



# World SME Update

(A Global Update On SME News, Events, Policies & Programs)

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## AZERBAIJAN



### Azerbaijan encourages foreign investors in non-oil sector

Azerbaijan plans to minimize its oil dependence, which requires ensuring growth of non-oil sector of economy and increasing the volume of foreign investment in this field. President Mr. Ilham Aliyev set this goal at a meeting of the Cabinet of Ministers, dedicated to the social and economic development in 2015 and the objectives for the future, on January 10, 2016.

The young oil producing country that skim the cream off the natural wealth now faced with the low prices of the “black gold” on the markets of the world. In this situation, the country, that still has gas alternative, plans to switch to the non-oil sector of economy in order not to be dependent on the hydrocarbons in the future. The oil gave Azerbaijan a lot, but it is a high time to welcome something new.

Last year, GDP of the country has increased by more than one percent, industrial production rose by 2.4 percent and non-oil industry grew by 8.4 percent. Moreover, the 8.4-percent growth in the non-oil industry is the main achievement of the country in 2015. Last year, the Azerbaijani economy received about \$20 billion of investments, half of which are foreign investments, which is a positive factor. The World Bank predicts that economic growth in Azerbaijan will amount to 0.8 percent this year and 1.2 percent in 2017, while forecast for global economy is 2.9 percent growth in 2016 and 3.1 percent in 2017.

*“Azerbaijan, as an attractive country, and presents its potential to foreign investors,”* the president said in his address. Today, many investors are looking for a new economy, and Azerbaijan should also determine its niche in the global economy. However, it would be not so easy, as there are great many candidates striving for the foreign investments and Azerbaijan should fight for its place in the sun.

What attracts investors? A well-developed infrastructure and favorable conditions for the investment climate is needed to attract investors. What Azerbaijan has made in this direction? Recently, the state has made major investments in the development of marine, railway, automotive, utilities, and social infrastructures. Moreover, some bureaucratic hurdles were abolished.

As a result, the country is now eye-catching for transportation, which means great revenue for the investors. The favorable geographic location promises expansion of transport routes, which will further increase the country’s attractiveness to investors in terms of easy delivery of products made in Azerbaijan to other markets.

Transportation plays a leading role, while Azerbaijan has also other promising spheres.

One of them is industrial parks that offer seven years work opportunity without paying income tax, land tax and property tax. In addition, equipment and technology used in such parks are not subject to VAT. The tax burden in Azerbaijan is not high either. The country is also reviewing proposals to stimulate exports. Industrial parks have been created already in Sumgayit, Balakhani, Garadagh and Mingachevir. Another park, specializing in metallurgy, will be created in Ganja. In addition, Azerbaijan has available specialized personnel not only in the oil and gas sector, but also other industrial areas.

Along with easy transportation, lack of export duties in Azerbaijan also allows a minimum cost to enter foreign markets. Moreover, the country has recently facilitated operation of SMEs by reducing the number of licensed activities and halving the amount of duty, simplifying the taxation, and suspending inspections for two years.

Last but not the least, investment in Azerbaijan in the current economic situation is also advantageous because of the low rate of the national currency. *"Azerbaijan is an excellent country for foreign investments and that foreign investments are being protected here,"* President Mr. Aliyev assured.

## BELGIUM



### EIB and BNP Paribas Fortis provide EUR 500 million for Belgian SMEs and midcaps

The European Investment Bank (EIB) and BNP Paribas Fortis have signed a new partnership agreement for a EUR 250 million loan designed to support projects by small and medium-sized enterprises (SMEs) and midcaps. In total, an additional EUR 500 million will therefore be provided, half by BNP Paribas Fortis and half by the EIB.

The EIB – the European Union's financing institution – intends to use its "Loans for SMEs and midcaps" programme to support their economic development and competitiveness. With that in mind, the EIB works with commercial banks which serve as intermediaries and whose network and expertise in the SMEs and midcaps segment play a key role in the implementation of this programme.

As before, the loans will be provided in the form of a credit line managed by BNP Paribas Fortis in support of enterprises with up to 250 employees for SMEs and 3 000 employees for midcaps.

All projects must be carried out in the EU and may not cost more than EUR 25 million. The EIB's "Loans for SMEs and midcaps" programme is flexible and transparent. The key feature of the Bank's support is lower interest rates and the beneficiary enterprises are explicitly informed of this.

Including this new credit line, BNP Paribas Fortis will have made available nearly EUR 2 billion for Belgian SMEs and midcaps since 2009 in collaboration with the EIB.

At the agreement's signing ceremony, Mr. Max Jadot (CEO of BNP Paribas Fortis) said: *"BNP Paribas Fortis is pleased to provide further support to its business customers and help finance their projects, thanks in part to this new agreement with the EIB. Self-employed people, professionals, SMEs and midcaps form the backbone of our economy and it is vital that they can obtain the resources required to continue to grow. Thanks to these credit lines in partnership with the EIB, over 2 600 Belgian enterprises in a wide variety of sectors have received a loan on keen terms via our network over the past seven years."*

Mr. Pim van Ballekom (EIB Vice-President) stated: *"I am delighted by this new operation with BNP Paribas Fortis. It is important for Belgian businesses to be able to continue benefiting from the EIB's terms to finance their projects and it is by bringing together our respective tools and skills that we can help them best. This is how we support the business competitiveness, growth and dynamism that is vital to our economies."*

Each year, the amount of loans provided by the EIB to SMEs and midcaps in the European Union gets bigger. Last year, the Bank provided EUR 22.2 billion, which was passed on via 240 partners to more than 110 000 SMEs and midcaps. This represents substantial support and assures businesses of the ongoing availability of financing for their projects

## BENIN



### Eradicating hunger, creating opportunities

Federal Minister of Germany Mr. Gerd Müller today ( January 3, 2016) announced that Benin will receive 20 million euros to support innovation in agriculture. "You need more than just water and fertilizer for agriculture. You also need knowledge and innovation!" Minister Mr. Müller stated at today's inauguration of the green innovation centre in Cotonou.

Benin and Togo are two of the poorest countries in the world. That is why advancing food security and providing job prospects in these two partner countries of German development cooperation are high on the agenda for the minister's visit. The green innovation centre in Cotonou is one of the 13 centres worldwide which have been established under German development cooperation. The centres provide innovative technologies and extension services and thus help to increase smallholders' incomes, create employment opportunities and improve the food situation in rural areas. In Benin, rice farming will be one of the main focus areas.

In Togo, tomorrow (January 4, 2016), Minister Müller will inaugurate the first vocational training course for motorcycle mechanics based on the dual system.

*"Togo is a young and vibrant country," Müller said, "a third of its population is between 15 and 24 years of age. That is why the country needs more than modern technology and an enabling environment. More than anything else, it needs its people – qualified workers. Investing in good vocational training is an investment in Togo's future!"*

Under its development cooperation Germany is helping Togo to set up a dual system of vocational training for five trades.

During his visit to Benin and Togo, Minister Müller will meet the presidents and several ministers of both countries for political talks. A main topic on the agenda will be the role of development cooperation in tackling the root causes of displacement.

## CAMBODIA



### Industry Ministry Aims to Increase Patent Protection

Due to the lack of qualified personnel to evaluate new patents and enforce the existing law, the Industry Ministry is cooperating with the European Patent Office to enhance their capacity so that Cambodia can better ensure protection of patents to draw more investment, Industry Minister Mr. Cham Prasidh said yesterday (January 10, 2016).

Cambodia has had a patent law for almost 10 years, but has been unable to effectively implement the law due to a lack of qualified personnel, Mr. Parsidh said, adding that only about 10 officials work in the field and most of them lack the qualifications to monitor and evaluate patents.

The minister said patents are important to draw investment to Cambodia and if they cannot be protected it businesses will not invest in the country.

Mr. Prasidh said that currently there are no conflicts over patents in Cambodia because Cambodia is relying on officials in Singapore to check and evaluate patents. The government has received about 100 patents and is checking with experts in Singapore to determine whether they duplicate patents protected in globally.

*"Every business and investment in Cambodia is protected by law even if we don't have human resources to [work on patent issues]," Mr. Prasidh said, adding that legal action would be taken against any company that violated a patent.*

David Van, managing director of Bower Asia, agreed that protection of patents is fundamental for investors entering any market. Patents are protected by appropriate legislation and competent officials who enforce it, he added.

*"Without a clear ability to provide such assurance, Cambodia would always be 'passed over' by serious investors and needless to say, any given economic growth is only driven by its own local SMEs," Mr. Van said.*

Ministries involved in enforcing the Patent Law need capacity building and a budget to enhance their ability to work, he said, adding that local small and mid-sized enterprises should be encouraged through grants or tax incentives to be conduct more research and development to help the economy grow, Mr. Van added.

## CANADA



### Ministers of International Trade and Small Business and Tourism announce new export program for Canadian companies

The Honorable Ms. Chrystia Freeland, Minister of International Trade, and the Honourable Ms. Bardish Chagger, Minister of Small Business and Tourism, today (January 5, 2016) announced CanExport, a new program that will provide \$50 million to help Canadian small and medium-sized enterprises take advantage of global export opportunities.

CanExport is one of the building blocks of the government's export strategy: it will help Canadian companies take advantage of opportunities abroad and increase their competitiveness, while creating jobs and growth at home. CanExport will provide Canadian small businesses with matching contributions of between \$10,000 and \$100,000 toward export development costs. The new program will benefit hundreds of companies each year over the next five years.

CanExport was launched today at Communitech, an industry-led innovation centre that supports and fosters a community of nearly a thousand tech companies at all stages of growth and development, many of which will be able to take advantage of this new program.

To be eligible for the program, companies must employ fewer than 250 employees and have annual revenue in Canada of between \$200,000 and \$50 million. Eligible activities must promote export development and go beyond an applicant's core activities, as well as represent new or expanded initiatives.

*"CanExport is an investment in growing our economy, strengthening the middle class and helping those working hard to join it. I'm thrilled to begin 2016 with this new program that is a key part of our strategy to help Canadian companies succeed abroad. This program will enable small businesses in Canada to explore new opportunities, giving them an advantage in competitive and potentially lucrative new markets, while creating good-quality jobs at home."* Said Hon. Ms. Chrystia Freeland

*"CanExport is part of our plan to support small businesses that are seeking to become more productive, more innovative and more export-oriented. With this program, which is part of Canada's trade strategy, we want to make it easier for small businesses to take advantage of government financing and export-oriented supports."* Said Hon. Ms. Bardish Chagger.

## EGYPT



### CBE launches programme to fund 350,000 SMEs for EGP 200bn in 4 years

The Central Bank of Egypt (CBE) announced a plan to provide EGP 200bn to 350,000 small and medium enterprises (SME) over the next four years, according to a statement released by the CBE on Sunday (January 11, 2016). The CBE directed banks to increase the percentage of loans allocated to this sector to 20% of their total loans portfolio.

The CBE explained that the banks will apply this rate in return for being allowed to deduct the value of the funds they will grant to these projects from the value of their obligatory reserves at the CBE. According to a CBE statement, banks will get a declining interest rate of 5% annually, applied on the loans offered to companies with annual revenues ranging between EGP 1m to EGP 20m.

The CBE pointed out that the launch of this programme comes within the state's strategy to boost production and achieve sustainable development, through the revitalization of SMEs. The statement added that these projects contribute to creating many job opportunities for the youth demographic, decreasing unemployment rates, boosting income levels, increasing the local output, and stimulating Egyptian exports.

According to the CBE, the programme takes into account a number of factors, most prominently the volume of money that would be provided to this sector by the banks. It added that the programme also aims at benefiting more from the sources available to the banks in order to develop industry and focus on production, in addition to encouraging the projects that provide added value. The CBE explained supporting 350,000 SMEs will create approximately 4m jobs over the next four years. The CBE highlighted the importance of providing information to venture capitalists and investors, and facilitating their access to banks, in addition to providing the needed training for small businesses in order to increase their chances of success.

The Ministry of Trade and Industry, the Federation of Egyptian Industries, and the Egyptian Banking Institute will collaborate to assist SMEs. The CBE stressed that the banks should prioritise granting funding to vital economic sectors, in particular industrial companies that produce feeder components, and sectors that produce high added value, in addition to those with high labour intensity.

The CBE urged the banks to provide special attention to projects with innovative ideas, and projects that seek to export their products abroad. On the other hand, the CBE plans to move forward in the programme for financing SMEs through creating a mechanism to minimise the risks faced by banks while financing SMEs. The statement added that the CBE has launched consultations to restructure a credit guarantor in order to provide banks with guarantees. The percentages of these guarantees would be commensurate with the CBE's plan to support remote areas and important strategic sectors, as well as to encourage the financing of newly established companies.

The CBE also emphasized the importance of supporting the role of the Egyptian Banking Institute in producing specialized programmes for SMEs. This comes alongside additional specialized programmes for bank employees. Moreover, the CBE highlighted the necessity of strengthening cooperation with the Federation of Egyptian Industries, the Ministry of Trade and Industry, the Arab Organisation for Industrialization and concerned ministries, to develop the SMEs sector.

## GERMANY

### Start the new Competence Center Cultural And Creative Industries of the Federal Berlin

Earlier this year, began its work the realigned competence center cultural and creative industries in Berlin. It will continue to expand with its diverse offers its pulse function for the key themes of the cultural and creative economy. The focus of this is the promotion of cooperation between the creative industries and other industries that promote the innovation potential of the creative industries as well as providing networking platforms. The competence center will significantly help to make the importance of cultural and creative industries as an independent economic sector and driver of innovation more visible.

Ms. Monika Grütters, Minister of State for Culture and Media, said: "*The cultural and creative industries with more than one million workers are preparing the ground for the innovative capacity and competitiveness of our businesses. It is the artists and creatives that move with their instinct for new and their creative power our society. Strengthening and promoting this industry is therefore for the federal government is of central importance. The realigned competence center cultural and creative industries with its experienced and committed employees is an important central point in order to promote even more creative and to help them to their ideas and be economically successful.*"

Ms. Brigitte Zypries, Parliamentary State Secretary at the Federal Ministry of Economy and Energy, said: "*The new competence center will highlight the innovation performance of the creative industries. We want to promote cooperation between the creative industries and other sectors of the economy and therefore increase the potential of the creative industries as a driving force for innovation. Because the cultural and creative industries is more important as a driving force for the business location Germany than ever. But it is also driver of social change - that is reflected not least in the dedication of creative professionals for the benefit of fugitives*".

The competence center is an integral part of the Initiative Culture and Creative Industries of the Federal Government that the Federal Ministry of Economy and Energy and the Federal Government Commissioner for Culture and Media is implemented. The focal points of the competence center are scientific analysis, transfer and momentum, communication and events. In competence center there are contacts for specific issues such as creation and growth, innovation and impulses, internationalization and export. The thematic extension of the work of the competence center provides an added value, inter alia for the entrepreneurs in the creative industries, and for the country. Also planned is a nationwide community management with Scouts and multipliers, the trends, developments and best practice examples track.

The new competence center is operated by the Association of Backes and Hustedt GbR, u-Institut eV and Michael Söndermann, Office of Cultural Economic Research.

## HUNGARY



### Major new business opportunities for Hungarian enterprises in Cambodia

Minister of Foreign Affairs and Trade Mr. Péter Szijjártó told Hungarian news agency MTI by telephone from Phnom Penh that “*Cambodia’s economy has reached a stage that enables the opening of major foreign market opportunities for Hungarian enterprises*”.

The Minister pointed out that the Cambodian economy has produced over 7 percent growth in the past two years and is accordingly one of the most dynamically developing economies in the region, in addition to which the country is capable of cooperating in areas that are among the strong points of the Hungarian economy.

*“Our friends in Western and Central Europe are also showing visibly increased interest in Cambodia. We cannot stay out of this competition”* stressed Mr. Szijjártó, who held meetings with Prime Minister Hun Sen and Cambodia’s Ministers of Foreign Affairs, Commerce, Planning and Tourism.

Mr. Szijjártó also mentioned that within the field of agriculture Cambodia is suffering from the total lack of a processing industry and is awaiting Hungarian animal husbandry and meat industry investment projects. He also told the press that Cambodia is also showing interest in Hungarian software solutions and would also welcome and influx of Hungarian technology and equipment to aid the reorganisation of the healthcare system, in addition to which there is also demand for Hungarian water management expertise.

An investment protection agreement has been signed to assure the success of Hungarian companies in Cambodia, in addition to which Eximbank is providing a 26.7 million US Dollar credit line to facilitate cooperation between Hungarian and Cambodian enterprises, the Minister said, adding that a Hungarian trade representation has also just opened in Phnom Penh, meaning Hungary is once again being directly represented in Cambodia following a break of some 20 years.

Trade between the two countries is currently minimal, but the Hungarian Government is expecting a significant increase in economic relations, Mr. Szijjártó told the press.

The Hungarian Minister of Foreign Affairs and Trade also announced that a scholarship agreement had been signed during his visit, within the framework of which 15 Cambodian students-a-year will be able to attend Hungarian universities.



## INDIA



### FTA with EU: India to take up 'stock-taking exercise'

India will undertake a "stock-taking exercise" for a free trade agreement with the EU later this month, after a gap of three years, and pitch for greater market access in services once the stage is set for further negotiations, a senior commerce ministry official said.

Before engaging in serious formal talks on the EU-India Bilateral Trade and Investment Agreement (BTIA), a "stock-taking exercise" will be undertaken, as some contours of the earlier negotiations have to be altered, keeping in view the changes that have taken place since the talks were stuck in 2013, said Mr. Arvind Mehta, additional secretary in the commerce ministry.

For instance, India has further liberalised many sectors for foreign investments, including some of the areas where the EU had interests, over the past three years. For instance, the FDI cap in insurance has been raised to 49% from 26% and 100% FDI is allowed in telecoms. In private sector banking, full fungibility of foreign investment is now permitted and accordingly FIIs/FPIs/QFIs can now invest up to a sectoral limit of 74%, with certain conditions.

While India feels the flexibilities shown by it in further opening up to foreign investments should be considered positively by the EU, it also expects some reciprocal measures by the 28-member bloc to address its concerns, especially on data privacy and market access in the services sector. However, there will be no binding commitments until India's core concerns are addressed suitably, Mehta said. The BTIA negotiations cover boosting goods and services trade as well as investment.

India seeks a data secure status because the high compliance cost with EU's data protection laws will hit small and medium enterprises (SMEs) of India and make them un-competitive.

Mr. Mehta said India will be betting for a trade facilitation agreement (TFA) in services at the World Trade Organisation – similar to the TFA in goods – that would focus on liberalised visa regime, long term visas for business community and freer movement of professionals for the greater benefit of both India and the world. India will pursue it vigorously in negotiations for the BTIA as well as Regional Comprehensive Economic Partnership. RCEP is a proposed FTA between the ASEAN members and the six states with which it has forged FTAs, including India.

India is keen on services, as they account for over a half of its GDP. The EU is India's largest trade partner, accounting for close to 15% of trade in both goods and services. It is a major market for Indian textiles, garments, pharmaceuticals, gems and jewellery and IT. The EU is also the largest source of FDI inflows to India, accounting for over one-fourth of the total. However, India ranks only ninth among

the EU's top trade partners, making up for just about 2% of its total merchandise goods in 2014.

BTIA talks were to be revived last year, but the EU's surprise ban on 700 products of GVK shocked India, which then called off the negotiations. Prior to that, the negotiations centred around India's demand for. The EU is interested in further liberalization of FDI in multi-brand retail and insurance, and closed sectors like accountancy and legal services. The underutilized private banking space in India is another draw. India's intellectual property regime (IPR), which is unlikely to allow ever-greening of patents, remains a concern for European pharma majors. Moreover, the EU has been seeking a cut in the high import duties on assembled vehicles and wines and spirits. In case of assembled vehicles, the import duties remain in the range of 60-75%.

## INDONESIA



### Home-grown Start-Up Modalku Aims to Help SMEs With Crowdfunded Loans

Modalku, a homegrown marketplace for peer-to-peer lending, wants to give Indonesia's small-and medium enterprises more access to funding through loans pooled from crowdfunding, joining a slew of startups financial services startups, also known as Fintech, that have popped up in the past year.

The start-up officially launched its services on Wednesday, offering businesses swift access to non-collateral loans with interest rates between 15 percent and 20 percent at the click of a button. At the same time, it's promising an annual return of up to 18 percent to individual lenders who participate in crowdfunding the SMEs through the online platform.

*"With Modalku's technology-based approach, we're very serious in dedicating time to push for access to SMEs that need working capital, in line with efforts to boost the country's growth,"* Mr. Reynold Wijaya, Chief Executive and Co-founder of Modalku, said in Jakarta on Wednesday (January 13, 2016).

Mr. Iwan Kurniawan, Chief of Operations at Modalku, said the service intends to fill the funding gap for businesses that may be eligible for a loan yet are rejected by banks that typically demand collateral or a proven track record. *"There's a lot of room for improvement to help SMEs in Indonesia. We're a good complement for banks."* he said.

Modalku offers loans from Rp 50 million to Rp 500 million (\$3,618-\$36,180) with a tenor of three, six and 12 months claimed to be ready for disbursement within 10 days. Meanwhile, individual lenders are expected to place at least Rp 1 million in funds.

SMEs seeking for loans – with a turnover of at least Rp 20 million and led by an Indonesian national with a bachelor's degree – go through five steps in the application process. This includes a profile screening, an anti-fraud verification with a site visit and a psychometric test facilitated by financial technology company Harvard University's Entrepreneurial Finance Lab.

In the case of a bad debt, the startup has two schemes, including a restructuring program by Modalku on behalf of an individual lender, as well as the involvement of an established financial institution as a third-party in order to settle the dispute, according to Mr. Reynald. *"We also encourage lenders to diversify where they put their funds,"* he said, warning lenders against putting all their money in one basket.

The founders of Modalku first dabbled in peer-to-peer lending in Singapore with Funding Societies, which claims to have crowdfunded up to 3.1 million loans with a 97 percent success of repayment, before establishing the former in Indonesia. The startup received a nod from former finance minister Mr. Chatib Basri, who said that Modalku could make an impact in boosting the growth of SMEs as well as bolstering financial inclusion efforts in the country.

## IRELAND



### **Taoiseach and Minister Bruton launch €40million competitive regional jobs fund**

The Taoiseach and Minister for Jobs will today (Friday) launch a €40million competitive regional jobs fund, part of the Regional Jobs Plans process.

Details of the Enterprise Ireland fund were revealed ahead of a meeting in Athlone with 20 business-people from across the country who have been named as Enterprise Champions, responsible for helping to implement the Regional Jobs Plans in each area of the country.

7 of the 8 Regional Jobs Plans have now been published, covering every area of the country except Dublin, with publication of the final Dublin plan scheduled for the coming weeks. Together, the 8 jobs plans are aimed at creating 220,000 extra jobs across the country over the coming years, which specific targets for each region aimed at ensuring that the unemployment rate in every region is within 1% of the average across the State.

In order to win funding under the scheme, a project must involve collaboration from different players within each region – for example Local Authorities, education institutions, State Agencies, as well as private sector bodies like Chambers of Commerce. The thinking behind the €40million fund is that it will help incentivize these organizations to work together on a regional basis in the interests of job-creation.

This initiative will incentivize collaboration and innovation in each region. The Taoiseach and Minister Bruton will today encourage the Enterprise Champions (who will help drive the implementation of the regional jobs plans) to come back with innovative proposals to support job-creation in their regions, and to promote collaboration between the different stakeholders.

The €40 million fund will be rolled out on a phased basis, grouped under the following 5 themes:

- Regional Accelerator projects
- Opportunities to drive greater company/sector collaboration/clustering in the regions
- Driving procurement opportunities for start-ups and established small businesses
- Strengthening Third-level as a driver of regional enterprise
- Strengthening the Start-up ecosystem locally

This competitive initiative marks an innovation in funding enterprise projects. Minister Bruton believes that by making the funding competitive, it will bring the best out of the organisations in each region, and incentivise the greatest possible level of innovation and collaboration locally.

Speaking ahead of the meeting, Mr. Taoiseach Enda Kenny said: *"I am delighted to be announcing this €40 million fund as part of the next stage in our Regional Jobs Plans roll-out. Our aim is to ensure that every region can achieve its economic potential and that the benefits of the recovery are felt in every region, county and community in the country. This competitive fund has at its heart one of the key elements of our Regional Jobs Strategy - maximising local strengths through a coordinated effort from all local stakeholders. Everyone has to pull together to foster enterprise and create jobs. The Government is determined to keep the recovery going and deliver sustainable full employment by 2020 and these Regional Jobs Plans are a significant milestone on the journey."*

The Minister for Jobs, Enterprise and Innovation Mr. Richard Bruton TD said: *"Jobs are growing in every region of the country - but they are growing faster in some regions than in others. Regional jobs growth is a key aim of the Government's - not just because it is important in and of itself, but also because it is a crucial element of hitting our overall jobs targets. That is why we have put in place the Regional Jobs Plan process - to accelerate jobs growth in every region of the country, by bringing the different stakeholders together to work on common goals, and by building on the strengths of the region. This fund is a key part of that. It will incentivise collaboration by the stakeholders in each region, and reward the regions who come forward with the projects that have the greatest capacity to create jobs"*.

*"I wish to pay tribute to the business leaders right across the country who have agreed to sit on the regional committees and drive the implementation of the plans in each area. The input of these experienced and successful industry leaders creates a real step-up in the level of innovation and jobs impact of this process. This is a genuine public service which will make a real impact to the regions in which they live and work"*.

Ms. Julie Sinnamon, CEO of Enterprise Ireland said *"Enterprise Ireland is committed to supporting regional business growth and development. This new €40m competitive regional jobs fund will facilitate more new companies being started up and scaled, which is a key priority for Enterprise Ireland. It will also encourage greater collaboration between the research and business communities, which will help to develop more innovative companies and ultimately, more sustainable jobs at a regional level"*.

## Strategic Banking Corporation Of Ireland (SBCI) teams up with Ulster Bank to provide €75m in new lower-cost funding to Irish SMEs



The Strategic Banking Corporation of Ireland (SBCI) today (January 14, 2016) announced a new partnership with Ulster Bank, which becomes the fifth on-lender of lower-cost SBCI loans for Irish Small and Medium Enterprises (SMEs), expanding further the range of financing options available to Irish businesses.

The SBCI has committed €75 million to Ulster Bank to allow it to provide SME loans with a discount of at least 1% on existing Ulster Bank loan rates. The new products being offered by Ulster Bank are:

- Ulster Bank/SBCI Agriculture Investment Loan
- Ulster Bank/SBCI Business Term Loan

The key features of these products are:

- At least 1% cheaper than existing loan rates
- Loan maturity up to 10 years
- Loan amounts up to €5m
- Flexible repayment schedules
- An option for customers of other banks, which have left the Irish market, to refinance their loans

SBCI Chief Executive Mr. Nick Ashmore said: *“The SBCI is making great progress and generating strong momentum. We now have five major lending partners offering low-cost SBCI loans to Irish SMEs. The €75 million we have committed to Ulster Bank means we have now made a total of €750 million available to Irish SMEs – that’s 94% of the €800 million we started out with. The speed of take up tells us that there is a strong appetite for SBCI loans and that we are making a real and tangible difference to Irish SMEs. We intend to build on our strong start throughout 2016 by bringing more lenders, more money and more competition to the SME lending market.”*

Mr. Eddie Cullen, Managing Director of Commercial Banking Division, Ulster Bank said: *“Ulster Bank is delighted to offer additional finance for Irish SMEs, including agri-business using Strategic Banking Corporation of Ireland funding. Our lending to SMEs grew in 2015 and we look forward to continuing to support the ambitions of Irish businesses to ensure that viable businesses of all sizes can access the necessary finance to enable them to invest and grow – employ more people and contribute to the economic recovery. Today’s announcement is an important additional financing avenue for our customers.”*

Minister for Finance, Mr. Michael Noonan said: *“I welcome Ulster Bank’s addition to the SBCI’s stable of on-lenders. The SBCI has moved quickly since its inception to include as many on-lenders as possible and to broaden its reach to as many SMEs as possible in keeping with the Government’s aims for the SBCI. This latest addition ensures that access to the SBCI’s SME focussed funding continues to grow.”*

In late 2015, the SBCI launched €75 million of new loan facilities with Finance Ireland and Merrion Fleet Finance for SMEs seeking leasing, product hire and fleet finance loans, in addition to announcing an additional €200 million facility for AIB to continue its campaign.

In total, the SBCI has made €400 million available through AIB; €200 million through Bank of Ireland; €75 million through Ulster Bank; €50 million through Finance Ireland; and €25 million through Merrion Fleet.

## KENYA



### IFC Invests in Co-op Bank to Support Entrepreneurs and Housing Finance in Kenya

IFC, a member of the World Bank Group, announced today that it will provide a \$105 million loan to the Co-operative Bank of Kenya (Co-op Bank) to support lending to small and medium businesses, women entrepreneurs and the housing sector.

The second largest bank in Kenya by total assets, Co-op Bank has 143 branches across the country and a subsidiary in South Sudan. Small and medium enterprises account for eighteen percent of the Bank's lending, or close to \$386 million as of June 30, 2015. Co-op bank will use IFC's financing to extend a wider range of financial services to entrepreneurs, with \$30 million earmarked for women-owned businesses.

IFC estimates that close to 40 percent of Kenya's SMEs are owned by women, who often have more barriers to gaining access finance than their male counterparts. Alongside the investment, IFC will advise Co-op Bank on how to tailor products to the needs of women entrepreneurs. Through IFC's Banking on Women program, this project is supported by the Women Entrepreneurs Opportunity Facility, the first-of-its-kind global facility dedicated to expanding access to capital for women entrepreneurs, launched by IFC and Goldman Sachs' 10,000 Women initiative in 2014.

The loan will enable Coop Bank to promote affordable housing in Kenya by expanding its mortgage lending and construction finance. Rapid urbanization has led to a housing shortage of 2.0 million units in Kenya, which will require private investment to build. With only 25,000 loans outstanding in a country of more than 10 million households, the mortgage market is underdeveloped. IFC will work with Coop Bank to streamline mortgage lending and support affordable housing projects.

Dr. Gideon Muriuki, CEO of Co-op Bank said, *"The IFC funding comes at a most appropriate time in view of the critical need to support the growth in the economy. The long-term tenure of the facility boosts Co-op Bank's ability to offer financing solutions that are better structured and priced to fulfil the long-term financing needs of customers."*

Mr. Oumar Seydi, IFC Director for East and Southern Africa, said, " *Small and medium enterprises make up more than 95 percent of all firms in Africa, and are generating millions of jobs on the continent. IFC works with local financial institutions like Co-op Bank to provide innovative and specialized services to entrepreneurs, helping them grow their businesses and drive African economies.*"

IFC's new investment in Co-op Bank continues a relationship that began in 2012, when IFC invested \$60 million to expand the bank's SME portfolio and support the agribusiness sector. The current \$105 million loan was mobilized in partnership with IFC's Managed Co-Lending Portfolio Program, a new syndications platform that allows investors to passively participate in IFC's future loan portfolio. The investment marks IFC's first syndication under the program in Kenya.

IFC has partnered with ten banks in Kenya to support entrepreneurs and small business growth. During the last fiscal year, IFC's work with financial institutions helped provide loans to two million entrepreneurs in Africa.

## LATVIA



### European Commission approves creation of Latvian development institution to facilitate SME financing

The European Commission has concluded that Latvia's project to establish a financial institution (the Latvian Single Development Institution - SDI) is compatible with EU state aid rules. The SDI will facilitate access to finance for small and medium sized enterprises (SMEs) and other players that face obstacles to raise financing in the market. The Commission found that the new institution would address such market failures without unduly distorting competition in the Single Market.

In December 2014, Latvia notified to the Commission the scope of activities of the SDI, which was established as a result of the recent merger of three State-owned institutions - Altum (the former Mortgage and Land Bank), the Latvian Guarantee Agency (LGA) and the Rural Development Fund (RDF). These institutions had been providing various forms of financing to the Latvian economy.

Latvia plans to inject more than € 512 million of capital from state resources into the SDI for the period 2015-2022. The SDI will use this budget to act within a strictly defined remit, based on identified market failures. It will in particular offer financing - such as loans, guarantees, equity injections or grants - mainly to SMEs, start-ups, mid-cap and micro-enterprises, but also to individuals and companies active in the agricultural sector. The SDI will also act as a financial intermediary and channel funds for programmes and projects co-financed by international financial institutions, such as the European Investment Bank or the European Bank for Reconstruction and Development.

The Commission assessed this measure under EU state aid rules, which allow Member States to grant aid to support the development of certain economic

activities. The Commission found in particular that the SDI will intervene only when financing is not readily available in the market. This will avoid that private investment is crowded out by the state funding. Moreover, the SDI's activities are subject to specific criteria that ensure they do not unduly distort competition in the Single Market and are fully in line with EU state aid rules.

Before the merger, the three institutions (Altum, the LGA and the RDF) were also involved in other activities that are not directly related to the fundamental objectives of a development financial institution. The Latvian authorities have committed that the SDI will cease, wind-down or sell these legacy activities that are outside its approved scope as soon as possible and by 31 December 2018 at the latest.

Given that the market for SME financing and in particular the scope of the market failures may evolve, the Commission has granted approval until 31 December 2022. This may be prolonged, following a reassessment. If in the future the SDI were to be given further responsibilities outside the agreed remit, these may need to be notified to the Commission for approval.

## PAKISTAN



### SMEDA initiative to promote industry-academia linkage

Small and Medium Enterprises Development Authority (SMEDA) Tuesday (January 12, 2016) initiated a move to promote industry academia linkages to accelerate SME growth through entrepreneurship development among youth. In this regard, an exclusive briefing session was arranged here at SMEDA Head Office with a group of 25 students from Shaheed Benazir Bhutto University (SBBU), Upper Dir, Khyber Pakhtunkhwa. During the session a brief presentation on SMEDA activities and its role in promoting entrepreneurship development in Pakistan was shared.

At the occasion, GM P&P, Mr. Mairaj Anees Ariff highlighted the role of SMEs in economic development and said that universities play an important role in promoting entrepreneurship culture. He said that only two percent of management students opt entrepreneurship as a carrier option, which is lowest as compared with developed nations. SMEDA in this regard provides services and facilitation to develop entrepreneurship ecosystem in the country. The students from the university expressed their deep interest in initiating entrepreneurial activity after the completion of their education and requested SMEDA to provide facilitation in this regard.

SMEDA Provincial Chief Mr. Raja Hassanien Javed said that SMEDA develops prefeasibility studies and business plans to facilitate new start ups. He added that a clearer vision, proper planning and risk taking attitude are the basis of entrepreneurial spirit. SBBU Lecturer, Kalim Ullah, in his vote of thanks, stressed upon the need of developing industry academia linkages to provide hands on experience to the students. He said that a special attention may be given to the less developed areas like Upper Dir to inculcate a spirit of entrepreneurship in students.



## Qatar Development Bank and QIB sign New Al Dhameen Programme Agreement

Qatar Development Bank announced today (January 10, 2016) that Abdulaziz Bin Nasser Al-Khalifa, CEO of Qatar Development Bank (QDB), and Mr. Bassel Gamal, Qatar Islamic Bank (QIB) Group Chief Executive Officer, signed a new Al Dhameen Programme Portfolio Agreement sponsored by QDB, enabling further expansion of SME financing in Qatar, on Sunday.

The agreement was attended by QDB officials Mr. Khalid Abdulla Al Mana, Executive Director of Business Finance and Ms. Jawaher Al Noaimi, Al Dhameen Programme Manager. QIB was represented by Mr. Tarek Fawzi, General Manager, Wholesale Banking Group and Mr. Mazen Al Thalathini Assistant General Manager-Corporate Banking, and Mr. Basem Shahrouri Head of Business Banking Division.

With QR100m portfolio, the new product "Al Dhameen portfolio" aims at facilitating and speeding up the approvals to guarantee the value of the funding provided by the partner bank to small and medium enterprises lacking sufficient guarantees. QDB has prepared a special portfolio guide that describes the terms, conditions, and highest international standards, due diligence, credit monitoring, applications and guidelines development, to help QIB to take the necessary decisions without referring to QDB.

Al Dhameen has contributed to an ever evolving Qatari private sector, with a record QR 846 million in guarantees to over 348 SMEs, since its initiation in 2010. Over QR 569 million have been cashed already.

On this occasion, Mr. Abdulaziz Bin Nasser Al-Khalifa, CEO of Qatar Development Bank said: *"Al Dhameen program primarily aims at facilitating the financing procedures to some of the most important sectors such as industry, education, healthcare, and added-value services. The program is mainly targeting companies and start-ups, and we are delighted with this partnership with QIB, which asserts that all banks operating in Qatar to support and develop the SMEs sector, diversifying the private sector and build a knowledge-based economy."*

Commenting on the agreement, Mr. Bassel Gamal, QIB Group Chief Executive Officer said: *"This agreement underscores QIB's commitment towards supporting the country's economy, by enhancing the role of the private sector and contributing to a suitable economic diversification as part of Qatar National Vision 2030. It enables our existing and potential customers to get what they need swiftly and seamlessly, thus supporting the establishment of new SMEs and helping operating companies with their business expansion plans".*

*"We are proud of our strong ties with Qatar Development Bank, and we are committed to further enhance the mutual cooperation to achieve the agreement's objectives which will contribute significantly in speeding up the process to provide financing solutions for SMEs.*

*Supporting the SME sector is one of our top priorities, and for that reason, we have a dedicated program, "Aamaly", designed to cater for all the financial needs of Small and Medium enterprises in Qatar" added Mr. Gamal.*

SMEs can benefit from the new program by visiting their nearest QIB branch and inquiring about applications in accordance with the QIB program.

In enhancing and improving the Al-Dhameen program, QIB relied on the survey of partner banks and all concerned parties to expand the base of beneficiaries and allow the partner banks to determine the appropriate small and medium enterprises to be financed and to fund them more flexibly.

## **SOUTH AFRICA**



### **Ecopreneurship: South Africa moves to help SMEs get down to green business**

While the country has never sought to hide this collateral environmental damage, it has also been looking for ways of launching green initiatives to help save the planet as much it can.

It is in this spirit that one of the country's leading risk financiers, Business Partners Limited (BPL), recently launched a R300 million Green Fund it said aims to finance and support profit-seeking businesses that operate in the 'green industry'. The BPL Green Fund will provide expansion capital, as well as start-up funding and property finance from R500 000 and up to R30 million, BPL MD Nazeem Martin said at the launch in Cape Town, adding that the type of businesses it will finance are diverse.

*"We are seeking to finance businesses which actively develop, manufacture and provide goods and services aimed at 'saving the planet', as well as those businesses that are 'doing the right thing' by implementing measures and/or technology which reduce their adverse impact on the environment," he explained.*

Businesses that qualify for finance from the Fund will therefore range from renewable energy providers (offering an alternative, clean and environment friendly energy source) to energy or emissions savings product and service providers, to recyclers, waste managers and green building service and product providers.

The Fund will also consider financing businesses working to conserve natural resources, protect ecosystems and biodiversity and businesses producing healthier food sources.

*"Ultimately we want to support those businesses that are making a difference," Martin said.*

The Fund will have a dedicated team to support with the application process and entrepreneurs will have access to dedicated industry specific specialists. A R50 000 interest free loan is also available to qualifying entrepreneurs for technical assistance.

*“Our Green Fund seeks to develop, grow and invest in sustainable businesses, enabling them to capitalise on opportunities in the ‘green economy’ – especially in the clean and green technology, renewable energy, recycling sectors – and deliver on its inherent job and wealth creation potential,” “Making up 91% of formalised businesses in South Africa and contributing for more than 60% of new jobs created, SMEs are a vital contributor to the country’s GDP and employment. We believe by equipping SME entrepreneurs to thrive in the ‘green economy’, we can enhance their contribution to the economy and the environment,”* Martin said.

Bearing in mind that the United Nations Environmental Programme Green Economy Report 2015 report demonstrates that the greening of economies can create a new engine of growth and job creation, Martin said the South African government was committed to unleashing the potential of the green economy, in line with the New Growth Path, which has identified the green economy as one of the six priority sectors to assist in reaching its target of five million new jobs by 2020. It is believed that the New Growth Path Framework aims to create 300 000 additional direct jobs by 2020 in an effort to green the economy.

*“Given our country’s rich alternative energy sources, we have the potential to reduce its unsustainable levels of carbon emissions through increasing the renewable (solar, wind and, to a lesser extent, hydro) component of its energy supply mix. And, the knock-on effect for economic growth and job creation from investing in these new alternative energy sectors will be substantial,”* the MD said.

*“Such initiatives and policy frameworks require huge capital investments, creating space and opportunities for large businesses. But, simultaneously, opportunities arise for SMEs within the component manufacturing and service industry sectors as higher levels of local content is specified and required within government’s policy framework,” “Finally, a great deal of innovation is required from private sector financiers to seize the market opportunity created by government’s green economy plans and policy frameworks.”* Martin said.

Africa attracted US\$8 billion in renewable energy investment in 2014 (up from \$5.3 billion in 2013), with South Africa accounting for U\$5.5 billion alone, Martin said, quoting figures from the SADC Renewable Energy and Energy Efficiency Status Report.

The Fund’s core objectives will be to finance and support SMEs that:

- Support renewable energy technologies in South Africa.
- Reduce energy consumption and lower carbon emissions by improving energy efficiency.
- Promote energy savings that ensure long-term competitiveness.
- Contribute to job creation in the ‘green economy’.

## UAE Minister of Economy affirms commitment to SMEs

Sultan Al Mansouri, the Minister of Economy, yesterday assured Federal National Council members that efforts to promote small and medium-sized enterprises (SMEs) would mitigate the impact of the oil price slump.

Responding to a question on SMEs from Hamad Al Rahooi, FNC member for Dubai, Mr Al Mansouri said the Government would continue to support SMEs and expand the sector to constitute 90 per cent of the UAE's gross domestic product.

A law on SMEs passed last year entitled these companies to 10 per cent of Government awards, reduced fees for business procedures and simpler procedures, the minister said.

*"We also started developing marketing for these enterprises and involved them in commercial delegations to China and Italy. There were also agreements with Sweden, Canada and Italy,"* said Mr Al Mansouri.

*"Many SMEs were also involved in a convention held last November during Innovation Week."*

Mr Al Rahooi praised Dubai Municipality's efforts to bolster SMEs as a good example of prioritising local companies. *"There should be coordination between local and federal [agencies] to promote them. The success of a project does not lie in production but in marketing,"* he said.

Mr Al Rahooi also called for "a platform to display all local projects".

At yesterday's (January 4, 2016) FNC session, Mr Al Mansouri said a long-awaited arbitration legislative bill would be passed this year.

*"The arbitration law which has been proposed since 2009 is finally ready to be issued after the Ministry of Economy has finished revising it with the Ministry of Justice,"* he said.

The bill aims to align local arbitration procedures with international standards in an effort to make the UAE a more attractive place for business. The latest draft of the arbitration legislation was issued in 2013. The passage of the legislation, which was expected to be passed in 2010, was delayed in the wake of the global financial crisis, said the minister.

Outside the FNC session, Mr Al Mansouri said infrastructure projects in Dubai and Abu Dhabi would proceed despite falling oil prices, showing that the UAE's economic diversification strategy was working.

*"Our projects continue in Dubai, including Al Maktoum International Airport and Expo*

2020, as is the case with projects in Abu Dhabi," the minister said.

*"The UAE was able to deal with declining oil prices more effectively than other countries. We must strengthen other sectors to offset any future declines in oil prices."*

Mr Al Mansouri added that the federal budget for this year reflected the limited economic impact of the oil price slump.





World Association for Small and Medium Enterprises (WASME) is a global non-profit organization headquartered at Noida, India that has been spearheading the cause and development of Small and Medium Enterprises (SMEs) world over since its inception in 1980. Over three decades, WASME has emerged as one of the most representative, effective and leading international organizations, working towards the promotion of SMEs worldwide through policy advocacy, information dissemination, conferences, seminars, events, trainings, publication, network linkages and many **more**.

WASME enjoys consultative status with concerned agencies in UN system such as **ECOSOC, UNCTAD, ITC, WIPO, UNIDO, UNESCO, UNICITRAL, UNESCAP and ILO**, several intergovernmental and international organizations like **WCO, OECD, ICSB, APEC, APCTT, etc.**

WASME's fortnightly SME e-Bulletin "**WORLD SME UPDATE**" aims to keep abreast its readers with latest information on various developments taking place in SME sector around the globe. If you have any news/ information on the issues related to Government policies & programs and latest developments in the SME sector i.e. technology and innovations, success stories, case studies, research and methods, planning and programmes, training and developments, finance and management, and marketing that you would like to share with the world SME community, please do send those to us at.

We always welcome your valuable feedback/comments on the SME e-Bulletin to further enhance our services on information dissemination. Hence, please send us your valuable guidance and meaningful articles as a regular contribution to SME e-Bulletin and our website in the larger interests and benefits of SMEs world over.

**Editor, World SME Update**

World Association for Small and Medium Enterprises

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# WE – ALLIANCE



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