building Capacity and Capability**

Highlights of Programmes in 2010 54

Programmes in 2011 59

Box Article: One District One Industry, A Revolutionary Programme For Rural Folks 62



Building Capacity and Capability

The Government would continue to place high priority on human capital development for Malaysia to realise its vision of a developed nation status by 2020. Up-scaling of skills and knowledge of workforce and stepping up entrepreneurial capabilities of SME owners will be of paramount importance in raising the overall efficiency and productivity of SMEs. Human capital development has also become important in the context of trade liberalisation, especially pertaining to the services sector where SMEs have a large presence, and hence need to strengthen their position to compete with foreign players.



National SME Development Council



SME ANNUAL REPORT 2010/11

54

Highlights of Programmes in 2010

As in the previous years, programmes to develop capacity and capability of SMEs continue to dominate the SME development programmes. In 2010, the relevant Ministries and agencies expended a total of RM717.8 million on 165 programmes. These programmes are divided into the following seven key areas and have benefitted more than 338,000 SMEs nationwide.

Table 5.1: Key Areas under Building Capacity and Capability

KEY AREAS	PROGRAMMES	SMEs BENEFITED	RM (million)
Entrepreneur Development	59	134,459	263.6
Human Capital Development	35	101,452	137.8
Marketing and Promotion	34	25,042	92.6
Product Development	19	589	139.2
Technology Enhancement	8	3,147	81.2
Advisory Services	5	66,911	0.70
Awareness and Outreach	5	6,534	2.74
Total	165	338,134	717.8

Source: SME Integrated Plan of Action 2011

Entrepreneur Development

Entrepreneurship is important for a success of any business. The Government continues to undertake various programmes on entrepreneurship development to generate motivation and foster growth and sustainability of SMEs. In 2010, a total of 59 programmes were carried out to promote entrepreneur development benefiting a total of 134,459 SMEs. Among the programmes with significant results were implemented by the Ministry of Rural and Regional Development (MRRD) which include:

- The Training and Entrepreneur Guidance programme in collaboration with Jabatan Kemajuan Masyarakat (KEMAS) which has successfully trained 1,023 ex-KEMAS skills trainees and rural entrepreneurs to venture into business;

- The Training and Advisory programme that enhanced the entrepreneurship skills of SME entrepreneurs in the rural areas. A total of 150 courses were organised for some 3,620 entrepreneurs, of which 80% agreed that the training had improved their knowledge and skills;
- The Additional Economic Activities (AET) in collaboration with the Rubber Industry Smallholders Development Authority (RISDA) which has paved the way for 1,065 smallholders to obtain an average household income of at least RM2,000 per month, with most participants recording an income increase of between RM200 and RM250; and

- The Entrepreneur Training Programme by Majlis Amanah Rakyat (MARA) which has benefited 2,057 Bumiputera youth and adults in encouraging and exposing them to venture into their own business as a career.

During the year, the Ministry of Women, Family and Community Development (MWFCD) through the Jabatan Pembangunan Wanita (JPW) also implemented various entrepreneur development programmes for women entrepreneurs and single mothers. Programmes with significant impact include the incubator programmes, namely the *Inkubator Keusahawanan Wanita* (I-KeuNITA) and *Inkubator Kemahiran Ibu Tunggal* (I-KIT) which have provided intensive skills training

and entrepreneurship assistance for 1,172 low-income women and 960 single mothers respectively. A total of 92 training sessions were organised on how to start a business in areas such as sewing, beauty therapy, commercial cooking, crafts, childcare and travel. About 30% of these participants have managed to increase their monthly income after attending the training programmes. In addition, the Ministry also organised the Women Entrepreneurs Development programme and Basic Course in Home Management which benefited a total of 1,850, and 390 participants respectively.

Another Ministry which was actively involved in conducting entrepreneur development programmes is the Ministry of Industrial Development (MID) Sarawak and Unit Pembangunan Usahawan Bumiputera (UPUB) in the Chief Minister's Department. Among the programmes implemented include the Small and Medium Entrepreneur Development Programme by UPUB which has managed to train 3,072 entrepreneurs through a total of 47 training courses held. Meanwhile, the MRRD through MARA also organised the IBS Skills Training to enhance the knowledge and skills of contractors and their workers in the Industrialised Building System. A total of 338 participants attended the training programme of which 325 were accredited. Meanwhile, MID Sabah also conducted a training programme for potential and new entrepreneurs aimed to increase entrepreneurship and impart technical knowledge and skills to potential and new entrepreneurs through the various courses offered which attracted a total of 2,700 participants.



Other entrepreneur development programmes with significant results include:

- The short-term courses conducted by the Ministry of Higher Education (MOHE) to provide alternative career for graduates. The programme was organised in collaboration with universities and colleges throughout the country and has managed to attract a total of 102,563 participants;
- The ICT SME Development programme by the Ministry of Science, Technology and Innovation (MOSTI) to develop and grow competitive and sustainable SMEs in the ICT sector. The programme was held in collaboration with the Multimedia Development Corporation (MDeC) through a comprehensive assistance package involving enterprise development, mentoring and coaching, incubation technology and others. A total of 445 SMEs had benefited from the training programme;
- The Transfer of Technology and Development of Rubber Smallholders in Sarawak by the Ministry of Plantation Industries and Commodities (MPIC) to increase the monthly income of rubber smallholders through technology adoption. A total of 531 smallholders covering 733 hectares project area had benefited from the programme;
- The Pineapple Plantation programme organised by the Ministry of Agriculture and Agro-based Industry (MOA) through the Malaysia Pineapple Industry Board (MPIB) to increase the national pineapple production involving 9,210 entrepreneurs covering 24,500 acres. The programme has led to the production of 367,500 tonnes of pineapple in 2010; and
- The Hawkers and Petty Traders Entrepreneurship Training implemented by the Ministry of International Trade and Industry (MITI) through the Institut Keusahawan Negara (INSKEN) which conducted 51 training sessions benefiting 1,702 participants.



Human Capital Development

Towards increasing the pool of skilled workforce for SMEs, the Government continued its efforts in implementing programmes to promote the development of skills and capabilities of SME employees. In 2010, a total of 35 programmes were implemented in the area of human capital development, benefiting more than 101,452 SMEs through enhancement in competency, technical knowledge, skills and capabilities. As in the previous years, most of the initiatives were led by the Ministry of Human Resources (MOHR) through its agency, the Pembangunan Sumber Manusia Berhad (PSMB), which is responsible to enhance the knowledge and skills of the workforce through the Human Resources Development Fund (HRDF). In 2010, PSMB registered a total of 736 employers, representing an increase of 48.4% from 496 employers in 2009. As at 31 December 2010, the total number of employers registered with PSMB was 12,546, consisting of 6,695 (53.4%) employers from the manufacturing sector and 5,851

(46.6%) employers from the services sector. Throughout the year, a total of 626,270 training places with financial assistance of RM317.9 million were approved and RM269.6 million of training grants were disbursed. Out of these, 73.1% or 9,170 employers were SMEs.

To further encourage utilisation of HRDF among SMEs, PSMB has organised various events including series of CEO-HRD Talks and seminars to create awareness on the importance of training as well as assistance available. PSMB also conducted visits to the premise of employers who had not utilise the HRDF levy. A total of 205 SMEs were visited in 2010 and their utilisation of levy was monitored for the following three months. PSMB also organised a one-day workshop nationwide on training grants applications and claims procedures, which benefited 598 participants in 2010. PSMB was also entrusted by the National SME Development Council (NSDC) to coordinate and oversee training and human resource development for SMEs across all economic sectors.

Under this initiative, PSMB has undertaken various activities, among which include:

- Train-the-Trainer programme, whereby a total of 21 training sessions were conducted and attended by 339 trainers and training coordinators from Government Ministries and Agencies. To assist these Ministries and Agencies in evaluating the effectiveness of the training they provided, PSMB organised four Evaluation on Effectiveness of Training (EET) workshop in 2010, which were attended by 62 trainers and training coordinators from the relevant Ministries and Agencies.
- A series of forums, dialogues and meetings to establish closer linkages with employers, associations and training providers, and to ensure the relevancy of training programmes offered by training providers. In 2010, four dialogues with a total of 198 participants and a forum with 35 participants were organised. A discussion with 19 representatives from various associations was also organised to gather feedback on issues faced by the industries, particularly in conducting and sourcing for training programmes.

Other programmes implemented by MOHR/ PSMB include:

- The Retraining and Skills Upgrading programme which aims to equip workers with skills, knowledge, capabilities, technical know-how and best practices. The programme has managed to churn 50,932 knowledgeable and skilled workers;

- The short-term and part-time courses to 37,955 participants from 1,381 SMEs throughout the year which emphasised on enhancing the multi-tasking capabilities of workers; and
- The National Dual Training System (NDTS) programme which is in line with the goal of producing more knowledge-workers for the industry. The programme has managed to produce 1,298 apprentices, of which 62.6% have been offered jobs in related areas within three to six months after completing the training.

In addition, MITI through its agencies conducted various programmes to enhance the human capital development among SMEs. For instance, SME Corporation (SME Corp.) Malaysia provided a total of RM8.8 million training grants under its Skills Upgrading Programme to enhance the capabilities of 8,792 employees of SMEs at the managerial and technical levels. Meanwhile, the Malaysia External Trade Development Corporation (MATRADE) through the Exports Training Programme also provided training to 4,817 SMEs throughout the year to enhance their knowledge in export-related areas.

The Ministry of Tourism (MOTOUR) meanwhile provided training to 600 budget hotel operators and 2,063 homestay operators in 2010. The number of homestay visitors has also increased from 161,561 in 2009 to 196,472 in 2010. While the Ministry of Women, Family and Community Development (MWFCD) through the agency, Jabatan Pembangunan Wanita undertook the *Jejari Bestari* programme to provide training for women entrepreneurs in

areas such as sewing, embroidery and handicraft which attracted a total of 6,931 participants.

Marketing and Promotion

The viability of a business depends on how well it markets and promotes its products or services. Often, products with good potential were hampered by the lack of marketing skills and strategy which is common among SMEs. In this context, efforts in 2010 were focused on providing avenues and facilities for SMEs to embark on marketing and promotion activities, which had benefited some 25,042 SMEs. In the agriculture sector, the Federal Agriculture and Marketing Authority (FAMA) championed the initiatives to promote agricultural produce through the Direct Product Distribution and Plantation Marketing Contract Programme aimed to reduce intermediaries and enhance the value-added to farmers. The programme has enabled 6,993 farmers to benefit from total sales amounting to RM100 million. In addition, FAMA also carried out the Development of Agro-based Industry (IAT) Programme involving 4,406 SMEs with 55 new products being branded.

To increase the involvement of rural entrepreneurs in the field of business, the MRRD implemented a total of 30 promotion activities to promote and introduce rural products, benefiting 1,069 SMEs. MARA also provided a total of RM400,000 grants for SMEs to promote their products and expand their market boundary, which had benefited 1,216 Bumiputera entrepreneurs. Meanwhile MITI has provided the platform to promote and market quality local products through its Domestic Industry

Showcase which attracted a total of 1,793 participants through a series of 29 exhibitions or trade fairs organised. The events have managed to produce sales amounting to RM31.42 million. Its agency, MATRADE also continues to provide assistance for SMEs to undertake export development activities through RM15 million grants channelled to 1,200 SMEs.

Product Development

Development of new products or services is important to ensure sustainability of a business. In 2010, the Government implemented 19 programmes to support the development of new products and services by SMEs, benefiting 589 SMEs. Among the programmes with significant results include the Commercialisation of R&D Fund (CRDF) by MOSTI through the Malaysian Technology Development Corporation (MTDC) to leverage on science, technology and innovation for national development and wealth creation. The programme has benefited some 119 SMEs and managed to commercialise four intellectual properties. Under its E-Content programme, MOSTI has completed 26 projects to create quality content products for the local and global markets. Meanwhile, the Ministry of Finance via the Cradle Fund Sdn Bhd continued to improve commercialisation with a total of 79 ideas being approved in 2010 under the pre-seed grant scheme and another 18 projects approved under the seed/commercialisation grant scheme. Cradle Fund Sdn Bhd has to date funded 378 ideas with pre-seed grants amounting to more than RM35 million.

58

MITI through its Groom Big or Product Quality Enhancement Programme has benefited 198 Bumiputera SMEs through increases in quality of their products. A total of 18 seminars were organised throughout the year to enhance and develop the quality of Bumiputera entrepreneurs' food and beverages products for the domestic and international markets. MOA through MPIB helped to modernise and increase the entrepreneurs' capacity through mechanisation and automation which raised yield levels and contributed to a 50% increase in production capacity.

Technology Enhancement

The adoption of new technologies is critical to ensure that SMEs remain competitive and relevant in the highly challenging market place. However, SMEs often have limited resources to engage in such initiatives and thus need to be assisted. Taking cognisance of these limitations, the Government continued to emphasise on programmes to support technology enhancement in 2010 and among these include:

- The Manufacturing Technology Incubator programme by MRRD in collaboration with MARA had rented 10 incubators to Bumiputera SMEs in 2010, aimed at assisting them to start manufacturing activities by way of providing machinery, start-up capital and infrastructure financing. This programme has enabled participating SMEs to register an yearly average sales of at least RM60,000:



- The Transfer of Technology Seminar by MPIC and the Malaysian Palm Oil Board (MPOB) drew participation from 473 SMEs. The seminars were aimed at adding value to the Board's technologies and services via commercialisation. The Ministry through the Malaysian Rubber Board also organised Transfer of Technologies programme which benefited 1,942 rubber smallholders in Sabah and Sarawak: and
- The Technology Acquisition Fund by MOSTI has benefited 15 SMEs from the utilisation of foreign technology for the manufacturing and physical development of existing and new products and processes. The programme is aimed at increasing wealth creation and technology content of Malaysian companies in pursuit of enhancing their global competitiveness.

Awareness and Outreach

Access to information on real-time basis is important for SMEs to obtain valuable market information, business leads and information pertaining to the various forms of assistance available. Among the programmes to promote awareness and enhance outreach include the Halal Industry Training programme organised by MITI under its agency, Halal Industry Development Corporation (HDC). The programme provides knowledge on the fundamental of Halal and its requirements, including halal certification and its value proposition which benefitted 3,300 SMEs. In addition, MATRADE also organised a series of briefings and consultations which benefitted 1,407 SMEs.

Advisory Services

Government support for SME development was also translated through the various advisory services to assist entrepreneurs and these among others include:

- The Resolution of SMEs Advisory and Issues by Bank Negara Malaysia (BNM) which has assisted in resolving 94% of issues received from 549 SMEs during the year by providing information and advisory services on available financing products and facilities via the banking system as well as funds and guarantee schemes provided by it and the Government; and
- The TUNAS (*Tunjuk Nasihat Sawit*) programme by the MPIC through the MPOB which provided the assistance to 66,384 smallholders on how to implement good agronomic practices;
- The System Development and Quality Certification programme implemented by the MITI through the Malaysia Productivity Corporation which has certified 25 SMEs. SME Corp. Malaysia meanwhile, assisted 32 SMEs under its SME Expert Advisory Panel (SEAP) programme which is aimed at strengthening technical advisory services to SMEs through on-site assistance by industry experts.



Programmes in 2011

A total of 150 programmes with a financial commitment of RM525.68 million are being implemented to build capacity and capability of SMEs in 2011. The programmes are expected to benefit some 54,298 SMEs. Entrepreneurship development will continue to form bulk of the programmes for capacity and capability building representing 52 programmes with financial commitment amounting to RM195.49 million, to benefit 23,700 SMEs. This will be followed by the programmes to enhance marketing and promotion, human capital development, product development and others.

A total of 150 programmes with a financial commitment of RM525.68 million are being implemented to build capacity and capability of SMEs in 2011

Among the programmes expected to produce significant results in 2011 under each area are as follows:

- **Entrepreneur Development**
 - A total of 11,000 participants are expected to benefit from the Undergraduate Entrepreneurship Programme implemented by MITI aimed at promoting entrepreneurship and creating awareness among university students on entrepreneurship. The Ministry through SME Corp. Malaysia will also organise the Students in Free Enterprise (SIFE) World Cup 2011 to promote social entrepreneurship, creativity and soft-skills as well as international networking among students in the higher learning institutes, academicians and business communities which is expected to benefit 1,500 participants.

60

- MWFCDC expects to turn 900 single mothers into entrepreneurs by providing intensive skills training and entrepreneurship assistance under its Single Mothers Skills Incubator programme (I-KIT). A total of 45 programmes (three in each state) will be organised throughout the year to enable at least 30% of the participants trained to generate income of more than RM1,000 per month. Through the Geran Taman 1Azam programme, the Ministry provides special grants to 600 participants of skills training programme to start or expand their businesses.
 - MOF and Cradle Fund Sdn Bhd will implement the Entrepreneur “Scale-up” Coaching Programme to train and assist 500 entrepreneurs in growing their business from small to medium or large enterprise, and to achieve an annual revenue of between RM2.5 million and RM3 million within three years.
 - A total of 70 training sessions will be organised by MOTOUR under the Homestay Entrepreneur Training programme aimed at instilling greater entrepreneurship in some 2,500 homestay operators and increasing the number of visitors to homestays.
 - MOA and the Malaysian Agriculture Research and Development Institute (MARDI) will conduct an Entrepreneur Development Programme aimed at developing technology based entrepreneurs that are able to compete in the global market. The programme is expected to assist 155 entrepreneurs using commercialised technology and assist 24 companies in obtaining quality certification. The Ministry will also conduct various entrepreneurship development programmes in the agriculture and agro-based industry in collaboration with the various agriculture development authority such as the Muda Agriculture Development Authority (MADA) and Kemubu Agriculture Development Authority (KADA). These programmes are targeted to increase the number of highly-skilled entrepreneurs and agriculture yield.
 - MITI together with SME Corp. Malaysia expects to train 3,500 employees under the Skills Upgrading Programme to enhance the capacities and capabilities of SME employees especially in the technical and managerial fields such as financial, quality management as well as business management. Meanwhile, MITI through MATRADE will provide Exports Training Programme to enhance knowledge of SMEs in export-related areas to benefit 4,000 participants. MOA meanwhile aims to develop competent agro-based industry entrepreneurs through integrated human capital development programme to benefit 500 entrepreneurs. The Ministry and the Fisheries Development Authority of Malaysia (LKIM) will implement a Human Capital Development programme to develop 800 competent agro-based entrepreneurs.
- **Human Capital**
 - MOHR in collaboration with the Manpower Department (JTM) will continue to offer modular and customised (part-time) courses in line with the objective to upgrade and enhance the industrial workers’ multi-tasking capabilities. A total of 20,000 participants are expected to benefit from the programme, involving 270 SMEs. MOHR through the Department of Skills Development (DSD) will also train 2,400 school drop-outs into becoming apprentices under NDTs.
 - **Marketing and Promotion**

Most of the programmes for marketing and promotion will be undertaken by MITI and these include:

 - The One District One Industry (SDSI) programme, whereby the Ministry will organise one national showcase to market and promote SDSI products and services to both the domestic and international markets. The showcase is targeted to generate returns



amounting to RM3 million in cash sales and RM16 million in contract sales for SMEs.

- The Market Development Grant scheme by MATRADE provide financial assistance for SMEs to undertake activities related to the development of export market. The Scheme is expected to benefit 1,000 SMEs nationwide.
- The SME Brand Development Programme through SME Corp. Malaysia to create awareness on branding among 3,550 SMEs. Meanwhile, through HDC, MITI will implement the Capacity Building and Industrial Linkage programme, aimed at equipping more Halal Industry players with value-added knowledge to enhance their growth. The programme is expected to benefit 400 SMEs, of which 25% of the SMEs will be targeted to be export-ready.

In addition, to promote and market SME products to local and foreign hypermarkets in Malaysia, the Ministry of Domestic Trade, Co-operatives and Consumerism (MDTCC) in collaboration with hypermarkets, departmental stores and supermarkets nationwide aims to successfully list SME products into local and foreign hypermarkets under the Produk Malaysia Citarasa Kita (PMCK) programme. Another 100 local products will also be promoted and marketed to hypermarkets abroad under the Taste of Malaysia programme. At the same time, a total of 80 SMEs are also expected to benefit from its Business Matching programme to assist SMEs to access and sustain their products listing in local and foreign hypermarkets and supermarkets in Malaysia.

• Product Development

- The Cradle Investment Programme being implemented by MOF through

the Cradle Fund Sdn Bhd will provide pre-seed and seed grants to 500 budding entrepreneurs to develop their ideas into prototype and proof of concept with the ultimate aim to improve commercialisation scenario towards a stronger innovation system.

- MOSTI through its agency, MTDC will continue to provide assistance for SMEs to engage in product development through CRDF and TAF. In 2011, a total of RM50 million and RM6 million have been allocated for CRDF and TAF, respectively. The schemes are expected to benefit 28 SMEs.
- MITI will continue to implement the Groom Big programme to further enhance the quality of products developed by 700 SMEs to improve their presence in the export market.



One District One Industry, A Revolutionary Programme For Rural Folks

The One District One Industry programme or better known as *Satu Daerah Satu Industri* (SDSI) has been in existence for almost 20 years and has evolved over the years. First initiated in 1992 with the intention of increasing the socio-economic status of rural communities, the programme which was then named as One Village One Product (*Satu Kampung Satu Produk*), was later expanded to One Village One Industry (*Satu Kampung Satu Industri*) in 2002 and subsequently to One District One Industry (*Satu Daerah Satu Industri*) in 2003 to increase its scope and socio-economic contribution. In 2004, the programme was placed directly under the purview of the Prime Minister's Department which today assumes responsibility as the programme secretariat and co-ordinator. Currently, six Ministries and Agencies are involved in the implementation of the programme namely:

- Ministry of Rural and Regional Development (MRRD);

- Ministry of Agriculture and Agro-based Industry (MOA);
- Ministry of Information Communications and Culture (KPKK);
- Ministry of International Trade and Industry (MITI);
- Ministry of Tourism (MOTOUR); and
- Federal Land Development Authority (FELDA).

Under the programme, the concept is to create an identity for one district by way of developing a unique product or to offer a particular service which can be turned into an industry on a commercial scale. This was intended not only to attract tourists to the respective districts, but to also contribute towards developing a more creative and innovative society by way of enhancing community-based socio-economic activities. The One District One Industry programme

today has more importantly, evolved into a full-time, viable and equally profitable business model for rural communities where it is no longer perceived as an activity to generate additional work and income for participants but has tremendous potential of becoming a steady source of income.

Industries created are continuously monitored and evaluated from time to time to ensure that the chosen business model delivers the desired results. The success of the One District One Industry programme is determined not only in terms of total sales generated by a particular district, but also by the number of employment and rural entrepreneurs that it creates. To date, the programme has successfully created industries in a total of 141 districts nationwide with the states of Selangor, Kelantan, Perak, Johor, Kedah, Pahang, Sabah and Sarawak taking the lead in terms of the number of industries created. From the various business activities undertaken by rural communities, a total of 4,835 entrepreneurs have been created nationwide as at 31 December 2010, with some 62% or 3,005 entrepreneurs currently involved in operating homestays. Another 975 entrepreneurs have ventured into the food and beverage industry, 840 specialising in Malaysian handicraft and another 15 currently involved in offering healthcare-related services. On average, in 2010, some 3,812 or 79% of entrepreneurs involved in the programme achieved an annual turnover of RM50,000 or less. Some 973 entrepreneurs or 20% obtained sales of between RM50,000 and less than RM500,000 per annum,



while 1% or 50 entrepreneurs successfully achieved sales exceeding RM500,000 per year.

Statistics as at 31 December 2010 revealed that a total of 12,428 employment opportunities have been created through the programme. This equates to a ratio of 2.6 people being employed for every single entrepreneur, with the bulk of employment opportunities created in the industries related to tourism, culture and arts, and agriculture. In support of growing the wealth of rural communities, the Government has also to date, spent a total of RM91 million funds in developing the programme under the Ninth Malaysia Plan.

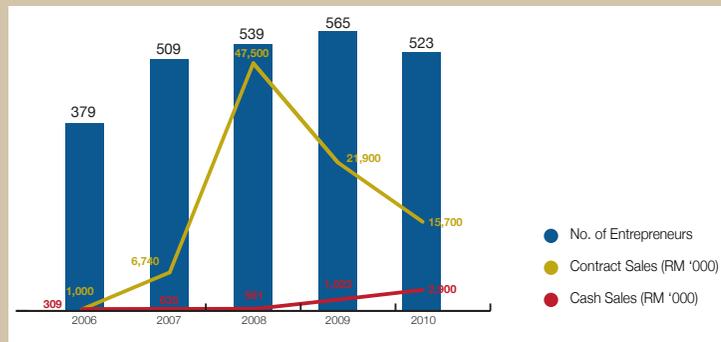


Moving forward, the One District One Industry programme has placed greater emphasis on market intelligence, branding and the managing of production to ensure that the business model remains relevant, competitive and has the potential of being further expanded. One new concept that has been

introduced involves clustering, which is intended at creating a network of support for rural industries, from the procurement of raw materials, production processes to distribution and marketing. The Government, via the relevant Ministries and Agencies, will further assist rural entrepreneurs by way of creating opportunities for them to form strategic alliances with Government-Linked Companies (GLCs) and state development authorities in marketing their products and services. In addition, the Government is pursuing for the accreditation of products and services offered under the programme by preparing the entrepreneurs to meet with the requirements of SIRIM, HACCP, HALAL, and Food Safety standards and certification. This is the final step in preparing rural entrepreneurs to market their products and services globally.

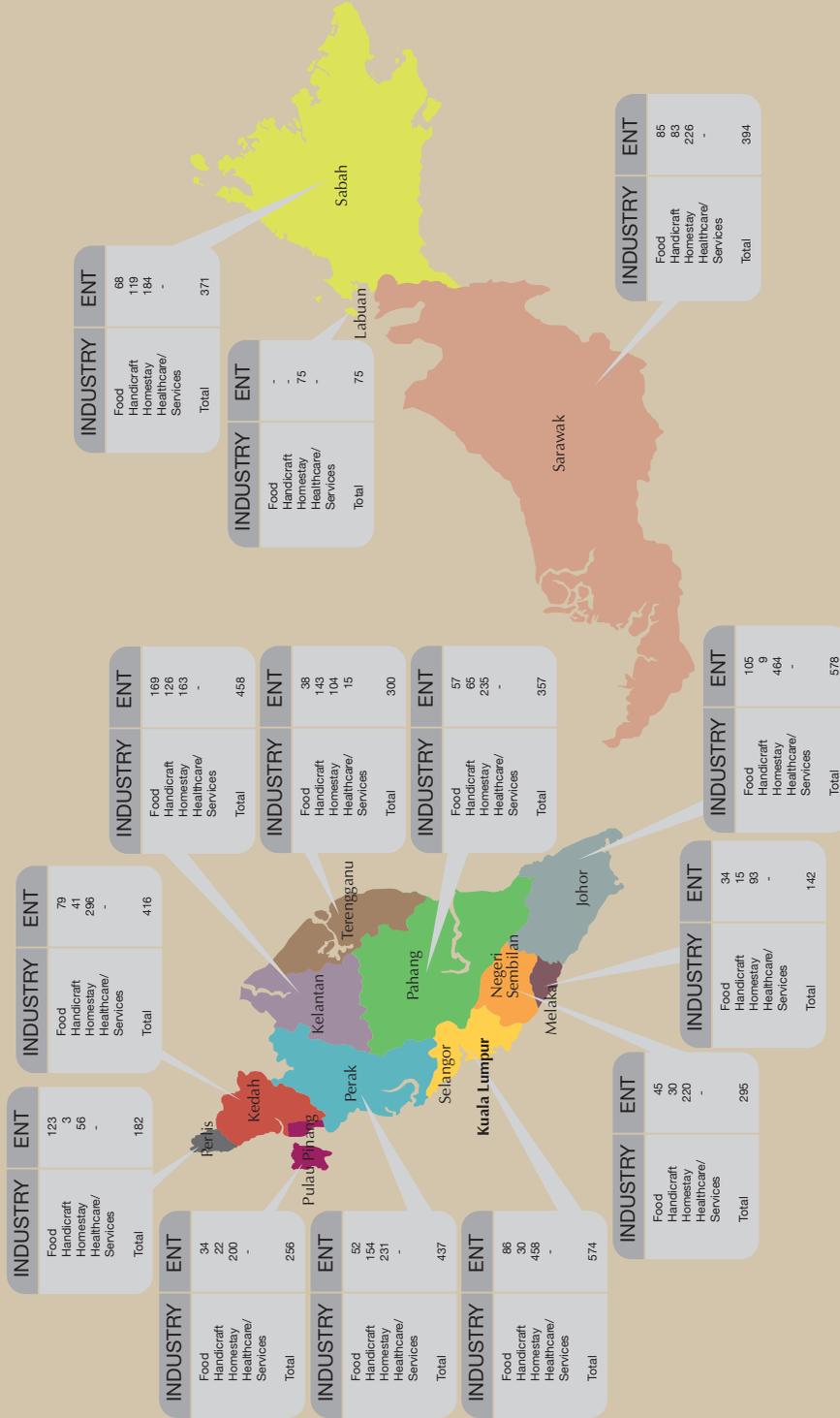


Performance of SDSI Participants at the National Level Showcase



Note: The significant increase of sales contracts during 2008 was due to the high number and value of MOU signed in 2008.

SDSI Manufacturers and Industries in Malaysia as at 31 December 2010



Chapter 6: **Enhancing Access to Financing**

Comprehensive Financial Landscape for SMEs 70

New Programmes and Financial Facilities for 2011 78



Enhancing Access to Financing

Macroeconomic policies played an important role in supporting growth in 2010. Pre-emptive measures taken to ensure continued access to financing to SMEs at relatively low cost of borrowing amidst the ample liquidity in the financial system facilitated the recovery of the Malaysian economy. Special funds by the Government and increased utilisation of risk sharing mechanisms such as guarantee schemes enhanced viable businesses' access to financing. The improved financing environment was also due in part to the development of a comprehensive institutional framework which include support, advisory services and special assistance by financial institutions to SMEs.



National SME Development Council



SME ANNUAL REPORT 2010/11



70

Comprehensive Financial Landscape for SMEs

SMEs in Malaysia can avail themselves to financing from various sources of funding, from both the private and public sectors. The financial landscape is holistic, covering banking institutions (BIs); development financial institutions (DFIs); venture capital companies and private equity; leasing and factoring companies; as well as the special funds and schemes by the Government and Bank Negara Malaysia (BNM). The Government schemes established as part of the stimulus package to assist SMEs further reinforced the sources of funding. As of end-2010, 88% of the stimulus funds have been approved, and 71% was disbursed benefiting some 96,100 SMEs.



Banking Institutions and Development Financial Institutions

Banking institutions constituted 78% of total financing outstanding to SMEs in 2010. Financial institutions (FIs), comprising BIs and DFIs approved RM62.2 billion to 140,487 SME accounts during the year (2009: RM50.9 billion, 140,118 SME accounts). The approval rate by financial institutions to SME loans remained above 80%, higher than the rate for all customers. In the first six months of 2011, the financial institutions approved further RM38.3 billion to 72,379 SME accounts, with the approval rate of 80.3%.

Chart 6.1: Financial Landscape for SMEs

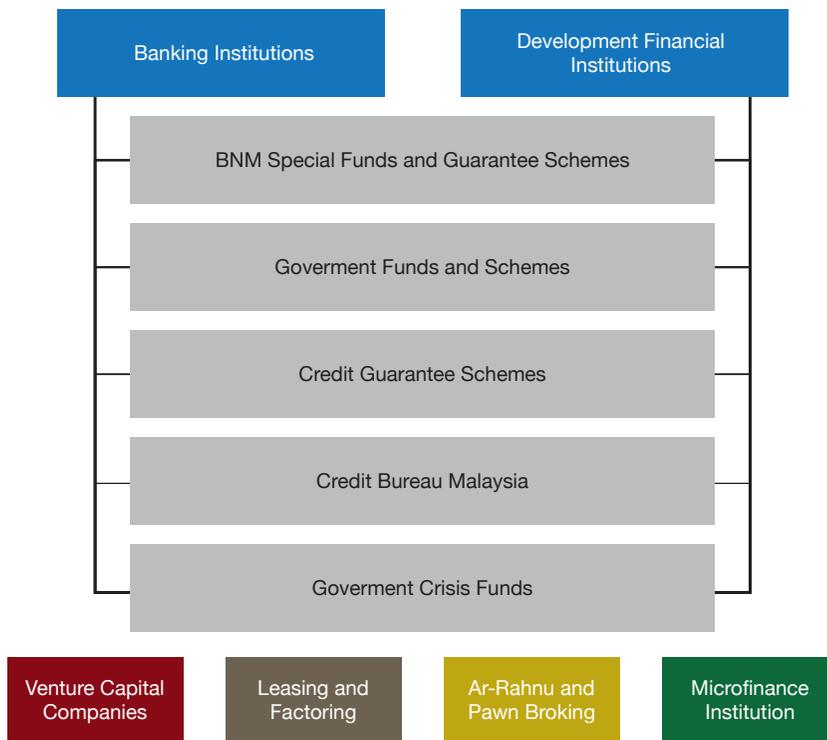
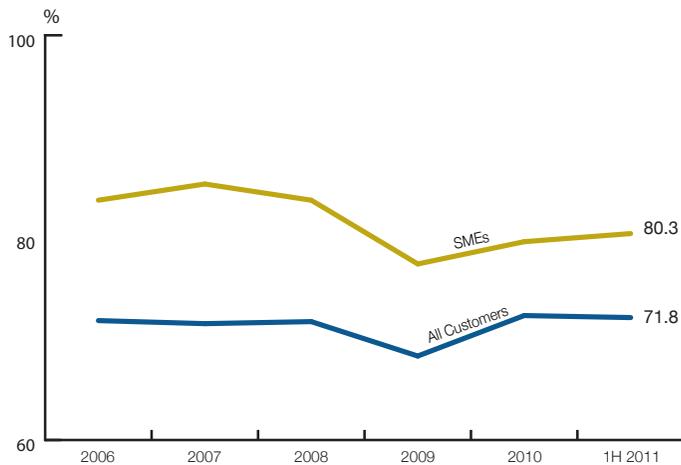


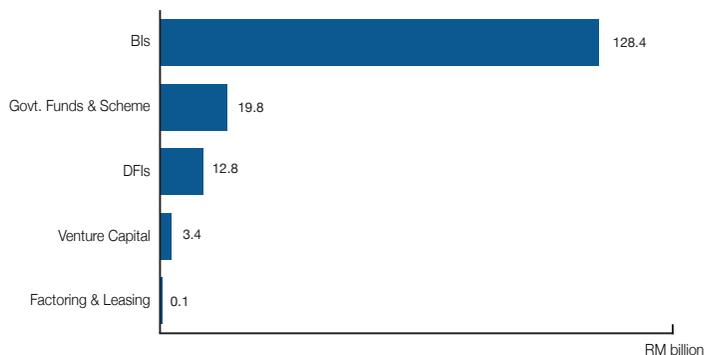
Chart 6.2: Financial Approval Rate



Source: Bank Negara Malaysia

As at end-2010, SME financing outstanding from FIs, stood at RM141.2 billion involving 659,679 SME accounts (end-2009: RM141.6 billion; 641,322 accounts) and accounting for 37.6% of total business financing. These exclude more than 4,600 SME accounts with combined financing value of RM14.9 billion which have grown beyond the definition of SMEs as they have graduated to large companies during the year. If the funding to this group of large firms is included, outstanding loans by financial institutions to SMEs increased to RM156 billion. The services sector continued to be the largest beneficiary 55% of the total share of financing outstanding. Total SME financing outstanding picked up by 13% year-on-year to RM152.2 billion as at end-June 2011. If the upgraded accounts are included, total SME financing outstanding would total RM156.8 billion.

Chart 6.3: Financing Outstanding as at end-2010 (RM billion)



Source: SME Corp. Malaysia, Bank Negara Malaysia and Securities Commission of Malaysia

Further enhancement to the institutional framework for SME financing ranging from advisory and support services to pre-emptive assistance by financial institutions to restructure loans of SMEs facing financial difficulties earned Malaysia international recognition as follows:

- Ranked number one for four consecutive years by the World Bank for 'Getting Credits (Doing Business Report 2009, 2010, 2011, 2012);
- Ranked second by the Consultative Group to Assist the Poor (CGAP) for 'Loan accounts per 1,000 adults' (Financial Access Report 2010); and
- Ranked number 8 in 2011 (up from number 13 in 2009) by the World Economic Forum for 'Ease of Access to Loans' from the Global Competitiveness Reports 2010-2011 and 2011-2012).

72

During the year, collaborative efforts to establish SME Financing Help Desks at SME associations to provide advisory services, as well as the PARTNER initiative by the Association of Banks in Malaysia (ABM) to standardise and simplify the loan application forms and procedures further enhanced access to financing for SMEs. PARTNER was launched in November 2010. Under Phase 1, eight out of the 14 participating banks have adopted the PARTNER financing application form. In this connection, SMEs can download from the respective banks' websites and ABM's website (www.abm.org.my) the following documents:

- Application form and checklist of relevant required documents;
- Explanation to fill in the form;
- A common processing timeline for all participating banks; and
- A directory of dedicated SME contact points at participating banks.

Credit Guarantee Schemes

Over the years, the Government has put in place numerous guarantee schemes to enable SMEs to have better access to financing. These include the schemes offered by the Credit Guarantee Corporation Malaysia Berhad (CGC), and Overseas Guarantee Facility by the Export-Import Bank of Malaysia, the new schemes introduced to assist SMEs during the global financial crisis and the scheme to promote investments in green technology.



Credit Guarantee Corporation

Credit Guarantee Corporation Malaysia Berhad (CGC) continued to play its role as a leading enhancer of credit guarantees to SMEs. Since its establishment in 1972, CGC has guaranteed about 410,000 SMEs valued at RM48 billion. In 2010, more than 6,000 loans valued at RM2 billion was guaranteed by CGC. A new product called the SmallBiz Express (Islamic version also available) was introduced during the year offering loans ranging from RM20,000 to RM50,000, and a guarantee cover of up to 80% to viable businesses. CGC stepped up efforts to increase Bumiputera contractors' accessibility to financing via its *Syariah*-based Bumiputera Entrepreneur Project Fund-i (*Tabung Projek Usahawan Bumiputera-i*) and aggressively promoted the Government funded Green Technology Financing Scheme through the media, dialogues and exhibitions.

During the year, CGC also focused on initiatives to expedite loan approvals and disbursements for easier and faster access to financing by SMEs. This included the product packaging featuring template-based processing via the Credit Enhancer scheme to improve turnaround time to seven days and an 80% guarantee cover, as well as the Portfolio Guarantee programme whereby loans are processed and approved on a portfolio basis on a pre-determined set of eligibility criteria agreed upon by CGC and the participating banks.

In February 2010, CGC introduced a revised risk-adjusted-pricing structure to all its guarantee schemes to better price its products more accurately based on the risk profile of its borrowers. This enabled the CGC to improve its risk management capabilities whilst benefiting borrowers with low risk profile to enjoy lower guarantee fee and vice versa. In the long run, the move is to enable SMEs to strengthen their credit standing and "bankability".

Credit Bureau Malaysia

SME Credit Bureau Malaysia was renamed as Credit Bureau Malaysia Sdn Bhd as part of its transformation as provider of SME credit information into a full-fledged credit bureau, offering reliable credit information and ratings on SMEs, micro-businesses and individuals. The transformation is to enable the Bureau to be in a better position to support micro-businesses and individual start-ups towards financial inclusion within the economy, thus facilitating their development in tandem with the other business segments.

Besides credit information, the Bureau offers basic individual Risk Report, which over time more value added information such as litigation data and individual credit score will be added to provide to the stakeholders. The Bureau also offers an online data monitoring and alert system through the Credit Monitoring Services (CMS) to allow organisations to make informed decisions on any changes to borrowers' credit worthiness. As at end-June 2011, 41 financial institutions and over 28,230 non-bank members (including SMEs and corporate credit grantors from credit and leasing companies, telecommunication companies, multinationals, local conglomerates and government agencies) that utilise its product and services.

Other Guarantee Schemes

The Working Capital Guarantee Scheme (WCGS) managed by the Syarikat Jaminan Pembiayaan Perniagaan Berhad (SJPP) to provide working capital to

companies was augmented with another RM3 billion effective 1 January 2011 in addition to the existing RM7 billion due to overwhelming response, especially among SMEs. As of end-June 2011, a total of RM 8.48 billion has been approved under this scheme benefiting 7,553 SMEs. The Industry Restructuring Financing Guarantee Scheme (IRFGS) to enable SMEs to re-tool their operations to move up the value chain and to encourage usage of green technology saw RM1.06 billion approved to 268 SMEs and was closed by end-December 2010. Under the Green Technology Financing Scheme to promote investments in green technology, a total of 83 projects were awarded the Green Technology certification, with potential financing amounting to RM1.8 billion during the period under review. Of these, 20 projects were granted financing of RM326 million.

Microfinance

Microfinancing Scheme (*Skim Pembiayaan Mikro*), which was established in 2006 to provide financial assistance without collateral to micro entrepreneurs has seen visible progress over the years. As of end-2010, there were 10 participating financial institutions under the scheme, providing total outstanding microfinancing of RM776.3 million, or an increase of 25.9% from previous year, benefiting more than 66,000 accounts (end-2009: RM616.5 million; 57,403 accounts). The strong performance was partly contributed by the significant increase in the number of access

points, including branches of participating financial institutions for the scheme, from 1,868 at end-2009 to 2,545 at end-2010. With better geographical outreach and emphasis on timely disbursement of funds through the slogan of "Easy, Fast and Convenient" have enhanced the financing environment for microenterprises. As of end-June 2011, financing outstanding of *Skim Pembiayaan Mikro* increased further to RM821.7 million (15.8% year-on-year), benefiting more than 68,000 accounts.

During the year, BNM has widened its strategic partners to include local councils and SME associations and business chambers for the outreach initiative. In collaboration with local councils, BNM's strategic collaboration with SME Corporation Malaysia, Bank Simpanan Nasional and the Ministry of Housing and Local Government via Local Councils nationwide embarked on an outreach initiative through distribution of flyers or information on Microfinancing Scheme at their licensing counters. Going forward, market research surveys will also help enhance more targeted and effective promotional efforts to raise awareness among micro enterprises on financing facilities under *Skim Pembiayaan Mikro*.



74

To complement the *Pembiayaan Mikro* framework, the 1Malaysia Micro Protection Plan (1MMPP) is currently offered by the insurance and takaful industry to provide financial safety net for micro enterprises and individuals operating small businesses against unexpected events such as the death or disability of breadwinners, and damage or loss of property due to accidents, floods and fires. The Scheme is expected to be affordable (starting rate less than RM20 per month) with simple underwriting processes and wide outreach.

Venture Capital

Venture capital (VC) funds which provide financing to high-risk and high-growth sectors witnessed further expansion during the year. Total committed funds by the 113 registered venture capital companies (VCCs) and venture capital management companies

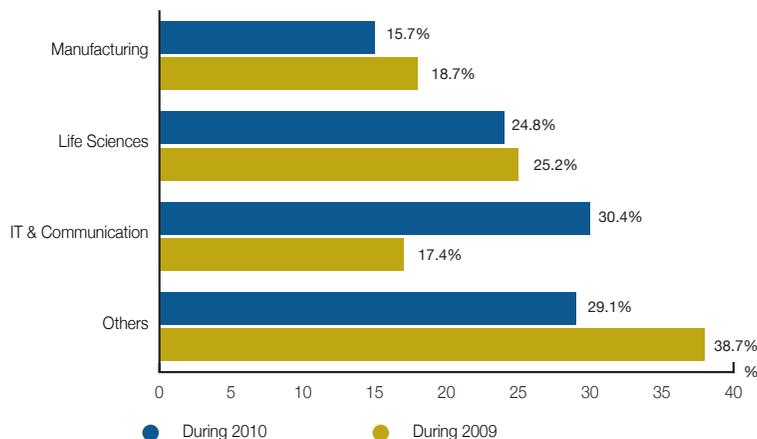
(VCMCs) increased by about 11% to RM5.96 billions at end-2010 (end-2009:RM5.35 billion). Of this amount, RM3.4 billion was invested in 389 investee companies as at end-2010 (end-2009: RM2.6 billion; 445 companies). The Government continued to play a significant role in the VC industry, contributing to about half of the total committed funds.

During the year, 84 investee companies received VC funding compared to 99 companies in 2009. The utilisation of the funds concentrated mainly in the early-stage, expansion and mezzanine stage of the business lifecycle. Investments by sectors indicate that aside from the IT and telecommunications sectors, VCCs were investing in electricity and power generation, education, transportation & storage, and also finance-related services sub-sectors. During the year, there

were divestments of VC funds from 28 companies amounting to RM89 million (2009: 21 companies; RM43 million), of which one investee company was listed on the Main Market of Bursa Malaysia and another company going for listing on the ACE Market.

In April 2011, the Securities Commission unveiled the Capital Market Masterplan 2 (CMP2), which outlines the development plan for the capital market for the next 10 years. The plan emphasised the need for an increase in private sector participation in the VC industry and for increased private equity funds in addition to enhancing efficient mobilisation of intermediation of the national savings to finance entrepreneurial development and innovation that is critical in driving the nation's economic growth. Active participation from the private sector would enable the Government to utilise more resources towards its core function of providing infrastructure and facilitating a better business ecosystem to accelerate the growth of SMEs in the country.

Chart 6.4: VC Investment by Sector



Source: Securities Commission of Malaysia

Government Funds and Schemes in 2010

As at end-2010, a total of RM57.4 billion funds have been approved to about 2.2 million SMEs through the 83 funds and schemes made available by the Government. Some 30% of funds were disbursed through the nine Ministries and 16 Agencies, while the balance was through financial institutions.

Table 6.1: Performance of Government Funds and Schemes as at end-December 2010

Type of Fund/Scheme	No. of Schemes	Allocations	Applications Approved		Disbursed	Outstanding
		RM billion	No.	RM billion	RM billion	RM billion
Soft loans	45	27.87	2,138,960	48.17	78.48	17.67
Grants*	17	4.59	76,708	4.30	3.33	0.17
Guarantee Schemes	7	3.08	35,155	3.52	2.05	1.54
Venture Capital	12	1.29	94	0.72	0.67	0.09
Equity	2	0.39	138	0.72	0.56	0.36
Total	83	37.22	2,251,055	57.43	85.09	19.83

*includes venture capital funds that had been rationalised into grants

Source: SME Corporation Malaysia

The key funds and grants implemented during the year include:

- The Initiative Financing Scheme by the Ministry of Finance (MOF) and Amanah Ikhtiar Malaysia (AIM) to reduce poverty rate of poor households had benefited 251,510 SMEs during the year, of which 19,017 were to new borrowers. The programme has a high repayment rate of 99.3% and had successfully graduated 1,620 micro enterprises into small enterprises.
- Financial assistance from the Ministry of International Trade and Industry (MITI) through SME Bank which provided working capital to 2,456 Bumiputera SMEs amounting to RM958.4 million and a further 416 SMEs benefited from loans amounting to RM246.6 million under the Public Transport Development Fund (TPPA) to promote the development of the public transportation and related-industries.
- Microcredit financing by the Ministry of Agriculture and Agro-based Industry (MOA) through TEKUN Nasional under its Entrepreneur Development for Indian Youth programme had benefited 740 Indian SMEs, with financing valued at RM6.4 million.
- Franchise Schemes and Franchise Financing Scheme by the Ministry of Domestic Trade, Co-operatives and Consumerism (MDTCC) via Perbadanan Nasional Berhad had assisted 686 middle-level Bumiputera Entrepreneurs (MLBE), while the PROSPER Schemes (namely *Pemborong PROSPER*, *PROSPER Runcit* and *PROSPER Siswazah*) by Perbadanan Usahawan Nasional Berhad (PUNB) had assisted and developed 464 Bumiputera SMEs in the distributive trade sector with a total financing of RM107.91 million. Meanwhile, another 21 Bumiputera SMEs in the manufacturing and services sectors have received the assistance under the Skim PKS by PUNB with total financing of RM30.05 million.
- The Rural Economy Funding Scheme (SPED) and the Rural Economic Assistance Programme by the Ministry of Rural and Regional Development (MRRD) in collaboration with its partners had enabled financial assistance, including purchase of machinery and equipment, to 279 rural entrepreneurs,
- The Maritime Fund by MOF had benefited six SMEs in the shipping and marine-related services with disbursements amounting to RM384.3 million, while under the Tourism Infrastructure Fund, RM146.5 million was extended to develop the tourism industry.

76

Table 6.2: Special Funds and Guarantee Scheme for SMEs Administered by BNM (as at end-Dec 2010)

Type of Fund/ Scheme	Allocations	Approvals	Disbursements	Loans Outstanding	Utilisation Rate
	(RM million)	(RM million)	(RM million)	(RM million)	(%)
Fund For Food	300.0	1,727.9	1,707.2	111.4	576.0
New Entrepreneurs Fund 2	2,550.0	4,032.6	3,721.9	1,778.9	158.1
Fund for Small and Medium Industries 2	6,300.0	14,332.5	13,699.2	5,614.4	227.5
Micro Enterprise Fund	200.0	208.1	197.9	161.9	104.1
Bumiputera Entrepreneurs Project Fund – Islamic	300.0	135.6	63.8	27.8	45.2
Total	9,650	20,436.7	19,390	7,694.4	211.8

*All funds are revolving except Bumiputera Entrepreneurs Project Fund – Islamic
Source: Bank Negara Malaysia

- BNM funds had assisted more than 47,000 SMEs as at end-Dec 2010, with total financing approval worth RM20 billion. In 2010, 6,612 SMEs had been approved with funds amounting to RM1.6 billion, of which the New Entrepreneur Fund 2 (NEF2) and the *Tabung Projek Usahawan Bumiputera-I* (TPUB-i) meant for Bumiputera SMEs had benefited 698 companies during the year with RM286.6 million funds channelled. Another RM1.2 billion of loans was extended via the Fund for Small and Medium Industries 2 (FSMI2) to 1,737 SMEs. As of end-June 2011, the total financing approvals under the BNM funds amounted to RM20.4 billion.

Small Debt Resolution Scheme

The Small Debt Resolution Scheme (SDRS) has been established since May 2003 to assist SMEs that get into financial difficulties during their course of business. Viable SMEs with non-performing loans (NPL) or non-performing financing (NPF) irrespective of amount that are facing financial difficulties with financing from multiple financial institutions are eligible to apply for the SDRS.

As at end-2010, 730 applications with financing amounting to RM628 million (or 76% of applications received) had been approved for rescheduling or restructuring under the SDRS (end-2009: 684 applications, RM471 million). This is in addition to 1,557 cases resolved by financial institutions to restructure and reschedule financing amounting to RM2.1 billion on their own outside the SDRS.



Financial Advisory Services and Outreach

SMEs can avail themselves to financial advisory services through the various channels, including the BNM Laman Informasi Nasihat dan Khidmat or BNMLINK, the One-Referral Centre at SME Corp. Malaysia, ABM, Ministries and agencies channelling funds, and the commercial banks and DFIs.

- In order for greater outreach to the non-urban areas as part of the financial inclusion agenda, the BNMLINK was further enhanced during the year through the introduction of the Mobile Service Counters to complement the existing channels offered at the headquarters in Kuala Lumpur and branches nationwide. BNMLINK mobile service counters began in Selangor and were later expanded to all states by September 2011. In 2010, BNMLINK had successfully resolved 95% of 327 cases related to access to financing by SMEs, of which 51% were resolved in favour of SMEs.

Contact Details:
BNMLINK
Tel: 1300 88 5465 (Toll-Free Line)
Fax: 03-2174 1515/1616
E-mail: bnmtelelink@bnm.gov.my

- An important development during the year was the programme to establish SME Financing Help Desks (FHDs) at SME associations and business chambers nationwide. With the aim to raise awareness and to help instil good financial management practices that would eventually help enhance SMEs' opportunity to obtain financing from financial institutions, BNM in collaboration with ABM, CGC and SME Corp. Malaysia engaged SME associations and business chambers to establish help desks at their respective offices. Assistance rendered focused on the area of loan assessment by financial institutions; the importance of maintaining good repayment track records and exhibiting business viability; as well as the various services offered by financial services and financial advisory providers. A total of 122 trainers from 19 SME associations and business chambers in six regions (Kuala Lumpur, Johor Bahru, Penang, Kuala Terengganu, Sabah and Sarawak) were trained for this purpose.

Contact Details:
ABM Connect
Tel: 1-300-88-9980
E-mail: eABMConnect
Website: www.abm.org.my/
ABMConnect

- SMEs can also seek assistance from the "One Referral Centre" at SME Corp. Malaysia headquarters and in its state offices nationwide. Business coaches and counsellors are available to provide business development services as well as advisory and guidance about the government funds, programmes and various incentives available for SMEs.

Contact Details:
One Referral Centre
SME Corporation Malaysia
Tel: 1-300-30-6000 (Toll-Free Line)
Fax: 03-2775 6000
E-mail: info@smecorp.gov.my
Website: www.smecorp.gov.my

- In addition, CGC conducts advisory and consultancy activities providing valuable tips and information on how to start a business, the importance of cash-flow management and good credit practices. CGC also has its panel of Business Advisory Service Entity (BASE) consultants to assist SMEs not familiar with or do not know how to prepare the required documents for business loan application.

Contact details:
Client Service Centre
Credit Guarantee Corporation
Malaysia Berhad
Tel: 03 - 7880 0088
Fax: 03 - 7803 0077
E-mail: csc@cgc.com.my
Website: www.iguarantee.com.my

78

Table 6.3: New programmes in 2011

Ministry / Agency	Programmes	(RM million)
MITI	Business Accelerator Programme	40.0
MITI	Enrichment and Enhancement Programme	30.0
MOF	Dana Modal Teroka MAVCAP II	100.0
MOF	Entrepreneur Scale-up Coaching Programme	5.0
MDF/ BSN/ MICC	Creative Industry Loan	200.0
	TOTAL	375.0

Source: SME Corporation Malaysia

New Programmes and Financial Facilities for 2011

The Government continued to emphasise on further enhancing SME access to financing in 2011, with RM5.3 billion targeted to assist 333,500 SMEs mainly in the form of providing working capital. There are five new programmes amounting to RM375 million being introduced in 2011. These include the Business Accelerator Programme, and the Enrichment and Enhancement Programme offered by MITI through SME Corp. Malaysia, whereby a holistic approach of providing total package of assistance from capacity building to financing was adopted. All participating SMEs would need to be evaluated first under the SME Competitive Rating for Enhancement (SCORE) and an action plan for improvement will be decided to build up the capacity and competitiveness of the firm with the aim to move up the rating of the company, in line with the result-based approach adopted.

Financing programmes introduced in 2010 will gather further momentum in 2011. MOF will augment RM120 million to the Ar-Rahnu Micro Programme to be channelled via Yayasan Pembangunan Ekonomi Islam Malaysia. The programme provides easy access of micro credit facility to the lower income group to be used as business capital for various productivity activities and to provide access to financing through the mortgage transaction based on Syarak rule. Meanwhile, a total of RM230 million has been allocated under the Green Technology Financing Scheme to promote the green technology industry.

Section III: **Way Forward**

Chapter 7: **New Growth Drivers for SMEs** 83

Chapter 7: **New Growth Drivers for SMEs**

Opportunities for SMEs under the Economic Transformation Programme

84

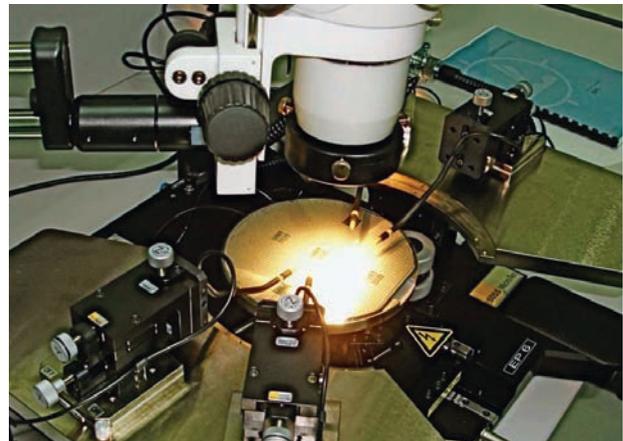


New Growth Drivers for SMEs

The Government has now embarked on the Economic Transformation Programme (ETP) representing a comprehensive effort combining both the Strategic Reform Initiatives (SRIs) of the New Economic Model (NEM) and the National Key Economic Areas (NKEAs). The transformation is envisaged to result in a structural shift towards a services-based economy, that is characterised by more knowledge-intensive activities. SMEs are integral in the transformation process and would be encouraged to participate in the NKEAs through financial support, tax incentives, better access to research and technologies, as well as improved infrastructure. SMEs are also poised to potentially benefit from spillover effects of investments in the Entry Point Projects (EPPs). Emergence of new growth drivers is expected to propel Malaysia into becoming a high income economy.



National SME Development Council



SME ANNUAL REPORT 2010/11

84



Opportunities for SMEs under the Economic Transformation Programme

The Economic Transformation Programme (ETP) is expected to generate an incremental growth of 6% per annum in Gross National Income (GNI) to raise per capita GNI from RM 23,000 (USD 6,700) in 2009 to RM47,000 (USD15,000) in 2020 and generate 3.3 million new jobs during the period. The Entry Point Projects (EPPs) and the Business Opportunities are vehicles for the ETP. In the ETP announcement on 25 October 2010, the Government identified a total of 131 EPPs under the NKEAs.

Since then, the Government has made a series of announcements comprising a total of 100 initiatives under the identified NKEAs. The initiatives are expected to generate an estimated RM171.2 billion worth of investment, RM328.4 billion of GNI and about 372,361 new jobs. Out of these, 61% of the initiatives are expected to benefit SMEs across all economic sectors. These benefits can be seen through the direct and indirect channel. The former entails direct participation of SMEs in programmes such as the Small Retailer Transformation Programme (TUKAR) or through linkage opportunities to become suppliers, while the latter reflect SMEs benefiting from spillover effects of investments by large entities in the EPPs.

Table 7.1: ETP Announcement and Benefits to SMEs

ETP Updates	Announcement Date	No. of NKEAs	No. of Initiatives	No. of Initiatives Benefiting SMEs	NKEAs that are beneficial to SMEs
1 st	25 Oct 2010	6	9	7	Education, healthcare, distributive trade, agriculture and oil, gas & energy sub-sectors
2 nd	30 Nov 2010	4	9	7	Electrical & electronics, tourism services and distributive trade sub-sectors
3 rd	11 Jan 2011	10	19	15	Tourism, distributive trade, agriculture, palm oil and oil, gas & energy sub-sectors
4 th	8 Mar 2011	8	23	11	Oil, gas & energy, business services, electrical & electronics, healthcare, tourism, Greater KL, agriculture and distributive trade sub-sectors
5 th	19 Apr 2011	6	12	3	Oil, gas & energy, education and, tourism services sub-sectors
6 th	13 June 2011	7	15	9	Greater KL, electrical & electronics, distributive trade, tourism and palm oil sub-sectors
7 th	8 Sept 2011	8	13*	9	Electrical & electronics, palm oil & rubber, wholesale & retail, agriculture, and Greater KL

* 3 programmes were announced under the Strategic Reform Initiatives (SRIs) of NEM

Wholesale and Retail

The wholesale and retail sector is not only the largest contributor to Gross Domestic Product (GDP), but also represents the highest involvement of SMEs. In view of its vast potential, the Government has announced several initiatives aimed at further expanding this sector. These include the TUKAR programme, whereby small sundry shops will be transformed into modern retail outfits to enhance their competitiveness. At the same time, the programme will also assist retailers in keeping good recording of accounts which is necessary in preparation for the implementation of the Goods and Services Tax (GST).

Meanwhile, the Federal Agriculture Marketing Authority (FAMA) will invest RM50 million to transform and streamline the existing mobile markets such as *pasar tani*, *pasar malam*, *pasar tamu* into "*Pasar Komuniti*". Both the TUKAR and *Pasar Komuniti* programmes are expected to benefit existing SMEs in the retail sector to upgrade their outlets and increase sales. In addition, there are also collective efforts engaging the next generation of shoppers who are technology-savvy and provide a platform of convenience to SMEs in terms of technical support and facilities. This include the development of on-line payment facilities to help SMEs and cooperatives in the sector to undertake e-commerce activities as well as development of a virtual mall to provide SMEs with the global presence by covering a wider scope of target market.

Other projects in the pipeline include an integrated complex at the Kuala Lumpur International 2 (KLIA2) and the establishment

of the Wellness City which are expected to result in increased retail activity benefiting SMEs in related fields such as logistics, ICT and business services including advertisement and professional services. SMEs should also take advantage of opportunities from the development of the franchise, direct sales and e-commerce business to unlock its full potential as well as further liberalisation of the distributive trade sector to enhance its competitiveness.

Agriculture

The agriculture sector is another sector with high involvement of SMEs comprising farmers and smallholders. This NKEA is expected to create 74,000 job opportunities and increase the income of farmers by two to four times. Entry point projects announced under the NKEA in 2011 include the up-scaling of paddy farming in the MUDA area (RM100 million investment), development of an integrated high-tech processing shrimp plant and shrimp farming (RM375 million), and development of a high-value herbal plantation in Pasir Raja, Terengganu. The projects are expected to boost productivity and income levels as well as encourage local farmers to undertake these activities.

Other notable projects include the setting up of fragrant rice production for non-granary areas and the setting up of edible bird's nest modern production facilities, which are expected to benefit existing local farmers, micro-enterprises, contract farmers, SME producers and the suppliers of edible bird's nests. In the latest announcement, the Northern Corridor Implementation Authority

(NCIA) will invest in setting up two Aquaculture Complexes in Perak. Both complexes are projected to produce 14,000 tons of white shrimp per year and are expected to benefit SMEs / aquapreneurs in the agriculture sector through, transfer of technology and skills on post-harvest processing.

Under the Tenth Malaysia Plan (10 MP), the Government accords priority to modernising the agriculture sector, developing activities along the value chain and in enhancing productivity and income levels of SMEs through the following initiatives:

- Set up agriculture consortiums and cooperatives to reap the benefits of scale;
- Encourage adoption of accredited practices by farmers, fishermen and agropreneurs;
- Strengthen marketing through contract farming and strategic alliances;
- Promote utilisation of modern farm technology and ICT, including ICT-based Agriculture Flagship Projects; and
- Review and streamline existing regulations and procedures, particularly in the areas of swiftlet farming, aquaculture and the herbal industries to attract greater investments and participation from the private sector.



The Government will continue to provide support to value adding activities through adequate and specific infrastructure facilities and logistics, particularly in the designated Permanent Food Production Parks and Aquaculture Industrial Zones. Also to be given priority are efforts to intensify collaborative research and development with established agriculture research institutes in order to gain greater innovation in production processes, disease control, safety and quality control, including development of new high-value added products.

Tourism

Tourism is the second largest industry in the country after manufacturing, with Malaysia securing the number nine spot in the list of most visited countries in the world in 2010. In 2011, the Government is targeting to receive 25 million tourist arrivals, generating some RM60 billion tourism receipts. Another focus moving forward in addition to increasing the number of

tourist arrivals is to attract a larger share of high spend travelers.

Among the main EPPs identified include the building of a Premium Outlet in Johor at Genting Indahpura which will offer tourists designer labels at less than retail prices and the setting up of the Malaysia Convention and Exhibition Bureau with an allocation of public funds of RM50 million to attract business events to Malaysia. Greater emphasis will also be placed on providing tourists with better facilities to cater for high-end tourists via the development of premium hotels and golf resorts as well as upgrading of existing resorts in Langkawi, and the development of a premier world-class ecotourism site in Karambunai, Sabah. These initiatives are envisioned to create more retail outlets and benefit existing SMEs in the logistics, wholesale and retail trade sectors. The establishment of more hotels and other tourism venues will not only benefit small contractors in the construction sector but also benefit existing SMEs in the hospitality and

tourism-related services industries.

Business Services

The business services sector has the potential of generating knowledge-intensive employment opportunities as Malaysia progresses towards becoming a high income economy. The sector is targeted to contribute 3.3% of GDP by 2015. Giving a boost to business services and activities, a world-class data centre hub will be established at the cost of RM672 million to develop new and upgrade existing facilities to supply data centre floor space in meeting with increasing demand. The construction of these facilities will benefit SME contractors and those in the ICT sector that will have the opportunity from supplying hardware parts and equipment, software, and professional and related services. This is in line with efforts under the ETP to transform Malaysia into a world-class datacenter hub. SMEs in the business services subsector are also expected to benefit from the 10MP focus on further developing construction related and environmental management services.

Electrical and Electronics

The electrical and electronics sub-sector contributes to 8% of GDP, about 6% of total employment and 39% of the country's export earnings. To further expand the potential of this sector, three significant projects have been announced under the ETP which include:

- Setting up of five wafer fabrication plants in the Kulim Hi-Tech Park with a total investment of RM1.9 billion over the next five years;

- Development of a solar cell fabrication facility in Melaka with an investment of RM2.2 billion; and
- Establishment of a manufacturing hub and international distribution network of electrical home appliances (EHA) with an investment of RM250 million.

These projects combined are expected to not only benefit SMEs in the construction sector, but also provide ample opportunities for development of SME suppliers in the parts, equipments and related services, including logistics. SMEs should also reap opportunities from the 10MP which focuses on automation, miniaturisation, digitisation and multimedia applications as well as specialisation in the areas of semiconductors, embedded systems, optoelectronics, radio frequency and wireless technology. The latest announcement involves turning an SME Innovation Award winner from a contract manufacturer into a product company that market its own brand and compete more directly in the global solid state lighting (SSL) market, estimated to be worth USD40 billion annually.

Greater Kuala Lumpur

Greater KL has been identified as one of the NKEAs as the city itself contributes up to eight times more than the GDP of any other city in Malaysia. The NKEA initiative aims at enabling urbanisation to become a strong driver of GNI and to maximise urban productivity in pursuing greater efficiency and liveability. Among the EPPs that will be pursued include the development of the KL International Financial District (KLIFD) to provide state-of-the-art

facilities to world-class banking and financial institutions, investment houses, and regulators operating in Malaysia's financial system, and reaffirm Malaysia's position as a leader in global Islamic finance. In the next few years, the development of Damansara City 2 and integrated urban mass rapid transit system are expected to benefit SMEs in the construction sector and transportation-related sectors.

Meanwhile, Talent Corporation Malaysia, an agency established under the Prime Minister's Department to initiate and facilitate initiatives that will help the country meet its talent needs, has been tasked to strategise and implement initiatives to engage and attract the best talents to fill positions created by the various NKEAs. These initiatives will assist and enable SMEs to move up the value chain by engaging in more challenging activities and expanding their operations by pooling the best talents. The latest announcement to establish InvestKL to attract, facilitate and service large foreign multinational investments into Greater KL/ Klang Valley will indirectly benefit SMEs by providing opportunities for them to become suppliers of large foreign multinationals.

Healthcare

The healthcare industry is expected to boom in response to the increasing demand due to the country's ageing population and rising affluence and willingness to spend on high quality healthcare services. In positioning healthcare as an engine of economic growth and wealth creator, the healthcare NKEA will focus on the larger sub-sectors within the healthcare

ecosystem to unlock Malaysia's full potential in the areas of bio-pharmaceuticals, medical technology, private healthcare financing and health services.

Initiatives announced in 2011 include developing and positioning Universiti Malaya Health Metropolis as Malaysia's premier medical hub with an investment of RM1.25 billion. Other initiatives include the establishment of two specialist hospitals in the Klang Valley, and the RM500 million project involving a biopharmaceutical manufacturing and development facility by 2020. SMEs that manufacture and supply medical devices, pharmaceuticals, medicines and medical care services are expected to benefit from these initiatives in addition to SME service providers in the medical healthcare sector and small contractors who will have the opportunity to participate in the construction activity. SMEs can also reap from opportunities from the 10MP in promoting Malaysia as a hub for healthcare excellence which include fostering strategic alliances among local and foreign healthcare service providers, travel organisations and medical insurance groups in order to provide a more integrated and comprehensive package of services to healthcare travelers.

Education

The continued growth of the education sector will spearhead the efforts to cultivate first-class human capital as an engine of economic growth and pave the way for Malaysia to become an international hub of higher education excellence. Projects identified under the NKEA include the development of an Advanced Engineering, Sciences and Innovation Cluster

88

to be jointly undertaken by Technology Park Malaysia, Universiti Tenaga Nasional (UNITEN) and the Multimedia University (MMU) involving an investment of RM374 million over the next 10 years. These projects are targeted to benefit SMEs in the ICT, biotechnology and engineering fields.

Under the NKEA, initiatives will also be undertaken to build the International Convention Centre and Resort Hotel in Kuala Lumpur as well as development of an integrated premium health education cluster in Port Dickson by 2012. SMEs in the construction sector stand to benefit from the construction of these projects, and so will SMEs in the hospitality, education and medical healthcare services. In order to make Malaysia a preferred and attractive education destination, initiatives under the 10MP include establishing a more conducive educational ecosystem to attract students and world leading faculties in niche areas to set up branches in Malaysia, and intensifying marketing and promotion efforts in high potential markets.

Palm Oil

The ETP programme aims to transform the palm oil industry in order to boost the incomes of some 160,000 smallholders and at the same time generating increased contribution to the GNI. The palm oil industry remains as the fourth largest contributor to the economy. The Government has identified about RM75 billion in business opportunities to be undertaken up to 2020 in the form of expansion of existing upstream activities and development of greater downstream activities.

EPPs under this NKEA include accelerating the replanting of oil palm, increasing palm oil extraction rate to 23% by 2020 and categorising palm oil mills. The Malaysian Palm Oil Board (MPOB) will also recruit additional Tunjuk Ajar dan Nasihat (TUNAS) officers to cluster smallholders into cooperatives to improve yields in fresh fruit bunches. In addition, five bio-oil plants will be built over a period of five years with an investment of RM124 million. These initiatives combined are likely to raise not only productivity and income of palm oil smallholders and palm oil mills owners, but equally benefit existing SMEs in the construction sector. In addition, four projects to develop the downstream palm oil industry will be undertaken including an integrated methyl ester sulphonate and fatty alcohol plant and plants to produce special fatty ester, high grade tocotrienol and isomers and a world class R & D centre are expected to increase local demand from smallholders and stabilise their income, provide intermediate inputs for downstream activities as well as increase productivity and creation of new products from the R & D centre.

SMEs also stand to gain from the 10MP that would complement the NKEA initiatives which promote Malaysia as a global hub for palm oil and preferred destination for foreign investments in areas such as oleochemical-based products, bulking facilities and R&D; develop palm oil industrial clusters into integrated sites for promoting downstream activities such as biofuel, oleochemicals, biofertilisers, specialty food products, biomass products, nutraceuticals and

pharmaceuticals; encourage good agriculture practices, agronomic management and mechanisation especially among smallholders; and centralise procurement of agricultural inputs such as fertilisers and pesticides to lower input costs for smallholders.

Oil, Gas and Energy

While the oil, gas and energy accounts for 20% of GDP, the NKEA is mainly dominated by large Multinational Corporations due to the capital intensive nature of the activity. Nevertheless, SMEs that provide support services to the NKEA are likely to gain as the NKEA expands at an average annual rate of 5% and create an additional 52,300 jobs besides providing a more sustainable energy platform for the country by 2020.

EPPs to be implemented under the NKEA include introduction of five new tax incentives in the Petroleum Income Tax Act to generate more activity with additional RM58 billion to the Government over the next 20 years; development of the Tanjong Agas Oil & Gas and Logistics Industrial Park in Pekan; the construction of three new power plants, two hydro plants, one coal plant and other power transmission infrastructure; and intensification of exploration activities by the national oil and gas company.



Other initiatives include the development of new oil and gas assets as well as the setting up of the diesel processing plant and expansion of the wax plant in Bintulu. The country is also likely to set up an integrated oil and gas hub, establish a Refinery and Petrochemical Integrated Development (RAPID) and develop marginal oil and gas fields and re-gasification plant.

These projects will benefit mainly SMEs providing support services such as engineering and professional services as well as SMEs in the port and marine services. The huge construction activity is also likely to benefit some of the SME contractors. Meanwhile, SME suppliers of energy efficient appliances are likely to expand from the Sustainability Achieved via Energy Efficiency (SAVE) programme by the Ministry of Energy, Green Technology and Water (MEGTW). Government initiatives under the NKEA and 10MP will also focus on increasing international market access; enhancing skills training for both technical and management personnel via partnership with the industry; enhancing linkages in the downstream industries to optimise resources, facilities and services available at the integrated petrochemical complex; expanding opportunities in logistics and maritime business activities; and strengthening oil and gas related professional services in line with creating international champions such as in oil field services and equipment (OFSE), those related to deep water extraction and integrated service providers.

In the latest announcement, three programmes were announced under the Strategic Reform

Initiatives (SRIs) which is the second critical component of the ETP. These programmes are expected to benefit SMEs in the area of capacity building:

- MyProCert Programme under SRI Human Capital Development

The programme is intended to upskill Malaysians towards international certification standards. Trained and certified Malaysians within this programme will be part of the critical supply for talent sourcing for the industry.

This programme will cover professional certifications from leading companies and institutions from 2011-2015 with total target participants of 5,000 of which the first programme was launched in September 2011 with a target participant of 150 in Q4 2011.

- National Talent Enhancement Programme (NTEP) under SRI Human Capital Development

The NTEP is a 12-month programme to help develop industry-relevant skills via partnerships with E&E companies. NTEP is open to engineering graduates with 1– 2 years working experience and wish to upskill/re-skill in the area of E&E and green technology. There are a total of 550 placements for the first year of this programme. The NTEP targets 100% employability upon completion of the traineeship.

- High Performing Bumiputera SME Programme (TERAS) under the SRI Narrowing Disparities. This Programme aims to develop

the next generation of world-class Bumiputera entrepreneurs across all 12 NKEAs. As a starting point, a total of 1,100 Bumiputera SMEs comprising the top 100 medium Bumiputera SMEs and top 1,000 small/micro companies will be identified using clearly-defined criteria as well as an open and transparent process that will be monitored by an independent audit firm. A clear exit mechanism will be put in place whereby companies must either 'graduate' or become large within 5 years.

Conclusion

The ETP presents a broad spectrum of opportunities under the EPPs for SMEs to take advantage and benefit. The initiatives also include increased mechanisation and productivity enhancement measures besides helping to build capacity of SMEs. SMEs should leverage on these opportunities and subscribe to best practices and international standards to evolve to become international players, thus potentially creating some regional and global champions that can spearhead the economy to achieve the country's aspirations.

While the ETP will see the private sector assuming the driver's role of taking lead in most of the initiatives identified under the EPPs, the Government will act as a facilitator and catalyst for growth, particularly in promoting a vibrant business ecosystem for SMEs to thrive. This will pave the way for SMEs to achieve the quantum leap in growth for increased contribution to the economy and to at par with SMEs in the developed nation.

Section IV : **Success Stories**

Success Stories

Striking Agriculture Gold in the Klang Valley	92
Avialite Lights Up the International Arena	94
Finding Success in a Low-Cost Business Model	96
Investment in Sanctuary for Swiftlets	98
Carving a Niche in the Healthcare IT Solution Market	100
Taking the Sarawak Layered Cake to the International Market	102
Halal Healthcare Products Penetrating the Global Natural Wellness Industry	104
Walai Tokou Homestay Turns a Remote Village into a Tourist Spot	106



Modern agriculture has evolved tremendously over the years and in order to be successful, entrepreneurs and farmers must also keep abreast with the latest technology and methods to stay ahead of the game

STRIKING AGRICULTURE GOLD IN THE KLANG VALLEY

As a freight forwarding agent for 17 years, Encik Hamid Yahya realised that the agriculture business offers abundance opportunities and can be a very lucrative business. This is due to the fact that Malaysia is a net importer of food produce. Five years ago, Encik Hamid formed De Lima Tani Enterprise and ventured into a new world of growing chili, a bold decision influenced by the fact that more than 50% of the domestic chili supply originated from abroad.

Encik Hamid's first venture into agriculture was to grow an acre of chili. Instead of relying on conventional methods, he took a new approach known as fertigation system. The fertigation system allows for cash crops such as chili to be grown in polybags, where irrigation and fertilising needs requires little supervision with the use of more practical and efficient methods in which precise dosages

of water and fertiliser are delivered via specially-laid hoses to each polybag using an automated system.

With chili prices hitting as high as RM16 per kg at the time, Encik Hamid was able to make quite a handsome profit in his first venture. Subsequently in 2009, he invested in another acre of chili and successfully harvested seven tonnes at a time when the crop commanded a market price of between RM5 and RM10 per kg. His third and even bigger venture which was a four-acre plot in Pulau Indah, Klang, however, proved to be a downfall as chili prices plummeted to as low as RM1 per kg caused him to lose RM100,000 of his investment.

"That was a very costly misfortune and I was literally left with no other choice but to abandon harvesting those four acres. The most important lesson I can share with

others is that you must persevere and never give up. Putting that failure aside, I tried everything from growing cucumbers to returning to chili," said the 40-year-old who today has emerged as one of the most successful and exemplary agri-entrepreneurs in Selangor.

From chili, Encik Hamid has since moved on to growing Japanese rock melon which appears to have more stable prices of between RM3.30 and RM3.90 per kg currently. Unlike chili, which can only be harvested twice in a year, rock melon can be harvested every 75 days and this presents Encik Hamid with even better returns. On average, an acre of rock melon is capable of producing a yield of between five and seven tonnes which is equivalent to about RM21,000 per harvest.



Today, Encik Hamid is also one of the 11 participants of a programme by the Lembaga Pertubuhan Peladang under the Ministry of Agriculture and Agro-based Industries, covering 11 acres rock melon farm in Selangor. In addition to his one-acre plot, he also runs another three acres in nearby Kampung Perapat in Klang, alternating between growing rock melons and chili. Having experienced his fair share of pitfalls and refining methods in using the fertigation system, Encik Hamid now offers consultancy services and complete fertigation systems for entrepreneurs and budding farmers who want to switch from conventional farming to modern agriculture. A complete fertigation system costs RM35,000 per acre but the investment is worth the value as it is a productive method that will help budding farmers in crop plantation.

“If you look at agriculture today, it is no longer a case of planting, waiting and harvesting. Modern agriculture has evolved tremendously over the years and in order to be successful, entrepreneurs and farmers must also keep abreast with the latest technology and methods to stay ahead of the game.” Contrary to belief that the shortage of land as a result of rapid development in the city has discouraged the growth of agriculture in the Klang Valley, Encik Hamid said the fertigation system essentially does away with the pre-requisite for large plots of land. In fact, the fertigation system permits cash crops to be grown anywhere from the rooftop of buildings to essentially any open spaces so long as the land does not have a gradient which would otherwise interrupt with the flow efficiency of water and fertiliser.

“Venturing into agriculture presents a very big yet often unseen opportunity to farmers and entrepreneurs in the Klang Valley. The Klang Valley is the epicenter of agriculture in Malaysia. Unlike farmers in other parts of the country who may need to incur four to seven hours transporting their goods here, farmers in the Klang Valley are within minutes and a short trip to a number of wholesale wet markets, hypermarkets and other collection areas which significantly reduces our operating and transportation costs.”

Looking towards greener pastures, Encik Hamid now intends to grow his export market, which has already been given a significant boost by his first shipment of rock melons to Dubai, China and Singapore. In addition, he is also currently experimenting with growing basil acquired from neighbouring country, Thailand using the fertigation system to be exported to the United States.



To grow as a company, we believe that there must be a transition from trading to engineering and consequently to designing and manufacturing

AVIALITE LIGHTS UP THE INTERNATIONAL ARENA

One of the fastest growing brands of aviation lights in the international market today is AVIALITE. Especially in such a specialised field, it would have been unimaginable to think that the brand is 100% conceptualised and made in Malaysia.

AVIALITE Sdn Bhd's story began as an importer of aviation lights who supplied to the various telecommunications companies in Malaysia. The company located in Taman Perindustrian Bukit Serdang in Seri Kembangan, Kuala Lumpur, transformed its business in 2004 from mere trading to specialising in design and manufacturing of its own unique range of aviation lights.

"Manufacturing of aviation lights was previously a business that was predominantly monopolised by those in the Western countries and to a large extent, prices of these specialised lights were extremely expensive and beyond the reach of

most customers. It had reached to a point where the currency exchange rate made the prices of lights exorbitant and it was precisely then that we felt, why not design and produce our own range of locally-made lights," said Ms. Leng Hee, the company's Head of International Marketing. She also added that the company had invested in the idea and devoted significant resources to research and development which subsequently resulted in a uniquely-designed and patented pending waterproof LED aviation light.

"We'd like to think of this industry as a very niche and specialised market because there are not many producers in the world. In Malaysia, we were the first and until today, the only company doing it. I suppose this is mainly because the industry is very often perceived by many as a difficult market to tap into." In order to penetrate into the market, Ms. Leng recalled how AVIALITE

was required to produce lights that were even brighter, more cost effective in terms of pricing and more reliable in order to be able to compete against its predecessors and ultimately gain acceptance of its customers. In 2004, AVIALITE began the production of its first range of lights and later that year, successfully penetrated into the overseas market with Brunei being its first customer. Its export market progressively expanded to Indonesia, the Philippines and several countries in the Middle East. By 2008, AVIALITE managed to penetrate into the Australian market in which a customer had sought its expertise to develop a custom-made lighting solution. AVIALITE's encapsulated waterproof aviation lights uses a special epoxy material casing that makes it resistant to rain, sand storms, heat and cold weather and eventually giving the company a competitive advantage in the market. The



decision by customers to use LED lights also significantly outshines the use of incandescent lights as LED lights are brighter, and consume less electricity thus resulting in huge cost savings for customers. AVIALITE's LED lights which are sourced from the major LED manufacturers also have a lifespan of 100,000 hours which if used at an average of 12 hours per day, would last 21 years before it ever needs to be replaced. All of AVIALITE's products fulfill and conform to the stringent requirements and regulations of the International Civil Aviation Organisation. Tested by SIRIM, its products comply with British standards and are approved by Malaysia's Department of Civil Aviation (DCA). The company's products also come with a two-year unlimited international manufacturer warranty.

Today, 90% of AVIALITE's aviation lighting solutions are exported with its biggest markets led by Indonesia, the Philippines, Vietnam and countries in the Middle East. They

attributed their success to the fact that they have not only managed to design and manufacture their own unique and patented range of aviation warning lights, but in the process has helped to reduce the prices of such equipment to more affordable levels. AVIALITE's success in the export market, Ms. Leng said, was also attributed to participating in Government-initiated visits abroad frequently organised by organisations such as the Malaysia External Trade Development Corporation (MATRADE) and Malaysian Investment Development Authority (MIDA).

Moving forward, AVIALITE has already set its sights on introducing its range of products in new markets such as Cambodia, India and Bangladesh. Ms. Leng described these as potentially big markets due to its population size and the rapid development of the telecommunications industry in these countries. The company is also hoping to diversify its range

of products to venture into lighting requirements for the oil and gas industry, street lighting and air field (aerodrome) lighting. "To grow as a company, we believe that there must be a transition from trading to engineering and consequently to designing and manufacturing. For Malaysian companies to enjoy continued success in their respective fields, one must have industry experience and possess the knowledge and expertise to design and manufacture its own range of products," Ms. Leng said. "The ability to design and manufacture also allows a company to choose its own markets and dictate who the company wishes to sell to. The world is essentially the market for any local company. Our market is limited by its population and in some cases easily saturated. Therefore, Malaysians must go out into the export market. While it may seem as a tall order, with enough perseverance and determination, it is nevertheless possible."



Enhancing and maintaining a high degree of customer service has always been the driving force behind the success of SkyBus Ventures

FINDING SUCCESS IN A LOW-COST BUSINESS MODEL

Mr. Christopher S. Thiagarajah left his secure job as the head of marketing in Boh Plantations Sdn Bhd 15 years ago to set up his own consultancy firm that deals with taxi and bus advertising among others. At that time, the entrepreneur from Banting, Selangor heard about the construction of the Low-Cost Carrier Terminal (LCCT) and he felt that a business opportunity might be awaiting him. The idea of a low-fare bus service from the city to the airport was conceived and he forwarded his proposal to the then Commercial Vehicles Licensing Board (CVLB) for their approval. For this concept to be successful and work effectively, the pick-up and drop-off points in the city had to be at the Kuala Lumpur (KL) Sentral due to its strategic location in terms of connectivity and easy access to the public.

Many were initially skeptical of his concept and were stunned by the RM9 bus fare proposed. However, after facing many obstacles and challenges, through sheer perseverance, determination and courage to venture into the unknown, Mr. Christopher eventually convinced the relevant authorities on the merits of the idea. Thus, in 2006 he established SkyBus Ventures Sdn Bhd, a low-fare budget bus transportation company which covers the route between KL Sentral to LCCT. Skybus has been serving transportation requirements from the city to the LCCT at Sepang from the very first day the airport terminal was opened on 23 March 2006. Today, Mr. Christopher has proven that the low-cost ground transportation concept can be a profitable business.

While Mr. Christopher's venture received the blessing from the various industry stakeholders, the company's business had been single-handedly financed using his own savings and commercial hire purchase loans. "For this I am indeed very grateful to our panel of bankers who have put their trust and belief in the business model and helped us to where we are today. I am equally grateful to the Government for helping make this business a reality. From the very first day of our operations, we already had people using the service. Within months, our buses were ferrying full loads of passengers to the airport. Subsequently, we experienced long queues". Operating a non-stop service, the company now has a fleet of 27 air-conditioned coaches and has ferried some 4.5 million passengers averaging 4,000 passengers per day.



Over the last five years, the company has been able to sustain a profitable business and at the same time retain the fares at RM9 despite the higher fuel prices, toll charges and challenges from the global financial crisis. Mr. Christopher was able to manage the rising costs effectively as his mantra has always been to reduce unnecessary expenditure. He also believes that in addition to its low fare, the company's success has been firmly built on the convenience and quality service it offers to the passengers. "A bus leaves the terminal as scheduled every 30 minutes and on average, the 80 km trip from KL Sentral to the LCCT in Sepang takes one hour and fifteen minutes. This allows passengers to effectively plan their travel to and from the airport."

For the company's contribution and level of service excellence, SkyBus won the Malaysia Airports Bhd. Service Quality Award in 2006, the Enterprise 50 Award in 2009, the Golden Bull Award for Outstanding

SMEs, the Brand Laureate - The SMEs Best Awards (for Corporate Branding-Best Brands in Passenger Transportation (Bus) and Mr. Christopher was also a top nominee for the Ernst & Young Entrepreneur of the Year Award (Emerging Entrepreneur Category). In 2010, Skybus received a Certificate of Merit for the Star Outstanding Business Awards 2010 and was a winner for the second time in a row of the Enterprise 50 Award 2010. Mr. Christopher was also recognised for his efforts by the Entrepreneurs' Organisation Malaysia in May 2010 and won the "Inspiring SME-Risk Taker" Award by the Global Entrepreneurship Week (GEW) Malaysia in November 2010.

"I try to inculcate into my staff the philosophy that their job is an extension of homes and they have to love coming to work. I am indeed grateful that about 75% of the staff with me today, are those who joined me when I first started this business."

Enhancing and maintaining a high degree of customer service has always been the driving force behind the success of SkyBus Ventures. In fact, customers can call the company's customer service number at any time and be assured of the phone call being picked up. Safety is also a top priority of the company.

"We take customer service and passenger safety very seriously. We have made significant strides in building a dependable brand which remains the bedrock of our business. Although the business is tough as each day presents new challenges, we shall continue to find ways to enhance our service. My advice to budding entrepreneurs is always to have persistence and never give up. I would never have been able to start this business if I did not have this determination and patience."



INVESTMENT IN SANCTUARY FOR SWIFTLETS

In support of the Government's initiative to further grow and promote swiftlet farming in Malaysia, Walit World Sdn Bhd ventured into a very niche market of the industry to offer to prospective swiftlet farmers specially-built homes for these birds. Walit World is the brainchild of Encik Mohd Nasir Che Fa who is today also the project director for the pilot project at Tanjung Agas Ecopark. A civil engineer by profession, then later a contractor and developer, Encik Mohd Nasir's venture into swiftlet farming occurred by accident after a chance meeting with a successful Indonesian farmer during a visit to one of his development projects in Jakarta in 2007. His growing interest in swiftlet farming led him to another individual in Rantau, Negeri Sembilan whose three-storey bird house was yielding him a turnover of RM50,000 per month. At about the same time, a friend in Terengganu

was raking in RM15,000 per month and has been harvesting swiftlet nests for more than six years.

"I was equally sceptical as much as frightened when I made my initial investment. However, with the right home design and proper techniques, the swiftlets did indeed begin nesting," he recalled. "Of course, just like any business venture, there is no guarantee that the business will succeed and in this case, there is no guarantee that the birds will nest in these specially-built homes. However, swiftlets are known to be very loyal and once they nest in a particular area they are unlikely to move and will stay forever." Studies on swiftlet farming have revealed that prospectors can collect up to ½ kg nest within one to two years, with the market for 1 kg of raw swiftlet nests currently commanding a price of between RM4,000 and RM5,000, while

cleaned swiftlet nests can go up to as high as RM8,000 per kg. On average, about 120 nests equates to about 1 kg. According to Encik Mohd Nasir, prospectors can gain an income of up to RM15,000 per month between three and five years with an average yield of 8 - 30kg per year after the fifth year of harvesting. Normally, harvesting is done once every three months after the fourth year and once a month by the fifth year. Success, however, is dependent on choosing the right location for swiftlet farming where there is an abundant food source for the birds. In addition, the design of the swiftlet home must also have the right temperature and humidity conducive for breeding.

To date, the company has already obtained sales amounting to RM3.84 million from the sale of its two-and-a-half storey semi-detached cluster homes for swiftlets.



The unique point about Walit World's swiftlet home ownership programme is that it is similar to that of owning any real estate whereby the property comes with an individual title.

Encik Mohd Nasir said the company's venture into a relatively new business for Bumiputeras, was timely with the Government's initiative to aggressively promote swiftlet farming under the Economic Transformation Programme (ETP). The market for swiftlet nests is extremely huge and realising this, the company would like to be in the frontline of encouraging more Bumiputeras to become part of this lucrative industry. In fact, construction of a pilot project situated on a 13-acre Malay Reserve Land in Tanjung Agas Ecopark in Port Dickson is currently underway to build clusters of two-and-a-half storey semi-detached homes for swiftlets which the company is offering for sale to customers who are looking to get a head start into the lucrative

business of swiftlet farming. With a built-up area of 2500 square feet and located on a 30x70 plot of land, each unit sells for RM320,000 and comes equipped with all the necessary audio equipment required to attract the swiftlets to nest in these homes. Walit World not only acts as the developer for these swiftlet homes, but also assists in developing the capability of the owners to manage the homes and harvesting the nests on behalf of home owners and investors.

Moving forward, Encik Mohd Nasir told that Walit World is in the process of identifying a variety of downstream business opportunities and in turning swiftlet nests into a range of locally-manufactured products. One such product Walit World has already recently introduced is bottled bird's nest drink and bird's nest juice.

Prospectors can gain an income of up to RM15,000 per month between three and five years with an average yield of 8 - 30kg per year after the fifth year of harvesting



CARVING A NICHE IN THE HEALTHCARE IT SOLUTION MARKET

When Mr. Ravishanker established Centium Software Sdn Bhd in 1998 (then known as Applied Voice Technologies Integration Sdn Bhd), the intention was to support his core business of selling telecommunications hardware by offering voice related technologies. Little did he know that 12 years later the company would have successfully positioned itself as the pioneer software developer in the extremely lucrative healthcare industry.

The company's path to success began in 2004 when the company ventured into what is known today as the Electronics Medical Records using the smart card technology. The general idea behind the venture was to create a cradle to crypt medical and health records of patients whereby

a patient's medical history can be comprehensively reviewed at any time. The company's first big break came in the same year when it was commissioned to develop the solution for the Government of Pakistan.

A year later, the business took a quantum leap when Centium Software was commissioned to maintain and develop enhancements to the medical record system of the Columbia Asia Hospital in Seremban, Negeri Sembilan followed by an invitation to the hospital's headquarters in Bangalore, India. One venture led to another and by end of 2006, the company had also set foot in Indonesia through a project in the Brawijaya Hospital as well as penetrated into Vietnam. Currently, the company's projects in Vietnam

include the implementation of Centium Software's Hospital Information System (HIS) into hospitals owned by the Hoan My Group, a public listed company that operates the largest chain of private hospitals in the country, as well as installation of software at the State-owned Becamex Hospital, Yersin chain of private clinics and the Hoam Lam Shangri-La. The company's latest overseas conquest is the development of a blood bank information system for the Government of Cambodia.

Today, Centium Software's solutions are installed in more than 20 hospitals in four countries. Other than offering customised software applications in HIS, the company's remarkable services also extend to the areas of Centralised Sterilisation and Supply Department (CSSD),



Blood Bank Information System (BBIS), Diet Management System (DMS) and many other integration works.

“The greatest challenge in this business has been in trying to convince our clients on the quality and reliability of our product. Even in countries like Vietnam for example, the fact that the software solution being offered originates from Malaysia creates a lot of scepticism. We practically had to fly our potential customers from Vietnam to Malaysia to visit the hospitals that are currently using our system and to assess its effectiveness in order for them to be truly convinced,” recalled Mr. Ravishanker.

“Much of this scepticism arose from the fact that Malaysia is more known for its commodities and there is very little awareness that the country is emerging as a competitive player in terms of software development. Our success in India is quite an accomplishment for the company. It is like selling ice to Eskimos

especially when you have Malaysian software accepted by clients in India which is known to be the IT centre of the world,” said Mr. Ravishanker.

Despite enjoying years of success abroad, Mr. Ravishanker is somewhat dissatisfied that his IT solution have not gained a foothold in the domestic market. Centium Software is still trying to convince Malaysian hospitals, clinics and health institutions to “go local” as the current practice still favours the use of foreign-developed solutions. The company has been working with the private sector in which it recently signed a memorandum of understanding with IRIS Healthcare to produce healthcare technology. Some of the initiatives with IRIS Healthcare include a national initiative for Malaysian citizens to incorporate their medical records into the MyKAD; the development of a Diagnostic Services Nexus (DSN) under the Healthcare National Key Economic Area (NKEA) of the Economic Transformation Programme (ETP); and a joint

venture with University Malaya Specialist Centre (UMSC) to create a medical records system for its Health Metropolis network at its Petaling Jaya campus.

To continue offering breakthrough solutions, Centium Software has also announced that it is collaborating with University PETRONAS to pursue research in the areas of Autonomous Service Oriented Architecture in Healthcare Informatics, Collaborative Medical Diagnosis and Decision Making System in Cloud.

Our success in India is quite an accomplishment for the company. It is like selling ice to Eskimos especially when you have Malaysian software accepted by clients in India which is known to be the IT centre of the world



From an annual sales of RM216,000 in 2009, demand for Wannic Enterprise layered cakes had increased by three-fold in just one year in which the company successfully recorded sales increase of 200% in 2010

TAKING THE SARAWAK LAYERED CAKE TO THE INTERNATIONAL MARKET

From a home-based business that evolved around baking layered cakes or better known as kek lapis during festivities, Puan Zoraidah Haji Leen has successfully established a profitable venture which in 2010 raked in a sales turnover of more than RM600,000. Today, besides operating a layered cake processing facility, she also owns two sales outlets in Kuching, one in Satok and the other in Tebingan Sg. Kuching, Sarawak which serves as the marketing arm for her products.

Puan Zoraidah began her business on a modest scale when it first took off in 1985 as she baked and supplied cakes to individual customers during Hari Raya, Chinese New Year and other festivals. She worked her way up by using her savings of RM50,000 to establish a company called Wannic Enterprise. The turning point came in 2000 when she began catering to corporate clients in which layered cakes had

evolved into becoming novelty corporate gifts. Puan Zoraidah subsequently obtained financing from local financial institutions to help her expand her business to the current operations. Wannic Enterprise was also fortunate to have received a matching grant of RM100,000 from SME Corporation Malaysia (then known as Small and Medium Industries Development Corporation or SMIDEC) under the Business Start-up as well as Development and Promotion of Halal Products schemes.

From the Sarawak Agriculture department, she received assistance in the form of machinery and equipment, while agencies such as the Federal Agriculture Marketing Authority (FAMA) and the Malaysian Agriculture Research Development Institute (MARDI) supported her venture in terms of purchase of machinery, consultation in marketing, branding and the use of technology.

Throughout the years, Puan Zoraidah had also gotten assistance from other Government bodies such as the Ministry of International Trade and Industry (MITI) to participate in domestic exhibitions, Tabung Ekonomi Kumpulan Usaha Niaga (TEKUN) for financing and the Malaysian Pepper Board for research and development activities in inventing a new flavor, pepper and pepper-mint based layered cake.

Despite the strong support from the Government, Puan Zoraidah faced numerous challenges in carrying out her business. When she first began, she could not accept large orders as she was manually processed the layered cakes. She also faced extreme difficulty in employing good workers. This was compounded by the fact that the increase in raw material prices had caused the price of cakes to trend upwards and the absence of standard pricing of cakes in the market caused stiff competition.



The latest obstacle was the ban imposed on the Golden Churn butter which was widely used in the production of layered cake. The news had affected the whole layered cake industry including Wannie Enterprise. In dealing with the issue, Wannie Enterprise took the initiative to clean the baking area and utensils using the Islamic way and was the first company to do so. The quick action has not only managed to curb the issue at hand but to restore customers' confidence in their products.

To further promote the Sarawak layered cakes, Puan Zoraidah had participated in a number of local and international exhibitions, in addition to advertising in popular local magazines, radio stations and being featured on television programmes. The company has also sought the social media platforms like Facebook, and sponsored its cakes as corporate gifts at selected conferences and events. "There is tremendous potential for Sarawakian layered cakes as it is very popular among the locals and tourists. Its unique design and taste makes it a

perfect gift for those returning from Sarawak. With an estimated 1.4 million tourist arrivals in Sarawak, it is indeed a profitable business to venture into," said Puan Zoraidah.

From an annual sales of RM216,000 in 2009, demand for Wannie Enterprise layered cakes had increased by three-fold in just one year in which the company successfully recorded sales increase of 200% in 2010. Wannie Enterprise is scheduled to open another sales outlet in Tebingan, Kuching and with a more aggressive sales and promotion strategy, the company is targeting to hit sales amounting to RM1.0 million in 2011. Greater use of automation in the processing of layered cakes will enable the company to enhance productivity and efficiency and prepare towards penetrating into the export market mainly to countries in the Middle East, which Puan Zoraidah believes would potentially yield sales amounting to between RM5 and RM10 million per year.

Moving forward, Puan Zoraidah envisions Wannie Enterprise to grow into an internationally-renowned

producer of Sarawak layered cakes as well as pastries recognised for its unique taste, quality, cleanliness and being Halal certified. The company has moved ahead to establish a strategic collaboration with Universiti Malaysia Sarawak or UNIMAS in the area of research and development to develop a fully-automated layered cake processing machine. Wannie Enterprise has applied for a RM300,000 grant to develop the machine from the Ministry of Science, Technology and Innovation (MOSTI), which it believes would resolve the challenge of obtaining good quality workers and increase production volume.

Looking back at her company's success, Puan Zoraidah attributes it to focusing on quality by producing layered cakes that are tasty, unique and at the same time competitively priced. The company has also been sensitive to the needs of its customers, and believes in continuously improving both its products and services based on the Kaizen principles (continuous improvement).



HALAL HEALTHCARE PRODUCTS PENETRATING THE GLOBAL NATURAL WELLNESS INDUSTRY

Guided by the philosophy of “Making People Healthy Naturally” and fueled by the huge potential for Halal healthcare products, Natural Wellness Holdings Sdn Bhd is enroute to become one of the market’s leading manufacturer of Islamic and fully *Syariah* compliant healthcare products.

Natural Wellness was established in 2006 by Puan Shahnas Oli Mohamed. Graduating as a pharmacist in 1994 and upon completing her housemanship the following year, she took the bold decision of venturing into the corporate world at a time preference was to serve in the public sector. There, she met her current business partner, Dr Amr Yacout, an Egyptian, who went on not just to become her first boss but also a guiding light in her career right from the early days. “I was fortunate

enough in life to have a mentor like my previous boss, I learnt a great deal of professionalism and values in business and experienced a sharp learning and growth curve,” she recalled, adding that on February 10, 2006, she and Dr. Yacout, agreeing on the prospects of business, incorporated Natural Wellness Holdings Sdn Bhd. Puan Shahnas took on the role of Director, while Dr Yacout assumes the position of Chairman and Advisor of Natural Wellness which is based in Taman Midah in Cheras, Kuala Lumpur.

Natural Wellness was formed on the philosophy of being unconventional and innovatively true to the Islamic faith by not just offering products that are certified Halal but also running the business in a comprehensive syariah compliant manner. This idea by itself made

In slightly more than five years, the company has been able to gain the trust and establish good relationships with large reputable customers that currently market products domestically and in the respective international markets they are present

the business environment within which they chose to operate all the more challenging as healthcare is a very knowledge-intensive industry. “As soon as we started the business, the focus was all about having the right employees, getting our quality control and standards in place, and at the same time getting the customers in,” recalled Puan Shahnas.

As the company’s wealth of knowledge, experience and market acceptance grew, it gradually evolved to establish a quality management system from the perspective of Islam. This led to Natural Wellness products being certified not only as Halal, but its entire business process were *Syariah* compliant. In 2008, Natural Wellness became the first company in Malaysia to be awarded the MS 1900:2005 Quality Management Systems: Requirement from Islamic Perspectives. This accreditation was also a significant breakthrough as it automatically expanded the company’s list of potential customers to the 1.6 billion Muslims worldwide.



Puan Shahnas described the healthcare market, including the natural products space, as being a fashionable industry given its constant and sometimes rapid shift in interest and direction resulting from consumer demand and as such, a product's average life cycle in the industry is one that is most challenging to manage. At Natural Wellness, a product's life begins in their Bionexus status research and development laboratory facility where the company's team of biotechnologists, chemists, nutritionists and researchers work towards establishing and identifying molecules and ingredients with medicinal properties. The constant efforts to strive for excellence has led Natural Wellness to champion the research into vegetation inspired by knowledge gained from the Al-Quran and the Hadith.

Today, Natural Wellness has successfully introduced some 80 different types of products ranging from supplements, nutraceuticals, over-the-counter products, health food and beverages, and cosmetics, with another 40 to 50 products

in the pipeline of being validated, accredited and introduced into the market. In slightly more than five years, the company has been able to gain the trust and establish good relationships with large reputable customers that currently market products domestically and in the respective international markets they are present. Natural Wellness also exported their products to the Kingdom of Saudi Arabia, the United Arab Emirates, the People's Republic of China, Australia, the United Kingdom, Japan, Myanmar, Thailand and Indonesia among others.

Puan Shahnas attributed the company's success to its continuous investments and emphasis in research and development. Their effort was well rewarded when Natural Wellness was awarded the SME Innovation Award for Halal Products and Services at the 2010 SME Innovation Awards by SME Corporation Malaysia. At the recent APEC Women and the Economy Summit held in San Francisco USA in September 2011, Puan Shahnas in her personal capacity, was honored when she received

the APEC Woman Innovator Award. Besides this, she also had the distinction of being named the Asia Pacific Most Promising Entrepreneur in 2010. Sharing her views of the healthcare industry in general, Puan Shahnas said: "There is a lot of hype marketing which are not scientifically-based, unlike our products. Our mission is to create products that are backed by science and time tested and also one that is assured of its therapeutic benefits which consumers can testify to. Natural Wellness products conform to a comprehensive range of accreditations and certifications besides being approved by the respective regulatory bodies in the countries we are present. Natural Wellness currently also has the distinction of being the only healthcare company to have received the Malaysian Brand certification. Collectively and cumulatively the combination of being accredited and award-winning is the very essence of how Natural Wellness products are outstandingly differentiated from other market players."



WALAI TOKOU HOMESTAY TURNS A REMOTE VILLAGE INTO A TOURIST SPOT

In native Dusun, *Walai Tokou* means “our home” and it is precisely this warm welcome and embrace that greets tourists when they visit and stay with the villagers who have come together today to establish the Walai Tokou Homestay in Kampung Sinisan, Ranau, Sabah.

The Walai Tokou Homestay was inspired by Encik Kohadie Watiman who in 1999 saw the potential in such a business venture. Driven by the burning desire to learn more about the homestay concept which has managed to turn ordinary villages into popular tourist attractions, he travelled to Peninsular Malaysia, Thailand and Japan to visit some of the successful homestays. That experience was an eye-opener to convince him that Kampung Sinisan had the potential of becoming an attractive tourist destination. With

an initial loan of RM20,000 from Bank Kerjasama Rakyat (M) Berhad (Bank Rakyat), Encik Kohadie began upgrading the rooms, toilet and landscape of the house to attract and provide comfort for the tourists.

One year later in April 2001, the Walai Tokou Homestay opened its door to the first 60 guests who arrived in Ranau to attend a three-day management course organised by the Institute for Rural Advancement (INFRA). Over the next few years, Walai Tokou Homestay steadily gained its popularity and in 2006, won the *Pertandingan Iltam Desa* competition for Sabah and Sarawak zone, before going on to be crowned the national level winner for the same competition the following year. It also won first place in the homestay category in the One District One Industry (SDSI) competition. Today, the

Walai Tokou Homestay has a total of 50 participating villagers from 8 village with some 95 rooms available in total to guests at the village.

“Perhaps one of the biggest obstacles we faced in the early stages was to change the mindset of villagers and in trying to make them understand and see the benefits of the homestay business concept,” said Kohadie. “It took some time to convince them but as soon as they began to see how homestays could contribute and supplement their existing income, they supported the idea. Today, the number of homestay participants is not only increasing but our collective efforts over the years have also successfully put our village on the tourist map after receiving various accolades.”



Encik Kohadie said Walai Tokou Homestay was also fortunate to have continued to receive loan facilities from Bank Rakyat and Agro Bank throughout its journey. In addition, Walai Tokou Homestay benefited from various training programmes in marketing and promotion provided by the Ministry of Tourism, Ministry of Rural and Regional Development, Tourism Malaysia and Ministry of Tourism, Culture and Environment Sabah.

Moving forward, Encik Kohadie said plans are currently underway to expand the Walai Tokou Homestay into a new concept he defined as Kampung Stay. Unlike homestays in which tourists experience the local life by staying with participating villagers, Kampung Stay will enable tourists to rent an entire village home for an even more enriching experience plus greater privacy. A separate and even bigger project involves a proposed full-blown resort in nearby Kundasang and Ranau.

Sharing his experience with other potential homestay operators, Encik Kohadie said one of the most important elements of business is that it demands entrepreneurs be bold enough to venture into something new and determined to see the project through. Equally important is for a new homestay operator to make sure that the place has adequate facilities.

“The level of success and popularity a homestay enjoys is also dependant on the operator’s ability to devise a strategic marketing plan to promote their village and facilities. It is a profitable business provided operators are prudent in spending and embrace good business ethics,” Encik Kohadie said.

Encik Kohadie made an appeal for the Government to continue providing assistance to homestay operators in three key areas: human capital development; the

development of infrastructure; and marketing and promotion. The development of human capital would ensure that the services offered at homestays could be better regulated in that it observed a certain level of standards. Assistance in terms of infrastructure, and marketing and promotional activities meanwhile would enable operators to lower their operating cost and devote greater financial resources towards enhancing facilities at their homestays.

The level of success and popularity a homestay enjoys is also dependant on the operator’s ability to devise a strategic marketing plan to promote their village and facilities

Appendices

Appendix 1: Key Statistics on SMEs	111
Appendix 2: List of SME Development Programmes in 2011	117
Appendix 3: Glossary	159
Appendix 4: Definition of SMEs	181

Appendix 1 : **Key Statistics on SMEs**



Key Statistics on SMEs

Table 1: Number of Establishments by Sector

Sector	Micro	Small	Medium	Total SMEs	Total SMEs	Large	Total Establishment
	Number of Establishments				% Share	Number	Number
Manufacturing	21,516	15,796	2,061	39,373	7.2	1,420	40,793
Services	381,585	83,037	10,084	474,706	86.6	2,819	477,525
Agriculture	31,838	1,775	575	34,188	6.2	343	34,531
Total SMEs	434,939	100,608	12,720	548,267	100.0	4,582	552,849

Source: Census of Establishment and Enterprises, 2005 by Department of Statistics, Malaysia

Table 2: Number of SME Establishments by State

Sector	Micro	Small	Medium	Total SMEs	%
Johor	45,630	9,485	1,356	56,471	10.3
Kedah	33,531	3,066	432	37,029	6.8
Kelantan	34,075	1,528	198	35,801	6.5
Melaka	16,520	2,696	407	19,623	3.6
Negeri Sembilan	14,911	2,275	369	17,555	3.2
Pahang	24,917	2,742	399	28,058	5.1
Pulau Pinang	21,422	4,527	803	26,752	4.9
Perak	37,872	5,567	691	44,130	8.0
Perlis	5,549	340	31	5,920	1.1
Selangor	73,273	22,396	2,854	98,523	18.0
Terengganu	22,112	1,415	207	23,734	4.3
Sabah	18,915	4,901	978	24,794	4.5
Sarawak	25,377	6,601	1,081	33,059	6.0
WP KL	60,835	33,069	2,914	96,818	17.7
Total SMEs	434,939	100,608	12,720	548,267	100.0

Source: Census of Establishment and Enterprises, 2005 by Department of Statistics, Malaysia

112

Table 3: Value Added Growth of SMEs by Key Economic Activity, Annual Change in % (constant 2000 prices)

YEAR	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
	Growth Rate (%)									
Agriculture	3.8	2.1	3.4	8.5	3.6	7.4	-1.4	7.3	2.2	5.0
Mining & Quarrying	-0.3	4.1	1.1	-3.6	-1.1	0.9	9.5	1.4	6.2	5.7
Construction	4.6	5.9	5.2	1.0	4.7	3.2	13.2	3.7	7.2	8.6
Manufacturing	-6.4	3.1	9.9	10.3	5.7	8.3	6.3	0.5	-6.6	11.8
Services	2.2	5.1	2.9	6.8	8.0	7.8	12.8	8.8	2.5	7.1
Total Value Added	-0.4	4.6	5.2	8.3	6.9	7.4	10.0	6.4	0.4	8.4

Source: Department of Statistics, Malaysia

Table 4: Contribution of SME to GDP by Key Economic Activity (constant 2000 prices)

YEAR	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
	% share to GDP										
Agriculture	2.4	2.5	2.4	2.4	2.4	2.4	2.4	2.2	2.3	2.4	2.3
Mining & Quarrying	0.05	0.05	0.05	0.05	0.05	0.04	0.04	0.04	0.04	0.04	0.04
Construction	0.8	0.9	0.9	0.9	0.8	0.8	0.8	0.8	0.8	0.9	0.9
Manufacturing	9.2	8.5	8.3	8.7	9.0	9.0	9.2	9.2	8.8	8.4	8.7
Services	17.1	17.4	17.3	16.9	16.9	17.3	17.6	18.7	19.4	20.2	20.2
Less: Undistributed FISIM	0.9	0.9	0.8	0.8	0.8	0.7	0.8	0.7	0.7	0.7	0.7
Plus: Import duties	0.1	0.1	0.1	0.1	0.2	0.2	0.1	0.2	0.2	0.3	0.4
Total Value Added	28.8	28.5	28.3	28.1	28.6	29.0	29.4	30.4	30.9	31.5	31.9

Source: Department of Statistics, Malaysia

Appendix 2 : List of SME Development Programmes in 2011

Ministry of Agriculture and Agro-Based Industry (MOA)	117
Ministry of Plantation Industries and Commodities (MPIC)	123
Ministry of Domestic Trade, Co-operatives and Consumerism (MDTCC)	125
Ministry of Energy, Green Technology and Water (MEGTW)	128
Ministry of Finance (MOF)	129
Ministry of Human Resources (MOHR)	132
Ministry of Housing and Local Government (MHLG)	134
Ministry of Tourism (MOTOUR)	135
Ministry of Science, Technology and Innovation (MOSTI)	136
Ministry of Rural and Regional Development (MRRD)	138
Ministry of International Trade and Industry (MITI)	139
Ministry of Information Communications and Culture (KPKK)	143
Ministry of Youth and Sports (MOYS)	145
Ministry of Women, Family and Community Development (MWFCD)	146
Ministry of Industrial Development Sabah (MID Sabah)	147
Ministry of Industrial Development Sarawak (MID Sarawak)	150
Bank Negara Malaysia (BNM)	152
Perbadanan Usahawan Nasional Berhad (PUNB)	153
Federal Land Development Authority (FELDA)	154

List of SME Development Programmes in 2011

Ministry of Agriculture and Agro-Based Industry (MOA)

A) Enhancing Viability of SMEs across All Sectors

Strategic Thrust: Building Capacity and Capability		
Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> Development of Agro-based Industry Programme 	<ul style="list-style-type: none"> To develop comprehensive value chain of food in agro-based industry 	LPP
<ul style="list-style-type: none"> Human Capital Development 	<ul style="list-style-type: none"> Develop competent agro-based entrepreneur in fishery and in terms of business and technical skills through integrated human capital development 	LKIM
<ul style="list-style-type: none"> Development of Agro-based Industry Programme - Increase in Production Capability 	<ul style="list-style-type: none"> Modernise and increase agro-based entrepreneurs' production capacity and capability through mechanisation and automation and guided by technology and upgrading in processing premises towards food safety certification 	MOA
<ul style="list-style-type: none"> IAT Certification Special Project – Promotion and Marketing 	<ul style="list-style-type: none"> Assist entrepreneur in product marketing improvement and expansion of company 	MOA
<ul style="list-style-type: none"> Branding, Promotion and Marketing 	<ul style="list-style-type: none"> Develop a better management in the fishery industry in relation to marketing activities 	LKIM
<ul style="list-style-type: none"> Agro-Based Industry Programme Training Courses 	<ul style="list-style-type: none"> Develop competent agro-based industry entrepreneurs from business and technical skills aspects through integrated human capital development programme 	MOA
<ul style="list-style-type: none"> Development of Agriculture Industry 	<ul style="list-style-type: none"> To increase the volume of agriculture production <ol style="list-style-type: none"> Development of Fruits Industry Development of Vegetables and Short Term Crops Development of Coconut Industry Development of Floriculture Industry Development of Fruit Crops 	Department of Agriculture
<ul style="list-style-type: none"> Integrated Cage Farming 	<ul style="list-style-type: none"> Promote cage fish farming and high scale hatchery headed by leading company using modern farming method 	Department of Fisheries
<ul style="list-style-type: none"> Market Development and Distribution Expansion in Domestic and International Market 	<ul style="list-style-type: none"> Undertake promotion activities and market opportunities to export national agrofood products 	FAMA
<ul style="list-style-type: none"> Marketing Development for Burung Walit, Mushroom/Fungus and Herbal Products 	<ul style="list-style-type: none"> Preparatory courses for entrepreneurs and domestic marketing campaign in the country 	FAMA

118

Ministry of Agriculture and Agro-Based Industry (MOA)

A) Enhancing Viability of SMEs across All Sectors

Strategic Thrust: Building Capacity and Capability		
Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> <i>Bimbingan Usahawan</i> Programmes: <ol style="list-style-type: none"> <i>Pusat Bimbingan Usahawan</i> Agriculture Youth Entrepreneur Incubation Programme (IUBT) Agricultural Certification Course 	<ul style="list-style-type: none"> Provide training for young entrepreneurs to equip them with technical and entrepreneurial skills to be able to manage the agro-based food company with an excellent culture Provide participants with mentoring and hands-on experience in the agriculture field, to become agriculture entrepreneurs who are more confident, skillful and competitive. Participant will be guided to become competitive, skilled and resilient entrepreneurs Train skilled graduates in agricultural technology and to provide basic entrepreneurial necessities in the field of commercial agriculture 	Department of Agriculture
<ul style="list-style-type: none"> Increase Quality and Product Development 	<ul style="list-style-type: none"> Develop quality products with the purpose of ensuring IAT products that comply with food act, safe to be eaten from chemical, microbiology and physical Improve product image from quality, design, packaging and labeling aspect to be competent and competitive in the market 	LKIM
<ul style="list-style-type: none"> Integrated Aquaculture Zone (IZAQ) 	<ul style="list-style-type: none"> Develop an integrated high scale aquaculture production park for production of high quality fish / prawn that fulfill the export requirements Focus on high quality prawn and fish species with consistent quality assurance and product safety 	Department of Fisheries
<ul style="list-style-type: none"> Marketing Development on Ready Crops for Exports 	<ul style="list-style-type: none"> Develop new distributors and to enhance / strengthen existing distributors 	FAMA
<ul style="list-style-type: none"> Training Related to Quality and Safety of Marketers 	<ul style="list-style-type: none"> Guidance and training of marketers in quality control of agricultural products 	FAMA
<ul style="list-style-type: none"> Entrepreneur Development Programme 	<ul style="list-style-type: none"> Develop technology-based entrepreneurs that are able to compete in global market 	MARDI
<ul style="list-style-type: none"> Agro-based Industry Upscaling and Commercialisation Process 	<ul style="list-style-type: none"> Accelerate the commercialisation process selected technologies by MARDI 	MARDI
<ul style="list-style-type: none"> Technology Commercialisation, Enterprise Development and Capacity Building 	<ul style="list-style-type: none"> Transfer of commercialised technologies to SMEs / entrepreneurs and to provide consulting and advisory services 	MARDI

Ministry of Agriculture and Agro-Based Industry (MOA)

A) Enhancing Viability of SMEs across All Sectors

Strategic Thrust: Building Capacity and Capability		
Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> Building Capacity and Production Capability 	<ul style="list-style-type: none"> Modernise and increase agro-based entrepreneurs' production capacity and capability through mechanisation and automation 	LKIM
<ul style="list-style-type: none"> Fishermen Transformation Programme 	<ul style="list-style-type: none"> Improve from conventional to modern, commercial and competitive fishermen 	LKIM
<ul style="list-style-type: none"> Pineapple Planting Incentive for below than 15 Acre 	<ul style="list-style-type: none"> Increase national pineapples production Increase small holder income 	MOA
<ul style="list-style-type: none"> Good Agriculture Practice (GAP) - Training grant in course form and hands-on and farm visit GAP and SALM <ol style="list-style-type: none"> Capacity development and transfer of pineapple technology to farmers Technology transfer course and human development / visit and technical training New technology acquisition 	<ul style="list-style-type: none"> Increases GAP compliance levels of entrepreneurs -give recognition to entrepreneurs which practice GAP through programmes certificates such as Skim Amalan Ladang Malaysia (SALM) Develop pineapple entrepreneurs that are knowledgeable and skilled in pineapple crop management Increase productivity of pineapple plantation through the use of latest technology 	MPIB
<ul style="list-style-type: none"> Seminar / Training / Courses 	<ul style="list-style-type: none"> Improve the competitiveness of agro-entrepreneurs among graduates 	MADA
<ul style="list-style-type: none"> Development of Agriculture Entrepreneurs 	<ul style="list-style-type: none"> Develop highly skilled and knowledgeable entrepreneurs 	MADA
<ul style="list-style-type: none"> Product Analysis 	<ul style="list-style-type: none"> Analyse product for nutrition fact, by undergoing microbiology and chemical test 	KADA
<ul style="list-style-type: none"> Increasing Production Capacity 	<ul style="list-style-type: none"> Agro-based industry entrepreneurs are to increase the capability of production capacity through modern equipment and automation, as well as improvements in processing technology and premises of the entrepreneur 	MADA
<ul style="list-style-type: none"> Diversification of Agriculture Products 	<ul style="list-style-type: none"> Increase the production of : <ol style="list-style-type: none"> Vegetables Fruits Herbal plantation Ducks Goats Freshwater and decorative fish Cattle 	KADA

120

Ministry of Agriculture and Agro-Based Industry (MOA)

A) Enhancing Viability of SMEs across All Sectors

Strategic Thrust: Building Capacity and Capability		
Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> • Agro food production <ol style="list-style-type: none"> 1. Development of Mango Estate 2. <i>Pembangunan Ternakan Burung Walit</i> 3. <i>Pembangunan Estet Ikan</i> 4. Feedlot Cattle Livestock Development 5. Agro-Tourism Development 	<ul style="list-style-type: none"> • Making the MADA area as a hub for the production of fresh products • Making the MADA area as a hub for fish farming • Making the MADA area as a referral center of technologies and training to farmers in livestock • Improve socio-economic development of local residents 	MADA
<ul style="list-style-type: none"> • Enhancing knowledge & skills: <ol style="list-style-type: none"> i. Courses in the food processing unit farmers ii. Study tour for entrepreneurs iii. Entrepreneurial skills enhancement courses iv. Courses outboard food processing entrepreneurs craft skills enhancement 	<ul style="list-style-type: none"> • Provide exposure to new entrepreneurs on the processing of potential products • Provide exposure to new and existing entrepreneurs of successful IAT business • Provide exposure to new and existing entrepreneurs on matters relating to the processing and marketing by providing both theoretical and technical disclosure • Provide special exposure to entrepreneurs who run the craft business to maximize quality craft products 	KADA
<ul style="list-style-type: none"> • Commercialisation Programme 	<ul style="list-style-type: none"> • Increase the income of farmers in livestock (goat meat) and decorative fish (Arowana) 	KADA
<ul style="list-style-type: none"> • Ladang Sungai Bayu (Agro Tourism) Programme 	<ul style="list-style-type: none"> • Increase the income of farmers in tongkat ali plantation and deer farming 	KADA
<ul style="list-style-type: none"> • Tanah Tinggi Lodging Programme 	<ul style="list-style-type: none"> • Increase the income of farmers in agriculture sector 	KADA
<ul style="list-style-type: none"> • Organic Agriculture Programme 	<ul style="list-style-type: none"> • Increase the income of farmers in the organic agriculture sector through processing of organic fertiliser and organic plantation 	KADA
<ul style="list-style-type: none"> • New Commodity Programme 	<ul style="list-style-type: none"> • Increase the income of farmers and the production of commodities (mushrooms, depu, Roselle, swiflet, goat's milk and quails) 	KADA
<ul style="list-style-type: none"> • Income Increment Programme 	<ul style="list-style-type: none"> • Increase the income of farmers in cattle and chicken feedlots 	KADA

Ministry of Agriculture and Agro-Based Industry (MOA)

A) Enhancing Viability of SMEs across All Sectors

Strategic Thrust: Strengthening Enabling Infrastructure		
Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> Permanent Food Production Park (TKPM) 	<ul style="list-style-type: none"> To increase food production 	Department of Agriculture
<ul style="list-style-type: none"> Establishment of Centre for Marketing, Advisory and Distribution 	<ul style="list-style-type: none"> Provide market access and market opportunities for agro-based products and enhance the capability of farmers and micro entrepreneurs to be commercially competitive 	FAMA
<ul style="list-style-type: none"> Fishermen Market 	<ul style="list-style-type: none"> Encourage participation of fishermen/ fishermen's family in the field of entrepreneurship 	LKIM
<ul style="list-style-type: none"> Marketing Centre for Aquaculture Fisheries 	<ul style="list-style-type: none"> Establish well-equipped collection and fisheries marketing centre 	LKIM
Strategic Thrust: Enhancing Access to Financing		
Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> <i>Dana Nelayan</i> 	<ul style="list-style-type: none"> Enable the fishermen to improve their standard of living 	LKIM
<ul style="list-style-type: none"> Small and Medium Scale Industry (SMI) Scheme 	<ul style="list-style-type: none"> Assist small entrepreneurs to expand current or ongoing agriculture projects 	Agrobank
<ul style="list-style-type: none"> Youth Agriculture Scheme 	<ul style="list-style-type: none"> Assisting youth to improve themselves in activities pertaining to the agriculture and agro-based industries 	Agrobank
<ul style="list-style-type: none"> Fund for Food (3F) 	<ul style="list-style-type: none"> Increase food production in the country and reduce food import 	Agrobank
<ul style="list-style-type: none"> Agriculture Entrepreneurs Scheme for Graduates 	<ul style="list-style-type: none"> To reduce unemployment rate among graduates through careers in agriculture and to produce commercial graduate farmers 	Agrobank

122

Ministry of Agriculture and Agro-Based Industry (MOA)

B) Promoting Bumiputera Participation in SME Sector

Strategic Thrust: Building Capacity and Capability		
Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> Business Quality and Enhancement 	<ul style="list-style-type: none"> Develop and expose entrepreneurs into the new foreign market 	MOA
Strategic Thrust: Enhancing Access to Financing		
Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> TEKUN Financing 	<ul style="list-style-type: none"> Provide microcredit financing for entrepreneurs in the agriculture sector 	TEKUN
<ul style="list-style-type: none"> Development of Bumiputera Entrepreneurs through Bumiputera Commercial and Industry Community (BCIC) 	<ul style="list-style-type: none"> Develop competitive and viable Bumiputera entrepreneur groups 	Agrobank

Ministry of Agriculture and Agro-Based Industry (MOA)

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Ministry of Plantation Industries and Commodities (MPIC)

A) Enhancing Viability of SMEs across All Sectors

Strategic Thrust: Building Capacity and Capability		
Major Programmes	Programme Objectives	Implementing Agency
• TUNAS (<i>Tunjuk Nasihat Sawit</i>)	• Assist smallholders to implement good agronomic practices (GAP)	MPOB
• Furniture Design and Making (FDM)	• Provide opportunity for executives and fresh graduates to intensify industry knowledge and skills in furniture design and production	MTIB
• Entrepreneur Development Programme	• Increase participation of small enterprises / smallholders in the commodity sector	MPB
• Entrepreneur Development Programme for Handmade Chocolate, Cookies and Confectioneries	• Encourage handmade chocolates, cookies and confectionaries production, increase the production capacity and to promote local cocoa and chocolate products	MCB
• Improvement of Productivity, Efficiency & Quality of Malaysian Rubber Products (A5)	• Improve the capability and competitiveness of SMEs in the rubber products sector to enable them to compete in a competitive environment	MRB
• Diversification of Secondary Income	• Establish agro-based entrepreneurs among tobacco planters and ex-tobacco planters by conducting training and attachment programmes to increase their income	LTKN
• SME Transfer of Technology Seminar Conjunction with MICCOS 2011	• Encourage the commercialisation of MPOB's technology	MPOB
• Conference on New Business Opportunities in Oleo Chemicals, Biomass and Nutraceuticals Programme	• Encourage the commercialisation of MPOB's technology and investments opportunities in oleo chemicals, biomass sector and nutraceuticals	MPOB
• <i>Kursus Pembangunan Operator Tapak Semaian Sawit</i>	• Provide knowledge and skills in management of palm oil nursery	MPOB
• <i>Kursus Kemahiran Mengred Buah Sawit</i>	• Increase palm oil extraction rate by improving quality of fruits received by mills towards increasing plantations and small holders income	MPOB
• Diploma in Palm Oil Milling Technology (DIPOM)	• Contribute to human resource development especially in management and milling technology in the oil palm industry	MPOB

124

Ministry of Plantation Industries and Commodities (MPIC)

A) Enhancing Viability of SMEs across All Sectors

Strategic Thrust: Building Capacity and Capability		
Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> Transfer of Technology 	<ul style="list-style-type: none"> Add value to MPOBs technologies and services via commercialisation 	MPOB
<ul style="list-style-type: none"> Intensive Diploma in Palm Oil Plantation Management Technology (IDIOMPT) 	<ul style="list-style-type: none"> Expose candidates to various technologies in palm oil plantation management. Other subjects include labour legislation, finance, engineering and processing 	MPOB

B) Promoting Bumiputera Participation in SME Sector

Strategic Thrust: Building Capacity and Capability		
Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> Bumiputera Marketing Expansion and Exploration Programme 	<ul style="list-style-type: none"> Create opportunities for Bumiputera SMEs to compete in the domestic and international markets 	MTIB

Ministry of Plantation Industries and Commodities (MPIC)

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Ministry of Domestic Trade, Co-operatives and Consumerism (MDTCC)

A) Enhancing Viability of SMEs across All Sectors

Strategic Thrust: Building Capacity and Capability		
Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> Taste of Malaysia 	<ul style="list-style-type: none"> Promote and market SME products to hypermarkets abroad 	MDTCC In collaboration with: Hypermarket / Departmental Stores / Supermarket
<ul style="list-style-type: none"> <i>Produk Malaysia, Citarasa Kita</i> 	<ul style="list-style-type: none"> Promote and market SME products to local and foreign hypermarkets in Malaysia 	MDTCC In collaboration with: Hypermarket / Departmental Stores / Supermarket
<ul style="list-style-type: none"> Franchise Development Programme 	<ul style="list-style-type: none"> Develop competent and competitive franchisor 	PNS
<ul style="list-style-type: none"> Business Matching Programme 	<ul style="list-style-type: none"> Assist SME to access and list their products in the local and foreign hypermarkets in Malaysia 	MDTCC In collaboration with: Hypermarket / Departmental Stores / Supermarket
<ul style="list-style-type: none"> Seminar on Intellectual Property 	<ul style="list-style-type: none"> Promote IP awareness in protecting their Intellectual Property Right 	MyIPO
Strategic Thrust: Enhancing Access to Financing		
Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> TUKAR 	<ul style="list-style-type: none"> To modernise family's sundry shop 	Local and Foreign Hypermarkets
<ul style="list-style-type: none"> PAKAR 	<ul style="list-style-type: none"> To house various types of products under one roof. To introduce caravan as a mode of doing business 	FAMA, JKT, PBT

126

Ministry of Domestic Trade, Co-operatives and Consumerism (MDTCC)

A) Enhancing Viability of SMEs across All Sectors

Strategic Thrust: Enhancing Access to Financing		
Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> Automotive Workshop Modernisation 	<ul style="list-style-type: none"> To modernise automotive workshop industry 	KPKT, Federation of Automobile Workshop Owners Association of Malaysia (FAWOAM), AAM, Persatuan Pengusaha Industri Bengkel Malaysia (PPIBM), Malaysian Association of Tyre Retreaders and Dealers Society (MATRDS), PROTON, TOYOTA, NAZA

B) Promoting Bumiputera Participation in SME Sector

Strategic Thrust: Building Capacity and Capability		
Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> Graduate Franchise Programme (PFS) 	<ul style="list-style-type: none"> Develop confident and competitive Bumiputera entrepreneurs in franchise business among graduates 	PNS

Ministry of Domestic Trade, Co-operatives and Consumerism (MDTCC)

B) Promoting Bumiputera Participation in SME Sector

Strategic Thrust: Enhancing Access to Financing		
Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> PNS Franchise Financing Scheme 	<ul style="list-style-type: none"> Develop and promote Middle-Level Bumiputera Entrepreneurs (MLBE) in franchise businesses as well as provide financial assistance for purpose of business expansion and new start-up franchise companies 	PNS
<ul style="list-style-type: none"> PNS Pre-Franchise / Franchisor Financing Scheme 	<ul style="list-style-type: none"> Assist new franchisors by providing financial assistance to potential franchisors and master franchisees 	PNS

C) Promoting Development of SMEs in K-based Industries

Strategic Thrust: Building Capacity and Capability		
Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> IP-empowering SMEs-South Region and North Region 	<ul style="list-style-type: none"> Assist the SME in registering their Intellectual Property Rights 	MyIPO

Ministry of Domestic Trade, Co-operatives and Consumerism (MDTCC)

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128

Ministry of Energy, Green Technology and Water (MEGTW)

A) Promoting Development of SMEs in K-based Industries

Strategic Thrust: Enhancing Access to Financing		
Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> Green Technology Financing Scheme (GTFS) 	<ul style="list-style-type: none"> Promote green technology industry which aims to achieve a sustainable environment 	MEGTW in collaboration with: BNM, CGC, MGTC

Ministry of Energy, Green Technology and Water (MEGTW)

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Ministry of Finance (MOF)

A) Enhancing Viability of SMEs across All Sectors

Strategic Thrust: Strengthening Enabling Infrastructure		
Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> • <i>Pembangunan Dataran Usahawan Jalan Sultan Badlishah</i> 	<ul style="list-style-type: none"> • Provide a complete business infrastructure in major cities for entrepreneurs 	Perbadanan Kemajuan Ekonomi Negeri Kedah
<ul style="list-style-type: none"> • <i>Program Pembangunan Usahawan dan Vendor Berteknologi Tinggi di Kulim Hi-Tech Park</i> 	<ul style="list-style-type: none"> • Train new entrepreneurs in high technology industries 	Perbadanan Kemajuan Ekonomi Negeri Kedah
<ul style="list-style-type: none"> • Cottage Retail shop 	<ul style="list-style-type: none"> • Provide business premises in cottage area 	UDA Holdings Berhad
Strategic Thrust: Enhancing Access to Financing		
Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> • Malaysian Kitchen Financing Facility 	<ul style="list-style-type: none"> • Provide financing to Malaysian entrepreneurs to set up or expand existing Malaysian restaurants overseas 	EXIM Bank
<ul style="list-style-type: none"> • Tourism Infrastructure Fund 	<ul style="list-style-type: none"> • Support the Government's efforts to develop and promote tourism industry 	BPMB
<ul style="list-style-type: none"> • Initiative Financing Scheme 	<ul style="list-style-type: none"> • Reduce poverty rate in Malaysia by providing financing to poor households which will enable them to undertake viable economic activity hence upgrading their household income 	AIM
<ul style="list-style-type: none"> • Maritime Fund 	<ul style="list-style-type: none"> • Provide financial assistance to existing and new companies involved in shipping, shipyard and marine related activities 	BPMB
<ul style="list-style-type: none"> • Ar-Rahnu Micro Programme 	<ul style="list-style-type: none"> • Provide an easy access micro credit facility to community especially to lower income group as business capital for various productivity activities • Provide access to financing through mortgage transaction based on Syarak rule 	YPEIM
<ul style="list-style-type: none"> • Tourism Special Fund 	<ul style="list-style-type: none"> • Providing access to financing for tourism sector 	SME Bank

130

Ministry of Finance (MOF)

B) Promoting Bumiputera Participation in SME Sector

Strategic Thrust: Strengthening Enabling Infrastructure		
Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> Development project - Medan Ikan Bakar, Kg. Siti Mani Kota Bharu 	<ul style="list-style-type: none"> Provide premises equipped with comfortable and organised public facility and amenities for seafood based entrepreneur 	Perbadanan Kemajuan Iktisad Negeri Kelantan
<ul style="list-style-type: none"> Halal Product Development Project 	<ul style="list-style-type: none"> Provide manufacturing premises equipped with machineries and equipment for halal food production 	Perbadanan Kemajuan Iktisad Negeri Kelantan
<ul style="list-style-type: none"> Automotive Centre Development Project in Pengkalan Chepa 	<ul style="list-style-type: none"> Provide business premises and workshops equipped with modern equipment for Bumiputera entrepreneurs in automotive industry 	Perbadanan Kemajuan Iktisad Negeri Kelantan
<ul style="list-style-type: none"> Gerai Tok Bali setup at Pasir Puteh, Kelantan 	<ul style="list-style-type: none"> Provide business area and premises to entrepreneurs in fish based industry 	Perbadanan Kemajuan Iktisad Negeri Kelantan
<ul style="list-style-type: none"> <i>Pembangunan sistem rangkaian, formulasi konsep yang kreatif dan pengurusan makanan ke arah menjadikan industri makanan halal yang strategik</i> 	<ul style="list-style-type: none"> Development of supply chain for halal industry 	Perbadanan Kemajuan Ekonomi Negeri Perak

C) Promoting Development of SMEs in K-based Industries

Strategic Thrust: Building Capacity and Capability		
Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> Entrepreneur "Scale-Up" Coaching Programme 	<ul style="list-style-type: none"> To initiate "Entrepreneur Scale-Up" (ESP) training for entrepreneurs who can grow their business from small to medium or large under Budget 2011 	Cradle Fund Sdn Bhd
<ul style="list-style-type: none"> Cradle Investment Programme 	<ul style="list-style-type: none"> Provide financial assistance to budding entrepreneurs to develop their ideas into prototype or proof of concept Improve commercialisation scenario for technology ideas to build a stronger innovation ecosystem 	Cradle Fund Sdn Bhd

Ministry of Finance (MOF)

C) Promoting Development of SMEs in K-based Industries

Strategic Thrust: Enhancing Access to Financing		
Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> ICT, Biotechnology and Technology Development Project Financing 	<ul style="list-style-type: none"> Provide syariah-based financing facilities which is innovative and flexible for local companies in ICT, biotechnology and technology sectors 	Malaysian Debt Ventures, MDeC, Biotech Corp, MAVCAP, KMP, Cradle Fund Sdn Bhd
<ul style="list-style-type: none"> Non-ICT Fund 	<ul style="list-style-type: none"> Provide financing for start-up and expansion projects in life science and biotechnology, green technology, waste-to-wealth technology and high precision manufacturing 	MTDC
<ul style="list-style-type: none"> Creating High Net Worth Angels Investors (CHANGE) Programme 	<ul style="list-style-type: none"> To create a larger pool of private sector individuals, angels investors and private investments as mandated by MOF 	Cradle Fund Sdn Bhd
<ul style="list-style-type: none"> <i>Dana Modal Teroka</i> MAVCAP II 	<ul style="list-style-type: none"> Provide venture capital financing for technology and ICT companies 	MAVCAP

Ministry of Finance (MOF)

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132

Ministry of Human Resources (MOHR)

A) Enhancing Viability of SMEs across All Sectors

Strategic Thrust: Building Capacity and Capability		
Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> • Master Trainer 	<ul style="list-style-type: none"> • Produce experts in training 	PSMB
<ul style="list-style-type: none"> • Training Cum Production (TCP) / Teaching Factory 	<ul style="list-style-type: none"> • Create a smart collaboration between the training institutes expertise and the SME by producing a small batch production • Maximise the usage of machines in all training institutes 	JTM
<ul style="list-style-type: none"> • Brainstorming on Core Competencies for Industries 	<ul style="list-style-type: none"> • Identify the training needs for selected industries 	PSMB
<ul style="list-style-type: none"> • Short term and part time courses 	<ul style="list-style-type: none"> • Upgrade and enhance the industrial workers multitasking capabilities • Enable industrial workers to gain training despite their full time engagement at work 	JTM

B) Promoting Development of SMEs in K-based Industries

Strategic Thrust: Building Capacity and Capability		
Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> • National Dual Training System (NDTS) 	<ul style="list-style-type: none"> • Train 2,400 school dropout students in 2011 	JPK
<ul style="list-style-type: none"> • SME Outreach Programme 	<ul style="list-style-type: none"> • Inculcate training culture in SMEs and establish close linkages with private organisations and academic institutions 	JTM
<ul style="list-style-type: none"> • Training: <ol style="list-style-type: none"> Retraining and Skills Upgrading SMETAP Programme 	<ul style="list-style-type: none"> • Equip workers with knowledge, skill upgrading, capabilities, technical know-how and best practices to be resilient and competitive SMEs 	PSMB
<ul style="list-style-type: none"> • SME Training Needs Analysis Consultancy Scheme 	<ul style="list-style-type: none"> • Assist SMEs in producing annual training plans 	PSMB
<ul style="list-style-type: none"> • Free TNA Programme 	<ul style="list-style-type: none"> • Equip Human Resource Officers with information on how to conduct training needs analysis for their organisation 	PSMB

Ministry of Human Resources (MOHR)

B) Promoting Development of SMEs in K-based Industries

Strategic Thrust: Building Capacity and Capability		
Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> • Train-the-Trainer 	<ul style="list-style-type: none"> • Enhance the quality of trainers for SMEs 	PSMB
<ul style="list-style-type: none"> • Evaluation-on-Effectiveness of Training 	<ul style="list-style-type: none"> • Equip trainers and human resources officers with the knowledge on how to conduct evaluation on training programme 	PSMB
<ul style="list-style-type: none"> • Training Needs Analysis Study 	<ul style="list-style-type: none"> • Identify and address training needs based on specific sector 	PSMB

Ministry of Human Resources (MOHR)

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134

Ministry of Housing and Local Government (MHLG)

A) Enhancing Viability of SMEs across All Sectors

Strategic Thrust: Strengthening Enabling Infrastructure		
Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> Landscape Industrial Village and Exposition (LIVE) 	<ul style="list-style-type: none"> Strengthen and coordinate the development of landscape industry through suitable infrastructure facilities Establish a garden centre for activities related to technology, design and plantation material for landscaping 	Jabatan Landskap Negara

Ministry of Housing and Local Government (MHLG)

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Ministry of Tourism (MOTOUR)

A) Enhancing Viability of SMEs across All Sectors

Strategic Thrust: Building Capacity and Capability		
Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> • <i>Seminar Kesedaran Keselamatan Premis Pelancongan</i> 	<ul style="list-style-type: none"> • Increase awareness on safety and security for budget hotel operations 	MOTOUR
<ul style="list-style-type: none"> • Tourism Training Programme for Budget Hotel Operators 	<ul style="list-style-type: none"> • Provide training programme for budget hotel operators 	MOTOUR
<ul style="list-style-type: none"> • Homestay Entrepreneur Training 	<ul style="list-style-type: none"> • Instill entrepreneurship among homestay's operators 	MOTOUR

Ministry of Tourism (MOTOUR)

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136

Ministry of Science, Technology and Innovation (MOSTI)

A) Enhancing Viability of SMEs across All Sectors

Strategic Thrust: Building Capacity and Capability		
Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> AgroBio Business Chain Programme 	<ul style="list-style-type: none"> To coordinate the agriculture and manufacturing industry To increase the agricultural product value <ol style="list-style-type: none"> Spearhead the growth for Agriculture Biotech industry Optimising the involvement of Bumiputera in Agriculture Biotech industry 	TPM, Biotech Corp., MOA, FAMA, MARDI, SME Corp. Malaysia

B) Promoting Bumiputera Participation in SME Sector

Strategic Thrust: Building Capacity and Capability		
Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> Traditional Medicines/ Supplement Industry Development Programme 	<ul style="list-style-type: none"> To assist backyard traditional medicine/ supplement producer to become commercial entrepreneurs <ol style="list-style-type: none"> Catalysing the traditional medicine/ supplements Industry (e.g. Jamu) Bringing traditional medicine/supplements into mainstream industry 	MOSTI in collaboration with: TPM, Biotech Corp., SME Corp. Malaysia MARA
<ul style="list-style-type: none"> Biopreneur Development Programme 	<ul style="list-style-type: none"> To produce Biotech based entrepreneur To increase the number of Bumiputera entrepreneur in Biotech industry 	TPM, MOA, FAMA, MARDI, Biotech Corp, SME Corp. Malaysia
<ul style="list-style-type: none"> Micropreneur Development Programme 	<ul style="list-style-type: none"> To assist the needy e.g. single mother, OKU to venture in entrepreneurship related sector 	TPM, Biotech Corp.

Ministry of Science, Technology and Innovation (MOSTI)

C) Promoting Development of SMEs in K-based Industries

Strategic Thrust: Building Capacity and Capability		
Major Programmes	Programme Objectives	Implementing Agency
• <i>Dana</i> e-Content	<ul style="list-style-type: none"> • Create quality content products for local and global markets by local companies and develop resilient and competitive content industry 	MOSTI
• Biopreneur Clinic Programme	<ul style="list-style-type: none"> • To produce Biotech based Entrepreneur • To enhanced the knowledge and entrepreneurship skill of Bumiputera entrepreneur in Biotech industry <ol style="list-style-type: none"> i. Spearhead the growth for Biotech industry ii. Optimising the involvement of Bumiputera in Biotech industry 	TPM, Biotech, MOA, FAMA, SME Corp. Malaysia, Biotech Corp.
• Pre-Commercialisation Fund	<ul style="list-style-type: none"> • Undertake the development of new or cutting edge technologies and stimulate the growth and innovation of Malaysian technology-based enterprises by increasing their R&D and commercialisation 	MOSTI
• Commercialisation of R&D Fund (CRDF)	<ul style="list-style-type: none"> • Leverage on Science, Technology and Innovation (STI) for national development and wealth creation via commercialisation of products and process 	MTDC
• Technology Acquisition Fund (TAF)	<ul style="list-style-type: none"> • Promote utilisation of foreign technology for the manufacturing and physical development of existing and new products and processes • To increase wealth creation and technology content of Malaysian companies whilst enhancing their global competitiveness 	MTDC
Strategic Thrust: Strengthening Enabling Infrastructure		
Major Programmes	Programme Objectives	Implementing Agency
• Incubation & Technopreneur Development	<ul style="list-style-type: none"> • Provide infrastructure (business premises) & support services (technical & business skills) to entrepreneurs 	TPM

Ministry of Science, Technology and Innovation (MOSTI)

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138

Ministry of Rural and Regional Development (MRRD)

A) Promoting Bumiputera Participation in SME Sector

Strategic Thrust: Building Capacity and Capability		
Major Programmes	Programme Objectives	Implementing Agency
• Additional Economic Activities	• Enable smallholders families to obtain an average family income of at least RM2,000 per month	RISDA
• Entrepreneur Development	• Obtain 1,000 entrepreneurs among smallholders in 2011	RISDA
Strategic Thrust: Enhancing Access to Financing		
Major Programmes	Programme Objectives	Implementing Agency
• Technopreneur Bumiputera Fund	• Enhancing, strengthening and upgrading potential Bumiputera technopreneurs to a higher level through “Technology Smart Partnership”	MARA
• Rural Economy Funding Scheme (SPED)	• Provide financial assistance to rural entrepreneurs in manufacturing services, agriculture and rural tourism sectors. It offers 3 types of financing: i. Start-up financing ii. Working Capital and Business Expansion iii. Rehabilitation Financing	SME Bank, Bank Rakyat
• MARA Business Financing Scheme	• Provide loan assistance to Bumiputera entrepreneurs to increase working capital or business start-ups	MARA

Ministry of Rural and Regional Development (MRRD)

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Ministry of International Trade and Industry (MITI)

A) Enhancing Viability of SMEs across All Sectors

Strategic Thrust: Building Capacity and Capability		
Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> Halal Manufacturing Success Stories 	<ul style="list-style-type: none"> To provide support and conducive business environment for selected SMEs to expand business and increase sales 	HDC
<ul style="list-style-type: none"> Go Halal! 	<ul style="list-style-type: none"> To establish Halal certified ready SMEs before compliance audit by JAKIM / MAIN / JAIN 	HDC in collaboration: INSKEN
<ul style="list-style-type: none"> <i>Program Pembangunan Kandungan Pengetahuan bagi Firma</i> (myKEII) 	<ul style="list-style-type: none"> To enhance knowledge content of the firm and to be more competitive 	MPC
<ul style="list-style-type: none"> Women Exporters Development Programme (WEDP) 	<ul style="list-style-type: none"> Export assistance programmes designed for small and medium sized women owned businesses. These programmes help SMEs to develop the necessary skills and knowledge to penetrate and further expand their export market 	MATRADE
<ul style="list-style-type: none"> Marketing Development Grant (MDG) for SME 	<ul style="list-style-type: none"> Assistance for SMEs to undertake activities for development of export market 	MATRADE
<ul style="list-style-type: none"> Exports Training Programme 	<ul style="list-style-type: none"> Enhance knowledge of SMEs in export-related areas such as export regulations, market information, international standards, branding, packaging and trade financing 	MATRADE
<ul style="list-style-type: none"> MATRADE Briefing and Consultation Session 	<ul style="list-style-type: none"> Cultivate export culture among SMEs and encourage those particularly outside Klang Valley to utilize the services offered by MATRADE 	MATRADE
<ul style="list-style-type: none"> Industrial Linkage Programme 	<ul style="list-style-type: none"> Develop linkages between SMEs, MNCs, GLCs as well as large companies 	SME Corp. Malaysia
<ul style="list-style-type: none"> SME Innovation Showcase 	<ul style="list-style-type: none"> Provide a platform for SMEs to display products and services available for outsourcing activities 	SME Corp. Malaysia
<ul style="list-style-type: none"> Halal Champion 	<ul style="list-style-type: none"> Increase capability of potential SME to go global and improve trade balance by enhancing SMEs export 	HDC
<ul style="list-style-type: none"> Skills Upgrading Programme 	<ul style="list-style-type: none"> Enhance the capacities and capabilities to employees of SMEs in the technical and managerial levels such as financial, quality management as well as business management 	SME Corp. Malaysia
<ul style="list-style-type: none"> SME Expert Advisory Panel (SEAP) 	<ul style="list-style-type: none"> Strengthen technical advisory services to SMEs through on-site assistance and encourage transfer of technology know-how and experience from industry experts to SMEs 	SME Corp. Malaysia

140

Ministry of International Trade and Industry (MITI)

A) Enhancing Viability of SMEs across All Sectors

Strategic Thrust: Building Capacity and Capability		
Major Programmes	Programme Objectives	Implementing Agency
• Enterprise 50 Award Programme	• Recognise the achievements of Malaysia's enterprising homegrown companies, which are well positioned for the future	SME Corp. Malaysia
• Capacity Development Programme	• Enhance and develop capacity of SMEs human resource in productivity and quality subject matters	MPC
• SME-Brand Development Programme	• Create awareness on branding among SMEs	SME Corp. Malaysia
• SME-University Internship Programme	• Facilitate and upgrade SMEs' knowledge towards improving the business processes, productivity and financial performance while the students will be further exposed to entrepreneurship	SME Corp. Malaysia
• MAJAICO A-1	• Upscale the local automotive parts and components manufacturer towards higher value added activities and enhance capacity building through the implementation of the Lean Production System (LPS)	SME Corp. Malaysia
• SIFE World Cup 2011	• To promote social entrepreneurship, creativity and soft-skills, international networking among IPT students, academicians and business communities	SME Corp. Malaysia
• Capacity Building and Industry Linkage	• To equip more Halal industry players (SMEs) with value added knowledge and support imperative for the growth of Halal industry in Malaysia	HDC
Strategic Thrust: Enhancing Access to Financing		
Major Programmes	Programme Objectives	Implementing Agency
• Soft Loan for SMEs (SLSME)	• Assist existing as well as new start-up companies in project, fixed assets and working capital financing	SME Corp. Malaysia in collaboration: MIDF
• Soft Loan Scheme for Automation and Modernisation (SLSAM)	• Encourage industries to modernise and automate their manufacturing processes and upgrade production capacity and capabilities	MIDF
• Soft Loan Scheme for Service Sector (SLSSS)	• To assist companies and enterprises in the services sectors to raise their capabilities and capacities	MIDF

Ministry of International Trade and Industry (MITI)

A) Enhancing Viability of SMEs across All Sectors

Strategic Thrust: Enhancing Access to Financing		
Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> Business Accelerator Programme (BAP) 	<ul style="list-style-type: none"> An integrated programme to develop and nurture dynamic, competitive and resilient SMEs through SCORE, capacity building, advisory and technical support as well as financial support 	SME Corp. Malaysia
<ul style="list-style-type: none"> Enrichment and Enhancement Programme (E²) 	<ul style="list-style-type: none"> An integrated programme to develop and nurture dynamic, competitive and resilient micro enterprise through M-CORE, capacity building, advisory and technical support as well as financial support 	SME Corp. Malaysia
<ul style="list-style-type: none"> Bridging Financing (BF) 	<ul style="list-style-type: none"> Short-term financing to mitigate the impact of long drawn process due to condition precedence 	SME Corp. Malaysia

B) Promoting Bumiputera Participation in SME Sector

Strategic Thrust: Building Capacity and Capability		
Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> Vendor Development Programme <ol style="list-style-type: none"> Technical Training in Oil & Gas Industry Technical Training in Automotive Industry Training on Quality Compliance 	CAD / CAM Technical Training	MITI in collaboration: TPM & SIRIM
<ul style="list-style-type: none"> Undergraduate Entrepreneurship Program (PKS) 	<ul style="list-style-type: none"> To promote and create awareness among university students on entrepreneurship 	MITI
<ul style="list-style-type: none"> Product Quality Enhancement Programme (Groom Big) 	<ul style="list-style-type: none"> To further develop the production of products through strict compliance to standards requirement 	MITI in collaboration: SIRIM
<ul style="list-style-type: none"> Strategic Partnership with GLCs / Bumiputera Business Chambers / Industries 	<ul style="list-style-type: none"> To create strategic partnership with GLCs (e.g. Kontena Nasional) to develop Bumiputera entrepreneurs 	MITI
<ul style="list-style-type: none"> Domestic Trade Fairs 	<ul style="list-style-type: none"> To create awareness and demand for local products/services 	MITI
<ul style="list-style-type: none"> International Trade Fairs/Specialised Marketing Mission / Solo Exhibition 	<ul style="list-style-type: none"> To promote local products and services for the international markets 	MITI

142

Ministry of International Trade and Industry (MITI)

B) Promoting Bumiputera Participation in SME Sector

Strategic Thrust: Building Capacity and Capability		
Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> Entrepreneur Advertising Programme 	<ul style="list-style-type: none"> To assist entrepreneurs in promoting their products and services via media channels with a minimum cost 	MITI
<ul style="list-style-type: none"> One District One Industry (SDSI) 	<ul style="list-style-type: none"> To market and promote SDSI products and services to domestic and international market 	MITI
<ul style="list-style-type: none"> <i>Program Promosi Kecemerlangan Organisasi</i> (TQM) 	<ul style="list-style-type: none"> To assist the potential Bumiputera SMEs to venture into the international market 	MITI
<ul style="list-style-type: none"> Bumiputera Enterprise Enhancement Programme (BEEP) 	<ul style="list-style-type: none"> Develop potential Bumiputera SMEs in all states. The programme provides selected Bumiputera SMEs comprehensive assistance package, comprising of financial assistance and advisory services 	SME Corp. Malaysia
<ul style="list-style-type: none"> Bumiputera Exporters Development Programme (BEDP) 	<ul style="list-style-type: none"> Export assistance programmes design for small and medium sized Bumiputera companies. These SMEs Pogrammes help SMEs to develop the necessary skills and knowledge to penetrate and further expand their export markets (Since 2004) 	MATRADE
Strategic Thrust: Strengthening Enabling Infrastructure		
Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> <i>Pusat Pengumpulan dan Pemasaran Produk</i> (4PU) / Trading House 	<ul style="list-style-type: none"> To collect and market products and services by Bumiputera entrepreneurs 	MITI
Strategic Thrust: Enhancing Access to Financing		
Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> <i>Program Pinjaman Usahawan PKS</i> 	<ul style="list-style-type: none"> Financial assistance to Bumiputera entrepreneurs 	SME Bank

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Ministry of Information Communications and Culture (KPKK)

A) Enhancing Viability of SMEs across All Sectors

Strategic Thrust: Building Capacity and Capability		
Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> Research and Development 	<ul style="list-style-type: none"> Develop and produce market-oriented products that are competitive for domestic and international market 	Malaysian Handicraft Development Corporation
<ul style="list-style-type: none"> Craft Entrepreneur Development 	<ul style="list-style-type: none"> Develop and increase the number and capacity of resilient and viable entrepreneurs in the craft industry through: <ol style="list-style-type: none"> One District One Industry Project Entrepreneur Upgrading 	Malaysian Handicraft Development Corporation
<ul style="list-style-type: none"> Craft Skilled Development 	<ul style="list-style-type: none"> Produce knowledgeable, highly skillful, creative and innovative graduates in the field of Batik craft, weaving, ceramic, woodcraft, metal craft and rattan to fulfill the skilled manpower demand of the craft industry 	Malaysian Handicraft Development Corporation
<ul style="list-style-type: none"> Craft Preservation and Restoration 	<ul style="list-style-type: none"> Restore and preserve the craft heritage 	Malaysian Handicraft Development Corporation
<ul style="list-style-type: none"> Craft Marketing 	<ul style="list-style-type: none"> Increase the craft sales of entrepreneurs in domestic and international markets 	Malaysian Handicraft Development Corporation
Strategic Thrust: Enhancing Access to Financing		
Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> Creative Industry Loan 	<ul style="list-style-type: none"> Provide financial assistance to promote the development of creative industry as well as enhance local creative content in the local and international markets 	BSN, MOF
<ul style="list-style-type: none"> Film Art and Multimedia Development Fund 	<ul style="list-style-type: none"> Provide financing for production of quality short films / documentary / animation 	FINAS

144

Ministry of Information Communications and Culture (KPKK)

B) Promoting Development of SMEs in K-based Industries

Strategic Thrust: Enhancing Access to Financing		
Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> Network Content Development Grant 	<ul style="list-style-type: none"> Facilitate and encourage Malaysian's involvement in the creation, production and distribution of highly creative, original and marketable network content for domestic and international markets 	KPKK

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Ministry of Youth and Sports (MOYS)

A) Enhancing Viability of SMEs across All Sectors

Strategic Thrust: Building Capacity and Capability		
Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> Basic Entrepreneurship Course 	<ul style="list-style-type: none"> Provide exposure to young entrepreneurs on basic entrepreneurial skills to equip their knowledge and capability to face business challenges 	MOYS
<ul style="list-style-type: none"> Smart Partnership Youth Entrepreneur 	<ul style="list-style-type: none"> Provide business space and opportunities for youth to get exposure and understand the concept of entrepreneurship 	SIRIM
<ul style="list-style-type: none"> Course on Design & Labelling 	<ul style="list-style-type: none"> Provide knowledge to young entrepreneurs on food packaging and labelling technology 	SIRIM
<ul style="list-style-type: none"> Technical Course for Youth on Agriculture 	<ul style="list-style-type: none"> Provide knowledge to young entrepreneurs on technical agricultural-based business know-how 	MOYS

Ministry of Youth and Sports (MOYS)

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146

Ministry of Women, Family and Community Development (MWFCD)

A) Enhancing Viability of SMEs across All Sectors

Strategic Thrust: Building Capacity and Capability		
Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> <i>Inkubator Keusahawanan Wanita (I-KeuNITA)</i> 	<ul style="list-style-type: none"> To eradicate poverty and improve the quality of life for women 	JPW
<ul style="list-style-type: none"> <i>Program Pembangunan Usahawan Wanita</i> 	<ul style="list-style-type: none"> Motivate women's participation in business through talks and sharing of experience 	JPW
<ul style="list-style-type: none"> <i>Geran Teman 1Azam</i> 	<ul style="list-style-type: none"> Special Grants for participants of skills training programmes conducted by JPW for them to start-up or expand their business 	JPW
<ul style="list-style-type: none"> <i>Inkubator Kemahiran Ibu Tunggal (I-KIT)</i> 	<ul style="list-style-type: none"> Eradicate poverty and increase the quality life of single mothers 	JPW

Ministry of Women, Family and Community Development (MWFCD)

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Ministry of Industrial Development Sabah (MID Sabah)

A) Enhancing Viability of SMEs across All Sector

Strategic Thrust: Building Capacity and Capability		
Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> Specialised Food Processing Course 	<ul style="list-style-type: none"> To upgrade and increase skills and expertise of entrepreneurs in processing food products from local resources 	Jabatan Pembangunan Perindustrian dan Penyelidikan
<ul style="list-style-type: none"> <i>Kursus Asas Kontraktor</i> 	<ul style="list-style-type: none"> Develop contractor's self-confidence 	Kementerian Pembangunan Sumber dan Kemajuan Teknologi Maklumat (KPSKTM)
Strategic Thrust: Strengthening Enabling Infrastructure		
Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> <i>Pembangunan Usahawan Desa</i> 	<ul style="list-style-type: none"> To increase income of rural entrepreneurs 	Ministry of Rural Development Sabah
<ul style="list-style-type: none"> Shophouses 	<ul style="list-style-type: none"> To develop shophouses for rural entrepreneurs 	KPP
Strategic Thrust: Enhancing Access to Financing		
Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> Financing Scheme for technical school leavers & workshop workers (<i>Skim Lepas Teknik dan Pekerja Bengkel</i>) 	<ul style="list-style-type: none"> Assist technical school leavers and workshop workers to purchase machine and equipment to start new business 	SEDCO

148

Ministry of Industrial Development Sabah (MID Sabah)

B) Promoting Bumiputera Participation in SME Sector

Strategic Thrust: Building Capacity and Capability		
Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> Small Projects under Social Development Programme 	<ul style="list-style-type: none"> Provide small projects to social aid recipients and other target groups to develop their entrepreneurship skills and enhance their standard of living 	Jabatan Perkhidmatan Am Kota Kinabalu
<ul style="list-style-type: none"> Entrepreneur Development Scheme 	<ul style="list-style-type: none"> Develop progressive and resilient Bumiputera SME Entrepreneur 	UiTM
<ul style="list-style-type: none"> Entrepreneurship for Single Mother 	<ul style="list-style-type: none"> Provide training for single mothers to become entrepreneurs and expand their business 	Kementerian Pembangunan Masyarakat dan Hal Ehwal Pengguna / Jabatan Hal Ehwal Wanita Sabah
<ul style="list-style-type: none"> <i>Program mempelbagai dan menambah pendapatan petani, penternak dan nelayan (Program 2M2P)</i> 	<ul style="list-style-type: none"> Assist the SMEs in purchasing machines and new equipment to increase product quality and productivity 	Kementerian Pertanian dan Industri Makanan Sabah
<ul style="list-style-type: none"> <i>Program Pengembangan Industri Hiliran</i> 	<ul style="list-style-type: none"> To provide training for SMEs in the area of processing, developing, enhance productivity and the quality of products 	Kementerian Pertanian dan Industri Makanan Sabah
<ul style="list-style-type: none"> <i>Program Pembangunan Produk dan Pembungkusan</i> 	<ul style="list-style-type: none"> Enhance the product quality of SMEs 	MID
<ul style="list-style-type: none"> <i>Program 1 Azam (Azam Tani)</i> 	<ul style="list-style-type: none"> Assist SMEs in business start-up and buying machines 	Kementerian Pertanian dan Industri Makanan Sabah

Ministry of Industrial Development Sabah (MID Sabah)

B) Promoting Bumiputera Participation in SME Sector

Strategic Thrust: Enhancing Access to Financing		
Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> <i>Pembangunan Industri Kecil Perikanan (PIKP)</i> 	<ul style="list-style-type: none"> Increase the downstream fishing industry 	Koperasi Kemajuan Perikanan dan Nelayan Sabah
<ul style="list-style-type: none"> <i>Skim Pembiayaan Usahawan Bumiputera Sabah (SPUBS)</i> 	<ul style="list-style-type: none"> Provide financing for Bumiputera companies to start-up and develop their business 	SEDCO
<ul style="list-style-type: none"> <i>Skim Pembiayaan Usahawan Wanita Sabah</i> 	<ul style="list-style-type: none"> Provide financing facilities for women entrepreneurs to start-up or expand existing businesses 	KPP/ SEDCO

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150

Ministry of Industrial Development Sarawak (MID Sarawak)

A) Enhancing Viability of SMEs across All Sectors

Strategic Thrust: Building Capacity and Capability		
Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> • <i>Program Pembangunan Vendor Perabot</i> 	<ul style="list-style-type: none"> • Provide training courses and seminar for SMEs 	PUSAKA
Strategic Thrust: Strengthening Enabling Infrastructure		
Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> • Industrial Estate Development 	<ul style="list-style-type: none"> • To develop industrial estate in Kota Samarahan, Tebedu, Demak Laut, Kota Samarahan Zon C, Lawas Light Industrial Areas, and Kapit 	PUSAKA
Strategic Thrust: Enhancing Access to Financing		
Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> • <i>Kredit Bahan Mentah, Skim Dana Pusingan dan Skim Penyimpanan Stok</i> 	<ul style="list-style-type: none"> • To create competitive Bumiputera entrepreneurs in the furniture industry for global and domestic market 	PUSAKA

B) Promoting Bumiputera Participation in SME Sector

Strategic Thrust: Building Capacity and Capability		
Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> • <i>Industri Asas Tani & Makanan</i> 	<ul style="list-style-type: none"> • To improve the economy and develop a dynamic industry entrepreneurs 	Jabatan Pertanian Sarawak
<ul style="list-style-type: none"> • <i>Program Pembangunan Kenal pasti Usahawan</i> 	<ul style="list-style-type: none"> • Create and expand the business chain development between entrepreneurs and consumers, distributors and marketing agents 	UPUB
<ul style="list-style-type: none"> • Business Development Programme 	<ul style="list-style-type: none"> • MARDI Technology Test-bed System 	MARDI
<ul style="list-style-type: none"> • <i>Pameran, Ekspo, SDSI, Misi Perdagangan Domestik</i> 	<ul style="list-style-type: none"> • To promote and market the products of SMEs in the Domestic Market 	UPUB
<ul style="list-style-type: none"> • <i>Pameran, Ekspo, SDSI, Misi Perdagangan Antarabangsa</i> 	<ul style="list-style-type: none"> • To promote and market the products of SMEs in the International Market 	MATRADE

Ministry of Industrial Development Sarawak (MID Sarawak)

B) Promoting Bumiputera Participation in SME Sector

Strategic Thrust: Building Capacity and Capability		
Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> • <i>Latihan Teknikal</i> 	<ul style="list-style-type: none"> • To provide technical training to micro entrepreneurs in <ol style="list-style-type: none"> Swiflet Farming <i>Tanaman Karas</i> Craft Industry Fish Farming Cake and Pastry Handphone Repairing 	FRIM, Jabatan Veterinar
Strategic Thrust: Enhancing Access to Financing		
Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> • Small and Medium Industry Financing Scheme (SPIKS) 	<ul style="list-style-type: none"> • Provide financing support for SMEs in manufacturing, services and ICT sectors 	MID

C) Promoting Development of SMEs in K-based Industries

Strategic Thrust: Building Capacity and Capability		
Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> • Content Industry 	<ul style="list-style-type: none"> • Develop new entrepreneur in the content industry 	MOSTI / FINAS

Ministry of Industrial Development Sarawak (MID Sarawak)

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152

Bank Negara Malaysia (BNM)

A) Enhancing Viability of SMEs across All Sectors

Strategic Thrust: Building Capacity and Capability		
Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> Outreach and Awareness Programmes for SMEs and Micro Enterprises 	<ul style="list-style-type: none"> Enhance access to financing by SMEs through outreach and awareness programmes 	BNM
<ul style="list-style-type: none"> Creation of Financing Help Desks at Business Chambers / Associations via 'Train-the-Trainers' 	<ul style="list-style-type: none"> Increase SMEs' awareness on availability of financing avenues, requirements and processes 	BNM
Strategic Thrust: Enhancing Access to Financing		
Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> Fund for Small and Medium Industries 2 (FSMI2) 	<ul style="list-style-type: none"> Ensure eligible SMEs have access to financing at a reasonable cost 	BNM
<ul style="list-style-type: none"> Micro Enterprise Fund (MEF) 	<ul style="list-style-type: none"> Provide continuous access to financing for micro enterprises 	BNM

B) Promoting Bumiputera Participation in SME Sector

Strategic Thrust: Enhancing Access to Financing		
Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> New Entrepreneur Fund 2 (NEF 2) 	<ul style="list-style-type: none"> Promote the growth of Bumiputera SMEs by ensuring that they have access to financing at a reasonable cost 	BNM

Bank Negara Malaysia (BNM)

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Perbadanan Usahawan Nasional Berhad (PUNB)

A) Promoting Bumiputera Participation in SME Sector

Strategic Thrust: Enhancing Access to Financing		
Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> • <i>Skim PKS</i> 	<ul style="list-style-type: none"> • Increase the number and quality of Bumiputera entrepreneurs in manufacturing and services sectors 	PUNB
<ul style="list-style-type: none"> • PROSPER Property 	<ul style="list-style-type: none"> • Purchase retail premise at strategic locations 	PUNB
<ul style="list-style-type: none"> • <i>Pemborong PROSPER</i> 	<ul style="list-style-type: none"> • Develop Bumiputera entrepreneurs in wholesale sectors that provide bulk purchase activities 	PUNB
<ul style="list-style-type: none"> • PROSPER <i>Runcit</i> 	<ul style="list-style-type: none"> • Increase the quality of Bumiputera entrepreneurs in the distributive and retail sector 	PUNB
<ul style="list-style-type: none"> • PROSPER <i>Siswazah</i> 	<ul style="list-style-type: none"> • Equip young Bumiputera graduates and certificate holders with skills and knowledge to venture into the retail and distributive sectors 	PUNB

Perbadanan Usahawan Nasional Berhad (PUNB)

Contact: Level 10, Block 1B, Plaza Sentral
 Jalan Stesen 5, KL Sentral
 50470 KUALA LUMPUR

Tel: 603-2785 1515
 Fax: 603-2780 2100

www.punb.com.my
www.smeinfo.com.my

154

Federal Land Development Authority (FELDA)

A) Enhancing Viability of SMEs across All Sectors

Strategic Thrust: Building Capacity and Capability		
Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> <i>Tunas Mekar</i> 	<ul style="list-style-type: none"> Create new entrepreneurs among young graduates from the settlers' families to improve and enhance the economic activity at the scheme and encourage second generation of FELDA to live at the scheme 	FELDA
<ul style="list-style-type: none"> <i>Program Pembangunan Usahawan FELDA</i> 	<ul style="list-style-type: none"> Increase number of entrepreneur through various types of assistance such as provision of business premises, machine and equipment and advisory services, training to improve quality of product and market opportunities 	FELDA
Strategic Thrust: Enhancing Access to Financing		
Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> <i>Skim Insentif Usahawan Felda (SIUF)</i> 	<ul style="list-style-type: none"> Encourage settlers to start or expand existing business which contributes to increase household income. Interest free loans are given to purchase machines and equipment for businesses 	FELDA

Federal Land Development Authority (FELDA)

Contact: Wisma FELDA
 Jalan Perumahan Gurney
 54000 KUALA LUMPUR

Tel : 603-2617 2617
 Fax : 603-2692 0087

www.felda.net.my
www.smeinfo.com.my

Appendix 3 : **Glossary**

List of Ministries and Related Agencies	159
Organisations / Associations / Institutions	174
Funds	174
Government Programmes	174
Government Documents	175
Other Terms	175

List of Ministries and Related Agencies

Ministry of Agriculture and Agro-Based Industry

Related Agencies	Acronym	Contact
Bank Pertanian Malaysia Berhad	Agrobank	Leboh Pasar Besar, Peti Surat 10815, 50726 Kuala Lumpur Tel: 603-2731 1600 Fax: 603-2691 4908 www.agrobank.com.my
Federal Agriculture Marketing Authority	FAMA	Bangunan FAMA Point, Lot 17304 Jalan Persiaran 1 Bandar Baru Selayang, 68100 Batu Caves, Selangor Tel: 603-6126 2020 Fax: 603-6138 3650 / 5200 www.fama.gov.my
Malaysian Agriculture Research and Development Institute	MARDI	Peti Surat 12301, Pejabat Pos Besar 50774 Kuala Lumpur Tel: 603-8943 7111 Fax: 603-8948 3664 www.mardi.gov.my
Tabung Ekonomi Kumpulan Usaha Niaga	TEKUN	No. 2, Jalan 4/146, Metro Centre Bandar Tasik Selatan 57000 Kuala Lumpur Tel: 603-9058 8550 Fax: 603-9059 5777 www.tekun.gov.my
Muda Agriculture Development Authority	MADA	Ampang Jajar, 05990, Alor Setar, Kedah Darul Aman Tel: 604-7728 255 Fax: 604-7722 667 www.mada.gov.my
Department of Fisheries	DOF	Wisma Tani, Level 1 - 6, Block Menara 4G2, Precint 4 Pusat Pentadbiran Kerajaan Persekutuan, 62628 Putrajaya Tel: 603-8870 4000 Fax: 603-8889 2460 www.dof.gov.my
Department of Veterinary Services	DVS	Wisma Tani, Block Podium, Lot 4G1, Precint 4 Pusat Pentadbiran Kerajaan Persekutuan, 62630 Putrajaya Tel: 603-8870 2000 Fax: 603-8888 6021 www.jpvpk.gov.my

160

Ministry of Agriculture and Agro-Based Industry

Related Agencies	Acronym	Contact
Fisheries Development Authority of Malaysia	LKIM	Level 3, Menara Olympia Jalan Raja Chulan, Peti Surat 12630 50200 Kuala Lumpur Tel: 603-2617 7000 Fax: 603-2070 9331 www.lkim.gov.my
Lembaga Pertubuhan Peladang	LPP	Block C Utara Pusat Bandar Damansara, Bukit Damansara 50460 Kuala Lumpur Tel: 603-2094 5222 Fax: 603-2095 4239 www.lpp.gov.my
Malaysia Pineapple Industry Board	MPIB	Wisma Nanas, No. 5, Jalan Padi Mahsuri Bandar Baru UDA, 81200 Johor Bahru, Johor Tel: 607-2361 211 Fax: 607-2365 694 www.mpib.gov.my

Ministry of Plantation Industries and Commodities

Related Agencies	Acronym	Contact
Malaysian Palm Oil Board	MPOB	No. 6, Persiaran Institusi, Bandar Baru Bangi 43000 Kajang, Selangor P.O. Box 10620, 50720 Kuala Lumpur Tel: 603-8769 4400 Fax: 603-8925 9446 www.mpob.gov.my
Malaysian Rubber Board	MRB	Level 17 & 18, Bangunan Getah Asli (Menara) 148 Jalan Ampang, 50450 Kuala Lumpur Tel: 603-9206 2000 Fax: 603-2163 4492 www.lgm.gov.my
Malaysian Timber Industry Board	MTIB	Tingkat 13-17, Menara PGRM, No. 8, Jalan Pudu Ulu, 56100 Cheras, Kuala Lumpur Tel: 603-9282 2235 Fax: 603-9200 3769 www.mtib.gov.my
National Kenaf and Tobacco Board	LKTN	Jalan Sultan Yahya Petra, 16150 Kubang Kerian Kota Bharu, Kelantan Tel: 609-7652 933 Fax: 609-7642 248 www.lktn.gov.my
Malaysian Cocoa Board	MCB	Level 5 & 6, Wisma SEDCO Peti Surat 211, 88999 Kota Kinabalu, Sabah Tel: 6088-234 477 Fax: 6088-239 575 www.koko.gov.my
Malaysian Pepper Board	MPB	Lot 1115, Jalan Utama, Tanah Putih P.O. Box 1653, 93916 Kuching, Sarawak Tel: 6082-331 811 Fax: 6082-336 877 www.mpb.gov.my

162

Ministry Domestic Trade, Co-operatives and Consumerism

Related Agencies	Acronym	Contact
Suruhanjaya Koperasi Malaysia	SKM	Level 5-7, Block J, Pusat Bandar Damansara 50608, Kuala Lumpur Tel: 603-2081 2400 Fax: 603-2093 5026 www.skm.gov.my
Malaysian Franchise Association	MFA	1st Floor Wisma Motor, 339 Jalan Tuanku Abdul Rahman 50100 Kuala Lumpur Tel: 603-2697 1557 Fax: 603-2697 1559 www.mfa.org.my
Perbadanan Nasional Berhad	PNS	Perbadanan Nasional Berhad Level 9B, Menara Dato' Onn, PWTC, 45 Jalan Tun Ismail 50480 Kuala Lumpur Tel: 603-2698 6670 Fax: 603- 2698 6617 www.pns.com.my
Intellectual Property Corporation of Malaysia	MyIPO	Unit 1-7, Ground Floor, Menara UOA Bangsar, No. 5, Jalan Bangsar Utama 1, 59000 Kuala Lumpur Tel: 603-2299 8400 Fax: 603-2299 8989 www.myipo.gov.my

Ministry of Finance

Related Agencies	Acronym	Contact
Malaysia Venture Capital Management Berhad	MAVCAP	Level 10, Menara Bank Pembangunan 1016, Jalan Sultan Ismail 50250 Kuala Lumpur Tel: 603-2050 3000 Fax: 603-2698 3800 www.mavcap.com
Malaysia Debt Ventures Berhad	MDV	Level 5, Menara Bank Pembangunan 1016, Jalan Sultan Ismail, 50250 Kuala Lumpur Tel: 603-2617 2888 Fax: 603-2697 8998 www.debtventures.com
Export-Import Bank of Malaysia Berhad	EXIM Bank	Level 8, UBN Tower, No. 10 Jalan P. Ramlee, P.O. Box 13028, 50796 Kuala Lumpur Tel: 603-2034 6666 Fax: 603-2034 6699 www.exim.com.my
Amanah Ikhtiar Malaysia	AIM	No. 2 & 4, Jalan Medan Setia 2, Plaza Damansara, Bukit Damansara 50490 Kuala Lumpur Tel: 603-2094 0797 Fax: 603-2095 1889 www.aim.gov.my
Bank Kerjasama Rakyat Malaysia Berhad	Bank Rakyat	Bangunan Bank Rakyat, Jalan Tangsi Peti Surat 11024, 50732 Kuala Lumpur Tel: 603-2612 9600 Fax: 603-2612 9655 www.bankrakyat.com.my
Bank Pembangunan Malaysia Berhad	BPMB	Menara Bank Pembangunan Bandar Wawasan No.1016, Jalan Sultan Ismail, 50250 Kuala Lumpur Tel: 603-2611 3888 Fax: 603-2698 5701 www.bpmb.com.my

164

Ministry of Finance

Related Agencies	Acronym	Contact
Bank Simpanan Nasional	BSN	Wisma BSN, 117, Jalan Ampang, 50450 Kuala Lumpur Tel: 603-2162 3222 Fax: 603-2710 7252 www.bsn.com.my
Cradle Fund Sdn Bhd	CFSB	Suite 4.8.1 Level 4, PNB Darby Park 10 Jalan Binjai, 50450 Kuala Lumpur Tel: 603-2166 4730 Fax: 603-2166 4737 www.cradle.com.my
Penang Development Corporation	PDC	No. 1 Pesiaran Mahsuri, Bandar Bayan Baru 11909 Bayan Lepas, Penang Tel: 604-6340 111 Fax: 604-6432 405 www.pdc.gov.my
Perbadanan Kemajuan Iktisad Negeri Kelantan	PKINK	Level 4-11, Bangunan PKINK, Jalan Tengku Maharani 15710 Kota Bharu, Kelantan Tel: 609-7414 141 Fax: 609-7414 140 www.pkink.gov.my
UDA Holdings Berhad	UDA	BB Plaza, Lot 111, Jalan Bukit Bintang 55100 Kuala Lumpur. Tel: 603-2730 / 8500 Fax: 603-2713 8500 / 8555 www.uda.com.my
Yayasan Pembangunan Ekonomi Islam Malaysia	YaPEIM	No. 52, Bangunan YPEIM, Jalan Kampung Attap Beg Berkunci 11012, 50732 Kuala Lumpur Tel: 603-2273 3170 Fax: 603-2273 316 www.yapeim.net.my
PROKHAS Sdn Bhd	PROKHAS	Level 12, Bangunan Setia 115, Lorong Dungun Bukit Damansara, 50490 Kuala Lumpur Tel: 603-2096 5000 Fax: 603-2096 5090 www.prokhas.com.my

Ministry of Human Resources

Related Agencies	Acronym	Contact
Pembangunan Sumber Manusia Berhad	PSMB	Wisma PSMB, Jalan Beringin, Damansara Heights 50490 Kuala Lumpur Tel: 603-2096 4800 Fax: 603-2096 4999 www.hrdf.com.my
Department of Labour	JTM	Level 6, Block D4, Kompleks D, Pusat Pentadbiran Kerajaan Persekutuan, 62530 Putrajaya Tel: 603-8886 5555 Fax: 603-8889 2417 www.jtm@mohr.gov.my
Jabatan Tenaga Kerja	JTK	Level 5, Block D3, Kompleks D Pusat Pentadbiran Kerajaan Persekutuan, 62530, Putrajaya Tel: 603-8886 5000 Fax: 603-8889 2368 www.jtksm.mohr.gov.my
Department of Skills Development	DSD	Level 7 & 8, Block D4, Kompleks D Pusat Pentadbiran Kerajaan Persekutuan, 62530, Putrajaya Tel: 603-8886 5000 Fax: 603-8889 2423 www.dsd.gov.my

Ministry of Housing and Local Government

Related Agencies	Acronym	Contact
Jabatan Landskap Negara	JLN	Level 7, Plaza Permata (IGB), Jalan Kampar off Jalan Tun Razak, 60400 Kuala Lumpur Tel: 603-4047 0000 Fax: 603-4046 2416 www.jlandskap@kpkt.gov.my
Jabatan Kerajaan Tempatan	JKT	Level 4, Block K, Pusat Bandar Damansara, 50782 Kuala Lumpur, Tel: 603-2094 7033 Fax: 603-2094 9720 www.kpkt.gov.my

166

Ministry of Science, Technology and Innovation

Related Agencies	Acronym	Contact
MIMOS Berhad	MIMOS	Technology Park Malaysia, 57000 Kuala Lumpur Tel: 603-8995 5000 Fax: 603-8996 2755 www.mimos.my
Technology Park Malaysia Corporation Sdn Bhd	TPM	Level 5, Enterprise 4, Technology Park Malaysia 57000 Bukit Jalil, Kuala Lumpur Tel: 603-8998 2020 Fax: 603-8998 2110 www.tpm.com.my
Standards and Industrial Research Institute of Malaysia Berhad	SIRIM Berhad	No. 1, Persiaran Dato' Menteri, Seksyen 2 Peti Surat 7035, 40911 Shah Alam, Selangor Tel: 603-5544 6000 Fax: 603-5510 8095 www.sirim.my
Multimedia Development Corporation	MDeC	MSC Malaysia Headquarters, Persiaran APEC 63000 Cyberjaya, Selangor Tel: 1-800-88-8338 Fax: 603-8315 3115 www.mdec.my
Malaysian Technology Development Corporation	MTDC	Level 8 - 9, Menara Yayasan Tun Razak Jalan Bukit Bintang, 55100 Kuala Lumpur Tel: 603-2161 2000 Fax: 603-2163 7542 www.mtdc.com.my
Malaysian Biotechnology Corporation	Biotech Corp.	Corporate Office, Level 23, Menara Atlan 161B Jalan Ampang, 50450 Kuala Lumpur Tel: 603-2116 5588 Fax: 603-2116 5411 www.biotechcorp.com.my
Malaysia Industry-Government Group for High Technology	MIGHT	Block 3517, Jalan Teknokrat 5, 63000 Cyberjaya, Selangor Tel: 603-8315 7888 Fax: 603-8888 8232 www.might.org.my

Ministry of Science, Technology and Innovation

Related Agencies	Acronym	Contact
Malaysian Science and Technology Information Centre	MASTIC	Level 4 Block C5, Complex C Federal Government Administrative Centre 62662 Putrajaya Tel: 603-8885 8038 Fax: 603-8889 2980 www.mastic.gov.my
Nuclear Malaysia	NUKLEAR	Agensi Nuklear Malaysia, 43000 Kajang, Selangor Tel: 603-8911 2000 Fax: 603-8911 2150 www.nuclearmalaysia.gov.my
Department of Standards Malaysia	DSM	Century Square, Level 1 & 2, Block 2300 Jalan Usahawan, 63000 Cyberjaya Tel: 603-8318 0002 Fax: 603-8319 3131 www.standardsmalaysia.gov.my
Agensi Inovasi Malaysia	AIM	Level 3, West Wing, Perdana Putra Federal Government Administrative Centre 62502 Putrajaya Tel: 603-8888 8098 Fax: 603-8888 3436 www.innovation.my

168

Ministry of Rural and Regional Development

Related Agencies	Acronym	Contact
Federal Land Consolidation and Rehabilitation Authority	FELCRA	Wisma Felcra, Lot 4780, Jalan Rejang, Setapak Jaya Peti Surat 12254, 50772 Kuala Lumpur Tel: 603-4143 3646 Fax: 603-4142 8162 www.felcra.com.my
Central Terengganu Development Authority	KETENGAH	Karung Berkunci, No. 3, Bandar Al-Muktafi Billah Shah 23409 Dungun, Terengganu Tel: 609-8223 100 / 101 / 102 Fax: 609-8223 104 / 105 / 106 www.ketengah.gov.my
Kedah Development Authority	KEDA	Level 2-5, Bangunan Tunku, Jalan Tunku Ibrahim Peti Surat 195, 05720 Alor Setar, Kedah Darul Aman Tel: 604-7205 300 / 7205 301 Fax: 604-7340 958 www.keda.gov.my
South Kelantan Development Authority	KESEDAR	Bandar Gua Musang, 18300 Gua Musang Kelantan Darul Naim Tel: 609-9132 200 Fax: 609-9121 211 www.kesedar.gov.my
South East Johor Development Corporation	KEJORA	Bangunan Ibu Pejabat KEJORA, Jalan Dato' Hj. Hassan Yunus, 81930 Bandar Penawar, Johor Tel: 607-8843 000 Fax: 607-8221 600 www.kejora.gov.my
Rubber Industry Smallholders Development Authority	RISDA	KM 7, Jalan Ampang, Karung Berkunci 11067 50990 Kuala Lumpur Tel: 603-4256 4022 Fax: 603-4257 6726 www.risda.gov.my

Ministry of Rural and Regional Development

Related Agencies	Acronym	Contact
Majlis Amanah Rakyat	MARA	Level 26, MARA Headquarters Jalan Raja Laut, 50609 Kuala Lumpur Tel: 603-2691 5111 Fax: 603-2691 5543 www.mara.gov.my
Jabatan Kemajuan Masyarakat	KEMAS	Level 5 - 9, No. 47, Persiaran Presint 4 Pusat Pentadbiran Kerajaan Persekutuan 62100 Putrajaya Tel: 603-3891 2000 Fax: 603-8888 2312 www.kemas.gov.my
Department of Orang Asli Development	JAKOA	Level 10,20 & 20 M, Block Barat Wisma Selangor Dredging, Jalan Ampang 50450 Kuala Lumpur Tel: 603-2161 0577 Fax: 603-2162 1470 www.jakoa.gov.my

170

Ministry of International Trade and Industry

Related Agencies	Acronym	Contact
SME Corporation Malaysia	SME Corp. Malaysia	Level 6, SME 1, Block B, Lot E Jalan Stesen Sentral 2, KL Sentral 50470 Kuala Lumpur Tel: 603-2775 6000 Fax: 603-2775 6001 www.smecorp.gov.my
Malaysia Productivity Corporation	MPC	Lorong Produktiviti, Off Jalan Sultan 46904 Petaling Jaya, Selangor Tel: 603-7955 7266 Fax: 603-7957 8068 www.mpc.gov.my
Malaysian Investment Development Authority	MIDA	Block 4, Plaza Sentral, Jalan Stesen Sentral 5, Kuala Lumpur Sentral 50470 Kuala Lumpur Tel: 603-2267 3633 Fax: 603-2274 7970 www.mida.gov.my
Malaysia External Trade Development Corporation	MATRADE	Menara MATRADE, Jalan Khidmat Usaha Off Jalan Duta, 50480 Kuala Lumpur Tel: 603-6207 7077 Fax: 603-6203 7037 www.matrade.gov.my
Malaysian Industrial Development Finance Bhd	MIDF	Level 19, Menara MIDF, 82 Jalan Raja Chulan, 50200 Kuala Lumpur Tel: 603-2173 8888 Fax: 603-2173 8877 www.midf.com.my

Ministry of International Trade and Industry

Related Agencies	Acronym	Contact
SME Bank Berhad	SME Bank	Menara SME Bank, Jalan Sultan Ismail Peti Surat 12352, 50774 Kuala Lumpur Tel: 603-2615 2020 Fax: 603-2692 8520 www.smebank.com.my
National Institute for Entrepreneurship	INSKEN	Bahagian Pembangunan Keusahawanan (BPU) Level 2-C2 & Level 3-C2, Block Menara, Menara Usahawan No 18, Persiaran Perdana, Presint 2, 62652 Putrajaya Tel: 603-8880 5005 Fax: 603-8880 5152 www.insken.gov.my
Halal Industry Development Corporation	HDC	5.02, Level 5, KPMG Tower, First Avenue Persiaran Bandar Utama, 47800 Petaling Jaya, Selangor Tel: 603-7965 5555 Fax: 603-7965 5500 www.hdcglobal.com.my

Ministry of Women, Family and Community Development

Related Agencies	Acronym	Contact
Women Development Department	JPW	Level 25 & 26, Menara Tun Ismail Mohamed Ali Jalan Raja Laut, 50582 Kuala Lumpur Tel: 603-2697 1080 Fax: 603-2693 4740 www.jpw.gov.my

172

Ministry of Industrial Development Sabah

Related Agencies	Acronym	Contact
Sabah Economic Development Corporation	SEDCO	Level 8, 9 & 10, Wisma SEDCO Lorong Wawasan Plaza Off Coastal Highway, P.O. Box 12159 88837 Kota Kinabalu, Sabah Tel: 6088-266 777 Fax: 6088-219 263 www.sedco.com.my
Sedcovest Holdings Sdn.Bhd	SEDCOVEST	3rd Floor, Wisma SEDCO Off Coastal Highway 88837 Kota Kinabalu, Sabah Tel: 6088-266 451 Fax: 6088-219 263 www.sedco.com.my
Palm Oil Industry Cluster Sabah	POIC	POIC Sabah Sdn. Bhd. 1st Floor, Sabah Trade Centre Jalan Istiadat, Likas Bay, Likas 88400 Kota Kinabalu, Sabah Tel : 6088-272 261 Fax : 6088-272 581 / 580 www.poic.com.my
Kota Kinabalu Industrial Park	KKIP	Lot 118, Export Oriented Industrial Zone Phase 1 Kota Kinabalu Industrial Park (KKIP) Jalan Sapangar, Menggatal 88450 Kota Kinabalu, Sabah Tel : 6088-498 001 / 005 Fax : 6088-498014 / 011 www.sabah.com.my/kkip
Department of Industrial Development & Research	DIDR Sabah	7th & 8th Floor, Block C, Wisma Tun Fuad Stephens 88300 Kota Kinabalu, Sabah, Malaysia Tel : 6088-214 866 / 215 035 Fax: 6088-257 814 www.sabah.gov.my/didr

Ministry of Industrial Development Sarawak

Related Agencies	Acronym	Contact
Department of Agriculture, Sarawak	DOA	Level 12 - 17, Menara Pelita Jalan Tun Abdul Rahman Yaakob Petra Jaya, 93050 Kuching, Sarawak Tel: 6082-441 000 Fax: 6082-447 821 www.doa.sarawak.gov.my
Pejabat Residen Bahagian Samarahan	PRB Samarahan	Jalan Datuk Mohd. Musa 94300 Kota Samarahan, Sarawak Tel: 6082-671 205 Fax: 6082-671 289 www.samarahanro.sarawak.gov.my
Pejabat Residen Bahagian Betong	PRB Betong	Level 2-3, Block Menara Kompleks Pejabat Kerajaan Negeri Bahagian Betong Kawasan Bandar Baru, Jalan Spine 95700 Betong, Sarawak Tel: 6083-472 866 / 766 Fax: 6083-472 966 www.betongro.sarawak.gov.my
Pejabat Residen Bahagian Kuching	PRB Kuching	Jalan Diplomatik, Off Jalan Bako Petra Jaya, 93050 Kuching, Sarawak Tel: 6082-319 700 / 800 Fax: 6082-319 711 / 716 www.kucingro.sarawak.gov.my

174

Organisations / Associations / Institutions

Name	Acronym
Asia-Pacific Economic Cooperation	APEC
Association of Banks in Malaysia	ABM
Central Coordinating Agency	CCA
European Union	EU
Multimedia University	MMU
National Human Resources Centre	NHRC
National SME Development Council	NSDC
Organisation for Economic Co-Operation and Development	OECD
Syarikat Jaminan Pembiayaan Perniagaan Berhad	SJPP
Universiti Tenaga Nasional	UNITEN

Funds

Name	Acronym
Commercialisation of R&D Fund	CRDF
Fund for Small and Medium Industries 2	FSMI2
New Entrepreneur Fund 2	NEF2
Public Transport Development Fund	TPPA
Small Debt Resolution Scheme	SDRS
<i>Tabung Projek Usahawan Bumiputera-i</i>	TPUB-i
Technology Acquisition Fund	TAF
The Rural Economy Funding Scheme	SPED

Government Programmes

Name	Acronym
Agro-based Industry	IAT
Business Accelerator Programme	BAP
Collection and Marketing Centre for Entrepreneur Product	4PU
Enrichment and Enhancement Programme	E ²
High Performing Bumiputera SME Programme	TERAS
<i>Inkubator Kemahiran Ibu Tunggal</i>	I-KIT
<i>Inkubator Keusahawanan Wanita</i>	I-KeuNITA
Microenterprise Competitive Rating for Enhancement	M-CORE
National Dual Training System	NDTS
National Talent Enhancement Programme	NTEP
One District One Industry	SDSI
<i>Produk Malaysia Citarasa Kita</i>	PMCK
Small Retailer Transformation Programme	TUKAR
SME Competitive Rating for Enhancement	SCORE
SME Expert Advisory Panel	SEAP
Students in Free Enterprise	SIFE
Sustainability Achieved via Energy Efficiency Programme	SAVE
<i>Tunjuk Nasihat Sawit</i>	TUNAS

Government Documents

Name	Acronym
Capital Market Masterplan 2	CMP2
Economic Transformation Programme	ETP
Government Transformation Programme	GTP
New Economic Model	NEM
Ninth Malaysia Plan	9MP
SME Integrated Plan of Action	SMEIPA
Tenth Malaysia Plan	10MP
Third Industrial Master Plan	IMP3

Other Terms

Name	Acronym
1Malaysia Micro Protection Plan	1MMPP
Additional Economic Activities	AET
Business Development Service	BDS
Banking Institutions	BIs
Bank Negara Malaysia Laman Informasi Nasihat dan Khidmat	BNMLINK
Consultative Group to Assist the Poor	CGAP
Consumer Price Index	CPI
Credit Monitoring Service	CMS
Development Financial Institutions	DFIs
Electrical and Electronics	E&E
Electrical Home Appliances	EHA

Other Terms

Name	Acronym
Entry Point Projects	EPPs
Foreign Direct Investment	FDI
Gross Domestic Product	GDP
Government Link Company	GLC
Gross National Income	GNI
Goods and Services Tax	GST
Intellectual Property	IP
Kuala Lumpur International Airport 2	KLIA2
Kuala Lumpur International Financial District	KLIFD
Middle Level Bumiputera Entrepreneur	MLBE
Multinational Corporation	MNC
Mass Rapid Transit	MRT
Northern Corridor Implementation Authority	NCIA
National Key Economic Areas	NKEA
National Key Result Areas	NKRA
Non-performing financing	NPF
Non-performing loans	NPL
Oil Field Services and Equipment	OFSE
Overnight Policy Rate	OPR
One Referral Centre	ORC
Producer Price Index	PPI

176

Other Terms

Name	Acronym
Refinery and Petrochemical Integrated Development	RAPID
Research and Development	R&D
Small and Medium Enterprise	SME
Strategic Reform Initiatives	SRI's
Solid State Lighting	SSL
Statutory Reserve Requirement	SSR
Venture Capital	VC
Venture Capital Companies	VCC
Venture Capital Management Companies	VCMCs

Appendix 4 : **Definition of SMEs**

Definition of SMEs	181
Definition of K-Based SMEs	183

Definition of SMEs

The definition of SMEs is based on two criteria:

- The total sales turnover/revenue by a business in a year; OR
- The number of full-time employees by a business.

Generally SMEs in Malaysia are defined as follows:

- Manufacturing sector: Sales turnover of less than RM25 million OR full-time employee of less than 150
- Services and other sectors: Sales turnover of less than RM5 million OR full time employee of less than 50

Detailed definition by the three category namely Micro, Small and Medium are as follows:

Annual Sales Turnover:

Size	Manufacturing (including agro-based) & manufacturing-related services	Primary Agriculture	Services Sector (including ICT)
Micro	Less than RM250,000	Less than RM200,000	Less than RM200,000
Small	From RM250,000 to less than RM10 million	From RM200,000 to less than RM1 million	From RM200,000 to less than RM1 million
Medium	From RM10 million to less than RM25 million	From RM1 million to less than RM5 million	From RM1 million to less than RM5 million

Number of Full-Time Employees:

Size	Manufacturing (including agro-based) & manufacturing-related services	Primary Agriculture	Services Sector (including ICT)
Micro	Less than 5 employees	Less than 5 employees	Less than 5 employees
Small	From 5 to less than 50 employees	From 5 to less than 20 employees	From 5 to less than 20 employees
Medium	From 50 to less than 150 employees	From 20 to less than 50 employees	From 20 to less than 50 employees

Definition of K-Based SMEs

National SME Development Council defined K-Based SMEs as follows:

	Definition
K-Based SMEs	SMEs, including consultancy firms, that have knowledge workers making up more than 20% of their staff. Knowledge workers must possess at least tertiary or professional education;
	SMEs that directly use ICT and technology in business processes or for product improvements;
	SMEs that adopt innovation and R&D in business processes or for product improvements; or