



Section 2

SME Development Policies and Programmes

Chapter **FIVE**

SME and Entrepreneurship **Development** Programmes in 2019

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The importance of the SME sector is reflected in the substantial financial allocation provided by the Government to spur its growth. For 2019, an allocation of RM13.7 billion has been provided for SME development programmes in six focus areas, namely access to financing, human capital development, market access, innovation and technology adoption, infrastructure as well as legal and regulatory environment. The programmes, which will be undertaken by 17 ministries and 60 agencies, are designed to incentivise growth segment as well as ensuring sustainable and inclusive development by increasing the contribution of microenterprises and B40 group to the economy.

One of the key focuses for the year is to accelerate the creation of high-growth and innovative firms. The main sub-sectors identified are the rail industry, medical devices, aerospace, automotive, digital economy, biotechnology and renewable energy. Emphasis is given to manufacturers and service providers in such economic activities that have greater potential and capabilities to diversify their products and services towards more complex and higher value projects. Further to that, there are also measures being introduced to drive greater economic contribution by SMEs which include intensifying digitalisation and enhancing

integration of SMEs in the supply chain; facilitating alternative financing mechanism; enhancing SMEs participation in the value chain of the tourism industry; implementing measures to drive growth and strengthen uptake; and promoting the export of homegrown payment gateways and fin-techs.

A total of 164 SME development programmes supported by a financial commitment of RM13.7 billion are being implemented in 2019. Targeting to benefit a total of 555,408 beneficiaries, the programmes have been designed across focus areas deemed critical for the sustainable development of the SMEs namely access to financing, human capital development, innovation and technology adoption, market access, infrastructure and legal & regulatory environment.

Of the total financial commitment, 96.1% (RM13.2 billion), has been allocated to implement 33 access to financing programmes for 434,502 beneficiaries. The second largest allocation of RM192.1 million is for 53 human capital development programmes with 103,684 beneficiaries while RM148.0 million has been committed to carry out 28 innovation and technology adoption programmes for 5,613 beneficiaries. A total of 34 market access programmes with an allocation of RM124.4 million for 10,191 beneficiaries are in the pipeline while 15 infrastructure programmes for 1,418 beneficiaries will be implemented and funded from a RM44.0 million allocation. One legal and regulatory environment programme with an allocation of RM20.0 million has also been planned for the year.

Table 5.1: SME Development Programmes in 2019 by Focus Area

Focus Area	Number of Programmes	Total Financial Commitment (RM million)	Total Beneficiaries (Target)
Access to Financing	33	13,172.9	434,502
Human Capital Development	53	192.1	103,684
Innovation and Technology Adoption	28	148.0	5,613
Market Access	34	124.4	10,191
Infrastructure	15	44.0	1,418
Legal and Regulatory Environment	1	20.0	-
Total	164	13,701.4	555,408

Chart 5.1: Programmes by Focus Area (%)

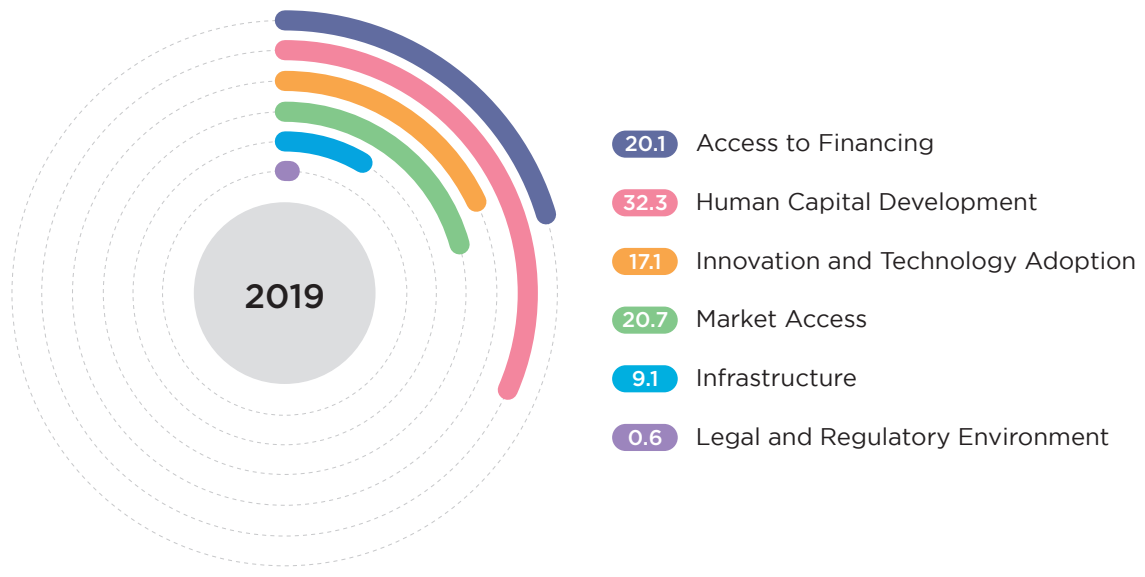
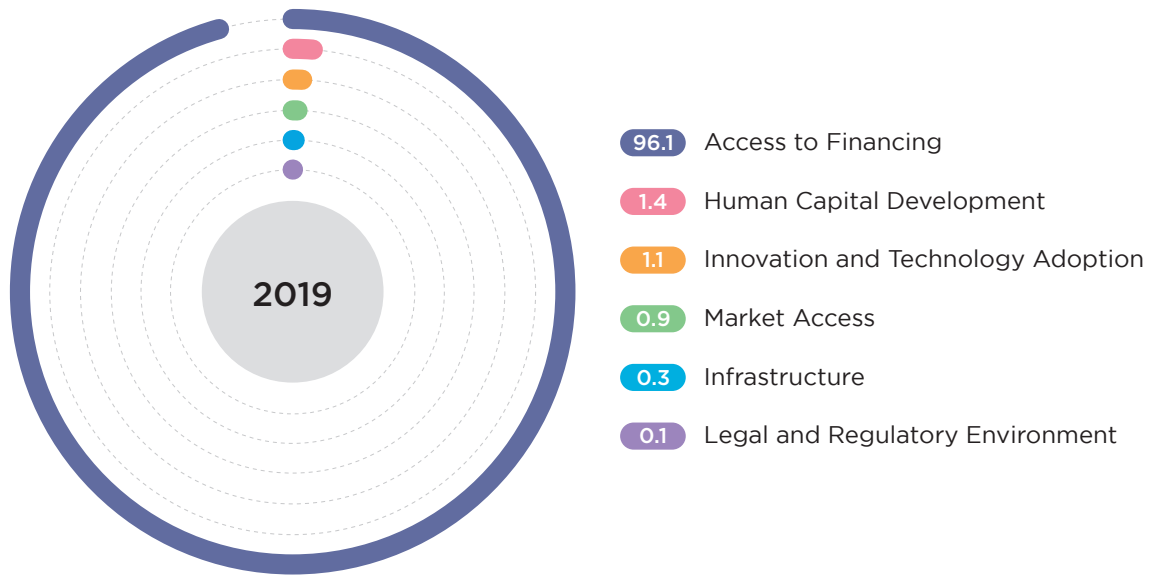


Chart 5.2: Financial Commitment by Focus Area (%)



HUMAN CAPITAL DEVELOPMENT

Ensuring sustainable business growth requires an expanded skillset to navigate through the complexities of today's economies. Recognising the fact that this might be particularly challenging for SMEs and entrepreneurs, a financial commitment of RM192.1 million has been made to implement 53 human capital development programmes. The target number of beneficiaries has been set at 103,684. The programmes planned for 2019 include:

- **National Dual Training System** provides training for school leavers and the unemployed is intended to serve as a channel to meet labour demand from SMEs as well as provide skills upgrading for existing and new employees. The programme is conducted by the Skills Development Department of the Ministry of Human Resources. For 2019, RM45.0 million has been allocated to implement the programme for 400 beneficiaries.
- **The Entrepreneur Development Programme**, which is being led by MARA, targets to create 77,200 Bumiputera entrepreneurs within a five-year time frame from 2016 to 2020. A total of RM31.0 million has been allocated to fund the programme which targets to assist 15,546 beneficiaries.
- **Program Mudahcara Pensijilan Halal (HBT)** facilitates compliance readiness and halal certification for SMEs. The programme is led by the Halal Industry Development Corporation in partnership with other ministries and Government agencies. For 2019, RM0.6 million has been allocated to assist 250 beneficiaries.



- **Workshop Transformation Programme (WTP)** aims at assisting automotive workshops in the country to enhance their competitiveness and profitability by improving the level of customer satisfaction and sales volume. The programme which is being led by the Malaysia Automotive, Robotics and IoT Institute (MARii) has been allocated RM3.7 million for a target of 1,000 beneficiaries in 2019.
- The **Aktiviti Ekonomi Tambahan** programme, which is being led by the Rubber Industry Smallholder Development Authority (RISDA), is designed to assist smallholders to optimise resources and maximise income by carrying out other economic activities. The programme provides assistance in the form of machinery, equipment, raw materials or other resources needed to carry out the identified activities. An allocation of RM15.0 million has been committed to assist 1,500 smallholders.

INNOVATION AND TECHNOLOGY ADOPTION

The innovation and technology adoption programmes would be instrumental to assist SMEs to reap productivity gains, drive efficiency and boost growth. It is also essential for the Government to assess the gaps and facilitates the preparedness of SMEs for the challenges emerging from Industrial Revolution 4.0 (IR 4.0). Digitalisation holds the key for SMEs to grow and innovate alongside the needs of IR 4.0 and create the jobs of the future. Against this setting, 28 innovation and technology adoption programmes supported by a financial commitment of RM148.0 million being implemented in 2019. The programmes to benefit 5,613 participants. The programmes for 2019 include:

- The Malaysian Agriculture Research and Development Institute (MARDI) provides **advisory services, product analysis, clinics, seminars and attachment trainings for existing and aspiring entrepreneurs** with RM0.5 million allocated to conduct the programmes with 3,770 beneficiaries. The programmes include offering technical advisory for a target of 3,000 existing and aspiring entrepreneurs, holding of technology seminars and workshops for 600 entrepreneurs, conducting product quality evaluation, technical visits and periodic monitoring of performance of the entrepreneurs concerned. The programme also aims to create 50 new technology-based SMEs and microentrepreneurs and to help resolve technical issues on-site for a target number of 120 entrepreneurs.
- The Malaysia Automotive, Robotics and IoT Institute (MARii) is spearheading the introduction of the **4R2S** (Repair, Reuse, Recycle, Remanufacturing, Services, Spare Parts) management system to be adopted by existing and new businesses in the automotive after-sales sector. MARii has been provided with an allocation of about RM0.2 million to assist 100 participants to implement the system.
- The **Bumiputera Enterprise Enhancement Programme (BEEP)**, led by SME Corp. Malaysia aims at developing Bumiputera SMEs by providing them with comprehensive assistance package comprising financial assistance and advisory services. For 2019, RM3.0 million has been allocated to conduct the programme for 120 beneficiaries.



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- The **Implementation of Core Activities Targeted at Enhancing Productivity and Market Expansion of SME in Collaboration with SIRIM-Fraunhofer** involves implementation of core activities to enhance productivity and market expansion, such as innovation management through technology audit (value chain analysis) and increasing technology uptake. For 2019, RM3.8 million has been allocated to undertake the programme for 150 beneficiaries.
- **MAI Intelligent Technology System (MITS)** led by MARii provides automotive i-Cloud computing and 3D experience to elevate existing local vendors to Level 4 certification. An allocation of RM3.5 million has been allocated to conduct the programme for 450 beneficiaries.

MARKET ACCESS

In an ever increasing competitive market, SMEs need to constantly devise new business strategies to be globally competitive. New strategies will outline measures to improve standards and certification, conduct market research geared at obtaining foreign market intelligence, product adaptation and service orientation as well as identify collaborative ventures, while leveraging on the presence of technology to widen market potential, boost sales and interact effectively with customers and other firms. Even for services oriented SMEs focusing on local market, adapting similar global attitude would help them in the long run to remain competitive as customers would constantly look for better quality at cheaper price and more efficient delivery. A total of 34 market access programmes with an allocation of RM124.4 million for 10,191 beneficiaries is being implemented in 2019. These include:

- MATRADE leads the **eTRADE** programme which provides support to SMEs to participate in leading international e-marketplaces. A total of RM4.0 million has been allocated to assist 600 beneficiaries in 2019.
- Another programme by MATRADE is the **Market Development Grant (MDG)** aimed at providing assistance to SMEs, service providers, trade associations and professional bodies to undertake activities to develop the export market. For 2019, RM30.0 million has been allocated to assist 1,500 beneficiaries.
- **Product and Quality Enhancement Programme through Biz Transformation, Biz Quality, INNOPACK Programme and Green Pack Programme** led by SIRIM, is intended to nurture and elevate Bumiputera microentrepreneurs to SME level and ultimately become export-ready companies. For 2019, RM5.0 million has been allocated to conduct the programme for 250 beneficiaries.
- **The Local and International Market Promotion Programme** led by the Malaysian Timber Industry Board aims at increasing the sales of SME products and services in the domestic and international market. For 2019, RM3.0 million has been allocated for the programme with a target number of 20,295 beneficiaries.
- The **Showcase Satu Daerah Satu Industri (SDSI)** which is led by the Bumiputera Entrepreneurs Division of the Ministry of Entrepreneur Development, facilitates the sourcing and marketing of high-quality products and services, enhances networking among SDSI entrepreneurs as well as establishes new business alliances and joint ventures between local and overseas traders. For 2019, RM3.5 million has been allocated to fund the programme for 400 beneficiaries.
- The **Quality and Safety Training for Marketers** programme which is led by the Federal Agriculture Marketing Authority (FAMA) is designed to train participants in the marketing of technology and post-harvest practices as well as establishing rules and standards for product safety and quality for compliance with international trade regulations. FAMA has allocated RM1.4 million in 2019 to train a target number of 2,680 beneficiaries.

INFRASTRUCTURE

The significance of infrastructure in the process of economic growth has long been established. Despite its necessity for business establishment and survival, the costs of acquiring infrastructures and facilities that are well integrated and strategically located are significantly more challenging for SMEs, warranting specific interventions by the Government. Therefore, 15 infrastructure programmes with a financial commitment of RM44.0 million have been planned for 2019 to assist a target number of 1,418 beneficiaries. These include:

- The **Industrial Estate Development** programme centred at the Sibul Industrial Estate, is designed to provide better amenities and infrastructure through proper development of industrial estates. It also aims at promoting an orderly growth of SMEs as well as generating more economic activities. An allocation of RM11.0 million has been provided for the project in 2019 which has a target of 55 beneficiaries. The Ministry of Industrial and Entrepreneur Development Sarawak is spearheading the project which is scheduled for completion in 2020.
- The **Machang Hot Springs Entrepreneur Village with Container-Style Facilities** project involves the upgrading of facilities at the Machang hot springs where modified shipping containers are provided to microentrepreneurs for use as business premises. The project with RM1.0 million allocation is undertaken by the Kelantan State Development Corporation.
- The **Upgrading of Premises** programme aims at ensuring that entrepreneurs will have premises that are not only conducive for their business activities but also facilitate certification process. The project with RM30,000 allocation is undertaken by the Penang Regional Development Authority.
- The **Construction of Industrial Workshops at Sg Namek, Sik** project involves the construction of seven workshops and industrial buildings for rural entrepreneurs in Sg Namek, Sik, Kedah. For 2019, an allocation of RM1.0 million has been provided for the programme which is led by the Kedah Regional Development Authority (KEDA).



- The **Taman IKS KEDA** project, which is led by KEDA, involves the construction of 28 workshops and other industrial buildings for rural entrepreneurs. An allocation of RM1.7 million has been allocated for the project in 2019.
- Jabatan Kemajuan Orang Asli provides business premises for Orang Asli entrepreneurs through its **Building Business Premises** programme. An allocation of about RM0.3 million has been provided to assist five beneficiaries.
- The **Kiosks at Masjid Sultan Ahmad** programme involves the construction of six kiosks for entrepreneurs to conduct businesses at the Masjid Sultan Ahmad (Masjid Keputeraan) at Paloh 2, Gua Musang. Perbadanan Kemajuan Iktisad Negeri Kelantan with an allocation of RM0.2 million provides the facilities for new entrepreneurs as well as to help generate income for the mosque management through the rental of the kiosks.

LEGAL AND REGULATORY ENVIRONMENT

HIP 1: Integration of Business Registration and Licensing is the sole ongoing programme under the legal and regulatory environment focus area. Under HIP 1, a single window will be created for both business registration and licensing so as to encourage and facilitate the formalisation of businesses. An allocation of RM20.0 million has committed for the programme in 2019 which is led by MAMPU in collaboration with SME Corp. Malaysia.