

# SME and Entrepreneurship Development Programmes in 2017

**T**he SME development programmes for 2017, as in previous years, are meant to address the issues encountered by SMEs in critical areas of business operations; namely, access to finance, human capital development with emphasis on entrepreneurship development and productivity, adoption of technology and innovation with emphasis on raising the technological competence of SMEs and ultimately their productivity level, market access to spur market growth domestically and internationally, as well as the provision of good infrastructure for SME growth.



A total of 169 SME development programmes are being implemented in 2017 with a total fund of RM5.85 billion to assist 80,860 SME beneficiaries. Of that total, the Government is funding 87.6% (148) of the programmes while another 21 are private-funded. The Government has made a financial commitment of RM2.50 billion (42.8% of total allocation for the year) to undertake through its Ministries and agencies (M&As) the programmes under its purview for the benefit of 66,410 SME beneficiaries. The private-funded programmes have a financial commitment of RM3.34 billion (56.9% of total allocation) to assist 14,450 SME beneficiaries.

As in previous years, the bulk of Government funding, 77.1% (RM1.93 billion), is for Access to Financing programmes in order to address this perennial issue facing SMEs. The allocation will fund the implementation of 34 Access to Financing programmes for a target number of 22,524 SME beneficiaries. Reflecting the Government's emphasis to assist SMEs on Innovation & Technology Adoption, RM236.7 million (9.5% of total of Government funding) has been provided to fund 25 programmes in this focus area for the benefit of 1,995 SME beneficiaries.

The highest number of programmes to be implemented for 2017 will be for Human Capital Development, an indication of the Government's focus to raise the productivity level of the country's workforce who is largely employed by SMEs. The 40 programmes for this focus area are funded by an allocation of RM137.7 million (5.5% of allocation) for 37,820 SME beneficiaries.

To assist SMEs to expand into new markets as well as to enter the export market, 34 Market Access programmes have been planned and are currently being implemented for the benefit of 4,016 SME beneficiaries. An allocation of RM129.5 million (5.2% of total allocation) has been provided to fund the programmes.

Meanwhile, 14 Infrastructure programmes - primarily to provide proper business premises at strategic locations for SMEs to conduct their business - will be implemented in 2017 with funding of RM61.7 million to assist 55 SME beneficiaries.

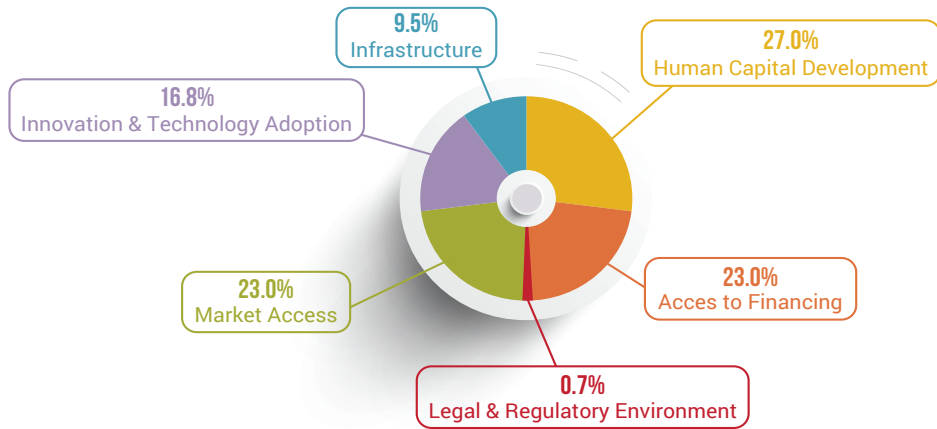
Included is also one Legal & Regulatory Environment programme with an allocation of RM8 million, to assist SMEs navigate the regulatory aspect of doing business in order to ease regulatory burden for entrepreneurs.

**Table 5.1:** SME Development Programmes for 2017 (Government-Funded) by Focus Area

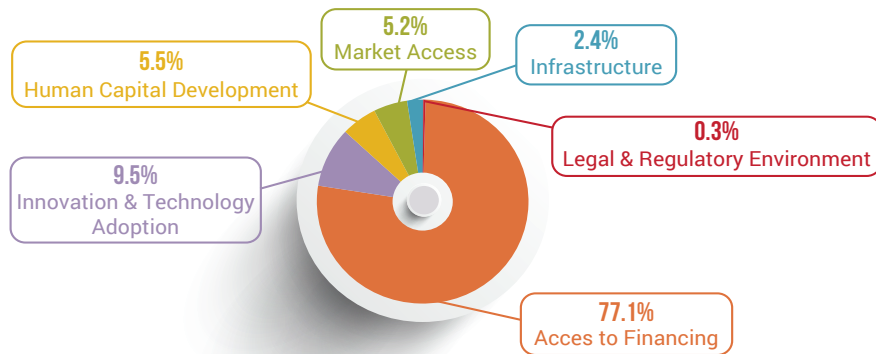
Focus Area	Number of Programmes	Financial Allocation (RM million)	Targeted SME Beneficiaries
Access to Financing	34	1,929.8	22,524
Innovation & Technology Adoption	25	236.7	1,995
Human Capital Development	40	137.7	37,820
Market Access	34	129.5	4,016
Infrastructure	14	61.7	55
Legal & Regulatory Environment	1	8.0	N/A
<b>Total</b>	<b>148</b>	<b>2,503.4</b>	<b>66,410</b>



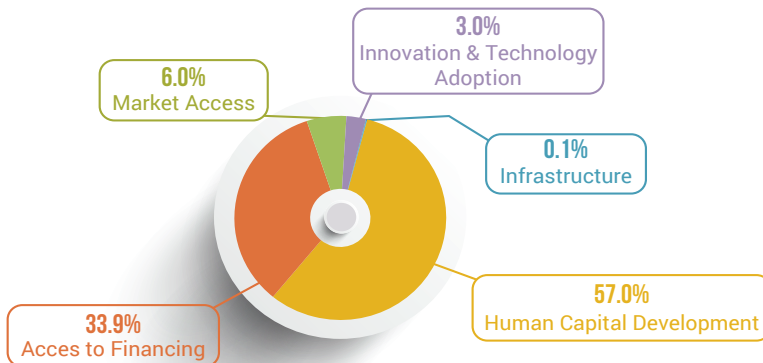
**Chart 5.1:** Number of Programmes by Focus Area (%)



**Chart 5.2:** Financial Allocation by Focus Area (%)



**Chart 5.3:** SME Beneficiaries by Focus Area (%)



## HUMAN CAPITAL DEVELOPMENT

People are the most important asset of a company. However, the perennial challenge experienced by SMEs is not only how to attract talent but also to enhance the capability of their existing workforce to empower the latter to contribute to the further growth of the business. To further strengthen SMEs and to raise the level of productivity therein, the Government has over the years introduced various initiatives based on the objectives of the SME Masterplan to assist SMEs in this vital area of their business. The various Human Capital Development programmes serve as platforms not only to up-skill or re-skill employees but also to enhance human resource management of employers as well.

For 2017, the Government has provided funding of RM137.7 million (5.5% of total Government allocation) to implement 40 Human Capital Development programmes (27.0% of total Government-funded programmes) for the benefit of 37,820 SME beneficiaries.

Some of the programmes being implemented are:

- **Pemantapan Syarikat Usahawan Korporat** is an entrepreneurship development programme to create 500 entrepreneurs and 100 three-star companies between 2016 - 2020. Majlis Amanah Rakyat (MARA) is undertaking the programme with a budget of RM12.5 million.
- **Membangunkan Usahawan Lepas Usahawan Institusi Pendidikan MARA (IPMa)** is an acculturation of entrepreneurship programme to develop 4,500 IPMa entrepreneurs between 2016 - 2020. MARA is undertaking the programme with a budget of RM7.5 million.
- **INSKEN Business Scale Up Programme** is an entrepreneurship development programme undertaken by the Prime Minister's Department. The programme, which has a budget of RM7.2 million for 500 beneficiaries, provides comprehensive entrepreneurial skills and knowledge through business counselling, training, consultation and facilitation to empower participants to develop sustainable businesses.
- **Skim Peningkatan Produktiviti Enterpris - Malaysia Productivity Blueprint (SPPE-MPB)** is an entrepreneurship development programme with the focus on productivity improvement. Malaysia Productivity Corporation (MPC) is undertaking the programme with a budget of RM5 million to assist 125 SMEs.
- **SME Seller Adoption** aims to accelerate adoption of eCommerce by SMEs through national awareness campaigns, training, talent development and the establishment of one-stop eBusiness resource. Malaysia Digital Economy Corporation (MDEC) is undertaking the programme with a budget of RM0.95 million to assist 20,000 beneficiaries.
- **Export Training Programme** is an entrepreneurship development programme to equip SMEs with knowledge and skills to enhance their export capability. Malaysia External Trade Development Corporation (MATRADE) is undertaking the programme with a budget of RM0.75 million to assist 4,000 SMEs.



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## INNOVATION & TECHNOLOGY ADOPTION

Technology and innovation have been described as game-changers for business. To ensure that the technological competence of Malaysian SMEs is up-to-date, the Government has been emphasising on the need to adopt technology and a culture of innovation. Various schemes have been introduced to accelerate technology uptake by local SMEs. For 2017, the Government has provided RM236.7 million (9.5% of total) in funding to undertake 25 Innovation & Technology Adoption programmes for 1,995 SME beneficiaries.

Some of the programmes are:

- **Pre-Commercialisation Fund** to assist SMEs to develop new processes, technology or products or to improve existing ones for commercialisation purposes as well as to create an environment that will foster the growth of technopreneurs and increase application of innovative technologies in communities as a social responsibility. The Ministry of Science, Technology and Innovation (MOSTI) is undertaking the programme with a budget of RM65 million.
- **Commercialisation of R&D Fund (CRDF)** leverages on science, technology and innovation for national development and wealth creation through the commercialisation of products and process. The Malaysian Technology Development Corporation (MTDC) is undertaking the programme with a budget of RM40 million.
- **HIP 2: Technology Commercialisation Platform (TCP)** aims to link all existing innovation initiatives under one platform to ensure that SMEs move seamlessly from one stage to another in the entire innovation process. PlaTCOM Ventures Sdn Bhd (an agency of Agensi Inovasi Malaysia) is undertaking the programme with a budget of RM30 million for 26 SMEs.
- **Biotechnology Commercialisation Funding (BCF)** provides funding for biotechnology focus areas and complement existing public and private sector funding by providing easy access to financing facilities. The programme is undertaken by Malaysian Bioeconomy Development Corporation (Bioeconomy Corporation) with a budget of RM20 million.
- **Bumiputera Enterprise Enhancement Programme (BEEP)** aims to develop potential Bumiputera SMEs in all States by providing selected Bumiputera SMEs with a comprehensive assistance package comprising financial assistance and advisory services. SME Corp. Malaysia is undertaking the programme with a RM10 million budget for 240 SMEs.



- **MAI Intelligent Technology System (MITS)** makes available to SMEs in the automotive sector the automotive i-Cloud computing and 3D experience with the aim to develop existing local vendors to Level 4. The Malaysia Automotive Institute (MAI) is undertaking the programme with a budget of RM2.2 million for 1,180 SMEs.

## MARKET ACCESS

SMEs need to expand their markets locally and internationally for long-term sustainability of their businesses. With the huge export potential in the ASEAN Economic Community (AEC) and elsewhere, the Government has been actively introducing various initiatives not only to enhance the export capability of SMEs but also to assist them to grow their domestic market.

For 2017, RM129.5 million (5.2% of total) in funding has been provided to implement 34 programmes to facilitate market expansion and growth for SMEs. The programmes will benefit 4,016 SME beneficiaries.

Some of the programmes for 2017 are:

- **Market Development Grant (MDG) / Geran Promosi Eksport (GPE)** is an international promotion programme to assist SMEs, service providers, trade and industry associations, chambers of commerce and professional bodies to undertake activities to develop the export market. Malaysia External Trade Development Corporation (MATRADE) is undertaking the programme with a budget of RM30 million for 1,500 SMEs.
- **Galakan Eksport Bumiputera (GEB)** aims to develop Bumiputera SMEs as exporters through an integrated assistance scheme. SME Corp. Malaysia is undertaking the programme with a budget of RM30 million for 20 SMEs.
- **Vendor Development Programme (VDP)** aims to facilitate the participation of Bumiputera SME vendors in major services and manufacturing industries in collaboration with GLCs and MNCs. Bumiputera Entrepreneurship and SME Division of MITI is undertaking the programme with a budget of RM16.5 million.
- **Product and Quality Enhancement Programme through Biz Transformation, Biz Quality, INNOPACK Programme and Green Pack Programme** aims to nurture, groom and elevate Bumiputera SMEs from microenterprises to SMEs and, ultimately, to become export companies. SIRIM is undertaking the programme with a budget of RM10 million to assist 356 SMEs.
- **SME-Brand Development Programme** is a branding initiative to enhance the visibility of Malaysian products and services in both the local and international markets. SME Corp. Malaysia is undertaking the programme with a budget of RM5 million for 10 SMEs.
- **eTRADE** is a platform to facilitate the participation of SMEs in leading international e-marketplaces. MATRADE is undertaking the programme with a budget of RM2.5 million for 1,000 SMEs.



## INFRASTRUCTURE

Proper infrastructure is essential for economic development in general and for SMEs in particular. To empower SMEs to prosper, the Government has introduced various initiatives to enhance the development of SMEs through the provision of proper business premises in commercially-viable areas. For 2017, a total of 14 programmes with funding of RM61.7 million (2.4% of total) have been planned for the benefit of 55 SME beneficiaries.

Some of the programmes are:

- **PROSPER Property** is meant as a platform to increase Bumiputera ownership in commercial property through the purchase of retail premises at strategic locations. PUNB is undertaking the programme with a RM40 million budget.
- **Shophouses at Sindumin (Sabah)** involves the provision of premises for entrepreneurs to start and operate businesses in. Sabah Economic Development Corporation (SEDCO) is undertaking the programme with a budget of RM2.8 million.
- **Shophouses at Merotai, Tawau (Sabah)** involves the provision of premises for entrepreneurs to start and operate businesses in. SEDCO is undertaking the programme with a budget of RM2.5 million.
- **Upgrading of Business Premises in Kelantan** involves the upgrading of business premises in the Wet-Market in Berek 12, Kota Bharu, so as to provide a more conducive trading environment for microentrepreneurs. Perbadanan Kemajuan Iktisad Negeri Kelantan (PKINK) is undertaking the programme with a budget of RM2.4 million.
- **Shophouses at Kinabatangan, Sandakan (Sabah)** involves the provision of premises for entrepreneurs to start and operate businesses in. SEDCO is undertaking the programme with a budget of RM2 million.
- **Building Business Premises** involves the provision of business premises for Orang Asli entrepreneurs. The programme is undertaken by the Department of Orang Asli Development (JAKOA) with a budget of RM1.9 million.

