



ASEAN SME Policy Index 2018

Dissemination seminar



Malaysia

Tuesday, 12 February 2019
SME Corp. Malaysia

OECD Southeast Asia Regional Programme

Funded by the
Government
of Canada





1. ASEAN SME Policy Index methodology

2. Key findings for ASEAN

3. Key findings for Malaysia

4. Focus 1: Legislation, regulation and tax

5. Focus 2: Entrepreneurial education and skills

6. Concluding remarks and next steps

The ASPI can perform a number of useful functions in SME policymaking

It can be used to **benchmark the implementation status** of the **ASEAN Strategic Action Plan for SME Development 2016-2025 (SAP SMED)** to complement the KPIs

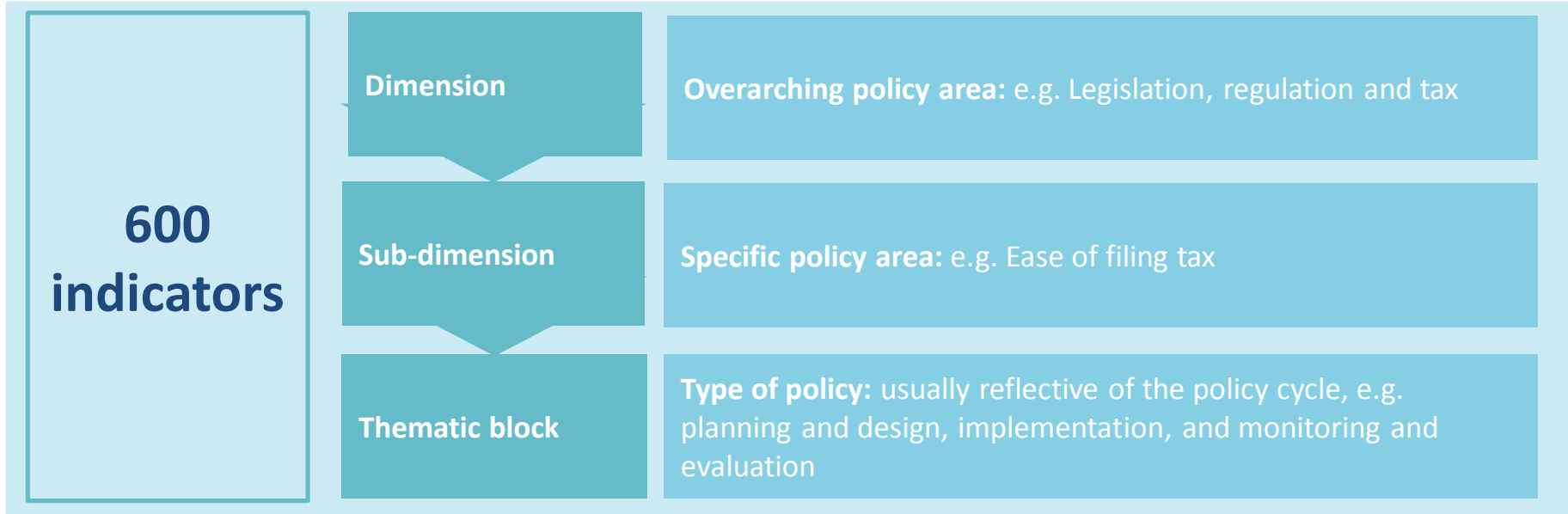
It can be used to **compare SME policies across countries and time and measure progress** on policy convergence at regional level

It can be used to **identify strong and weak points in policy design and implementation** at the country level

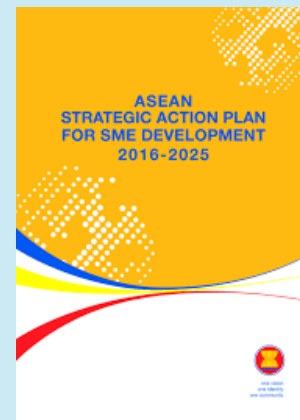
It can be used to **enhance the capacity of policy-makers to identify policy areas for future reform**, as well as to implement reforms in accordance with best international practices

The 2018 ASPI is an index based on around 600 indicators, identified using the global OECD SME Policy Index methodology and the strategic priorities of the ASEAN SAPSMED 2016-25

ASPI 2018 methodology



Based on global SME policy index methodology and SAPSMED 2016-2025



These indicators are intended to elucidate the depth and sophistication of policy frameworks for SME development in ASEAN, across eight general and 25 specific policy areas

ASPI 2018 METHODOLOGY

1. Productivity, technology & innovation



- 1.1 Productivity measures
- 1.2 Business development services
- 1.3 Productive agglomeration and clusters enhancement
- 1.4 Technology and innovation promotion

2. Green SMEs



- 2.1 Environmental policies targeting SMEs
- 2.2 Incentives and instruments for greening SMEs

3. Access to finance



- 3.1 Legal, regulatory and institutional framework
- 3.2 Diversified sources of enterprise finance

4. Access to market & internationalisation



- 4.1 Export promotion
- 4.2 Integration into global value chains
- 4.3 Use of commerce use | 4.4 Quality standards
- 4.5 Trade facilitation

5. Institutional framework



- 5.1 SME definition
- 5.2 Strategic planning, policy design and coordination
- 5.3 Measures to tackle the informal economy

6. Legislation, regulation and tax



- 6.1 Public-private consultations
- 6.2 Legislative simplification and RIA
- 6.3 Company registration
- 6.4 Ease of filing tax | 6.5 E-government

7. Entrepreneurial education and skills



- 7.1 Promotion of entrepreneurial education
- 7.2 Entrepreneurial skills

8. Social and inclusive enterprises



- 8.1 Social enterprises
- 8.2 Inclusive SMEs

SAPSMED Goal	ASPI dimension
A. Productivity, technology and innovation	1, 2
B. Access to finance	3
C. Market access and internationalisation	4
D. Policy and regulatory environment	5, 6
E. Entrepreneurship and human capital development	7, 8

The final score per sub-dimension and Dimension indicates how far along in the policy cycle different countries stand in terms of good practice

ASPI 2018 METHODOLOGY

QUALITATIVE INDICATORS

Measure the framework for SME policy, taking stock of the institutions, policies and programmes in place, and assessing their sophistication and intensity.

Level 1	No framework
Level 2	Draft / pilot framework
Level 3	Framework in place and operational
Level 4	Implementation of policy framework is advanced
Level 5	Evidence of monitoring framework, with findings
Level 6	Full policy framework in place, with evidence of good practices, including the use of independent impact evaluations

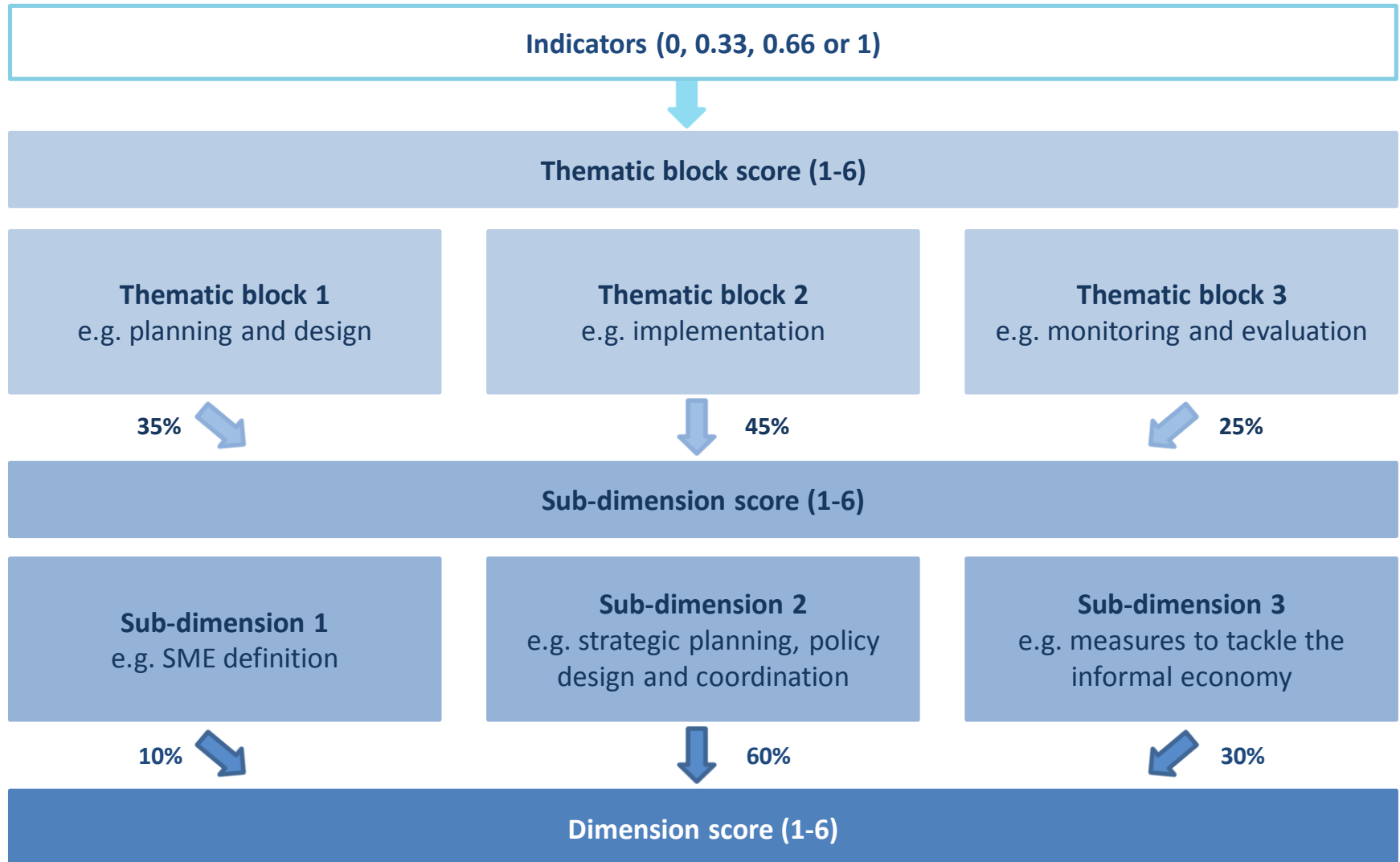
QUANTITATIVE INDICATORS

Measures of country performance on other indices, as well as various input factors, such as the size of the budget apportioned to SME policies and programmes.

Example: Indonesia
Dimension: Institutional Development
Sub-dimension: Legal and Regulatory Framework
Score: 4.35
Assessment: Indonesia is in the implementation phase and already has an adopted SME Strategy and Action Plans.

The assessment is structured around a weighted index, with weights defined based on expert opinion ...

ASPI 2018 METHODOLOGY



... which was conducted in close collaboration with partners in ASEAN member states

ASPI 2018 METHODOLOGY

Development of methodology in partnership with AMS, ACCMSME and experts

Questionnaires: (April-Sept 2017)
Government self-assessment Independent self-assessment



National validation workshops: country-level harmonisation and validation of findings (June-September 2017)

Reconciliation: September 2017

Regional validation workshop: region-level harmonisation and validation of findings (September 2017)



Final assessment: October 2017 (scores) & August 2018 (report)

Official statistical data collection

Stakeholder engagement is key for this exercise, helping to learn from each other.

ASPI 2018 methodology

Four pillars of engagement with

NATIONAL CO-ORDINATOR :

- Officially-nominated focal point for ASPI in each AMS
- Consistent contact throughout the process

NATIONAL PUBLIC SECTOR STAKEHOLDERS :

- Involvement of all relevant public institutions related to MSME policies in the country
- Gather any additional new information

PRIVATE SECTOR REPRESENTATIVES:

- Invite to the relevant meetings
- Verify the findings with the private sector community

PEERS IN ASEAN :

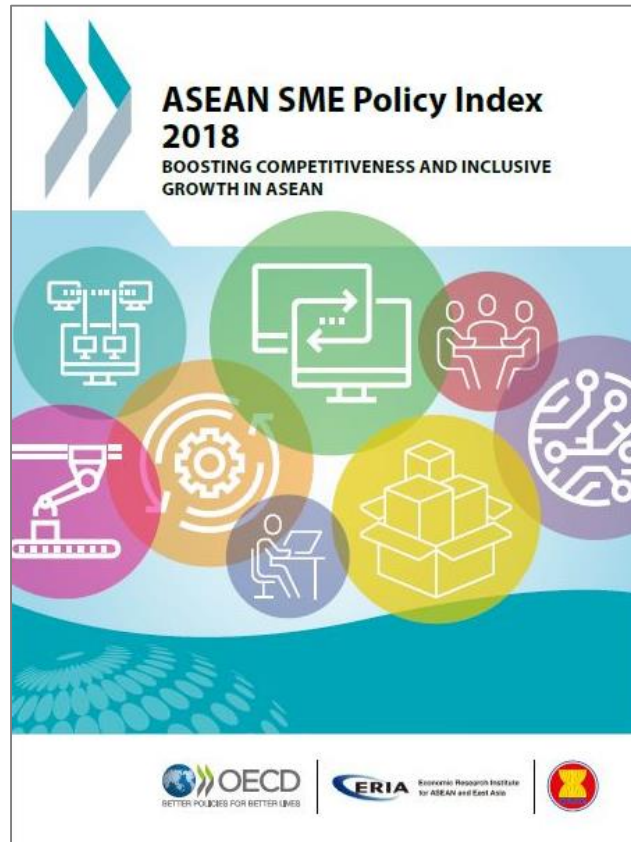
- Interacting with peers in other AMS and during two meetings involving all coordinators and consultants



*Major
capacity
building
exercise
involving over
500
stakeholders
during the 24
month
process and
not just a
report.*

The findings were compiled into a comprehensive assessment that can be used to map and compare SME policy frameworks across ASEAN

ASPI 2018 METHODOLOGY



BACKGROUND

- Economic context
- Methodology
- Overview of key findings and score

REGIONAL THEMATIC CHAPTERS

- Findings as a whole in specific policy area
- Policy recommendations

COUNTRY CHAPTERS

- Findings by country
- Overview of the SME sector
- Country-specific policy recommendations



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2. Key findings for ASEAN

3. Key findings for Malaysia

4. Focus 1: Legislation, regulation and tax

5. Focus 2: Entrepreneurial education and skills

6. Concluding remarks and next steps

KEY FINDINGS FOR ASEAN



KEY FINDINGS

Overview

- **ASEAN countries have made significant advances in SME policy, notably in the areas of institutional frameworks, BDS, access to e-commerce (3.4 to 4.4), and export promotion.** Although methodological changes the full comparability of scores, marked progress can nevertheless be observed compared to the last evaluation in 2014.
- **MSMEs operate mainly in wholesale and retail trade, with high levels of informality.** While there are no exact figures on enterprise informality in the region, data on informal employment, both in formal and informal enterprises, suggest that informal practices are widespread across most AMS.
- **SME development is an increasing priority for policy makers across ASEAN as they seek to establish a broader base for growth while ensuring that it is resilient and inclusive.** The creation of the ASEAN Economic Community in 2015 has increased this drive to find ways to narrow considerable income gaps between and within AMS.
- **SME policy development seems to be correlated with the overall level of development of countries.** More advanced countries have more advanced policies for SME development. Correlation has been observed under all dimensions.

- **Most ASEAN countries are active in the area of SME policy and apply a mix of horizontal and targeted approaches.** On the horizontal side, they tend to prioritise measures to cut red tape and streamline business registration. On the targeted side, they tend to focus on measures to enhance productivity and increase access to finance.
- **Some AMS regard SME policy as a core tool to enhance welfare.** SME policy takes on a distinctly social approach in the majority of AMS, and in a few countries, especially Indonesia and the Philippines – as well as historically in Malaysia – it has been used as a core tool to advance social policy objectives.
- **Data gaps and the lack of a common SME definition complicate policy making.** Only half of AMS conduct a regular enterprise census, and few calculate a comprehensive set of performance indicators such as SME contribution to GDP.



1. ASEAN SME Policy Index methodology

2. Key findings for ASEAN

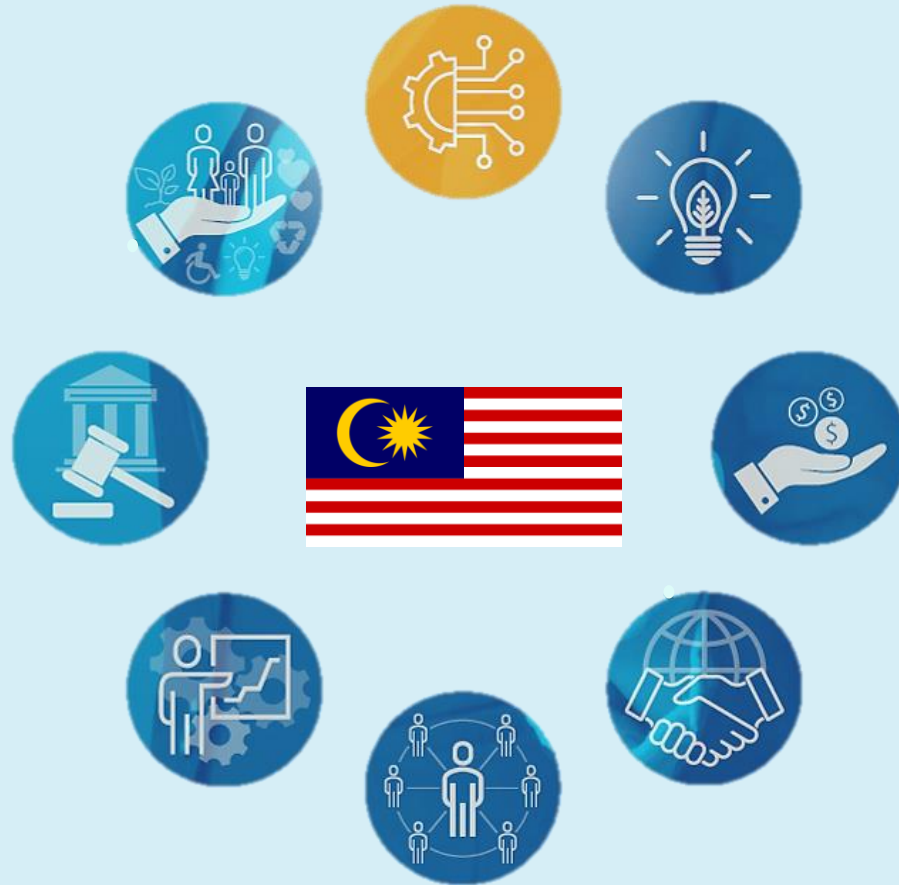
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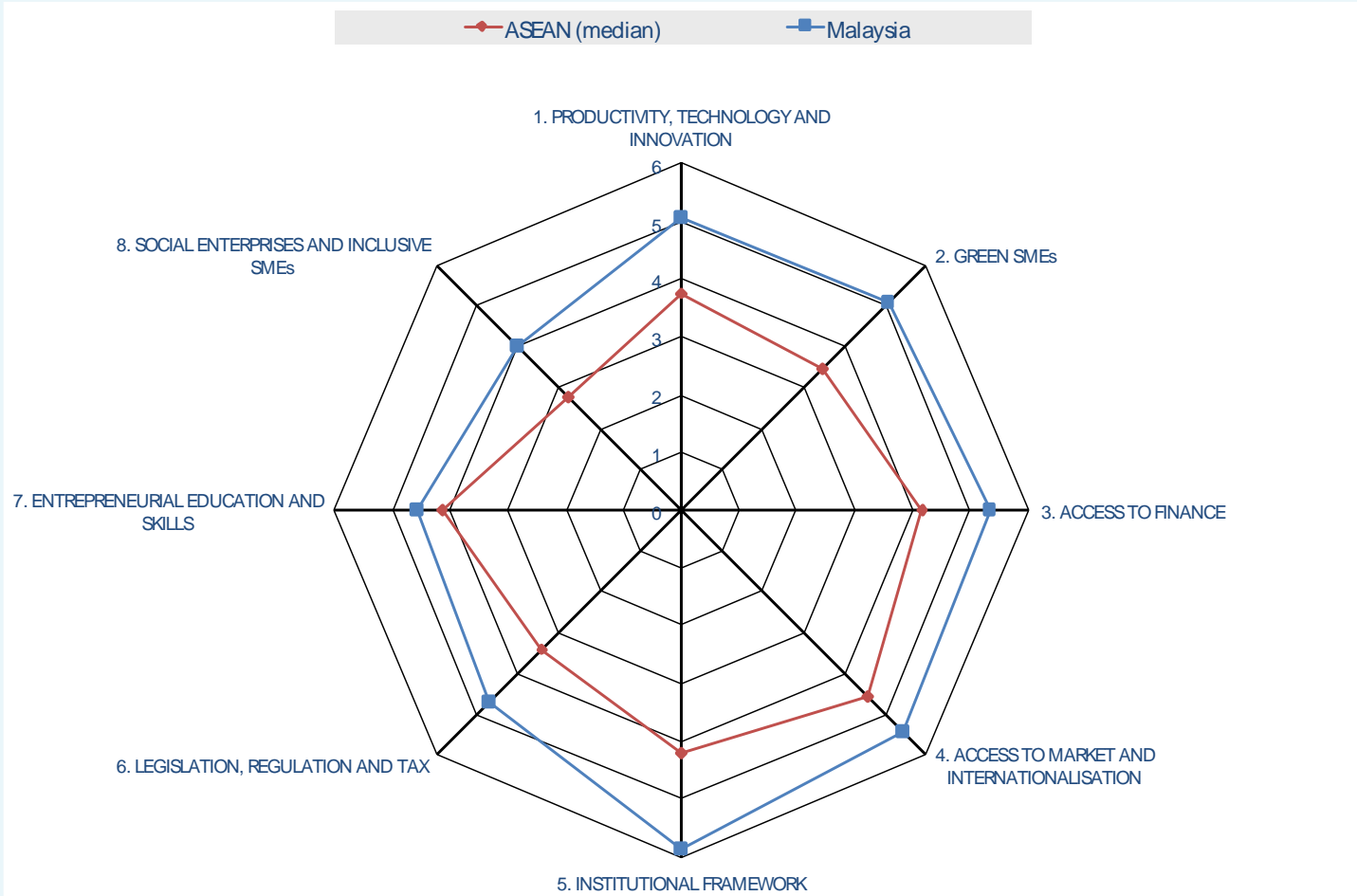
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KEY FINDINGS FOR MALAYSIA

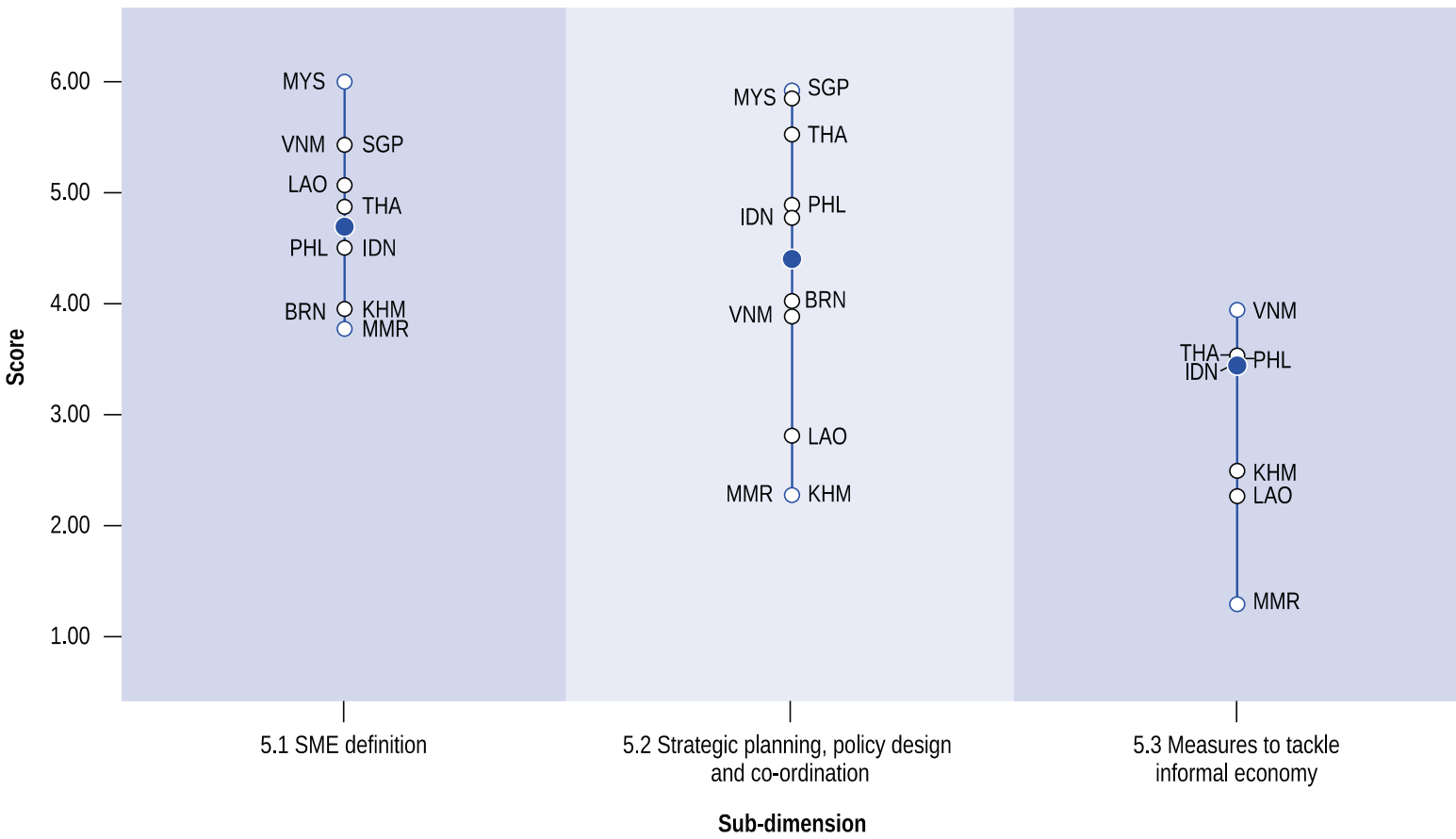


KEY FINDINGS

Overview of scores



INSTITUTIONAL FRAMEWORK



5.3 Based on 7 countries.



INSTITUTIONAL FRAMEWORK (5.86)

State-of-play

- At the time of assessment, Malaysia had a high-level body responsible for formulating SME policies and strategies: the National SME Development Council (NSDC), which was chaired by the PM and was expected to meet twice a year. It was established in 2004
- The SME agency, SME Corp. Malaysia, gazetted under MITI, was mandated to co-ordinate implementation of SME policies and to serve as secretariat to the NSDC
- A long-term strategy was in place – the SME Masterplan – with annual action plans. The policy scope had been firmly set with a clear definition, and a periodic census was taken

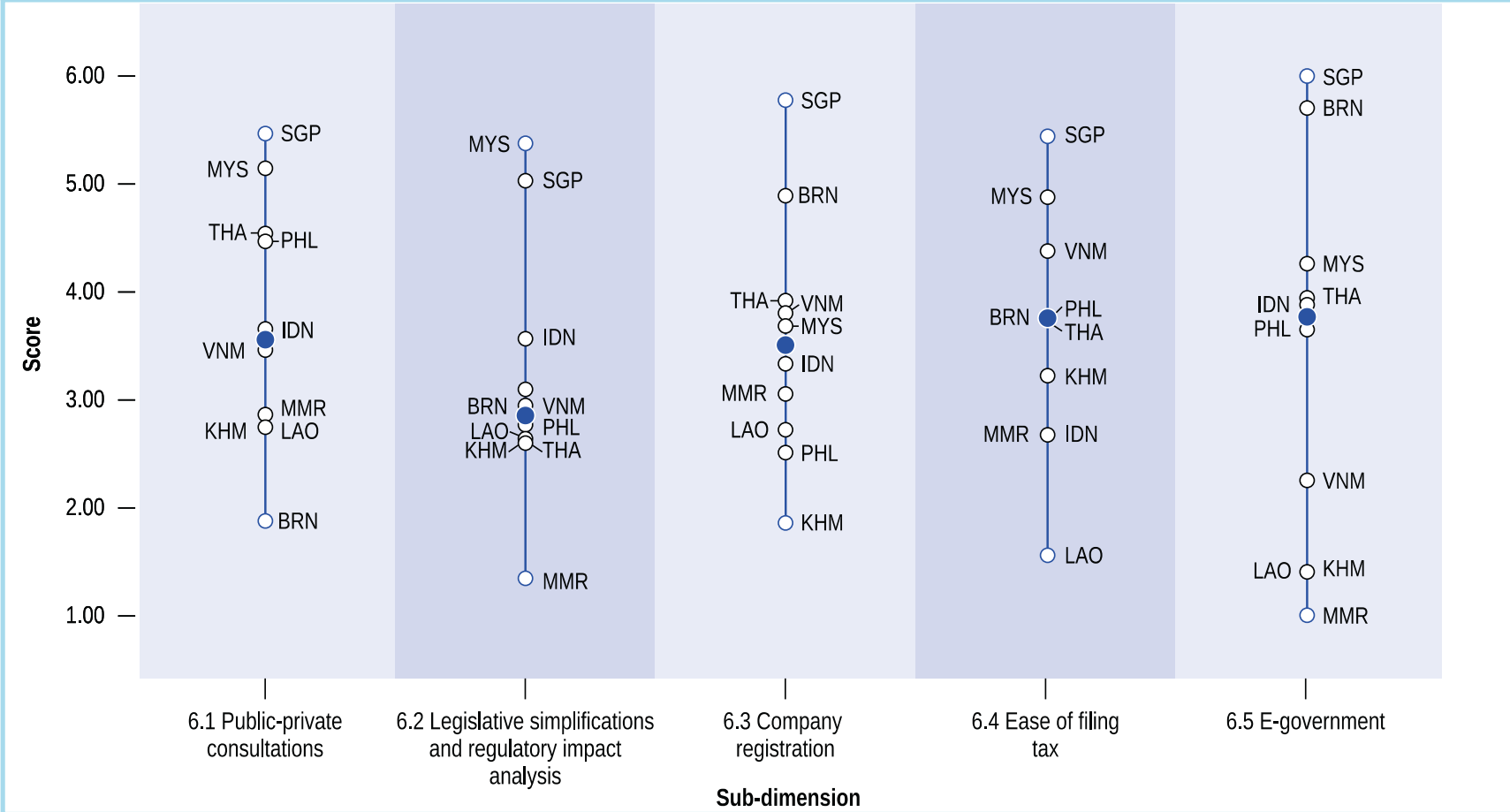
Potential gaps

- Malaysia's institutional framework for identifying SME development goals may at times produce policies that are driven more by social and political objectives than economic
- More programmes could be considered to reduce informality still further

Way forward

- Consider developing mid-term development plans, to supplement the SME MasterPlan
- Consider including more private sector representatives – particularly those that reflect Malaysia's industry structure and strategic objectives – on SME Corp.'s governance board

LEGISLATION, REGULATION AND TAX





LEGISLATION, REGULATION AND TAX (4.71)

State-of-play

- Malaysia has been undertaking comprehensive regulatory reform since 2007 and had set up a special task force (PEMUDAH) to facilitate public-private dialogue
- A body, the NDPC, was designated responsible for socialising GRP throughout the civil service. A national policy and best practice handbook on the use of GRPs was developed
- The country has made considerable progress in streamlining procedures for starting a business and paying tax over the past 15 years, but both remain relatively burdensome compared to global peers

Potential gaps

- More could be done to increase the transparency of GRP procedures. For instance, list of ongoing PPCs is not available online, and may not be sufficiently representative
- Company registration and the payment of tax seems to remain relatively burdensome, largely due to the time required for these activities

Way forward

- Continue developing listing upcoming PPCs online, as well as the outcomes of PPCs
- Continue rationalisation of licensing, the implementation of a SCIN and further develop e-governance services and the ability of different authorities to exchange information

Indicative topics for discussion

1

What concrete changes have occurred with the creation of a new Ministry and the reorganisation of SMECorp. away from MITI?

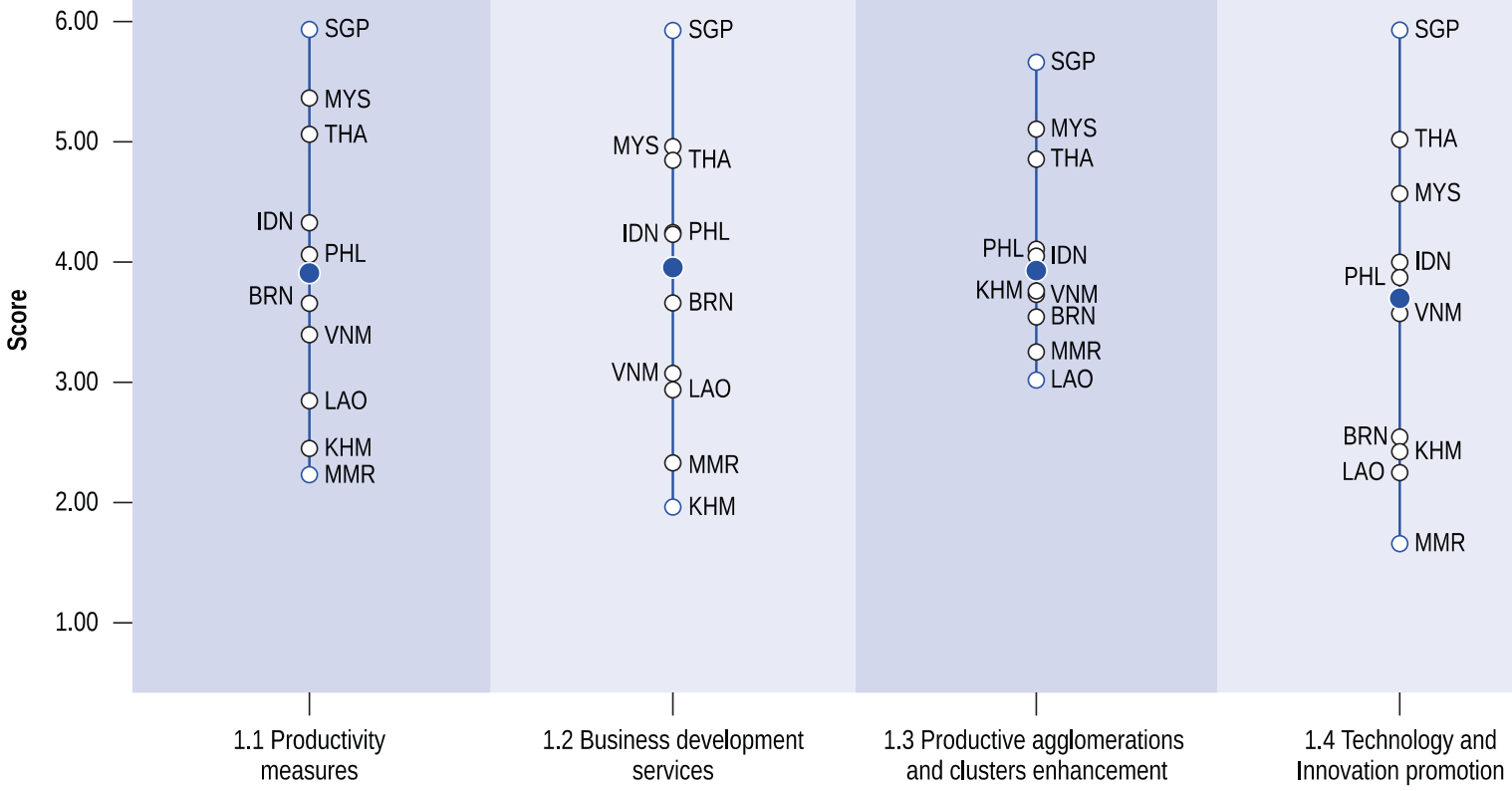
2

Are any policy changes already envisaged? Are there plans to develop a mid-term strategy for SME development?

3

What are the main obstacles hindering company registration and tax filing? What are the key planned measures to address them?

PRODUCTIVITY, TECHNOLOGY AND INNOVATION



Sub-dimension



PRODUCTIVITY, TECHNOLOGY AND INNOVATION (5.06)

State-of-play

- 11th MP includes productivity enhancement, innovation, BDS, industrial cluster promotion
- Malaysia Productivity Blueprint emphasises the role of SMEs in driving digitalisation and innovation to boost productivity; SME Masterplan on BDS promotion
- Several delivery management structures and instruments are available: Co-financing mechanisms for BDS, fiscal incentives, support for consortia and clusters, science-industry linkages and knowledge transfer, etc.
- Monitoring mechanisms are in place, but independent evaluation limited

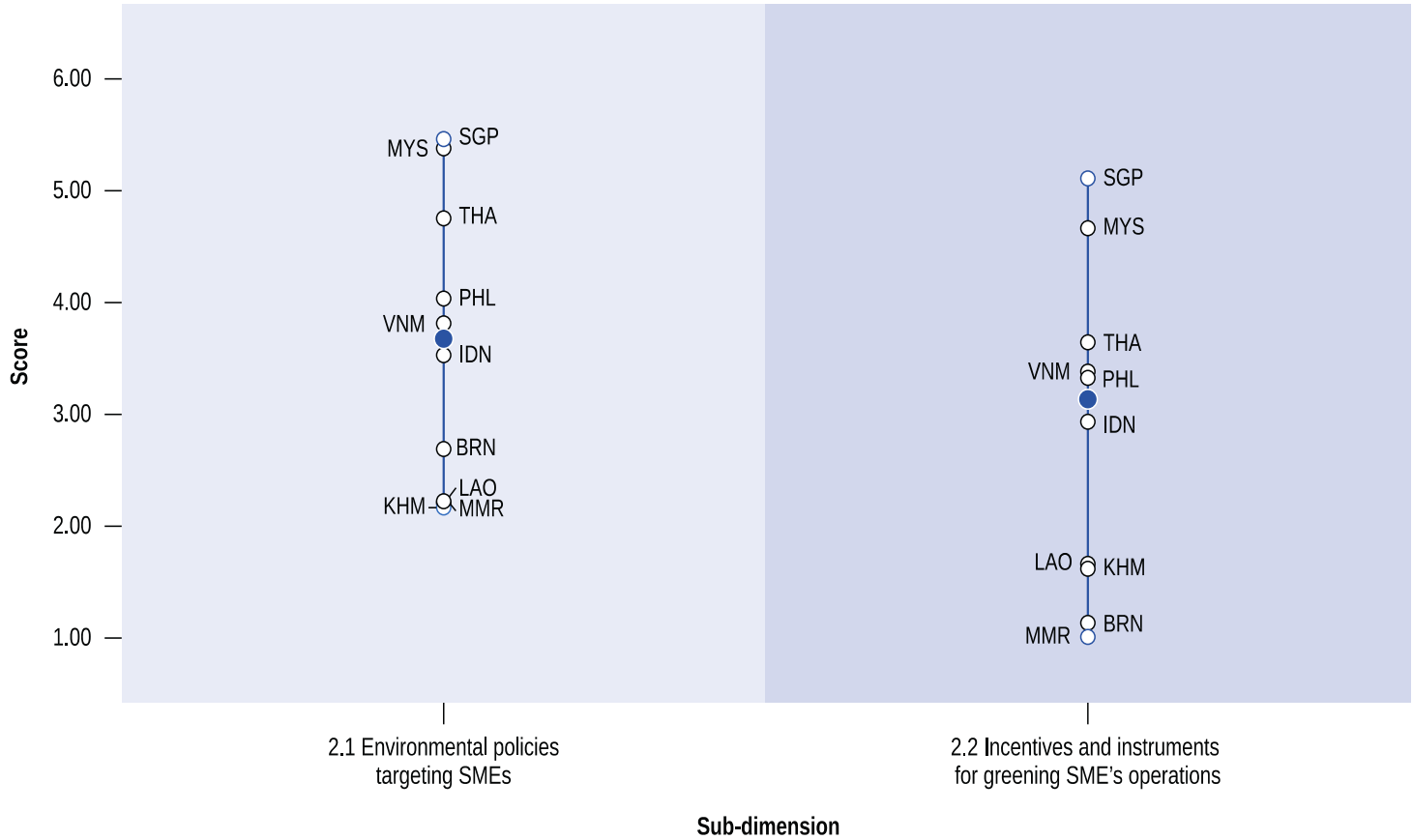
Potential gaps

- Several institutions dealing with policy making, co-ordination and implementation of research, innovation promotion and SME support structures can lead to inefficiency
- Malaysia's business support services tend to be concentrated in urban areas
- Need to promote productivity in more traditional sectors and promote new companies creation. Lack of dedicated stand alone Innovation policy.
- Evaluation of instruments and programmes that promote productivity tend to focus on outputs and less on the impact of its policy measures (outcome)

Way forward

- Provide clear mandates for the agencies dealing with innovation to streamline governance avoiding duplication.
- Develop the infrastructure (local innovation centres) available for SMEs at the local level particularly in rural areas
- develop mechanisms promoting commercialization of innovation.
- Further develop independent evaluation of initiatives to promote productivity

ENVIRONMENTAL POLICIES AND SMES





ENVIRONMENTAL POLICIES AND SMES (5.08)

State-of-play

- Malaysia is among the most advanced countries in ASEAN in terms of environmental policies targeting SMEs
- Policies are included in two national-level strategies: the 11th MP and the Malaysia Green Technology Plan (KeTTHA 2017) (to implement the National Green Technology Policy) (KeTTHA 2009). The policies include clear targets and provisions for SMEs
- Number of implementation support mechanisms: *MyHJAU SME & Entrepreneur Development Programme, tax incentives on investments in green technology, and dedicated funds for SMEs and entrepreneurs.*

Potential gaps

- In terms of regulatory incentives, more could be done to structure the system to specifically address SMEs in order to encourage them to reach or exceed compliant levels
- Environmental governance mechanisms could further be clarified
- Lack of clear incentive mechanisms for SMEs to get involved in greening. Further visibility of success stories and communication could be appreciated

Way forward

- Provide a clear mandate for the greening of SMEs to a single agency or give a mandate to existing institution. It could be beneficial to consolidate the various green policies under a broader policy for SME support, or to assign responsibility for coordinating these policies to a single government entity
- Develop an environmental regulatory system to spur SME performance. SMEs could be encouraged to improve their environmental performance through the creation of a rule-based system that targets higher risk activities and supports self-reporting

Indicative topics for discussion

1

How can institutions responsible for innovation and technological development be further streamlined and rationalised?

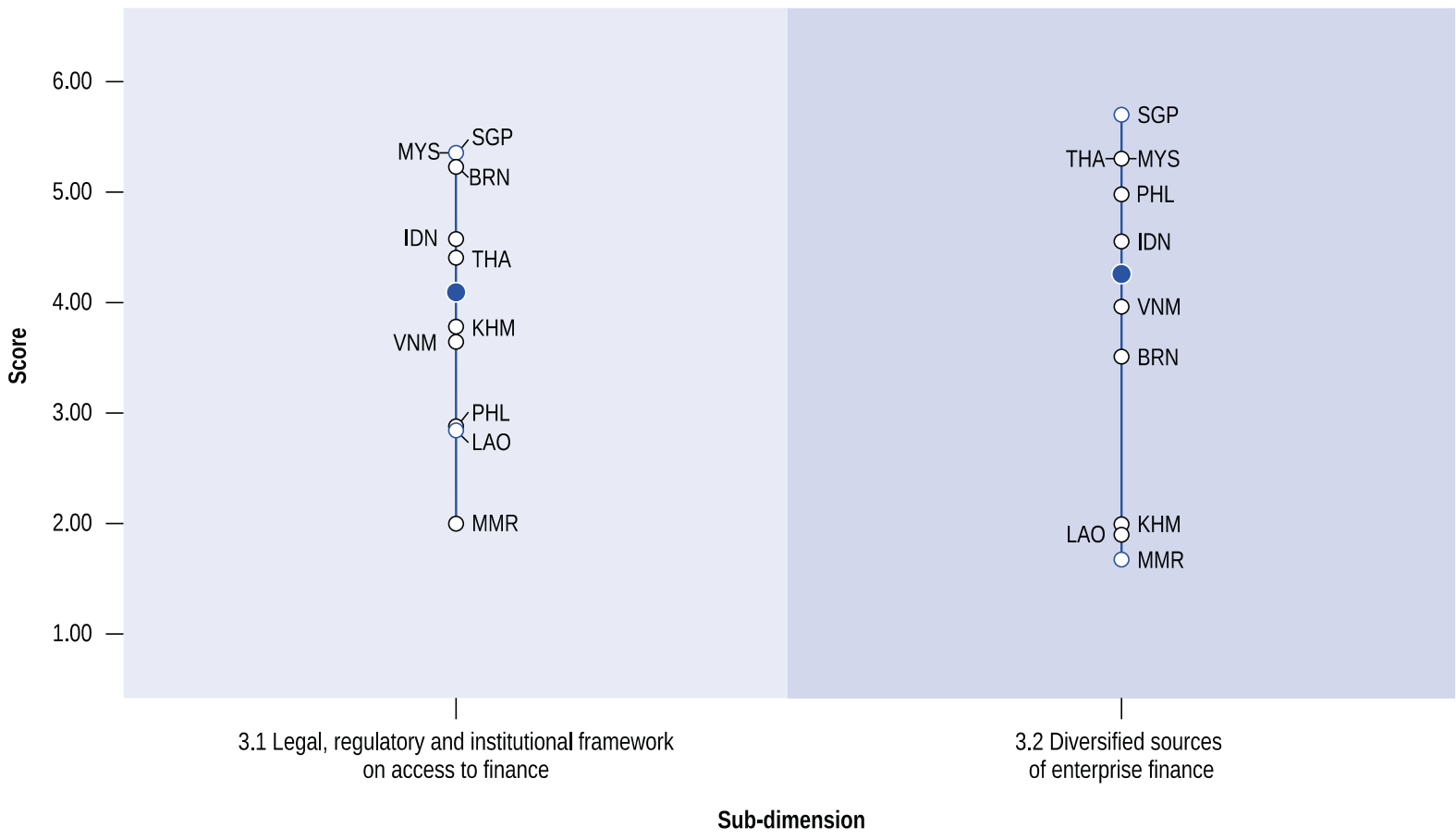
2

Which programmes should be prioritised for independent evaluation? What solutions could the government devise to conduct independent evaluations?

3

Are existing SME greening instruments monitored and evaluated to assess their performance? Which mechanisms have proven particularly successful?

ACCESS TO FINANCE





ACCESS TO FINANCE (5.35)

State-of-play

- A dual credit reporting system has been in place since 2008, which provides high credit information coverage as well as value-added services such as credit scoring
- Relatively clear rules over perfection and priority are generally in place, and both immovable and movable asset registers are functional and regularly updated
- Malaysia has a good range of financial products available to SMEs; facilitated by varied policy instruments. The government is now working to stimulate early-stage risk financing

Potential gaps

- Financial institutions may still face lack of clarity in the secured transaction framework for lending to unincorporated entities, and this may particularly affect SMEs
- More could be done to stimulate the use and availability of asset-based financing
- Steps are being taken to encourage more SMEs to list with Bursa Malaysia. Yet certain policies may distort incentives for listing/abilities to list

Way forward

- The introduction of a PPSA, or similar regime, could help to eliminate these uncertainties
- The government could consider a cost/benefit assessment of policies and programmes designed to empower Bumiputera entrepreneurs

Indicative topics for discussion

1

Which financial products do you think are really missing for SMEs in Malaysia? How has the LEAP been performing since it was established in 2017?

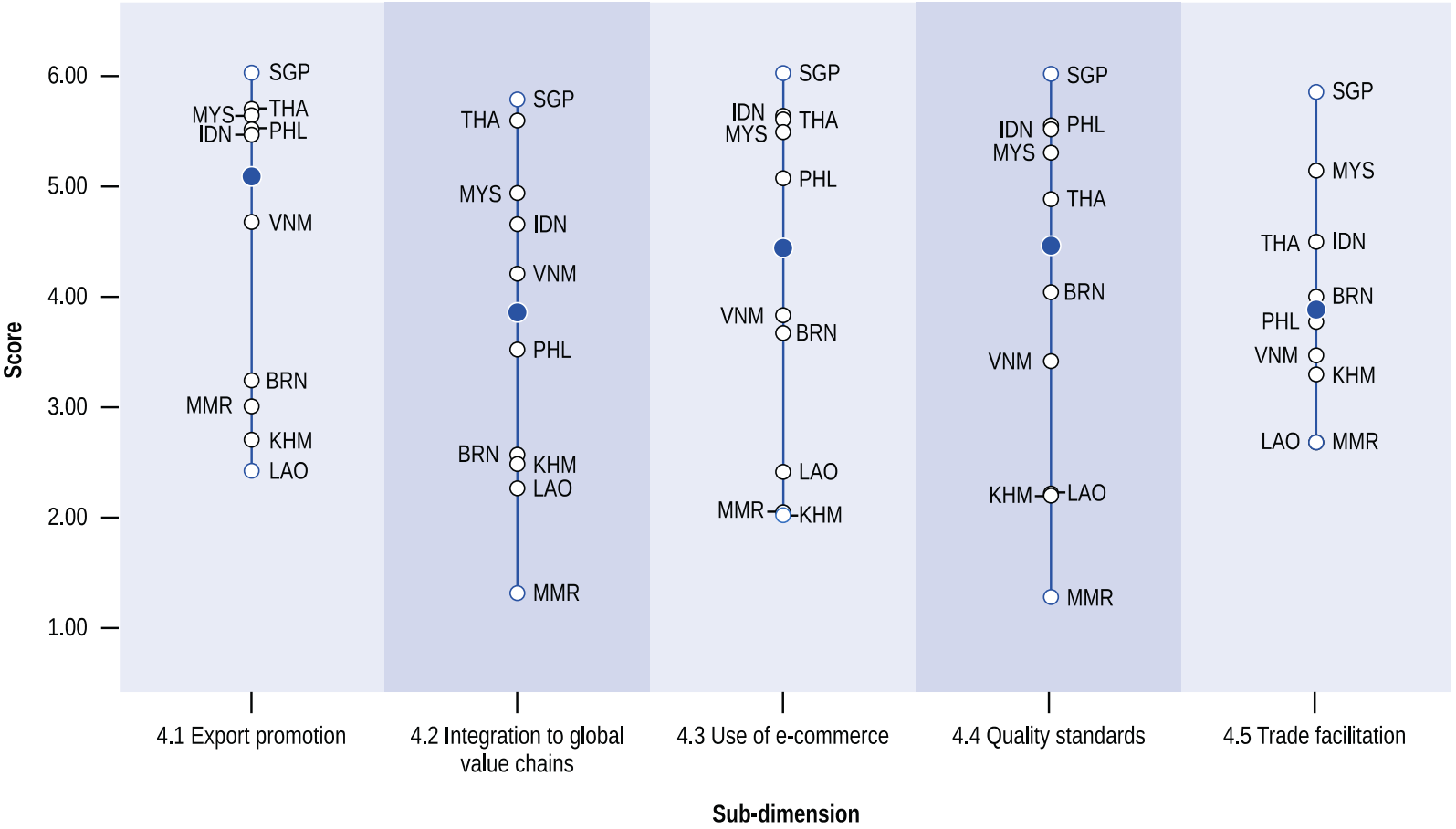
2

Is the introduction of a PPSA or similar regime still under discussion? If so, what are the remaining concerns?

3

Has an assessment of programmes designed to empower Bumiputera entrepreneurs been considered, to ascertain if benefits outweigh costs, and if the right policy tool is used?

ACCESS TO MARKET AND INTERNATIONALISATION





ACCESS TO MARKET AND INTERNATIONALISATION (5.40)

State-of-play

- Malaysia External Trade Development Corporation (MATRADE) acts as the country's main export promotion agency, particularly for manufactured and semi-manufactured products
- Grants and facilitations are available for SMEs to participate in international trade fairs and expand their markets
- A Digital Free Trade Zone (DFTZ) was launched in 2017 to ease SMEs' transition as exporters and to position Malaysia as a regional hub for e-commerce logistics in ASEAN.
- Online customs system has been implemented and continuously improved

Potential gaps

- As of early 2018, Malaysia's DFTZ was still being developed and improved. This new initiative has great potential to streamline the various channels and initiatives on trade facilitation and any delay could result in inefficiencies and potential overlapping functions
- Quality certification and standardization for SMEs were still mainly focused on goods sector while services sectors also provide great potential for SMEs to grow
- Monitoring and evaluation system for SME integration to GVC programmes can be more publicly available

Way forward

- Expedite the completion of trade facilitation streamlining process and facilities and integrate/develop SME-specific packages, particularly on e-customs and e-commerce, to help supporting SMEs better in cross border trading
- Integrate service quality certification into SME quality standards policies
- Strengthen the monitoring and evaluation of GVC integration programmes to allow public appreciating the notable growth in the number of SMEs involved in GVCs

Indicative topics for discussion

1

What are the main challenges of implementing and monitoring SME internationalisation programmes in Malaysia?

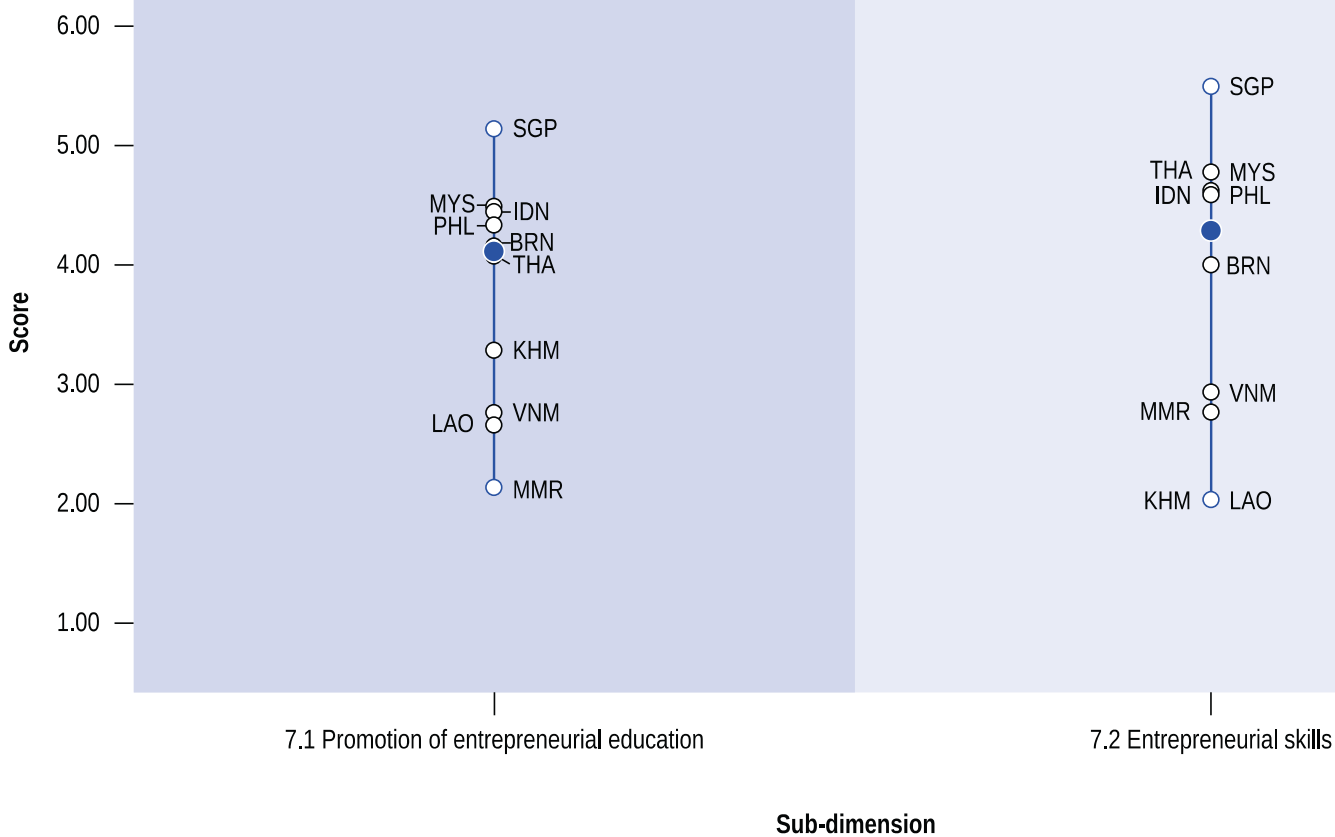
2

What is the latest status of Malaysia's DFTZ and how it has helped SME internationalisation so far?

3

Which steps should policymakers prioritise in increasing SME-specific supports to promote SMEs internationalisation?

ENTREPRENEURIAL EDUCATION AND SKILLS





ENTREPRENEURIAL EDUCATION AND SKILLS (4.58)

State-of-play

- Entrepreneurship values in Malaysia are integrated in all education levels under the current Education Blueprint 2013-2025 but more visible to begin at the lower-secondary level in the form of vocational education
- At university level, SME Corp. and the Ministry of Higher Education initiated an SME-University Internship Programme to be adopted at all public universities
- Initiatives to promote entrepreneurial skills among SMEs are being executed by various ministries and government agencies, e.g. MaGIC, National Dual Training System for vulnerable populations, etc.

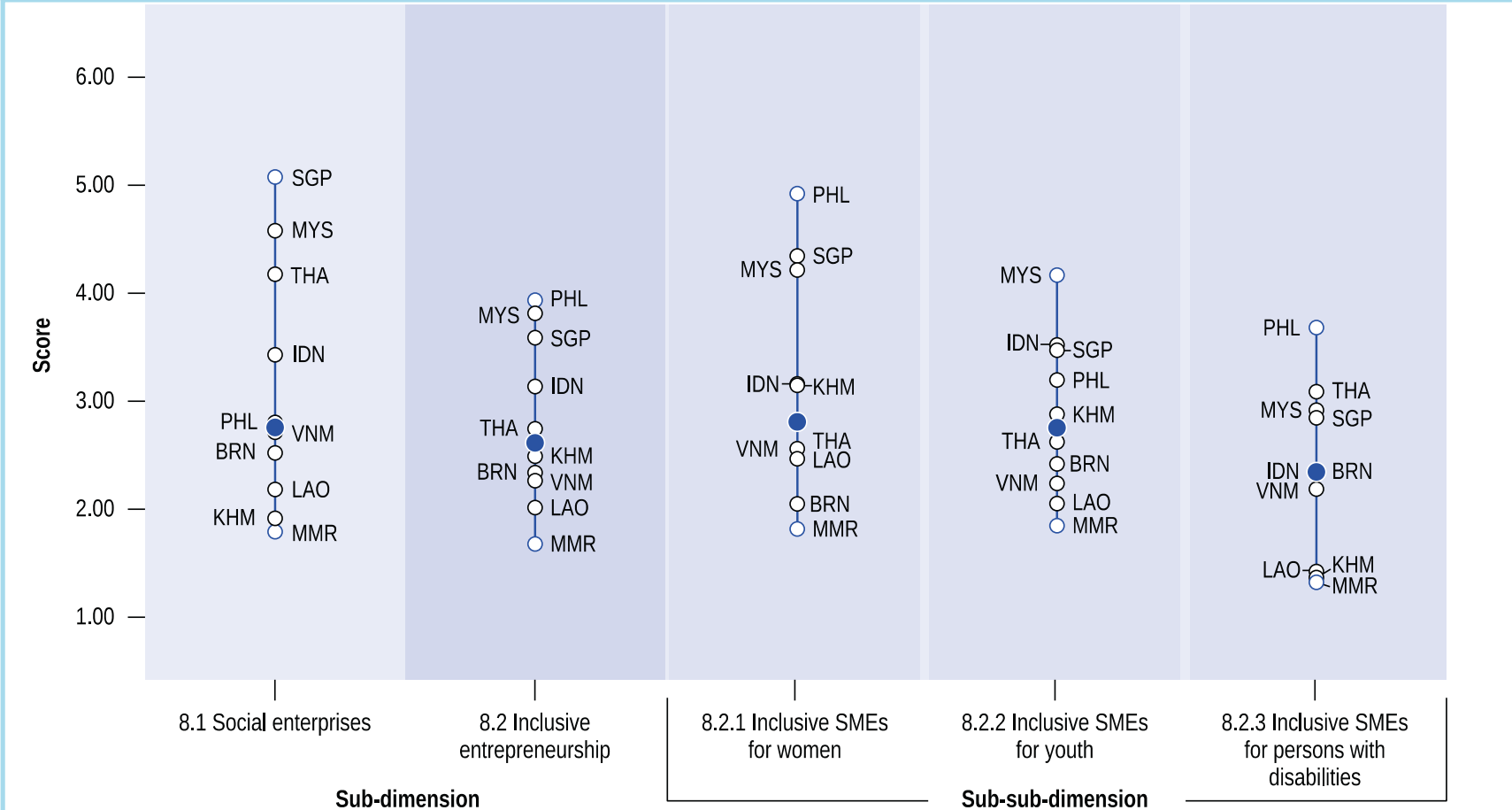
Potential gaps

- The national education blueprint does not clearly define how entrepreneurship is to be taught in formal education, only through integrating entrepreneurship values into leadership skills as a part of six key attributes taught to students
- Several entrepreneurship programmes offer similar benefits and have similar target groups

Way forward

- Set up a one-stop information centre as a repository of all available programmes and assistances related to the promotion of entrepreneurial skills and should be able to direct interested participants to the appropriate implementing agency
- Develop more concrete measures to deliver entrepreneurial learning in schools, i.e. clear guidelines on how to deliver lessons on entrepreneurship
- Strengthen programmes for the unemployed and school leavers

SOCIAL ENTERPRISES AND INCLUSIVE SMES





SOCIAL ENTERPRISES AND INCLUSIVE SMES (4.00)

State-of-play

- Malaysia has no formal definition of an SE, but there is a definition which has been recognized by several players. Social entrepreneurship and social innovation were included in the 11th Malaysia Plan's list of game-changer approaches for the country. There is a Social Enterprise Blueprint
- Inclusive entrepreneurship is relatively advanced compared to other AMS. Support is offered to each of the target groups (women, youth and PWD), from business skills training to market access and special financing schemes

Potential gaps

- Lack of institutional clarity over the responsibilities of social entrepreneurship which tent to be shared between AIM and MaGIC
- Due to the fact that many of the inclusive entrepreneurship programmes are implemented by variety of ministries, gathering data and knowing the uptake of the instruments and there success is a challenge

Way forward

- Clearly define the SE governance structure – the previous structure has ceased to exist and no clear alternatives have been proposed
- Further promote development of the impact finance sphere. A side effect of its proximity to high-income graduation is that international donor funding has all but dried up. Promotion of a social impact finance ecosystem, social impact ventures could gain easier access to growth finance
- Improve coordination with other institutions to get access to data

Indicative topics for discussion

1

Is introducing EL in primary or secondary level of education can be considered a priority in the near future? If so, in what way?

2

Is the country considering to introduce new national strategies on entrepreneurship in near future?

3

Is there a plan to re-establish the Social Entrepreneurship Unit?
Is there a view that inclusive entrepreneurship should rather be treated through exclusively a social angle?



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3. Key findings for Malaysia

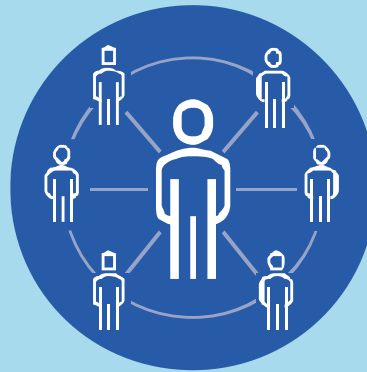
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Dimension 6

Legislation, regulation and tax



OVERVIEW OF ISSUES AND GOOD PRACTICE

SMEs are typically **less efficient** than large firms in **screening the regulatory environment** and dealing with norms. The **proportion of resources they divert** to administrative functions **is usually greater** than for large firms (OECD, 2018)

The European Union, through its **Small Business Act**, proposes **four main policy principles** to design a legislative and regulatory environment that is not disproportionately burdensome on MSMEs:

- 1 Listen to SMEs
- 2 Conduct an “SME Test” when planning new and amended rules
- 3 Bring SMEs closer to administrative authorities
- 4 Provide greater legislative certainty

OVERVIEW OF ISSUES AND GOOD PRACTICE

1

Listen to SMEs

Objective

- To **improve the evidence base** for formulating policies – both by ensuring that the most affected parties have been identified (through a stakeholder mapping exercise), and by ensuring that their voice is counted
- This can **boost the quality of new policies**, and also **strengthen feedback mechanisms** for the future

Challenge

- **The smaller the firm, the harder it is to consult with them** – as a general rule
- Many have little time to participate in consultation processes, and **tend to rely on business associations** – but these may not be sufficiently representative

2

Conduct an “SME Test

Objective

- To **identify issues at stake** and objectives pursued
- To **identify the main options** for achieving desired objectives and assessing the foreseeable social, economic and environmental impact
- To **note costs and benefits** of each option and potential unintended consequences

Challenge

- At times **the regulation may prioritise particular societal goals** over the direct interests of SMEs
- In this case, **specific exemptions, requirements and/or support services** could be considered

3

Bring SMEs closer to the administration

Objective

- To **reduce the cost and time required to comply with rules** and deal with public authorities, so firms can direct more resources to running their core business
- Typically **“only once”** or **“one stop shop”** systems are used to fulfill this aim

Challenge

- **Completing statistical returns can be particularly burdensome** for small firms, and may require them to extemporaneously provide data not readily available

4

Provide greater legislative certainty

Objective

- To limit the dates on which firms have to implement new regulations, thereby **reducing need for horizon scanning, adding certainty**, and **freeing up their time** to run their core business
- Thus, many countries now use CCDs,* typically 2x/year
- This can **lead to better implementation, reduced costs & higher compliance**

Challenge

- To increase certainty for SMEs still further, the CCDs are typically **preceded by guidance material** that is shared at least 12 weeks in advance, as well as an **advance notification**

Note: CCDs = Common Commencement Dates

Source: EC (2009), Think Small First: Considering SME interests in policy-making.

Across most OECD countries, regulatory barriers to entrepreneurship have been declining over time

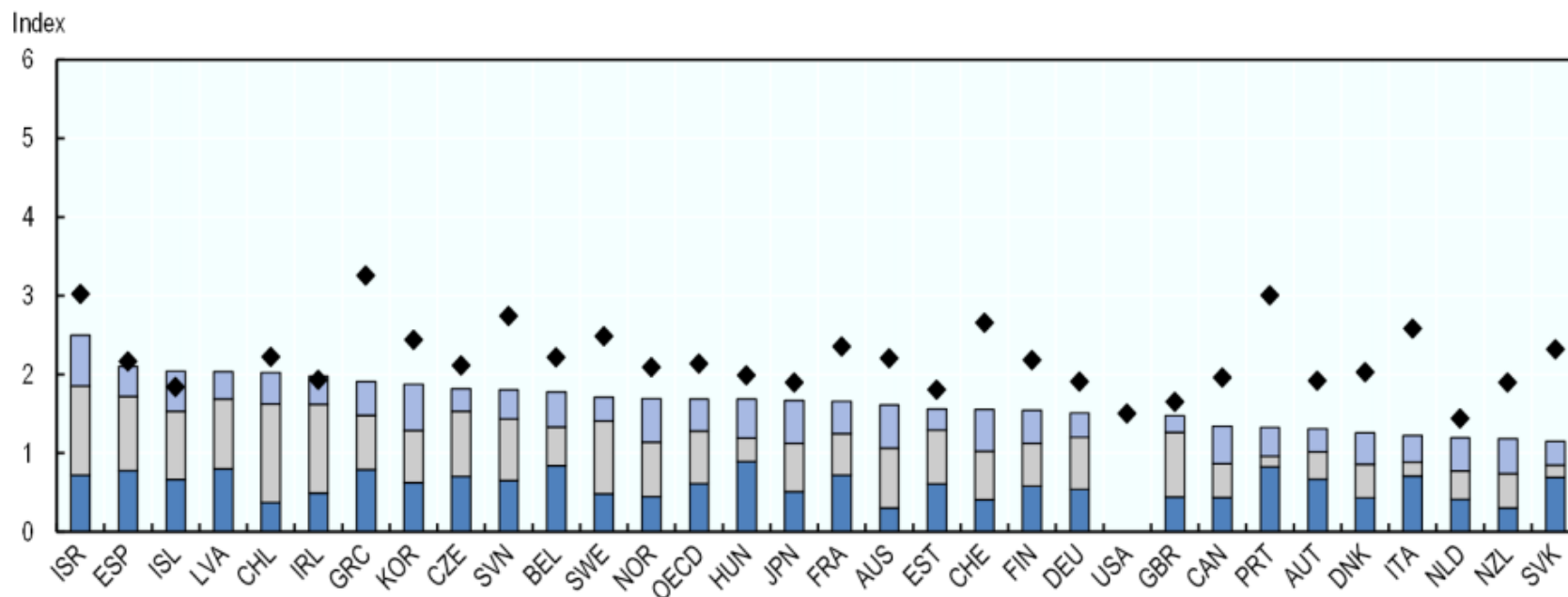
FOCUS 1

LEGISLATION, REGULATION AND TAX

OVERVIEW OF ISSUES AND GOOD PRACTICE

Barriers to entrepreneurship across the OECD (2008 and 2013)

- Administrative burden on start ups
- Regulatory protection of incumbents
- Complexity of regulatory procedures
- ◆ Barriers to entrepreneurship, 2008



Note: Scores from 0 (least restrictive) to 6 (most restrictive) | For the United States, the 2013 observation is not available.
Source: OECD (2017), based on OECD Product Market Regulation Statistics (database).

However, the complexity of regulatory procedures remains a major obstacle for SMEs and entrepreneurs

FOCUS 1

LEGISLATION, REGULATION AND TAX

OVERVIEW OF ISSUES AND GOOD PRACTICE

Across the OECD, important progress has been made in communicating and simplifying rules and procedures. Yet in many countries, **tangled license and permit systems** continue to inhibit entrepreneurial activity

To address this obstacle, OECD countries have recently concentrated their efforts in three main areas:

1 Cutting red tape

- Consultation and continuous dialogue with the private sector/other parties can help authorities to develop **smart regulation** that reduces red tape
- An increasingly popular instrument is the **One-for-One rule**
- At the same time, policy must take sufficient consideration of **potential trade-offs**

2 Creating dedicated support services

- The creation of dedicated institutions can help SMEs **to better navigate the regulatory environment** and liaise with official bodies
- These institutions typically **take advantage of digital technologies** to streamline procedures still further

3 Higher use of RIA

- For major regulation, **focus groups/panels** can be used for full tests of SME impact
- A regulatory policy body, close to the centre of government and responsible for regulatory oversight, can **ensure that regulation is coherent** with the government's overarching objectives – yet the specific solution should be adapted

The use of Regulatory Impact Analysis is becoming increasingly common across the OECD

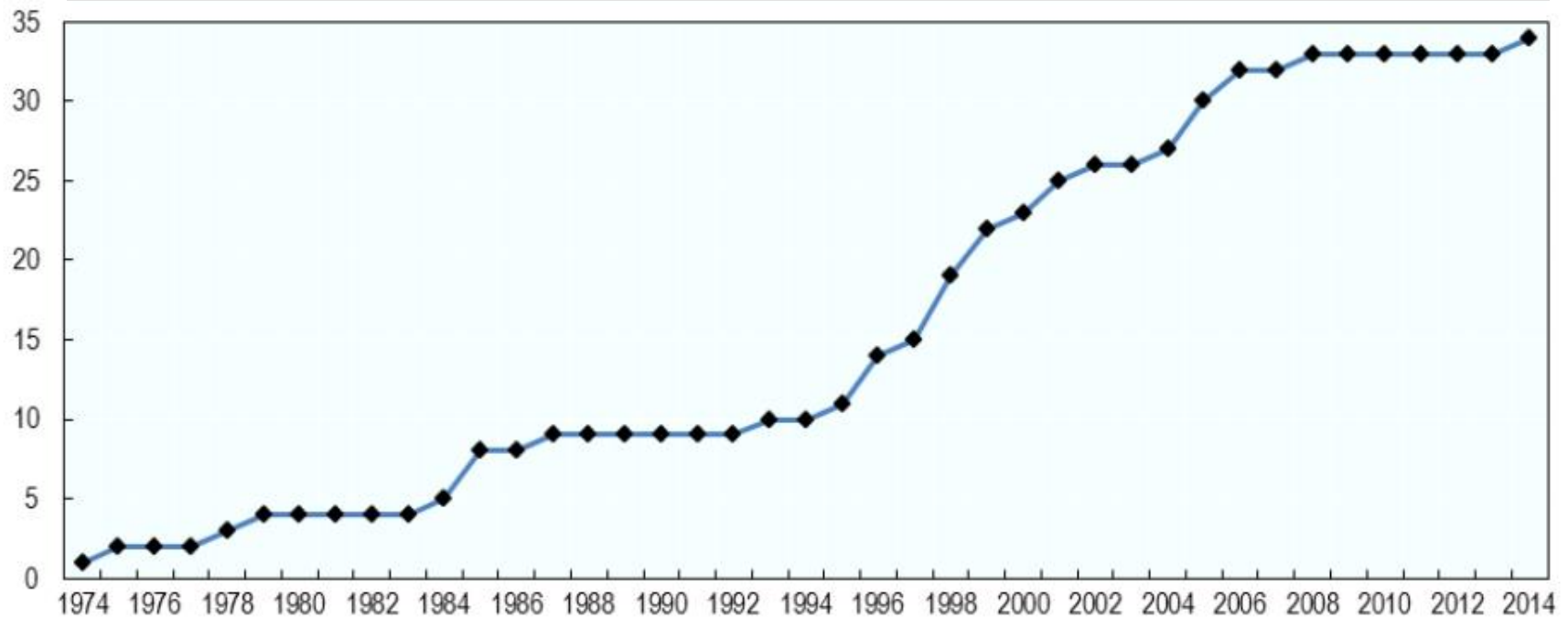
FOCUS 1

LEGISLATION, REGULATION AND TAX

OVERVIEW OF ISSUES AND GOOD PRACTICE

Trend in adoption of Regulatory Impact Analysis (RIA) across OECD countries

Number of jurisdictions



When it comes to implementation, a number of models can be considered to help SMEs adjust to new and amended rules

FOCUS 1

LEGISLATION, REGULATION AND TAX

OVERVIEW OF ISSUES AND GOOD PRACTICE

Broadly, ten models can be considered

1	Size related exemptions	<ul style="list-style-type: none">This is the most widely-used method. It can be applied directly (to firms below a certain size) or indirectly (the exemption is based on a criterion strongly correlated with size)
2	Reduced obligations	<ul style="list-style-type: none">This could broadly be considered a partial exemption, and is often considered when a complete exemption is not possible without risking the initial purpose of the regulation
3	Simplified obligations	<ul style="list-style-type: none">Simpler formal requirements or “standard treatment”
4	Temporal exemptions	<ul style="list-style-type: none">Are not used often. They can include longer transitional periods for compliance, longer intervals for certain obligations or a lower frequency/probability of enforcement procedures
5	Administrative coordination	<ul style="list-style-type: none">One-stop shops are a popular form of this model. They enable a small business to take care of a number of different obligations with one interaction
6	CCDs	<ul style="list-style-type: none">Common commencement dates can enable small businesses to concentrate search, information and learning activities to one or two times a year
7	Tailor-made information, coaching and training	<ul style="list-style-type: none">Smaller firms generally have fewer resources available to correctly ascertain their obligations under new or amended regulations, and how they can efficiently navigate them
8	Electronic services	<ul style="list-style-type: none">Electronic services can provide a platform and information to enable small businesses to comply with rules and regulations quickly and efficiently
9	Privileged treatment	<ul style="list-style-type: none">This is very rarely used. It can include lower fees, or shorter periods for processing applications
10	Early evaluation of impact	<ul style="list-style-type: none">This can prevent long-term detrimental effects. It is also important given the weight (and contribution to livelihoods) of SMEs in many economies

Horizontal: Systematic measures to cut red tape

FOCUS 1

LEGISLATION, REGULATION AND TAX

SOME GOOD PRACTICE CASE STUDIES

CASE STUDY 1 THE BURDEN HUNTER PROJECT: DENMARK



OBJECTIVE

In 2007 the Danish government initiated the “Burden Hunter Project,” which sought to create a more systematic approach towards reduction of the most irksome regulations. Staff from the DCCA and line ministries visited firms to get a better understanding of how they perceive regulations, services and interactions with government authorities – as well as potential solutions to cut red tape that firms consider the most vexing

SUCCESS FACTORS

- **Careful selection of target from outset.** SMEs were selected as the target audience.
 - Selection criteria: business sector, size and growth ambitions
 - Sectors: finance, construction, service, restaurants, hotels and cafes, industry and trade
 - Metrics: firms with increasing sales within these six sectors, with 5 to ~100 employees
- **Emphasis on end-users.** the approach centres on firm perceptions, and enables the incorporation of qualitative data into the development of new policies
- **Emphasis on results.** The continued support of businesses was shown to depend on the solutions actually developed

ACHIEVEMENTS

The government produced an action plan with 105 measures to reduce administrative burdens, which were expected to free up around 3 million working hours annually

For further information:

- OECD (2009), Better Regulation in Europe: Denmark.
- www.mind-lab.dk

Principle 1: Listening to SMEs

FOCUS 1

LEGISLATION, REGULATION AND TAX

SOME GOOD PRACTICE CASE STUDIES

CASE STUDY 2 SMALL FIRMS CONSULTATION DATABASE: UNITED KINGDOM



OVERVIEW

- In 2003, the BERR's Enterprise Directorate created a database of small businesses that were willing to work with officials on Better Regulation (including EU) matters
- It is a free-to-use service, to support regulators in completing all stages of the SFIT
- In 2010 it counted nearly 4 000 small businesses

SUCCESS FACTORS

- **Varied approach.** A range of methods is deployed to reach out to SMEs, including invitations to: *i*) participate in informal discussions (in person or over the phone); *ii*) attend a focus group or test panel; or *iii*) respond to targeted consultations on proposed new regulations. This allows small firms to choose how they participate
- **Easy-to-use.** The database lists firms by interest, location, business size and business sector, enabling policymakers to easily identify target firms
- **Clear application.** Created to help regulators undertake the Small Firms Impact Test

ACHIEVEMENTS

It supported completion of the SFIT, and this practice has subsequently been adopted in other jurisdictions

For further information:

- EC (2009), Think Small First: Considering SME interests in policy-making.
- OECD (2010), Better Regulation in Europe: United Kingdom.

Principle 2: Conduct an “SME Test”

FOCUS 1

LEGISLATION, REGULATION AND TAX

SOME GOOD PRACTICE CASE STUDIES

CASE STUDY 3 THE SMALL FIRMS IMPACT TEST (SFIT): UNITED KINGDOM



OVERVIEW

- Since 2001, the UK government has committed to adopt the “think small first” principle as a normal practice in developing policy, and the UK’s NAO regards any IA for a measure that may impact upon business without an SFIT as being “deficient”
- The SFIT seeks to confidently establish the impact of new rules on small firms & how to minimise negative impacts via a tailored regime/support for firms <20 employees

SUCCESS FACTORS

- **Accountability.** Since 2008, any proposed changes to Primary or Secondary legislation that are submitted to Parliament must explain:
 - If and why the legislation applies to small firms
 - What considerations have been made to minimise the impact on small firms
 - The basis on which the final decision was made and how it was reached
- **Flexibility.** Policymakers have discretion over how to answer these questions

ACHIEVEMENTS

This practice has subsequently been adopted in other jurisdictions

For further information:

- EC (2009), Think Small First: Considering SME interests in policy-making.
- www.berr.gov.uk/sfit

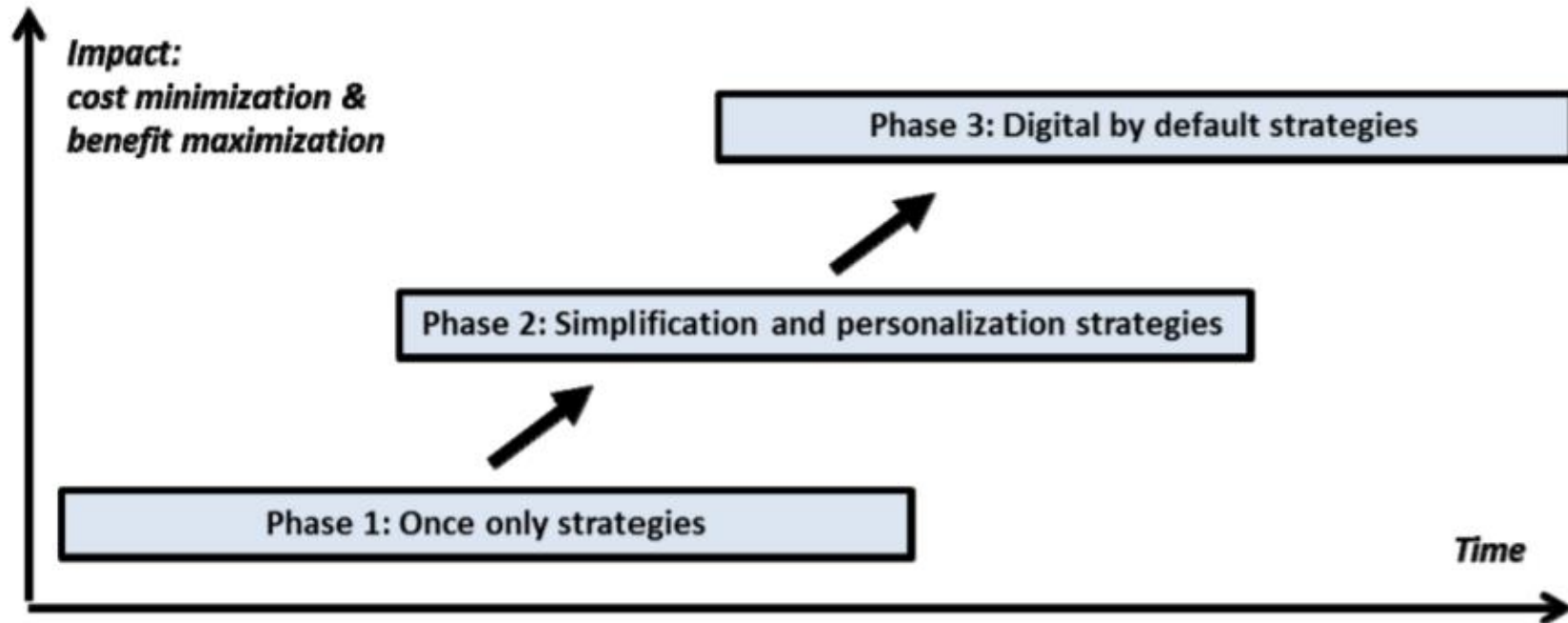
Principle 3: Bringing SMEs closer to administrative authorities

FOCUS 1

LEGISLATION, REGULATION AND TAX

SOME GOOD PRACTICE CASE STUDIES

CASE STUDY 4 THE “ONLY ONCE” PRINCIPLE: DENMARK



Effective implementation of the “once only” principle is commonly regarded as an important building block for other subsequent strategies to reduce administrative burdens

Principle 3: Bringing SMEs closer to administrative authorities

FOCUS 1

LEGISLATION, REGULATION AND TAX

SOME GOOD PRACTICE CASE STUDIES

CASE STUDY 4 THE “ONLY ONCE” PRINCIPLE (OOP): DENMARK



OBJECTIVE

The government has experimented with OOP for many years. From 2013-16 it rolled-out its Basic Data Programme, which takes OOP as mandatory. It created a shared registry for data distribution between different public agencies. Once data has been uploaded, authorities cannot ask users for the same data, and must obtain from the system

SUCCESS FACTORS

- **High-level steering.** To implement the BDP, a powerful cross-agency task force was created, and housed within the Finance Ministry
- **Creation of a strong legal base.** A sound forward-looking framework, which ensures maximum transparency and clear lines of accountability, is critical
- **Emphasis on monitoring.** The government used a standardised approach to analyse impacts and to develop the business case for implementing once only
- **Continuous work to strengthen data quality and security.** For instance via two-layer National Identity and Digital Signature Scheme and allowing users to correct errors

ACHIEVEMENTS

Denmark was identified as one of 3 EMS champions. The extension of the Danish OOP approach to the 28 EMS was estimated to give annual net savings of €5 bn/year by 2017

For further information:

- EC (2014), Study on e-Government and the Reduction of Administrative Burden.
- <https://scoop4c.eu/cases/danish-basic-data-program>

Principle 4: Reducing legislative uncertainty

FOCUS 1

LEGISLATION, REGULATION AND TAX

SOME GOOD PRACTICE CASE STUDIES

CASE STUDY 5 COMMON COMMENCEMENT DATES: THE NETHERLANDS



OBJECTIVE

- Since 2007 the Dutch Government has been experimenting with CCDs, starting in the following legislative areas: *i)* public health expenditure; *ii)* education; *iii)* financial markets; *iv)* environment; *v)* construction; *vi)* tax
- Two CCDs were selected: January 1st and July 1st

SUCCESS FACTORS

- **Experimentation.** The innovation was first trialed in a limited number of policy areas
- **Transparency.** Information about upcoming new legislation is published online, after a Council of Ministers decision and just before the parliamentary discussion
- **Predictability.** At least 3 months must usually pass between the publication of this notification and the commencement of the new legislation
- **Standardisation of rules and guidance.** CCD principles are included in the country's guidelines for making legislation, and thus are checked in the both formal legislation test and afterwards by the State Council
- **Evaluation.** Two years after, the cabinet examined whether to expand CCD

ACHIEVEMENTS

Following evaluation, the concept has now been expanded to other types of legislation

For further information:

- EC (2009), Think Small First: Considering SME interests in policy-making.
- OECD (2010), Better Regulation in Europe: the Netherlands.

Relevant OECD Resources

Good Regulatory Practices to Support Small and Medium Enterprises in Southeast Asia

This report is the first comprehensive stock-take of GRP implementation in Southeast Asia to support local SMEs and their integration into GVCs. For each of the ten ASEAN countries, the report provides examples of GRP tools and approaches in areas such as administrative burden reduction, e-government, RIA, ex post evaluation, and stakeholder consultation. The report also includes an overview of collective efforts pursued at the ASEAN level to promote the GRP agenda across the region.

<https://doi.org/10.1787/9789264305434-en>

OECD Regulatory Policy Outlook 2018 This report maps country efforts to improve regulatory quality in line with the 2012 OECD Recommendation on Regulatory Policy and Governance, and shares good regulatory practices. It provides unique insights into the different ways that countries organise the design, enforcement and revision of regulations. It also highlights areas of the regulatory cycle that receive too little attention from policy makers. Finally, it identifies areas where countries can invest to improve the quality of laws and regulations and presents innovative approaches to better regulation.

<https://doi.org/10.1787/9789264303072-en>





1. ASEAN SME Policy Index methodology

2. Key findings for ASEAN

3. Key findings for Malaysia

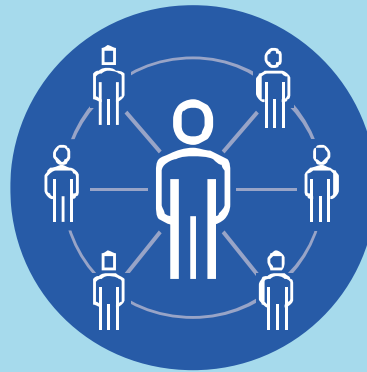
4. Focus 1: Legislation, regulation and tax

5. Focus 2: Entrepreneurial education and skills

6. Concluding remarks and next steps

Dimension 7

Entrepreneurial education and skills



OVERVIEW OF ISSUES AND GOOD PRACTICE

The provision of entrepreneurial education (EE) is underpinned by a belief that:

- entrepreneurship is a skill that can be taught and learnt
- generating higher rates of entrepreneurship will be essential to create more jobs

Entrepreneurial education is related to other non-conventional educational concepts which seek to initiate and increase schools' collaboration with the surrounding world (CSS). CSS seeks to **create a more authentic learning environment** and ensure **that learning is aligned with societal needs**. EE differs by placing more stress on the purpose of "**learning-by-creating-value.**" It seeks to develop:

1

Knowledge. E.g.: market/product knowledge; understanding of business start-up and procedures; understanding of business ethics

2

Skills/know-how. E.g.: working on own initiative and teamwork; project planning and management; negotiation; financial planning

3

Attitudes. E.g.: initiative; independence; tenacity; creativity; innovation; motivation to meet goals; leadership; responsibility

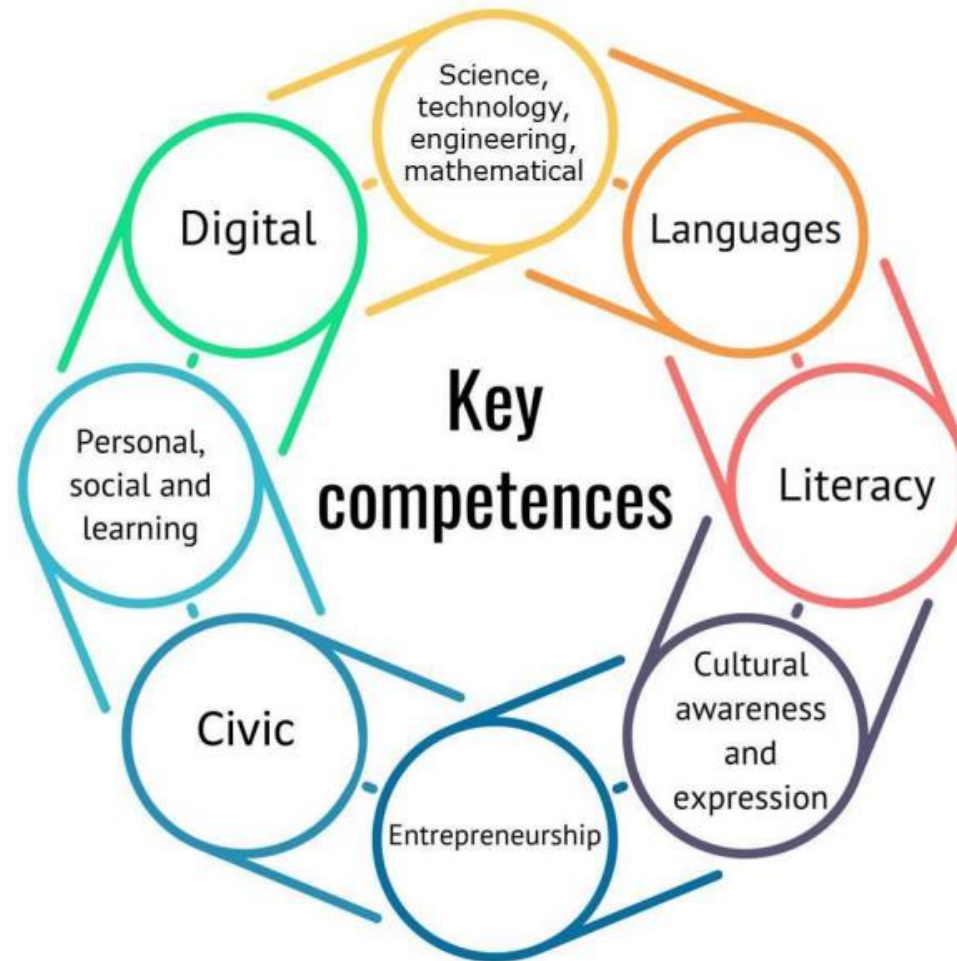
A key difference between entrepreneurial learning and other CSS concepts is the emphasis placed on **triggering the student's innate drive and motivation**

OVERVIEW OF ISSUES AND GOOD PRACTICE

Entrepreneurial education is generally **process- and student-oriented**. Assignments are designed to encourage students to reflect upon the content and apply these skills in real life

Conventional approach	Entrepreneurial approach
Content-oriented	Process-oriented
<p>Key features:</p> <ul style="list-style-type: none"> • Know “what” • Concept theory emphasis + subject/functional focus • Fear mistakes 	<p>Key features:</p> <ul style="list-style-type: none"> • Know “how” and “who” • Practical relevance of theory + problem focus • Learning from mistakes
Teacher-oriented	Student-oriented
<p>Key features:</p> <ul style="list-style-type: none"> • Teacher is the expert • Teacher is infallible (one-sided learning) • Passive student (receiving knowledge) • Imposed learning objectives • Emotional detachment • Limited exchange • Programmed sessions 	<p>Key features:</p> <ul style="list-style-type: none"> • Teacher as the facilitator • Teacher learns (two-sided learning) • Active student (generating knowledge) • Negotiated learning objectives • Emotional involvement • Interactive learning • Flexible sessions

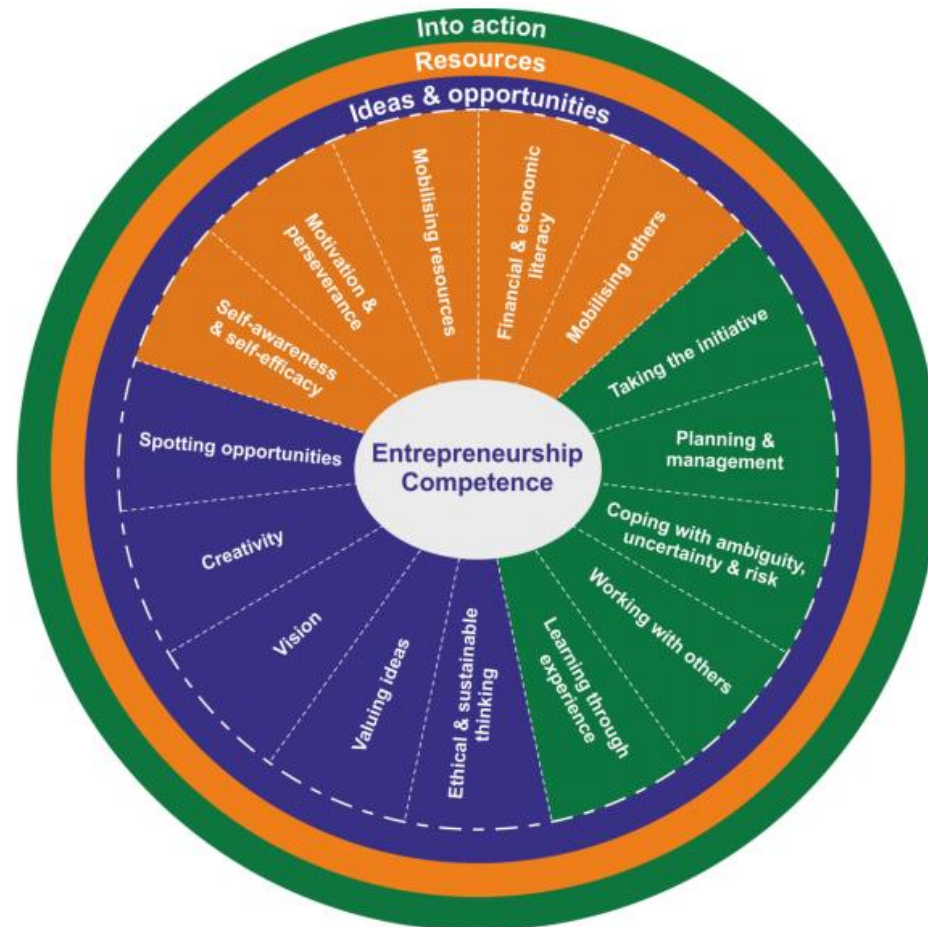
This topic is relatively advanced in the EU. For the past 13 years, “entrepreneurship and sense of initiative” has been identified as 1/8 key competences needed for a knowledge-based society



Since 2015 the EC has had a framework in place to build a common understanding around entrepreneurial competence across member states

OVERVIEW OF ISSUES AND GOOD PRACTICE

This framework identifies three competence areas, 15 competences, as well as learning outcomes and proficiency levels, which current and future initiatives can refer to



Areas and competencies under the Entrepreneurship Competence Framework (EntreComp) model

It has also developed an “EntreComp Progression Model” to measure proficiency

FOCUS 2

ENTREPRENEURIAL EDUCATION AND SKILLS

OVERVIEW OF ISSUES AND GOOD PRACTICE

Foundation		Intermediate		Advanced		Expert	
Relying on support ⁶ from others		Building independence		Taking responsibility		Driving transformation, innovation and growth	
Under direct supervision.	With reduced support from others, some autonomy and together with my peers.	On my own and together with my peers.	Taking and sharing some responsibilities.	With some guidance and together with others.	Taking responsibility for making decisions and working with others.	Taking responsibility for contributing to complex developments in a specific field.	Contributing substantially to the development of a specific field.
Discover	Explore	Experiment	Dare	Improve	Reinforce	Expand	Transform
Level 1 focuses mainly on discovering your qualities, potential, interests and wishes. It also focuses on recognising different types of problems and needs that can be solved creatively, and on developing individual skills and attitudes.	Level 2 focuses on exploring different approaches to problems, concentrating on diversity and developing social skills and attitudes.	Level 3 focuses on critical thinking and on experimenting with creating value, for instance through practical entrepreneurial experiences.	Level 4 focuses on turning ideas into action in 'real life' and on taking responsibility for this.	Level 5 focuses on improving your skills for turning ideas into action, taking increasing responsibility for creating value, and developing knowledge about entrepreneurship.	Level 6 focuses on working with others, using the knowledge you have to generate value, dealing with increasingly complex challenges.	Level 7 focuses on the competences needed to deal with complex challenges, handling a constantly changing environment where the degree of uncertainty is high.	Level 8 focuses on emerging challenges by developing new knowledge, through research and development and innovation capabilities to achieve excellence and transform the ways things are done.

The EntreComp Progression model

The promotion of entrepreneurial competencies is arguably best achieved through this idea of the progression model

OVERVIEW OF ISSUES AND GOOD PRACTICE

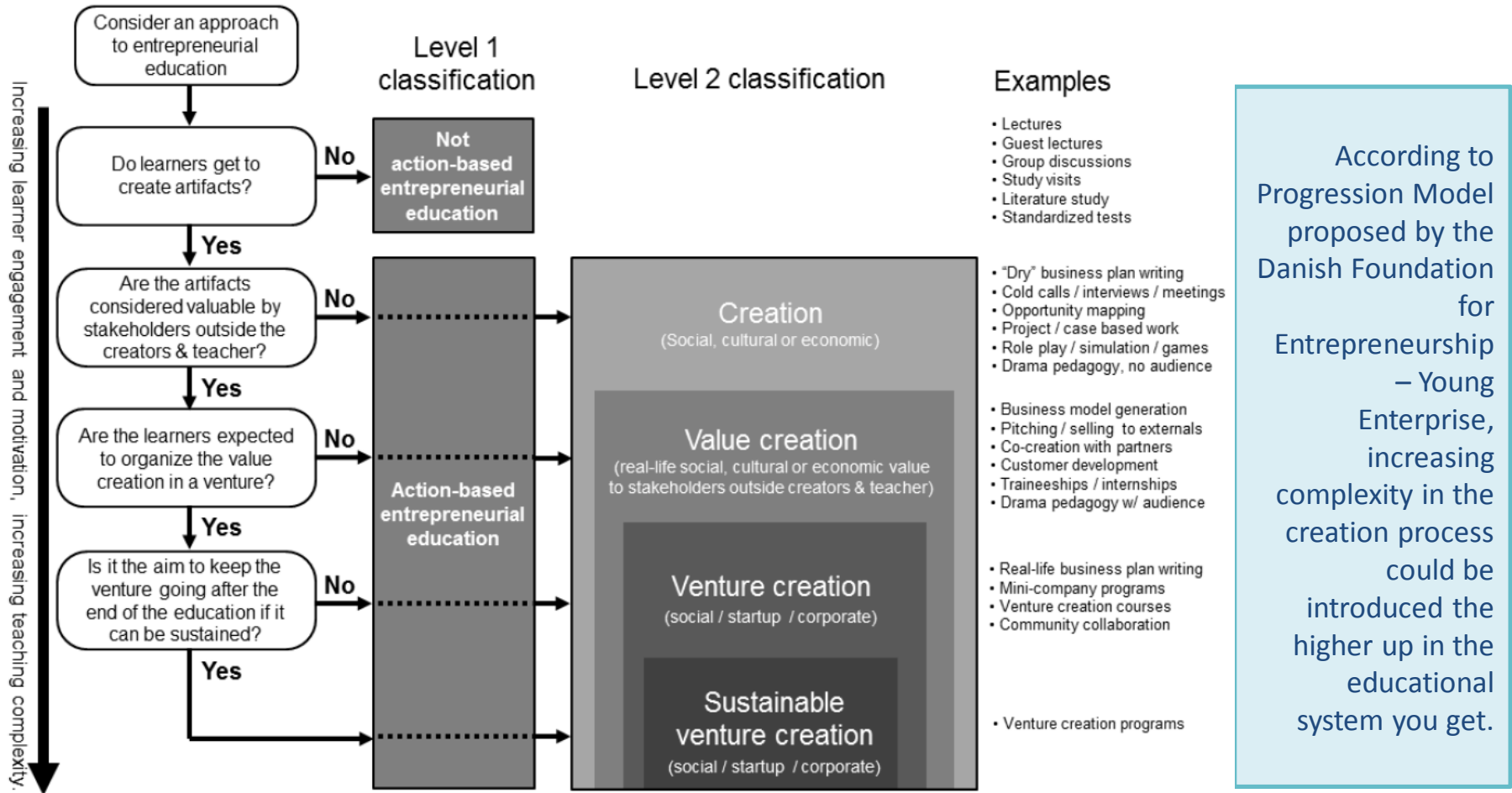


Figure 8. Classification of action-based entrepreneurial education. Four types of action-based pedagogy, a question scheme and some examples of pedagogical approaches (Lackéus, 2013).

SOME GOOD PRACTICE CASE STUDIES

CASE STUDY 1 BIZWORLD: THE NETHERLANDS



OBJECTIVE

Launched in 2004, the program takes place in hundreds of Dutch primary school classrooms each year to develop entrepreneurial mindsets among students (typically ages 11-12), including self-efficacy, leadership, and collaboration. The aim is to teach the students the basics of entrepreneurship, business, and finance

SUCCESS FACTORS

- **Uses a public-private-partnership framework**, thus enabling deeper collaboration with local SME communities and more sustainable teaching resources
- **It is experimental-learning-based.** The instructor and business person lead the class to conduct a start-up simulation, which each child applies to join
- A few weeks before the program starts, the primary school teachers who lead their students must typically attend a training program, thus also building their capacities as entrepreneurial educators

ACHIEVEMENTS

- An impact-analysis study revealed that the program had a positive effect on the students' non-cognitive skills such as self-efficacy and need for achievement
- By 2013, BizWorld's Dutch program was reaching >11 000 students in 450 schools

For further information:

- BizWorld: <https://www.jongondernemen.nl/en/> (Netherlands) and <https://bizworld.org/>
- Evaluation: <http://ftp.iza.org/dp6512.pdf>

SOME GOOD PRACTICE CASE STUDIES

CASE STUDY 2 YVI PROJECT (2010-14): FINLAND



OBJECTIVE

Entrepreneurship education has been identified as an essential component of education in Finland for some time. Yet prior to the project, the actual implementation of EE was relatively limited. The project sought to train teachers on the topic, and create a virtual learning environment for EE. It was led by Turku University's Teacher Training School

SUCCESS FACTORS

- **Open approach.** The project enabled its partners to freely network, support and learn from each other
- **Flexibility.** Partner organisations were expected to implement the project in-line with common goals, but could also tailor implementation to their individual needs
- **Wide engagement.** The project involved a large number of partner organisations, thereby managing to achieve a large-scale impact

ACHIEVEMENTS

- Developed entrepreneurship education curricula for teacher training in Finland, as well as pedagogical models and tools
- Developed YVI Virtual Learning Environment, with around 3 000 visits/month
- Created regional, national and international networks, as well as national seminars

For further information:

- The OECD-EC Entrepreneurship360 Observatory: <http://www.oecd.org/site/entrepreneurship360/initiatives/universityofturku.htm>
- <http://www.yvi.fi/intro-english>

Peer-mentoring and live case studies could help small entrepreneurs to overcome growth obstacles

FOCUS 2

ENTREPRENEURIAL EDUCATION AND SKILLS

SOME GOOD PRACTICE CASE STUDIES

CASE STUDY 3 INTERISE: USA



OBJECTIVE

Initiated in 2004 as a regional programme by Interise, a nonprofit that teaches small business owners how to sustain and grow their businesses, Interise is now a national programme in the US, aimed at helping small businesses which have achieved initial growth but have then hit barriers that prevented further growth, particularly businesses by vulnerable populations (e.g. recent immigrants, low-income group)

SUCCESS FACTORS

- **Peer-based learning model, with a live case-study-based curriculum.** Participants form peer-mentoring groups to allow for further discussion of curriculum, as well as case studies based on their firms, to allow for real-life scenarios and feedback
- **Sustainable coaching.** After completion of the course, each participant becomes a member of Interise, who can then be utilised as coaches for future participants
- **Licensed curriculum.** Interise licenses their curriculum to a network of partners, from universities to government agencies or trade associations, among others

ACHIEVEMENTS

- In 2011, of the 600 Interise participants that completed its annual survey, more than UUSD 13 million worth of business was done through Interise contacts
- By the end of 2015, Interise served around 1 000 practicing entrepreneurs a year

For further information:

- Interise website: <https://www.interise.org/>

Relevant OECD Resources

Entrepreneurship360 is a joint project between the OECD's LEED Centre and the EC. It aims to provide a self-assessment tool which can be used by schools and VET institutions to assess their strategies and practices to promote entrepreneurial learning. It also aims to inform policymakers and other stakeholders on the kinds of institutional support frameworks that can be used to effectively enhance EL.

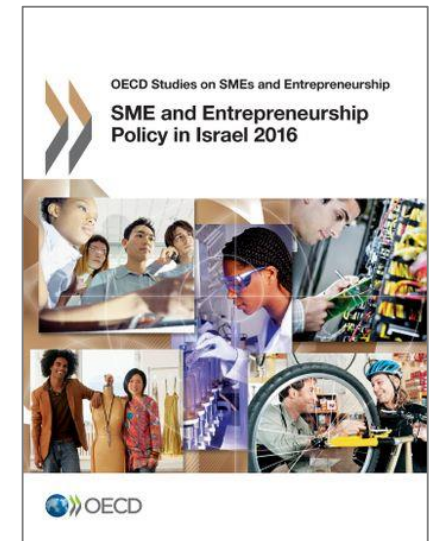
<http://www.oecd.org/site/entrepreneurship360/home/>



Supporting Entrepreneurship and Innovation in Higher Education in Ireland

This report presents evidence-based analysis on Ireland's higher education transformation process towards an innovative, interconnected and multidisciplinary entrepreneurial system. Using the OECD-EC HEInnovate guidance for the entrepreneurial and innovative higher education institution, the report assesses strategies and practices for entrepreneurship and innovation in Ireland's higher education institutions and systemic support provided by government.

<https://doi.org/10.1787/9789264270893-en>





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Dissemination seminars will be held in each ASEAN country from Q3 2018 to Q2 2019

Next steps



The ASEAN SME Policy Index 2018 was launched in Singapore on 01/09 on the sidelines of the 50th AEM Meeting

Quarter	Month	Year
III	7	2018
	8	
	9	
IV	10	
	11	
	12	
	1	
2		
3		

Confirmed seminars

✓ 26 Sept: Jakarta, Indonesia

✓ 1 Oct: Ha Noi, Viet Nam

✓ 2 Nov: Nay Pyi Taw, Myanmar

✓ 16 Nov: Singapore

12 Feb: Kuala Lumpur, Malaysia

14 Feb: Phnom Penh, Cambodia

18 Feb: Bangkok, Thailand

Feedback on the 2018 ASPI process

1

Did the process help you identify anything that you were not previously aware of, or do you disagree with any of the findings?

2

Did the ASPI 2018 help you identify policy issues to address in the future, and do you already have any concrete plans to address these?

3

Are there aspects you would suggest adding to future editions of the ASEAN SME Policy Index, in terms of content or process?

Terima kasih!

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