



MEDIA RELEASE

SME Masterplan Gains Momentum, with Focus on Productivity and Innovation

Putrajaya, 4 July - YAB Prime Minister Dato' Sri Mohd Najib Tun Haji Abdul Razak announced the roll out of another four High Impact Programmes (HIPs) under the SME Masterplan. He also stressed on the importance of accelerating productivity growth among SMEs through innovation and other measures to achieve the SME Masterplan goals. He said that SME Development will continue to be accorded national priority under the 11th Malaysia Plan and the SME Masterplan will continue to serve as the overarching framework for SME development in the country as SMEs emerge as one of the key pillars of growth in attaining a high income nation status by 2020. The announcement was made after he chaired the 16th National SME Development Council (NSDC) Meeting earlier today. The biannual meeting was attended by Ministers and Heads of 16 Ministries and Agencies including from Sabah and Sarawak who are involved in implementing SME development programmes in the country.

This year is the 10th year since the NSDC was first established. Since its establishment in 2004, various achievements have been made over the years, particularly in terms of SME development policies that include the redefinition of SME; sharing of SME information and data; human resource development, access to financing and market; as well as, business advisory and support. The Government is confident that the achievements to date have successfully strengthen the Government's efforts and initiatives towards increasing the contribution of the SMEs towards the nation's economy in line with the goals set under the SME Masterplan.

The SME Masterplan which began in 2012 aspires to raise the contribution of SMEs to the economy in terms of GDP, employment and exports with the target of achieving 41% of GDP by 202. To achieve the current growth rate of 6.2% has to be increased by 9.3% via innovation, productivity and knowledge enhancement.

The design of the four (4) HIP endorsed at the meeting include HIP 1 on integration of business registration and licensing; HIP 3 on SME Investment Programme; HIP 4 on the

GoEx Programme; and HIP 5 on the Catalyst Programme. This is following the launching of HIP 2 on Technology Commercialisation Platform (TCP) in April 2014. Each programme is implemented by a lead agency. In the case of TCP, the programme is being implemented by Agensi Inovasi Malaysia (AIM) through its subsidiary, PlatCOM Ventures Sdn. Bhd., a privately-managed company that provides end-to-end facilitation to assist SMEs to innovate and commercial their products and services.

Dato' Sri Najib said that the work on HIP 1 will begin soon towards establishing a single window for SMEs to register their business and at the same time apply for all the required business licenses. This window is intended to be business friendly, complete with an information portal on the licensing requirements for the various business activities. The programme aims to enhance ease of doing business and eventually drive down transaction costs which would take a few years to complete.

Meanwhile, HIP 3 on the SME Investment Programme is an innovative model proposed under the SME Masterplan to facilitate financing for SMEs in the start-up and early stage. It is based on a fund of funds concept mooted from a similar programme in the United States and with best practices brought from other parts of the world. This non-bank financing programme proposes that designated investment companies raise funds from the private sector, with matching funds from the Government to on-lend to SMEs in the form of loans or both equity and loans. HIP 3 is expected to support the growth of high growth and innovative firms.

To give further boost to this area, the Council has also endorsed HIP 5, the Catalyst Programme to nurture potentially high growth SMEs to become world-class players. The programme which is highly selective exposes the company to an intensive capacity building programme and to benchmark against international best companies. Each company will develop and pursue a customised growth plan to achieve exponential growth, of 20% and more each year. HIP3 and HIP 5 will be implemented by SME Corp. Malaysia.

Finally, HIP 4, the GoEx Programme offers customised support to new exporters or existing exporters venturing into new markets or new products / services. The end game is for more SMEs to have a global footprint and gain market share, hence resulting in the contributing of SMEs to total exports to increase from the current 19% to 25% by 2020, which is one of the goals of the SME Masterplan. The programme implemented by the Malaysian External Trade Development Corporation (MATRADE) is very different from its existing programmes. Selected export ready SMEs will be given comprehensive assistance ranging from expert advisory, trade facilitation and market linkages to international buyers, distributors and agents through market immersions.

“It is important that all the six (6) High Impact Programmes are implemented together to ensure the synergy and see the full impact on the economy as they are inter-connected and mutually reinforcing”, said Dato’ Sri Najib. He also said the last of the HIPs namely HIP 6, the Inclusive Innovation Programme which is undertaken by Yayasan Inovasi Malaysia will be rolled out later this year. SME Corp. Malaysia which has assisted in designing and rolling out these programmes with the lead agencies will track the progress and report to the Council.

Besides the SME Masterplan, the Council also deliberated a paper on the current performance of SMEs, as well as, challenges confronting SMEs amidst the environment of rising cost of doing business and other uncertainties. Nevertheless, SME contribution to the economy has increased, albeit, gradually over the years, and the long-term prospects of SMEs remain intact. Dato’ Sri Najib said that while the Government is pleased to see that the efforts have shown results, but much more needs to be done for SMEs to take a quantum leap through initiatives under the Masterplan. Moving forward, emphasis will be on accelerating productivity of SMEs, particularly those in the services sector.

In a related development, it was highlighted during the meeting that the recently-held Economic Council Meeting had agreed to strengthen three (3) strategic cooperations, that are related to the growth of innovation and productivity, as effective One Stop Centres for the commercialisation of SMEs’ products and services, as well as, a One Referral Centre to assist SMEs enhance their productivity-related efforts. These three (3) cooperations are between SME Corp. Malaysia and Malaysian Technology Development Corporation (MTDC); Fraunhofer Institute and SIRIM Berhad; and Steinbeis Institute and Agensi Inovasi Malaysia (AIM).

Other agendas discussed included the ASEAN Economic Community (AEC) which will come into effect in 2015, with Malaysia poised to assume the Chairmanship of ASEAN Summit in 2015. The Council had expressed its hope that the SME Agenda at the regional level would be strengthened and given special emphasis as SMEs represent 95%-99% of the total business establishments within ASEAN member states (AMC). In line with this aspiration, it was highlighted that SME Corp. Malaysia as the focal point for Malaysia at the ASEAN SME Working Group will be directly involved in formulating the ASEAN Strategic Action Plan for SME Development 2016-2025. It was also disclosed during the meeting that Malaysia will be hosting the ASEAN SME Showcase and Conference 2015 next year.

The Council was also apprised on the achievements of SME development programmes which SME Corp. Malaysia as the central coordinating agency has been progressively coordinating, monitoring and evaluating through the SME Integrated Plan of Action

(SMEIPA). SMEIPA provides a compilation of information and assessment on the effectiveness of the programmes implemented to support the development of SMEs.

The meeting was informed that in 2013, SME development programmes implemented by 15 Ministries and more than 61 Agencies which had recorded an 85% average success rate of implementation. A total of 157 programmes were implemented with a total expenditure of RM12 billion benefitting 887,581 beneficiaries. In 2014, a total of 154 programmes have been planned and are being implemented with a financial commitment of RM13.3 billion which are expected to benefit 527,865 beneficiaries.

The Prime Minister had lauded the success of SME Week 2014 that was held from 21-27 June 2014 with 158 activities organised nationwide. Across Malaysia, a total of 148,180 participants and visitors had benefitted from these activities and 1,074 exhibitors had participated in the SME Carnivals to promote their products and services. SME Week 2014 had recorded RM1.7 million in cash transactions and RM33.9 million in potential sales successfully negotiated through Business Matching Sessions held throughout the week. Dato' Sri Najib had expressed "It is my fervent hope that SME Week will set to become an event much anticipated by all SMEs annually, as this is the target group that will predominantly enhance the endogenous growth and dynamism of the nation's economy".

Secretariat
National SME Development Council (NSDC)
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