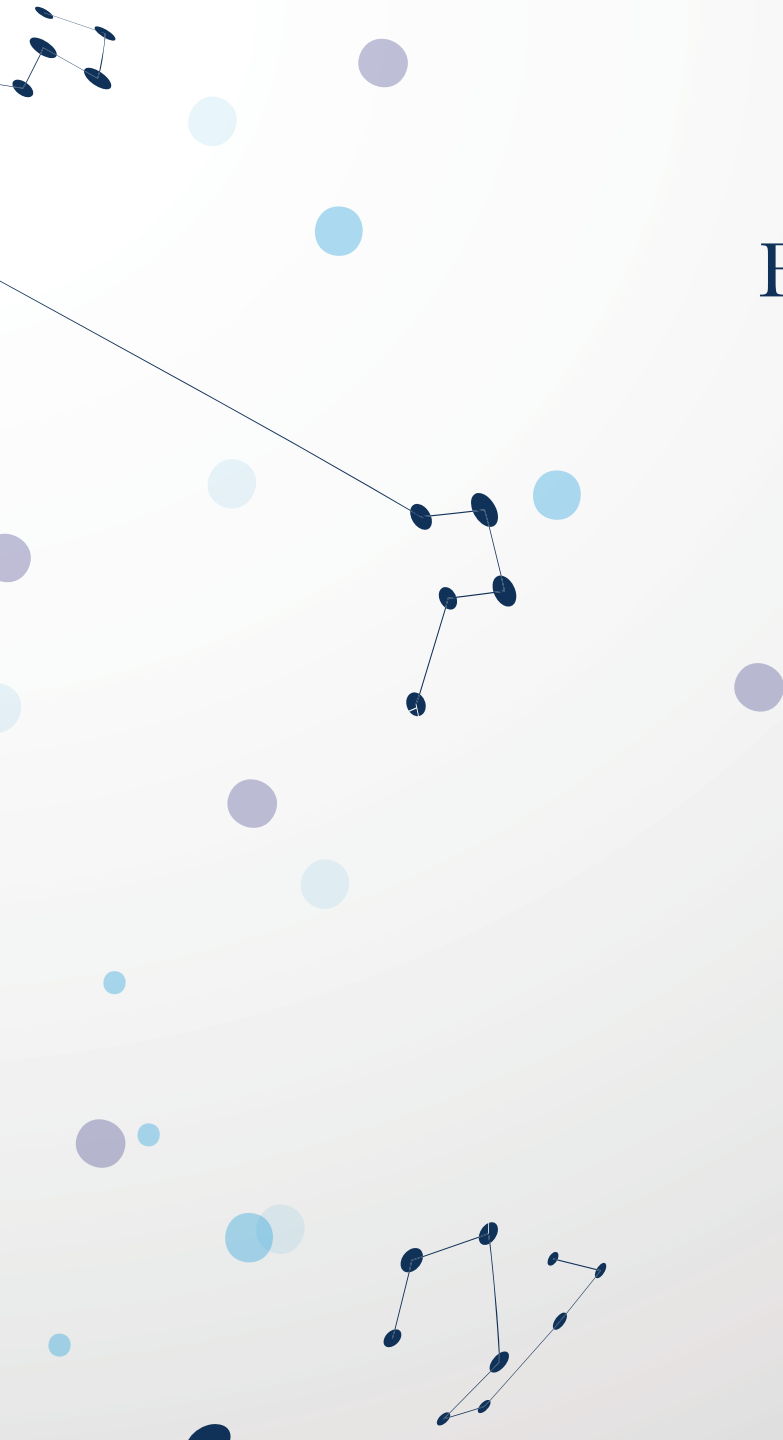


Section II :
SME Development Policies
and Programmes

Chapter 5

SME
and
Entrepreneurship
Development
Programmes
in **2018**



Chapter 5

SME and Entrepreneurship Development Programmes in 2018

In 2018, various Ministries and agencies continue their commitment in promoting SME development by undertaking a broad spectrum of SME development programmes. As in the previous year, programmes are centered on six focus areas namely, innovation & technology adoption, human capital development, access to financing, market access, infrastructure as well as legal and regulatory environment. These key areas have been identified as important growth levers for SMEs in order for them to attain higher growth and to transition from input-driven to productivity-driven SMEs. By emphasising on these six key areas, not only can their efforts be focused on realising higher contribution of SMEs to the economy but also to ensure higher return on investment on the allocation spent on SME development.

As at April 2018, a total of 158 SME development programmes have been planned under the various Ministries and agencies with a financial commitment of RM14.3 billion. These programmes are targeted to benefit SMEs across all sector with expected number of beneficiaries amounting close to 600,000. The larger amount of budget allocation reported by the Ministries and agencies for SME this year is due to new and additional programmes with huge allocation being reported under the SME Integrated Plan of Action (SMEIPA) that compiles the list of programmes for SME development in a particular year.



Table 5.1: Planned SME Programmes by Focus Area as at April 2018

Focus Area	Number of Programmes	Financial Expenditure (RM million)	SME Beneficiaries (Target)
Access to Financing	48	13,482.4	413,236
Human Capital Development	42	300.3	136,703
Market Access	28	128.7	46,679
Innovation & Technology Adoption	27	226.1	2,487
Infrastructure	12	111.5	196
Legal and Regulatory Environment	1	12.0	-
Total	158	14,261.0	599,301

In 2018, Access to Financing has been given the highest emphasis with the most number of programmes and allocation. A total of 48 programmes (30.4%) have been planned with allocation amounting to RM13.5 billion which is almost 95.0% of the overall allocation. The programmes are expected to benefit more than 413,000 SMEs across all sector. The second highest number of programme is for Human Capital Development with 42 (26.6%), followed by Market Access with 28 programmes (17.7%), Innovation & Technology Adoption with 27 programmes (17.1%), Infrastructure with 12 programmes (7.6%) as well as one programme for Legal and Regulatory Environment.

This Chapter will report on the programmes for 2018 in all focus areas except for financing programmes as this will be reported under Chapter 6 on Access to Financing.

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

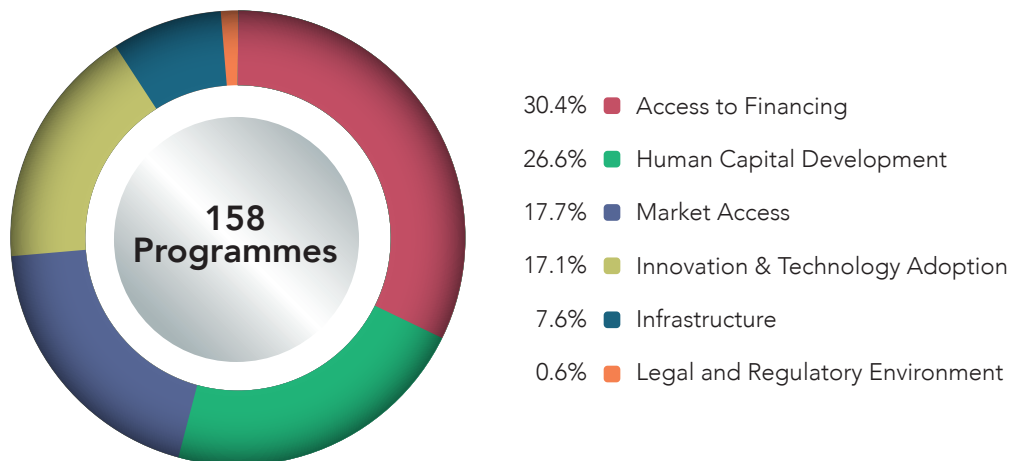
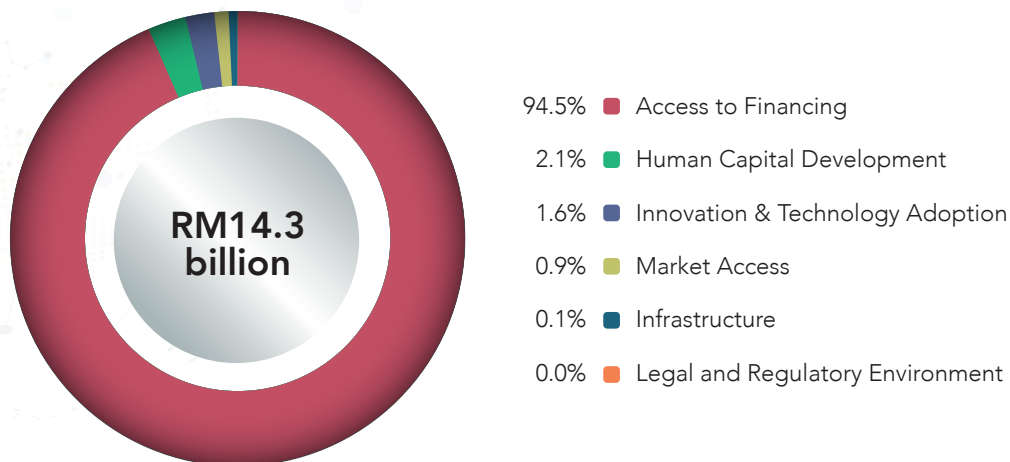


Chart 5.2: Financial Allocation by Focus Area (%)



HUMAN CAPITAL DEVELOPMENT

Having sufficient human resources and the right mix of talent are critical to the success of any business. In an effort to enhance entrepreneurial ability as well as the skills of SME owners and employees, the Government continues to undertake several human capital development programmes. As at April 2018, a total of 42 programmes for Human Capital Development have been planned for implementation with a total allocation of RM300 million. These programmes are expected to benefit some 136,703 beneficiaries. Among the key programmes being implemented this year include:

- **INSKEN TERAS Enhancement & Development (TED)** programmes by the Institut Keusahawanan Negara Berhad (INSKEN) encompassing training on talent, organisational and management development. The Programmes provide comprehensive training on business skills and knowledge to enable entrepreneurs to maintain sustainable high performing businesses especially on areas of talent and leadership development as well as general business and organisational change. A total of RM4.1 million has been allocated under the Programme to train 830 SME entrepreneurs and employees through two (2) main projects: Global Marketing Summit 2018 and INSKEN Talent Development Programme 2018;
- **Rural Business Challenge (RBC)** which is being carried out by the Rural Entrepreneurship Development Division of the Ministry of Rural and Regional Development (MRRD). RBC is a business proposal competition to encourage youths to choose entrepreneurship as a career and to set up business in their respective rural communities. Business grant worth up to RM2.0 million will be awarded to those whose proposals are deemed viable. The Programme also aims to encourage youths to be creators of jobs rather than being job-seekers in order to raise the socio-economic level of the rural population as well as to encourage reverse migration through the creation of an attractive rural environment. In 2018, a total of RM15.0 million has been allocated under the Programme to assist 20 beneficiaries;

- **Bumiputera Workshop Transformation Programme (BWTP)** led by the Malaysia Automotive Institute (MAI) to provide support to Bumiputera automotive workshops across the country to improve customer satisfaction level, sales and profitability. A total of RM3.7 million has been allocated under the Programme to assist 1,000 workshop owners;
- **National Dual Training System (NDTS)** under the Skills Development Department of the Ministry of Human Resources. NDTS serves as a channel to provide trained workers for SMEs through training of school leavers or the unemployed as well as conducting up-skilling courses for existing and new employees of SMEs. The programme has received an allocation of RM40 million to fund the training of 6,400 trainees;
- **Sub-Contractor for Export Market Training Programme (Super Bumi)** implemented by the Malaysian Timber Industry Board. The Programme aims at developing a cluster of export-oriented Bumiputera sub-contractors. An allocation of RM2 million has been provided for the Programme to assist 50 beneficiaries; and
- **Training for Potential and New Entrepreneurs** by the Sabah Economic Development Corporation to provide training in entrepreneurship, technical knowledge and business skills. A sum of RM300,000 has been allocated for the programme to assist 200 beneficiaries.

MARKET ACCESS

In an increasingly liberalised and globalised market place, more emphasis should be given towards facilitating SMEs' market access locally as well as abroad. This could be in the form promotion, branding or business linkage to name a few. Therefore, a total of 28 programmes to enhance market access for SMEs have been planned in 2018 with allocation amounting to RM128.7 to benefit some 46,679 SMEs.

- **Program Transformasi Produk dan Pengedaran Berkesan** by the Business Development Division of the Ministry of Domestic Trade and Consumer Affairs (KPDNHEP). The programme helps SMEs to enhance their product quality in terms of packaging, shelf-life and other criteria required to meet the standards of hypermarkets and supermarkets in Malaysia. During the year, a total of RM3.8 million has been allocated under the Programme to benefit 50 SME producers;
- **Showcase Usahawan Bumiputera Sarawak** implemented by the Ministry of Industrial and Entrepreneur Development Sarawak to assist Sarawak Bumiputera entrepreneurs by providing business opportunities to expand their market. A total of RM500,000 has been allocated for the Programme in 2018 to assist 150 Bumiputera SMEs in Sarawak; and
- **Strengthen Export Agro-Based Distributors** by the Federal Agriculture Marketing Authority (FAMA). The Programme has two objectives which are to support existing agro-food exports distributors and increase the number of competitive exporters in the export market and to strengthen the exporters' foundation programmes for creation of new export markets. Close to RM2.0 million has been allocated under the Programme to benefit some 150 SMEs in the agro-food industry.



INNOVATION & TECHNOLOGY ADOPTION

In moving towards a high-income nation, Malaysian SMEs need to embrace innovation and technology adoption in their business operation. However, SMEs often face challenges in their innovation and commercialisation endeavors due to lack of integrated support and funding to finance such activities. To alleviate this concern, the Government continues to undertake 27 programmes during the year 2018 with allocation amounting to RM226.1 million. The programmes are targeted to benefit close to 2,500 beneficiaries and these among others include:

- **Business Accelerator Programme (BAP)** which is an integrated programme by SME Corp. Malaysia with the aim to develop and nurture dynamic, competitive and resilient SMEs through SCORE and also to assist in capacity building as well as providing financial, advisory and technical support. A total of RM20.0 million has been allocated to fund the Programme which is expected to benefit 100 SMEs;
- **Change Upgrade Product (CUP)** led by the Agro-based Industry Division, Ministry of Agriculture and Agro-based Industry which focuses on improving product quality, development and capability. The Programme has been allocated RM3.5 million to fund its activities and has set a target to assist 200 beneficiaries;
- **Technology Acquisition Fund (TAF)** by the Malaysian Technology Development Corporation (MTDC) with the aim to promote utilisation of foreign technology for the manufacturing sector and the physical development of existing and new products and processes. The objective of the TAF is to enhance wealth creation and increase the technology content of Malaysian companies in order to enhance their global competitiveness. An allocation of RM10.0 million has been provided under the Programme in 2018; and
- **NKEA EPP8: Commercialisation Grant for the Development of Food and Health-Based Product** by the Malaysian Palm Oil Board (MPOB) that focuses on encouraging the production and development of food, feeds and health-based products as well as expediting growth in their downstream segments. An allocation of RM6.0 million has been provided to implement the Programme this year.

INFRASTRUCTURE

Having access to good infrastructure at affordable costs remains one of the challenges for SMEs. To address this concern, Government has planned to undertake 12 infrastructure programmes, primarily to provide proper business facilities for entrepreneurs, during the year 2018. A total of RM111.5 million has been allocated for the programmes which are targeted to benefit 196 SMEs. The Programmes among others include:

- **Bengkel Industri Vendor** programme by the Kedah Regional Development Authority (KEDA) to build seven workshops and industrial buildings for rural entrepreneurs. The Programme is funded through an allocation of RM1.0 million with the aim to benefit 105 entrepreneurs in the region;
- **Industrial Estate Development Programme** led by the Ministry of Industrial and Entrepreneur Development Sarawak (MIED Sarawak) and is centred at the Sibu Industrial Estate. The Programme aims at providing better amenities and infrastructure through proper industrial estates development; creating a more conducive environment for the gradual transformation of the local business community; and promoting the orderly growth of SMEs as well as creating more economic activities. An allocation of RM7.0 million has been provided for the Programme which is scheduled for completion in 2020;
- **Pembangunan Kilang Siap Bina Industri Kecil dan Sederhana untuk Bumiputera di Kawasan Perindustrian Pasir Gudang** programme, which is led by the Johor Corporation with the aim at creating business opportunities for SMEs in the Pasir Gudang Industrial Area as well as to create job opportunities for locals. An allocation of RM30.0 million has been provided and 30 beneficiaries are targeted to benefit from the Programme; and
- **Pembangunan Usahawan Desa** by the Sabah State Ministry of Rural Development to support rural entrepreneurs by providing proper facilities for business activities. Under the Programme, business premises will be provided or upgraded in rural entrepreneur centres, tamuniaga and community learning centres, and equipped with the required amenities for entrepreneurs to start, operate or expand their businesses. A total of RM1.0 million has been allocated under the Programme in 2018.

LEGAL AND REGULATORY ENVIRONMENT

A supportive legal and regulatory system is crucial to provide a conducive environment for SMEs to thrive. Business regulations can be a major impediment constraining the growth of SMEs as processes and administrative burden can increase the cost of doing business. The ongoing High Impact Programme (HIP) 1 of Integration of business registration and licensing of the SME Masterplan (2012 - 2020) is aimed to enhance ease of doing business and encourage formation and formalisation of businesses.

The HIP 1 is Malaysia's inter-agency effort, being led by Malaysian Administrative Modernisation and Management Planning Unit (MAMPU) in collaboration with SME Corp. Malaysia, Companies Commission of Malaysia (SSM), Implementation Coordination Unit (ICU), Malaysia Productivity Corporation (MPC) and the state Governments. This Project on creating a single gateway for business registration and licensing is being undertaken in phases; i.e establishment of a Business Registration & Licensing Gateway (malaysiabiz.mampu.gov.my), Integration of Business Registration & Licensing Systems and Implementation of HIP 1 in Sabah and Sarawak.

