

CHAPTER 1

SME Development Policies, Initiatives and Programmes



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The crucial role of small and medium sized enterprises (SMEs) in the economic growth of Malaysia is undisputed considering that they make up 98.5% of business establishments and contribute 38.9% to Gross Domestic Product (GDP) in 2019. In total, 907,065 business establishments are defined as SMEs and they employ 48.4% of the country's workforce in 2019. Year 2020 saw SMEs struggling to face challenges due

to the COVID-19 pandemic. The Malaysian Government responded to the coronavirus threat by introducing the PRIHATIN Economic Stimulus Package and PENJANA Recovery Plan, which require SMEs to reassess and rethink the way business are conducted, in line with the 'new normal'.

NESDC AND KEY INITIATIVES

The National SME Development Council (NSDC) was established in 2004 to act as the highest policy-making authority to drive the national development agenda for SMEs across all sectors of the economy. However, with increasing emphasis being made on entrepreneur development as well, the NSDC was officially re-named as the National Entrepreneur and SME Development Council (NESDC) on April 2019.

Since its establishment 16 years ago, the Council has made significant progress in driving the SME development agenda through the adoption of a comprehensive and coordinated approach in implementing SME-centric initiatives and programmes. One of the most significant outcomes is the steady increase in SME contribution to GDP, rising from RM206 billion in 2004 to RM552.3 billion in 2019. Among the achievements are the adoption of a standard definition for SMEs, establishment of an SME database, monitoring and analysis of SME performance to facilitate policy formulation, a streamlined dissemination of information on SMEs, development of SME financial infrastructure, and the formulation of the SME Masterplan (2012 - 2020).

The Masterplan - launched in July 2012 - targets to drive SME performance to the next level by 2020 by boosting the sector's contribution to GDP to 41.0%; SME exports to 23.0% of Malaysia's total export trade; and SME employment to 65.0% of the total workforce. The long-term national macro targets under the National Entrepreneurship Policy 2030 (*Dasar Keusahawanan Nasional*, DKN 2030) targets to increase SME contribution to GDP to 50.0%, generation of employment to 80.0% and contribution to export value to 30.0% by the year 2030.

SME MASTERPLAN (2012 - 2020) OUTCOMES AND HIGHLIGHTS

The SME Masterplan is a key component of the agenda for Malaysia to attain high-income nation status by 2020. The Masterplan sets the direction for SME development and creates a SME development framework that covers four strategic goals, six focus areas and 32 measures under the Action Plan, including six High Impact Programmes (HIPs) as well as institutional support to drive these plans. SME Corp. Malaysia, as the central coordinating agency (CCA) tasked to coordinate and drive the SME Masterplan, has been focusing on the implementation of the six HIPs which are crucial to its success.

HIP 1 Integration of Business Registration and Licensing

HIP 1 is an inter-agency project led by the 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 State Governments. HIP 1 encourages the formation of new businesses as well as to boost formalisation of businesses by making available a single information gateway for business registration and licensing. The programme has three deliverables; development of a business registration and licensing gateway; integration of the business registration and licensing system; and implementation of the programme in Sabah and Sarawak.

Deliverable 1 entailed the development of a single gateway for business registration and licensing which has since been accomplished with the creation of the MalaysiaBiz portal (<https://malaysiabiz.gov.my/ms>) which was developed as a 'quick win' under HIP 1. Information on 2,919 licences - covering 1,174 business activities based on the Malaysia Standard Industrial Classification (MSIC) 2008 - from 508 Federal, State and

local licensing authorities are currently available in the portal. A total of 1,163 License Information Partners have also been appointed to ensure that information in the portal is current and valid. As at December 2020, the system is 100% integrated, with a total of 17 agencies integrated into the portal.

The time frame for Deliverable II - Business Registration and Licensing Systems Integration (2017 - 2020) covered two phases, with Phase I implemented in 2018 - 2019 and Phase II in 2019 - 2020. Deliverable III which entailed the implementation of HIP 1 in Sabah and Sarawak was completed with the launching of MalaysiaBiz Portal in Sabah in July 2017 and Sarawak in August 2017. The MalaysiaBiz portal was officially launched by the Prime Minister, YAB Tan Sri Dato' Haji Muhyiddin bin Haji Mohd Yassin on 7 December 2020.

HIP 2 Technology Commercialisation Platform (TCP)

The Technology Commercialisation Platform (TCP) under HIP 2 is designed to discover and support innovations by facilitating the commercialisation process seamlessly from ideation to product or service deployment. TCP, which was developed by PlaTCOM Ventures Sdn Bhd, a wholly-owned subsidiary of Agensi Inovasi Malaysia (AIM), was launched in May 2014.

Financial assistance in the form of a grant of up to a maximum of RM1.2 million – with a capping for each component of up to RM600,000 – is provided to all participants of HIP 2 on a reimbursement basis of up to 20% upfront. The components of facilitation comprise proof of concept and prototype development, licensing support, consultancy in the form of technical assistance, testing and validation, regulatory support in obtaining certification, provision of sector-specific market intelligence, productisation, and incubation services. The completion period under the programme is 18 months.

Thus far, 200 projects have been approved for integrated assistance from proof of concept to the commercialisation phase, 220 licensing deals have been signed, and 85 innovations have been commercialised, and sales of RM121 million were generated as at December 2020.

HIP 3 SME Investment Partner (SIP)

The SME Investment Partner (SIP) Programme is designed to enhance access to financing for SMEs through the provision of hybrid financing with higher tolerance towards risks associated to business start-ups. The programme is unique in being a public-private sector co-funding initiative that caters to early stage SMEs (those of between three and five years in operation); provides flexible financing in the form of equity, debt or a hybrid of debt and equity; and covers SMEs in all sectors including traditional wholesale and retail businesses.

Six SME Investment Partners have been appointed under the SIP programme with the mandate to raise funds from the private sector to co-invest with the allocated Government funding allocation. The Investment Partners faced various challenges in raising funds within volatile market conditions. Despite their commendable track record, as at 31 December 2020, only one investment managed to raise RM8.5 million private sector funding to match RM17 million of Government funding.

Ten delivery partners have been appointed to conduct Phase 1 of 40 hours training and Phase 2 of 12 hours coaching and mentoring. As at 19 October 2020, 343 SMEs have registered to participate. The project is scheduled to be completed by 31 December 2020.

The Access to Financing Capacity Building (AFCB) Programme under HIP 3 targets to assist SMEs in improving their financing readiness level in order to enable them to pursue financing or investment prospects upon completion of the programme.

HIP 4 SMEs Go Global Programme

The SMEs Go Global programme is designed to provide impetus for the internationalisation of domestic SMEs, especially of those in high-growth industries. The programme – previously known as Going Export (GoEx) and led by the Malaysia External Trade Development Corporation (MATRADE) – was rebranded in January 2020 and is currently led by SME Corp. Malaysia.

Participants of HIP 4 comprise existing exporting companies and export-ready SMEs deemed to have potential for internationalisation. Participants receive financial aid in the form of a grant to support their internationalisation activities.

As at December 2020, a total of 321 SMEs have been admitted into HIP 4, of which 179 have participated in the market immersion programme. A total of RM770.9 million in potential export sales was generated throughout the programme.

HIP 5 Catalyst Programme

The Catalyst Programme, a component of the SME Masterplan (2012 – 2020), targets to develop high-growth SMEs in strategic sectors such as medical devices, biotechnology, aerospace, rail, as well as oil and gas, in line with the National Entrepreneurship Policy (*Dasar Keusahawanan Nasional*, DKN 2030). The two strategic goals of HIP 5 are to raise the number of high-growth and innovative SMEs in order to generate high-income employment opportunities, as well as to boost the productivity of these SMEs.

Since the inception of HIP 5 under the 11th Malaysia Plan, 134 SMEs have benefitted from the programme, with the majority of the participating companies showing growth in terms of sales value as well as global market expansion. This is illustrated by the fact that seven out of ten SMEs who had participated in the BioNext Initiative – part of the HIP 5 programme – had recorded an average sales growth of more than 20% from 2016 to 2018. Of the 30 SMEs participating in the Aerospace Manufacturing Initiative under the programme, 27 have obtained AS9100 certification that allows them to be part of the global supply chain for aerospace components manufacturing. This has resulted in a 49% increase in sales revenue, from RM18.1 million in 2017 to RM26.9 million in 2019.

HIP 6 Inclusive Innovation

Inclusive innovation has been defined as ‘any innovation that leads to affordable access of quality goods and services creating livelihood opportunities for the excluded population, primarily at the base of the pyramid, on a long-term sustainable basis with a significant outreach’.

HIP 6 promotes public-private collaboration in driving change for the benefit of the bottom 40% (B40) of the income pyramid. The programme is tailored to empower the B40 group to leverage on innovations as a means to transform communities – including microenterprises in rural areas – through handholding and technical and management support for identified viable innovations. Identification of viable innovations is based on five key characteristics; affordable, sustainable, scalable, of high quality and rapidly deployable.

The programme was initiated by SME Corp. Malaysia and led by Yayasan Inovasi Malaysia (YIM), an agency under the Ministry of Science, Technology and Innovation (MOSTI). As at December 2020, a total of 2,376 innovations were received, of which 756 were shortlisted and 114 were ultimately admitted into the programme. To date, 60 innovations were ready for diffusion for the benefit of 37,451 people in 51 communities. A total of RM17.3 million has been disbursed since 2015. Using existing funds, special incentives have also been introduced for innovations with value-added features that could be useful in the fight against the COVID-19 virus.

An innovation competition will also be held in collaboration with the Terengganu State Government to discover new innovations that could help the small community of rickshaw pullers affected by the pandemic.

SME DEVELOPMENT IN BUDGET 2021

The Government tabled Budget 2021 on 6 November 2020. The budget, with an allocation of RM322.5 billion (excluding RM2 billion for contingency) is about 2.5% higher than Budget 2020 (RM314.7 billion), the biggest in the nation's history. A total of RM236.5 billion was allocated for operating expenditure, RM69 billion for development expenditure and RM17 billion for the COVID Fund.

Budget 2021 is intended to drive its three basic goals – ensure the people's wellbeing, business continuity and economic resilience. The three goals are a continuation of the PRIHATIN, PRIHATIN SME+, PENJANA and Kita Prihatin stimulus packages which had been introduced earlier. These stimulus packages were formulated to aid vulnerable groups, ensure business continuity, generate quality jobs and provide an environment conducive for investments in order to pave the way towards economic recovery in 2021.

Budget 2021 is intended to drive its three basic goals – ensure the people's wellbeing, business continuity and economic resilience.

Under the annual national Budget, RM38.7 billion has been earmarked to benefit SMEs exclusively or which can be accessed as with other businesses. The key initiatives include access to financing; development of Bumiputera SMEs; human capital development; enhancing digitalisation; technology and innovation; development of microenterprises; market access; women entrepreneur development; and other tax measures.

Access to Financing

An allocation of RM22.5 billion is provided for access to financing programmes through the following facilities:

- RM10 billion for a guarantee facility via Syarikat Jaminan Pembiayaan Perniagaan (SJPP);
- RM3.7 billion for the Maritime Development and Logistics Scheme, Sustainable Development Financing Scheme, Tourism Infrastructure Scheme, and Public Transport Fund which is extended to 31 December 2023;
- RM3 billion via the Danajamin Prihatin Guarantee Scheme – which is extended to 2021 with improved terms and conditions - for corporate companies involved in high-skilled industries such as oil and gas;
- RM2 billion for the Green Technology Financing Scheme 3.0 to encourage the issuance of sustainable and responsible investment (SRI) sukuk which will be guaranteed by Danajamin;
- RM2 billion under Bank Negara Malaysia (BNM) for the Targeted Assistance and Rehabilitation Facility to assist affected SMEs carrying loans from banking institutions;
- RM1.4 billion via Bank Pembangunan for the National Development Scheme to support the implementation and development of the domestic supply chain as well as to increase the production of local products such as medical devices;
- RM300 million via EXIM Bank for the National Supply Chain Finance Platform (JanaNiaga) to assist SME suppliers to the Government or Government-linked companies (GLCs) that are facing cash flow problems;

- RM80 million for alternative financing, comprising RM30 million as matching grants for investment in the equity crowdfunding (ECF) platform and RM50 million for peer-to-peer (P2P) financing. An income tax exemption of 50% of the investment amount – capped at RM50,000 – is offered as incentive for more individual investors to participate in the ECF platform; and
- RM30 million in matching grants to encourage the palm oil industry to invest in mechanisation and automation in order to boost growth and enhance competitiveness.

Development of Bumiputera SMEs

An allocation of RM7.69 billion is provided to fund Bumiputera SME development programmes as follows:

- RM2.3 billion to assist Class G1 to G4 contractors to undertake small and medium projects;
- RM2 billion via SJPP in guarantee facility for financing Bumiputera SMEs;
- RM1.3 billion for various capacity building programmes, including professional development and Dana Kemakmuran Bumiputera and other specific programmes or projects for Bumiputerases;
- RM800 million via Bank Pembangunan Malaysia and SME Bank for capacity building programmes;
- RM510 million via TEKUN and Perbadanan Usahawan Nasional Berhad (PUNB) to finance Bumiputera SMEs and microenterprises;
- RM300 million via SME Bank for the Lestari Bumi financing facility scheme;
- RM230 million via PUNB to provide for SMEs' working capital, upgrading of automation systems and equipment as well as expenditure related to compliance implementation of COVID-19 SOP (standard operating procedure); and
- RM50 million via Majlis Amanah Rakyat (MARA) for *Skim Pembiayaan Kontrak Ekspres*.

Human Capital Development

An allocation of RM3.87 billion is provided for human capital developments as follows:

- RM2 billion allocated under Social Security Organisation (SOCSSO) for the enhancement of *PenjanaKerjaya*, comprising the following:
 - Six-month incentive of 40% monthly salary for employees with salary between RM1,500 to RM4,000 per month
 - Six-month additional incentive of 40% plus 20% of monthly salary for the recruitment of disabled, unemployed, single mothers and laid-off workers
 - Special six-month incentive of 60% of the monthly salary, with 40% channelled directly to employers and 20% to local workers who replace foreign workers for relevant sectors
 - An increase from RM4,000 to RM7,000 in the maximum rate claimable by employers for high-skills programmes or professional certificates
- RM1.5 billion for a further three-month extension of the Wage Subsidy Programme, particularly for the tourism and retail sector, at the rate of RM600 per month for workers earning RM4,000 per month. The threshold of 200 workers per application has been raised to 500 workers;
- RM100 million to the Human Resource Development Fund (HDRF) to conduct training in collaboration with private sector employers;

- RM100 million under Iskandar Regional Development Authority (IRDA) and Sabah Economic Development and Investment Authority (SEDIA) to provide new skills training to workers affected by the closure of borders to foreign tourists;
- RM100 million allocated for Malaysia Digital Economy Corporation (MDEC) to facilitate the transition of the existing work force to meet the growing needs of the information and communication technology (ICT) industry;
- RM50 million for income generation and employment promotion initiatives for vulnerable groups;
- RM20 million for the Malaysian Global Innovation and Creativity Centre (MaGIC) to conduct social enterprise development programmes;
- Providing employment opportunities for 500 people in the local and *Orang Asli* communities as tour guides; and
- Exemption of HDRF levy for six months - beginning 1 January 2021 - for the tourism sector and companies affected by COVID-19.

Enhancing Digitalisation, Technology and Innovation

An allocation of RM2.65 billion is provided for the following:

- RM1 billion special incentive package for high value-added technology, especially to support research & development (R&D) investment in aerospace and electronic clusters, particularly in Batu Kawan, Pulau Pinang and Kulim, Kedah;
- RM1 billion via Bank Pembangunan for the Industrial Digitalisation Transformation Scheme to boost digitalisation activities, with the availability of the fund extended to 31 December 2023;
- RM500 million for BNM's High Technology Fund to support high-technology and innovative companies;
- RM150 million for the SME Digitalisation Grant Scheme and the Automation Grant to support automation and modernisation among SMEs; and
- Re-introduction of tax incentive for non-resource-based R&D product commercialisation activities in order to create a more competitive R&D ecosystem.

Development of Microenterprises

An allocation of RM1.35 billion is provided for the development of microenterprises through the following programmes:

- RM1.2 billion via TEKUN Nasional, PUNB, Agrobank and other financial institutions to provide micro-credit financing, including RM110 million for the Micro Enterprises Facility under BNM to encourage entrepreneurship among gig workers and the self-employed, as well as to support the iTEKAD programme;
- RM100 million via Bank Simpanan Nasional (BSN) for the Business Financing for Chinese community programme;
- RM20 million via TEKUN Nasional for *Skim Pembangunan Usahawan Masyarakat India*;
- RM20 million for soft loans via the TEKUN Sports Scheme to assist sports industry operators;
- RM5 million via TEKUN Nasional for entrepreneurship development in other minority communities;

- Moratorium on repayment for loans of up to RM150,000 for B40 borrowers and microenterprises, with borrowers given the option for a moratorium on their instalments for a period of three months or to reduce their monthly repayment by 50% for a period of six months; and
 - PRIHATIN Special Grant of RM1,000 each to be given to 20,000 traders and hawkers in Sabah.
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Access to Market

An allocation of RM360 million is provided for market access programmes as follows:

- RM150 million for the e-Commerce SME and Micro SME Campaign;
 - RM150 million for the Shop Malaysia Online initiative via e-commerce platforms to encourage online spending to benefit 500,000 local sellers, including halal products and handicraft entrepreneurs;
 - RM35 million for trade and investment missions to promote Malaysian-made products and services;
 - RM25 million for the Micro Franchise Development and Affordable Franchise programmes as well as Buy Made-in-Malaysia programme;
 - Implementation of Authorised Economic Operator (AEO) facilities at national level to facilitate the AEO accreditation process and expanding AEO to logistics service providers and approved warehouse operators;
 - Pilot project for e-procurement registration of social enterprises in possession of a Government Impact e-Procurement Program Certificate from MaGIC and other selected agencies to enable them to become suppliers to the Government;
 - Tax incentive for the establishment of Global Trading Centres at a concessionary rate of 10% for a period of five years and renewable for a period of another five years;
 - Limit on the sales value for value-added and additional activities carried out in free industrial zones and licensed manufacturing warehouses to be increased from 10% to 40% of the total annual sales value; and
 - Income tax exemption for the export of private healthcare services extended until the year of assessment 2022.
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Development of Women Entrepreneurs

An allocation of RM145 million is provided for the development of women entrepreneurs through the following:

- RM95 million via TEKUN, MARA and Agrobank for special micro-credit financing to empower women entrepreneurs;
- RM50 million via Islamic Economic Development Foundation to support Islamic pawn-broking through Ar-Rahnu BizNita; and
- Training in marketing, labelling and packaging along with technical guidance on business for 2,000 women entrepreneurs through the Micro Entrepreneurs Business Development Programme (BizMe).

Other Measures

An allocation of RM155 million is provided for the following purposes:

- RM85 million for the tourism sector, with RM50 million for the maintenance and repair of tourism facilities across the country and RM35 million via the Malaysia Healthcare Travel Council to enhance competitiveness of the local health tourism industry;
- RM70 million for the agriculture sector, with RM60 million via Agrobank for the Agrofood Value Chain Modernisation Programme and RM10 million for the Aquaculture Development Programme; and
- Enactment of the Temporary Measures for Reducing the Impact of Coronavirus Disease 2019 (COVID-19) Act 2020 (COVID Act) to assist individuals and businesses in meeting contractual obligations. The Act also established the COVID-19 Mediation Centre with subsidised consultancy rates for micro and small businesses.

Other Taxation Measures

- Individual income tax of those earning between RM50,001 and RM70,000 a year will be lowered by 1% - from 14% to 13% - which is expected to benefit 1.4 million taxpayers including sole proprietorship and partnership businesses;
- To encourage employers to employ former convicts and drug addicts in order to facilitate their re-integration into society, a further tax deduction on remuneration given to employers who employ ex-convicts, parolees, supervised persons and ex-drug dependants is extended until year of assessment 2025; and
- To incentivise employers to engage senior citizens, a further tax deduction on remuneration given to employers who employ senior citizens is extended until year of assessment 2025.



NATIONAL AUTOMOTIVE POLICY 2020

The Ministry of International Trade and Industry (MITI) launched the National Automotive Policy 2020 (NAP 2020) on 21 February 2020. NAP 2020, an enhancement and continuation of its predecessor NAP 2014 targets to propel Malaysia into a regional leader in automotive manufacturing.

The first NAP, introduced in 2006 under the Third Industrial Master Plan (IMP3) 2006 - 2020, aimed at transforming the automotive industry into a key contributor to Malaysia's economic development. The second edition of the policy introduced in 2009 focused on enhancing the capability of the domestic automotive industry, as well as to create an environment that would be conducive to attracting investments.

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The **objectives** of NAP 2020 are to:

- Develop a technology ecosystem for Next Generation Vehicles (NxGV*) in order for Malaysia to become a regional hub for the production of such vehicles;
- Expand the participation of the domestic automotive industry in the Mobility as a Service (MaaS*) sector that focuses not only on the development of technology but also on the overall transportation ecosystem;
- Ensure that the domestic automotive industry is better equipped with a new industry paradigm that is closely linked to Industrial Revolution 4.0 (IR 4.0*);
- Ensure that the overall ecosystem - consumers, the domestic automotive industry and the Government - obtains maximum benefit from the spin-off effects of the implementation of NxGV; and
- Reduce carbon emission from vehicles by improving the fuel economy level in Malaysia by 2025.

Four roadmaps and three blueprints have been established under NAP 2020 to serve as guidelines towards achieving its objectives. These comprise strategies covering industry supply chains, human capital, infrastructure readiness, as well as engineering and technology development. The roadmaps and blueprints will be reviewed regularly to ensure they remain abreast of trends and developments in disruptive technologies.

NAP 2020 has set 2030 as the year by which the following targets would have been achieved:

- RM104 billion contribution to GDP via the manufacturing sector;
- RM12.3 billion contribution to exports in the form of completely built-up (CBU) vehicles; and
- Generation of 323,000 jobs to total employment.

NAP 2020 provides opportunities for companies – including SMEs – that are related to the automotive industry to participate in the supply chain and these are encouraged to engage with the Government in making the policy a workable one.

** Notes*

- i. **NxGVs** are classified as energy-efficient vehicles (EEV) equipped with a minimum of Level 3 vehicle automation. NxGV technology is classified according to five levels, from driver-enabled to fully driverless vehicles.

Level 3 is conditional automation whereby vehicles are autonomous but only under strict and ideal conditions, with a human driver still required to be at the wheel. If these conditions are not met, the human driver must take over. The Government is aiming to introduce NxGVs into the market by 2025.

- ii. **MaaS** is a concept that integrates various types of services and transport modes – including ride-sharing apps, delivery services and online healthcare services – into a single centralised service via a digital platform. The Government, through MaaS, seeks to impact new ownership models as well as to make it a key component of future transportation in the country.

- iii. **IR 4.0** refers to developing and applicable technologies in the field of artificial intelligence, big data analysis and Internet of Things that would enable the implementation of the NxGV and MaaS industries.

Box Article

SME Development Programmes in 2019 and 2020

SME Corp. Malaysia as the central coordinating agency (CCA) for SME development programmes coordinates, streamlines, monitors and evaluates the progress and effectiveness of such programmes through the SME Integrated Plan of Action (SMEIPA).



PROGRAMMES IN 2019

In 2019, the Government continued to implement various SME development programmes through 18 Ministries, six sole agencies and 53 agencies. These programmes addressed six key focus areas; human capital development, access to financing, market access, innovation and technology adoption, infrastructure, as well as legal and regulatory environment. A total of 175 programmes, with financial expenditure amounting to RM9.6 billion, were reported for 2019. The programmes benefitted 656,468 SMEs.

Table 1: Summary of Programmes in 2019

Focus Area	Number of Programmes		Financial Expenditure		Number of SME Beneficiaries	
	Total	Share (%)	RM (million)	Share (%)	Total	Share (%)
Human Capital Development	54	30.9	193.1	2.0	139,624	21.3
Access to Financing	38	21.7	9,122.2	95.1	444,640	67.7
Market Access	37	21.1	127.3	1.3	63,816	9.7
Innovation and Technology Adoption	29	16.6	100.7	1.1	7,245	1.1
Infrastructure	16	9.1	42.4	0.4	1,143	0.2
Legal and Regulatory Environment	1	0.6	5.5	0.1	-	-
Total	175	100.0	9,591.2	100.0	656,468	100.0

In 2019, human capital development had the most number of programmes, accounting for 30.9% of the total implemented along with an expenditure of RM193.1 million to conduct the programmes for 139,624 SME beneficiaries. Access to financing programmes for 444,640 SME beneficiaries took up 95.1% (RM9.1 billion) of the total expenditure for all the six key focus areas. A total of 37 market access programmes, with an expenditure of RM127.3 million were implemented for 63,816 SME beneficiaries while 29 innovation and technology adoption programmes, with an expenditure of RM100.7 million, were implemented for 7,245 SME beneficiaries. There were 16 infrastructure programmes – with an expenditure of RM42.4 million – that benefitted 1,143 SME beneficiaries during the year.

PROGRAMMES IN 2020

In 2020, a total of 211 programmes with financial expenditure amounting to RM13 billion have been implemented. These programmes, to ultimately benefit 656,097 SMEs, have been implemented through 17 Ministries, six sole agencies and 59 other agencies.

Table 2: Summary of Programmes in 2020

Focus Area	Programmes		Financial Expenditure		Number of SME Beneficiaries	
	Number	Share (%)	RM (million)	Share (%)	Number	Share (%)
Human Capital Development	99	31.1	3,285.1	19.6	561,190	48.1
Access to Financing	93	29.3	12,687.1	75.9	459,173	39.3
Market Access	47	14.8	188.3	1.1	23,430	2.0
Innovation and Technology Adoption	43	13.5	418.0	2.5	50,244	4.3
Infrastructure	36	11.3	142.5	0.9	73,023	6.3

Access to financing programmes continue to form the bulk of the funding for programmes in 2020, taking up 75.9% or RM12.7 billion out of the total financial expenditure for the year as well as accounting for 29.3% or 93 of the total number of programmes implemented. The programmes benefitted 459,173 SMEs. Human capital development has the highest number of programmes, accounting for 99 programmes or 31.1% of the total together with an expenditure of RM3.3 billion. The programmes benefitted 561,190 SMEs. A total of 47 market access programmes, with an expenditure of RM188.3 million have been implemented for the benefit of 23,430 SMEs. A total of 43 innovation and technology adoption programmes with an expenditure of RM418.0 million and 50,244 SME beneficiaries were implemented while 36 infrastructure programmes have been implemented for 73,023 SME beneficiaries with an expenditure of RM142.5 million.

Details of the programmes are in <https://www.smeinfo.com.my/>.

Box Article

Implementation of SME Status



The registration for SME status with SME Corp. Malaysia launched on 1 March 2020 aims to validate the SME status of all business establishments that fulfil the definition of SME and to ensure that a company which intends to obtain SME-related Government assistance and incentives meets the national definition of SME as set by the Government through the National Entrepreneur and SME Development Council (NESDC).

SMEs can register their SME Status online via the SME Status Registration System. A SME Status registration fee of RM100 is charged for a two-year validity period. However, in view of the challenges faced by SMEs during the COVID-19 pandemic, the registration for a one-year validity period is waived from 1 March to 31 December 2020. Upon certification as an SME, a firm can download the digital certificate as proof of its status.

The basic documents required to validate the SME Status are:

- **Business Registration** – Current SSM Business Registration form such as Super form / Form 9, 24 and 49 and M&A, Form D, *Profesion dan Pelesenan Perdagangan, Ordinan Perniagaan* (applicable only to Sabah and Sarawak), Limited Liability Partnership Act 2012, Registration of Business Act 1956;
- **Sales and Revenue** – Latest copy of audited accounts and financial statements for 2018 or 2019 (for Sdn Bhd only) and 2019 Management Account, Profit and Loss Statement (for enterprise, limited liability partnership, professional and those registered under Ordinan);
- **Full Time Employees** – Latest Employees Provident Fund (EPF) contribution statement; and
- **Equity and Shareholder** – Super form / Form 24 and 49, annual return, Register of Members (for Sdn Bhd only), and limited liability partnership profile, information on recent business owner and business license, confirmation on business registration from Inland Revenue Board (Kuching) and draw of registration business names from the District Office.

As at 31 December 2020, a total of 11,608 businesses were certified as SMEs and 353 as non-SMEs.

WHAT

Registration of SME Status

Validate SME Status of all business entities that fulfill the SME definition

WHO

Business entities across all economic sectors

Companies intending to apply for assistance and incentives for SMEs

WHAT CAN I GET

Certified SME Status

Digital certificate downloadable upon payment of RM100

Validity Period:
Two years

HOW

Online Application

Visit **smereg.smecorp.gov.my**

Free Registration:
1 March - 31 December 2020

Validity Period:
One year

SME Status registration can be accessed at <https://smereg.smecorp.gov.my/reg/>.