



# World SME Update

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

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## ARMENIA



### Government Approves Business Environment Improvement Program for 2016

A regular Cabinet meeting was held today (February 11, 2016), chaired by Prime Minister Mr. Hovik Abrahamyan.

The meeting approved Armenia's business environment improvement program for the year 2016. The 2015 action plan revealed the need to improve the business environment, for which speedy reforms have to be implemented in our country with a view to enhancing Armenia's competitiveness on the global marketplace and improve Armenia's position in the World Bank's Doing Business report.

A number of activities have been planned under the program to simplify the administrative procedures applicable to startup businesses, promote the growth of SMEs, boost foreign trade turnover, implement a balanced tax policy, etc.

The Government made a decision to increase management efficiency in the irrigation sector, as well as to provide for the design of documents necessary for implementation and financing of capital repairs at the damaged sections of Arpa-Sevan Tunnel N2.

Commenting on the decision, the Prime Minister emphasized that there is a lot to do with Arpa-Sevan tunnel so that greater amounts of water could be funneled to Lake Sevan. The Head of Government said that after a consultation held with the President of the Republic of Armenia he had instructed those responsible to launch the repair work as soon as possible.

The Cabinet passed another resolution to ensure that the Prime Minister's directive of January 8, 2016 might be completed by this March 31, as well as to achieve higher standards in the development of expertise, copyright and oversight-related documentation necessary for the implementation of construction activities.

The decision envisages a simplified procurement process for the development of cost estimates for such facilities. In addition, it stipulates that design work for projects worth under AMD 50 million should be organized and carried out by regional administrations.

Welcoming this approach of the Ministry of Urban Development, the Prime Minister stressed that the decentralization of powers will allow local government authorities to participate in project development processes.

The Government established the level of financing for the program of provision of academic materials and teaching aids for Diaspora-based educational institutions in 2016. The program seeks to meet the demand for teaching materials in more than 350 conventional and 600 Sunday schools operating in the Diaspora. Another decision was passed to endorse the Diaspora Summer School-2016 Program.

In conclusion, the Government approved a proposal to sign tourism cooperation, investment encouragement and mutual protection agreements with the Government Montenegro.

## BRAZIL



### BNDES prepares line of credit to microenterprises

In an unprecedented initiative, the National Bank for Economic and Social Development (BNDES) had early on Wednesday ( February 3, 2016), at the headquarters of the National Sebrae , Brasilia (DF), a credit line proposal for working capital aimed at companies with revenues of up to R \$ 360,000 per year - are in this range 78% of Brazilian microenterprises. The goal is that by the end of February are available loans at rates of up to 18% per year. The this line loans would guarantee 80% of guarantee funds (IGF , FGO and Fampe ) and annual ceiling of R \$ 30,000. In addition, the line will have the guidance of cutting red tape, eliminating the submission of documents by clients.

*"We want a self-sustaining operation with a focus on small. is no benefit or welfare,"* said the president of Sebrae, Mr. Guilherme Afif Domingos, ahead of the negotiating table.

The presentation was made at a meeting attended by representatives of the Association of Development Finance Institutions (ABDE), Bank of Brazil and Caixa. At the meeting, however, no consensus on the final rates for entrepreneurs. Participants pledged to carry out further calculations and guide the information technology systems of financial institutions to enable the new product. A next meeting is scheduled for the 1st 7 , the Sebrae headquarters.

In the afternoon of Tuesday (February 2, 2016), the Development Bank had already announced that the period of amortization of BNDES Card will be expanded from 48 to 60 months. Other adjustments are being worked out to increase the attractiveness of the card, without burdening the end user, such as the use of Micro Guarantee Fund and Small Enterprise (FAMPE) as guarantor.

## BULGARIA



### EIF and Raiffeisenbank (Bulgaria) sign EUR 35m InnovFin deal for Bulgarian companies

The European Investment Fund (EIF) and Raiffeisenbank (Bulgaria) EAD, a subsidiary of Raiffeisen Bank International AG, have signed a guarantee agreement to increase lending to innovative small and medium-sized enterprises (SMEs) and

small mid-caps in Bulgaria. This transaction benefits from the support of the European Fund for Strategic Investments (EFSI), the heart of the Investment Plan for Europe.

The new agreement will allow Raiffeisenbank (Bulgaria) to provide EUR 35m of loans to innovative companies in Bulgaria over the next 2 years. The loans will be enabled by an EIF guarantee under the “EU InnovFin finance for Innovators” initiative with financial backing from the European Commission's Horizon 2020 programme. The agreement will make it possible for Raiffeisenbank (Bulgaria) to offer innovative companies additional financing at favourable conditions.

Commenting on the agreement, Ms. Kristalina Georgieva, European Commission Vice-President for Budget and Human Resources, said: *“For the second time in less than half a year, Bulgaria taps into the guarantee provided under the Investment Plan, this time for EUR 35 million. This agreement is again for what matters the most – support for SMEs which create most of the new jobs in Europe. I commend this pro-activity and wish all the success to the companies that will take advantage of this opportunity”*.

EIF Chief Executive, Mr. Pier Luigi Gilibert commented: *“The signature with Raiffeisenbank (Bulgaria) demonstrates our commitment to rolling out the EFSI programme rapidly. By boosting finance for innovative companies through the InnovFin SME Guarantee product we can provide effective and timely support to Bulgarian businesses to help them develop and strengthen new products and services”*.

Mr. Oliver Rögl, CEO of Raiffeisenbank (Bulgaria) commented: *“We are very happy to participate in this programme, which is another sign of our good cooperation with the European financial institutions. Thanks to it we will further expand our support to small and medium sized companies and prove again that we are a trustful partner of the Bulgarian business”*.

This is the first InnovFin transaction in Bulgaria signed thanks to EFSI support. The deal reflects the EIB Group's commitment to respond swiftly to calls from Member States, the European Commission and the European Parliament for a rapid launch of concrete initiatives under EFSI, accelerating lending and guaranteeing transactions capable of boosting jobs and growth in the EU.

## CAMBODIA



### Industry Ministry Launches Online Registration for SMEs

The Ministry of Industry and Handicrafts officially launched an online registration system for the small and medium-sized enterprises (SME) yesterday( February 1, 2016), paving the way for more SMEs to register. The launch follows a similar one by the Commerce Ministry that allows companies to obtain or renew licenses online.

Industry Minister Mr. Cham Prasidh said at the ministry's annual meeting yesterday the online registration system will encourage more SMEs to register and said he hoped that at least 10,000 more SMEs would register with his ministry through the online system.

Mr. Prasidh estimated that about 90 percent of Cambodia's SMEs have yet to

register at his ministry. *“Enterprises, especially in the provinces, will not need to come directly to the ministry to ask to register, but can now fill in the application forms online,”* he said.

The Industry Ministry’s online registration system will soon be connected with the one at the Commerce Ministry as well as the General Taxation Department, Mr. Prasadh said. The two ministries and the department will be able to share information easily once this is accomplished, he added.

The new online system was launched as the number of registered SMEs increases, according to a report from the Industry Ministry. Last year an additional 372 SMEs registered at the ministry, raising the number to 38,831 from 38,459 in 2014. These new SMEs employ 4,793 people, bringing employment at registered SMEs nationwide to 194,053 in 2015, up from 189,260 in 2014, the report read.

Mr. Te Taing Por, president of the Federation of Association for Small and Medium Enterprises in Cambodia, welcomed the new online registration system, saying it would benefit SMEs by reducing time and expenses. It will also reduce the amount of time it takes officials to process registration. Mr. Taing Por also urged the government to launch a policy to assist SMEs this year to help them compete in the ASEAN Economic Community, which took effect at the end of last year.

## CHINA



### **Comprehensively Launch the Non-paper Clearance of Automatic Import License to Promote Trade Facilitation**

To strengthen the implementation of the stable growth and structure adjustment of foreign trade, and to promote trade facilitation, the Ministry of Commerce and the General Administration of Customs issued an announcement recently. According to it, since February 1, 2016, the non-paper clearance of automatic import license will be implemented at all the customs offices in the country. At present, there are only 10 customs offices conducting the non-paper clearance of automatic import license.

Non-paper clearance is an important measure to implement the stable growth and structure adjustment of foreign trade. In 2014, in two political documents on supporting at stable growth of foreign trade and strengthening import, the General Office of the State Council clearly requires the implementation of the non-paper clearance and the promotion of custom clearance. This is to speed up the pilot work of non-paper clearance of automatic import license products.

To implement the trade facilitation measure, since 2015, the Ministry of Commerce, together with the General Administration of the Customs, has carried out the pilot non-paper clearance of automatic import license at 10 customs including Shanghai. We formulated the usage specifications and completed the development of platforms, to provide system guarantee and technological supports to the application and issuing. We also organized the certificate issuing organizations and local enterprises to carry out special training on the pilot operation of the electronic certificate of the license. Such wide promotion was made to ensure the implementation of the policies.

Up to the end of 2015, over 75 thousand electronic certificates of automatic import license were issued, accounting for about 60% of the total automatic import licenses. To strengthen the performance evaluation of the policies, the Ministry of Commerce carried out several investigations of conditions of the pilot, and made questionnaire surveys in related enterprises. Both the certificates issuing organizations and the related enterprises thought that, compared with the paper certificates, the electronic certificates of the licenses rebuilt the custom clearance procedures, and made the application more convenient, the issuing more transparent and the custom clearance more smooth and efficient. The questionnaire surveys of enterprises showed that almost 98% of related enterprises were satisfied with the pilot work. At present, the pilot is operating smoothly, laying a good foundation for its popularization in the whole country.

Days ago, the National Import and Export Conference 2016 put forward that one of the emphasis of the foreign trade work in the future is to strengthen the implementation of foreign trade policies. To accelerate trade facilitation, to practically alleviate burdens on the enterprises and to help them, the Ministry of Commerce will continue, together with the General Administration of Customs, to actively, steadily and orderly promote the non-paper clearance work.

## EGYPT



### EBRD and Bank Audi strengthen small business in Egypt

The European Bank for Reconstruction and Development (EBRD) continues to support small and medium-sized enterprises (SMEs) in Egypt, providing a US\$ 30 million to Bank Audi SAE Egypt for on-lending to SMEs.

Although SMEs represent the majority of active private enterprises in Egypt and contribute 75 per cent of total employment, access to finance remains a key concern for the sector and resolving this issue has become a top priority for the authorities.

The EBRD credit line loan will help increase the availability of finance to small enterprises and will enable Bank Audi SAE Egypt to expand its SME lending activities in the country.

Mr. Philip ter Woort, EBRD Director for Egypt, said: *"The EBRD considers SMEs to be the backbone of the economy and we focus on strengthening them across all our countries of operations. We are pleased to partner with Bank Audi SAE Egypt to provide more finance to smaller enterprises and to help increase job opportunities."*

Mr. Hatem A. Sadek, Chairman and Managing Director of Bank Audi SAE Egypt, commented: *"Since the start of our operations in Egypt, Bank Audi SAE has been fully aware of the significance of SMEs to the Egyptian economy and society, leading us to establish a new strategic model serving this sector. Partnering with the EBRD will further enhance our growth strategy, especially in the SME segments."*

Mr. Mohamed A. Fayed, Deputy Chairman and Managing Director of Bank Audi SAE Egypt, said: *"SME growth is one of Bank Audi's strategic objectives, for which we are building a full business model. This will enable us to properly approach and finance this segment which will affect and reflect positively on the Egyptian economy and accordingly"*

*support GDP growth, improve the employment ratio and build new business.”*

Mr. Mohamed Latif, General Manager of the Financial Institutions of Bank Audi SAE, Egypt, highlighted that this agreement is just the beginning of a long-term partnership in many aspects between the two institutions and that there are various aspects for further cooperation with EBRD.

To date, the EBRD has invested more than €1.7 billion in Egypt in 33 projects (including regional ones) since it started working in the country at the end of 2012. The Bank’s investments include the natural resources sector, the financial sector, agribusiness, manufacturing and services as well as infrastructure projects such as power, municipal water and wastewater and contributions to the upgrade of transport services.

## INDONESIA



### Launching Consumer Complaint Month, the Ministry of Trade Rolls Out Whatsapp Number

The Indonesian Ministry of Trade has launched a special number for the Whatsapp application that will be used to receive and handle consumer complaints as part of the Consumer Complaint Month. People can file a complaint or provide important information regarding consumer experience using WhatsApp to 0853 1111 1010.

The Consumer Complaint Month, which is one of the series of programs made to commemorate National Consumer Day (Hari Konsumen Nasional/Harkonas) year 2016, will be held for three months, beginning in February until April 2016.

*“The Consumer Complaint Month is aimed at finding out various consumer problems related to various issues experienced by consumers while at the same time becoming a step in formulating consumer protection policies,”* asserted the Director General of Consumer Protection and Trade Order, Mr. Widodo, in Jakarta on Thursday (February 4, 2016).

This program will concomitantly educate people, driving them to file various complaints when they feel they have suffered loss or damages. *“We hope that people will also participate in supervising goods and/or services that are circulating the market,”* Mr. Widodo explained.

Widodo explained that consumer empowerment needed to be increased. Based on the results of the 2015 Consumer Empowerment Index (Indeks Keberdayaan Konsumen/IKK) survey conducted in 13 locations around Indonesia, consumer complaint behavior was still relatively low at an average value of 11.14 from 100.

The Consumer Complaint event welcoming the National Consumer day carries a certain theme each month from February until April. On February, the theme is related to cellphones and electronic products while March will carry the theme related to e-commerce, sharia finance, and SNI marking. Lastly, April will focus on

matters related to Gas Stations, label affixations, and the inclusion of manual and warranty in Bahasa Indonesia.

These themes are aimed at easing and driving consumers to report loss or damages suffered. Nevertheless, Mr. Widodo emphasizes that complaints outside of the aforementioned themes would still be followed up as it is usually routinely done. *“The long-term effect expected is for consumers to be more critical and for entrepreneurs to be better and more responsible in conducting their business. We urge everyone to take advantage of the Consumer Complaint Month as best they can,”* explained Mr. Widodo.

The Directorate General of Consumer Protection and Trade Order will cooperate with a number of institutions, associations, and consumer protection agencies to resolve various complaints. The Directorate General of Consumer Protection and Trade Order will also conduct a workshop to discuss mass issues.

## IRELAND



### **New changes to Credit Guarantee Bill will make it easier for SMEs to get access to credit - Minister Nash**

President is expected to sign the Credit Guarantee (Amendment) Bill into law this week. The Minister for Business and Employment, Mr. Ged Nash TD, has today (February 1, 2016) welcomed the passing of all stages of the Credit Guarantee (Amendment) Bill 2015. The bill has now been sent to President Higgins to be signed into law this week.

The Credit Guarantee Scheme aims to help viable businesses which have been refused conventional bank credit facilities access a state-backed guarantee. When it was originally introduced the guarantee covered 75% of their loan. The borrower pays a 2% annual premium, which partially covers the cost of providing the guarantee.

The extension to the Bill should make it easier for small and medium sized businesses to get access to finance. The main changes to the Credit Guarantee scheme include:

- Broadening of the definition of lender in order to cover additional financial product providers such as lessors, invoice discounters and other non-bank financiers
- Changing the definition of loan agreements to include non-credit products such as invoice finance and leasing, and to include overdrafts;
- Re-balancing the level of risk between the State and the extended finance providers, with the State taking an 80% share, up from 75% previously
- Enabling State institutions like the Strategic Banking Corporation of Ireland to work with the Minister to enhance the provision of credit to SMEs

- Empowering the Minister to give counter-guarantees that will enable the SBCI to unlock matching guarantee facilities from EU sources and thus better share the risk across the banks, the SBCI, the Minister and the EU sources.

Commenting on the new legislation, Minister Mr. Nash said: *“This legislation reflects mine and the Government’s on-going commitment to provide better access to finance for Irish SMEs. We introduced the Credit Guarantee Act 2012 early in our term to help small businesses to access much needed finance. But, we kept this new law under review, and listened to the needs of our SMEs so that we could see how we could improve it.”*

*“This Bill therefore revisits and updates the 2012 Act to ensure that Irish firms have the full suite of supports necessary to compete and succeed, and that they can operate on a level playing field when compared to international competitors. “I believe that this reformed and expanded legislation will play a significant role as time goes on, and help deliver the Action Plan for Jobs 2016’s target of 200,000 net additional sustainable jobs by 2020 for the benefit of all,”* Minister Mr. Nash concluded.

Some 279 companies have availed of the Credit Guarantee Scheme since its inception and more than €45 million has been loaned to these companies right across the country. It is estimated that these loans helped to create 1,142 new jobs and to maintain 907 existing jobs. Work will now begin on drafting new schemes to implement the new possibilities provided by the legislation.

## JORDAN

### Jordan seeks to enhance commercial, investment cooperation with Algeria



There is a need for Jordan and Algeria to activate the Joint Free Trade Agreement, increase commercial exchange volume and encourage establishing investments in both countries, Industry, Trade and Supply Minister Ms. Maha Ali said on Monday ( February 8,2016).

At a meeting with an Algerian economic delegation, currently visiting the Kingdom, she added that both countries are interested to develop economic cooperation in different fields to serve joint interests, stressing that the importance of exchanging visits, expertise and organising commercial exhibitions.

Jordan has an attractive, competitive investment environment, which was boosted by a new Investment Law offering many incentives for investment projects, Ms. Ali continued.

She also acquainted the Algerian delegates, headed by Mr. Khobzi Abdul Madjid, president of Zibans Chamber of Commerce and Industry, with the Kingdom's bilateral and multilateral free trade agreements, such as those with the US and Canada, which gives Jordanian products access to major markets in the world.

The minister called on the Algerian private sector to benefit from the investment opportunities available in Jordan and to have a first-hand look on the investment

environment, so as to work on developing bilateral economic cooperation. The delegates expressed interest in the Kingdom's investment environment, the industrial development and the advanced technology it adopts.

Also, Amman chambers of commerce and industry signed a cooperation and twinning agreement with Zibans Chamber of Commerce and Industry aimed at developing bilateral commercial, industrial, investment and tourist relations.

Under the agreement, signed at the Amman Chamber of Commerce (ACC), signatories will exchange information on industrial activities, including commercial, economic and tourist fields, and legal aspects related to new procedures in both countries.

ACC President Mr. Issa Murad, Amman Chamber of Industry (ACI) President Mr. Ziad Homsy and Mr. Abdul Madjid signed the agreement.

Mr. Murad noted that the Kingdom's exports to Algeria in 2015 reached \$150 million versus \$12 million of Algerian exports to Jordan, and called for activating the Joint Jordanian-Algerian Business Council, which was established in 1997. He said Jordan possesses enough skills and competencies that can be utilised in many sectors, stressing that the Kingdom provides a good opportunity for locally manufactured goods to penetrate many international markets.

Mr. Homsy, who is also a senator, expressed hope that the Algerian government would grant the Kingdom a preferential treatment to facilitate the movement of Jordanian exports. He also noted that the ACI is currently considering establishing a Jordanian commercial office in Algiers to boost bilateral commercial, industrial and investment relations.

The Jordanian industrial sector in 2014 attracted some 40 per cent of foreign direct investment amounting to \$636 million, which contributed to around 25 per cent of the gross domestic product, the ACI president highlighted. Despite the challenges facing the sector, whose total capital exceeds \$6 billion, its exports form 90 per cent of the national exports with a value of \$7 billion reaching 120 countries.

Mr. Abdul Madjid noted that the Algerian market represents a "big opportunity" for Jordanian investors in light of customs and tax exemptions on production input manufactured in the country. He added his country could be a gateway for Jordanian merchandise to enter African markets, noting that Algerian imports reach \$60 billion annually.

## MALAWI



### New business registration systems to boost SMEs

Small and Medium Enterprises (SMEs) will now have easy access to loans since government has enabled them to borrow money from financial institutions using movable assets.

Government yesterday (February 4, 2016) launched a modern online collateral registry system, a move that has done away with fixed assets as the only collateral for loans. This means that small scale traders who are mostly women will now access loans using property such as livestock, machinery, and vehicles.

The collateral registry, officially called Personal Property Security Registry was launched together with the Malawi Business Registration System (MBRS) at Bingu International Conference Centre.

Speaking at the launch, Vice President Mr. Saulos Chilima said the introduction of the online registration system means that the number of days it took to register a company has been reduced to five days from 38 days. *“The collateral registry is a reform initiative by government that will provide an alternative avenue for small and medium enterprises that do not have fixed assets to access loans easily and open a multitude of opportunities especially for women who form the bulk of small scale traders,”* said Mr. Chilima.

The other system, the MBRS, will facilitate the online registration of businesses and automatically generate a Taxpayer Identification Number for the business. Government hopes the system will improve Malawi’s starting business indicator which has been deteriorating over the years. The World Bank Group’s 2016 Doing Business report ranks Malawi at 161 out of 189 economies on the starting business indicator.

Ms. Laura Kullenberg, World Bank Country Manager for Malawi said the MBRS *“will cut business permit processing time by more than half, significantly reducing transaction costs and saving time for businesses.”* Ms. Kullenberg also hopes the system will increase transparency and accountability, reduce corruption, and seal revenue leakages through online payment.

Malawi has become the third country in sub-Saharan Africa after Ghana and Liberia to establish a modern online collateral registry system to enable businesses and individuals access loans using movable assets

## MAURITIUS



### SME Development Scheme to Be Introduced Shortly

The SME Development Scheme will soon be introduced for the benefit of small and medium enterprises, including small planters and breeders, in line with Government objective to make SMEs the backbone of the economy.

Under the Scheme, eligible SMEs would be granted a SME Development Certificate. Holders of such Certificate would be eligible to incentives and facilities, such as Income Tax holiday for the first 8 years and other tax concessions.

The Scheme also provides for a Special Grant for training, consultancy, financial management, feasibility study and technical assistance. The grant will be 10% of the project value up to a maximum of Rs 150,000 and business support solutions from MyBiz and fast-track mechanism for obtaining permits and licences.

On the other hand, MauBank Ltd proposes to introduce a special financing scheme

for enterprises, the MauBank SME Financing Scheme, and would provide a grant of up to Rs 10,000 for the conduct of a feasibility study of a project proposal by an SME in the ICT, manufacturing, aqua-culture, renewable energy and handicraft sectors..

## NIGERIA



### Nigeria, World Bank Inaugurate \$160m Financing, Job Creation Scheme

Dr. Okechukwu Enelamah, Nigeria's Minister of Trade, Industry and Investment, has inaugurated a \$160 million (about N49.2 million) World Bank supported initiative to improve access to finance as well as provide technical assistance to small and medium enterprises (SMEs) in order to boost job creation in the country.

An online vehicle also launched to properly execute the programme on the Business Innovation and Growth (BIG) platform.

BIG is landmark initiative of the Federal Ministry of Trade, Industry and Investment, which is funded by the World Bank and represents the main channel through which the Growth and Employment (GEM) assistance is expected to be made available to micro small and medium enterprises (MSMEs) in order to stimulate economic activities in critical non-oil sector areas.

The minister stressed that the initiative, which has a three-year-implementation time frame, would among other things, help to open up the nation's economic space to more players, particularly small business operators. *"One of the challenges we have, which is well documented, is our ranking in the ease of doing business; it is depressing to know that Nigeria is ranked 169th of 189. And we have told the World Bank what exactly are the issues. So I am very confident that as unsatisfactory as it is, it is not going to be business as usual. So we are going to see a new Nigeria, you are going to see us working together in the mirror to see our country rise,"* he said.

Speaking at the launch in Abuja, World Bank Country Director for Nigeria, Mr. Rachid Benmessaoud, said that the project would not only help to complement the nation's industrialisation efforts, but also assist the present administration's drive to boost Job creation.

Benmessaoud said: *"The Growth and Employment Project is a major initiative aimed at stimulating job creation through the growth of specific, high potential, non-oil sectors. It will make resources available to help address some of the key constraints identified by business, with a particular emphasis on MSMEs, which are widely regarded as a vital engine for growth and job creation."*

He also explained that MSMEs operating under the GEM sectors throughout the country would be invited to register on the BIG platform through its dedicated website as part of modalities for accessing the funds. *"They will apply and be screened and if they meet the required criteria, will be given access to high quality training and*

capacity building. If they pass through the training phase successful, they may become eligible to apply for grants. Grants will be offered through various grant windows designed around the differing needs of individual businesses, consult is of businesses, and investors.”

## PHILIPPINES



### WTO Trade Facilitation Agreement to enhance the ease of doing business in the Philippines

Philippine products and services are bound to reach an even wider international market once the World Trade Organization’s (WTO) Trade Facilitation Agreement (TFA) is ratified.

*“The TFA enables streamlined, transparent, and efficient customs procedures which would result to a more conducive trading environment for business, and reduce prices for consumers and producers,”* said DTI Secretary Mr. Adrian S. Cristobal Jr.

*“The procedures and provisions in the TFA establishes a more efficient and streamlined mechanism for traders which in turn contribute to improving the overall experience of doing business in the Philippines.,”* Mr. Cristobal explained.

The WTO TFA, a key component of the Doha Development Agenda, aims to speed up the movement, release, and clearance of goods across borders. The agreement includes provisions for advance rulings and pre-arrival processing, the use of electronic payment and promotion of the use a single window, provisions for customs cooperation and coordination, and reduced documents and formalities with common customs standards.

Negotiations on the agreement started in 2004 and will enter into force once two-thirds of the WTO members have completed their domestic ratification process. To ratify the WTO TFA, the Philippines will submit its Instrument of Acceptance signed by President Mr. Benigno Aquino III to the WTO through its Philippine Mission in Geneva.

The TFA is also consistent with customs reform initiatives in other international fora such as the World Customs Organization (WCO), Asia Pacific Economic Cooperation’s (APEC) Trade Facilitation Action Plans and activities of its Sub-Committee on Customs Procedures, and ASEAN trade facilitation initiatives. Philippine reforms are currently underway through the Customs Modernization and Tariff Act (CMTA) now pending ratification in Congress.

The CMTA adopts trade facilitation measures that will expedite import and export clearance. This legislation will improve customs services through a simplified, secured, and harmonized cargo clearance process. The CMTA addresses, as well, the country’s international trade commitments and deals with transparency and accountability issues in the Bureau of Customs (BoC).

Through the CMTA, the BoC’s importation and exportation procedures would be faster, more convenient, more efficient – not just for the large businesses – but also

for the micro, small and medium enterprises (MSMEs) in the Philippines.

DTI Undersecretary for Industry Development Dr. Ceferino S. Rodolfo said that the TFA will significantly benefit MSMEs since the implementation of rational, efficient, and simple rules would encourage them to participate more actively in international trade.

*“Our MSMEs can now easily export goods and finished products as well as import intermediate goods which will serve as industry inputs for processing and re-export, fully integrating our industries into the Global Value Chain (GVC). This will result into a spill over effect to other industries, thus generating jobs, disseminating upgraded technology, and advancing the skills and capability of our local entrepreneurs,”* Dr. Rodolfo said.

The Philippines serves a crucial processing link along the GVC chain, both as a source and destination for intermediate goods, with a 56% overall participation rate measured by share of foreign value added in total exports. The country was ranked 8th in the list of the top 25 developing economy exporters in the 2013 World Investment Report of the United Nations Conference on Trade and Development.

## QATAR



### New Qatari Government tender website set to improve market transparency

The Qatari Ministry of Finance's decision to launch a new website to announce all future government tenders is set to improve market transparency in the public procurement process, according to Links Group, one of Qatar's leading providers of commercial facilitation and advisory services.

The website will be officially launched in June 2016 and will provide information on all public procurement and auction-related announcements to interested parties, including bidders, traders, suppliers and firms.

Commenting on the Ministry of Finance's plans John Martin St. Valery, founding partner of Links Group said: "The new website will provide further market transparency and stability for businesses that are partaking in the public procurement process as the government will be able to check on any possible riggings and manipulations in biddings.

Interested parties will be able to apply for tenders online to help with applications with technical specifications including links between websites, the government regulator and other public entities. Promisingly, SMEs have also been included and according to the new law, foreign companies implementing national projects are to use local market resource to the value of 30% of the contract.

Qatar is contemplating tough actions against price fixing, bid rigging and other forms of possible collusions in public tenders. The new law stipulates prosecution of officials who act against the country's competition protection in public procurements, and also for bidders involved in rigging bids or making attempts to influence officials through bribing.

According to Qatar's Ministry of Finance, the number of public infrastructure development projects will generate billions of riyals of procurement tenders. With one of the most promising project markets and under the pressure of an immovable deadline to be ready for the 2022 FIFA World Cup, the country is currently in the midst of a construction boom.

This move towards a transparent tender market is a positive step for Qatar. With its fast-growing economy the country has become an attractive destination for international companies wanting to stimulate their home markets. Market transparency is critical to ensure sustained economic diversification in line with Qatar's National Vision 2030."

## **RUSSIA**



### **"Business Russia" has presented a new "road map" of the cluster business development**

Mr. Sergey Fakhretdinov, member of the Presidium of the General Council of "Business Russia", presented a draft for the development of interaction of state companies and SMEs, with special focus on the creation of territorially-industrial clusters. Previously, the initiative was supported by the Ministry of Industry.

The main problems of small and medium-sized businesses are the same: difficulties in commodity markets, lack of access to finance, legal instability, high tax rates and the costs of administrative procedures. According to the survey, "Business Russia" most small businesses have named their main problem of low demand for the products. Committee "Business Russia" on development of cooperation between business and state-owned companies and the ELN CSC "New Industrialization" have found a solution, and representatives of business and experts supported the initiative.

*"An effective way to solve the problems of SMEs is increasing interaction of industrial business and state-owned companies through the creation of regional and industrial clusters involving competitively to SMEs", said Mr. Sergey made Fakhretdinov, Head of Business Development and the Committee on the state-owned companies. "It will promote the cultivation of new manufacturing businesses, technology transfer, implementation of innovation, creating new high-regional jobs. For example, a cluster in Tatarstan employ more than 5000 professionals, many of whom have training preparation directly in the production" said Mr. Fakhretdinov.*

The concept of dissemination of the cluster approach in December last year was presented and then approved by Mr. Alexander Braverman, Director General of the "Federal Corporation for the development of SMEs." *The project is planned to involve state-owned companies in all regions of the country. In support of the initiatives previously approved by the RF Government measures to stimulate organizations within the clusters. From the beginning, the Ministry of Industry considers the declaration of compliance with the requirements of industrial clusters with a view to further stimulate. The cluster approach has already begun to be implemented in PJSC "KLA" and JSC "Russian Railways".*

Action Plan for the expansion of the partnership with the state-owned SMEs by creating territorial and industrial clusters:

- Until the end of February will be developed regulations establishment and functioning of territorial and industrial clusters.
- In March, together with the state and regional authorities will be a list of sites for the creation of clusters - prepared a map of the cluster development.
- From April to June on a platform of "Business Russia" will be held sectoral meetings with representatives of the Corporation's SME business, engineering and technical departments and procurement departments for cooperation in the industrial clusters and the formation of the list of goods, works and services, which can be transferred to production business - residents clusters railway industry, shipbuilding, road-building, oil and gas, energy, machine-building industries, aircraft industry and military-industrial complex. The lists of procurement of goods of small and medium-sized businesses will be in each state-owned company and will contribute to a permanent two-way communication between customers and suppliers.
- In July, the state-owned company plans to approve the creation of clusters and a list of goods produced by SMEs and start a project.

Thus, the "Road Map" to expand partnerships and state-owned infrastructure monopolies with business stakeholders through the creation of territorial-industrial clusters will promote the development of sustainable, competitive industrial sector. State companies will create its own database of reliable suppliers from among SMEs. And small and medium business will be provided with a guaranteed supply.

An additional incentive for the development of SMEs is that clusters are fundamentally and qualitatively change the structure of demand for the products of small and medium-sized businesses. Now the purchase of state-owned mainly limited to shopping and office needs, a variety of consulting services. But under the new model of industrial clusters, residents will be able to develop and produce high-tech products, the customer needs. As a result of the project presentation by representatives of regional businesses are already interested in new opportunities and send their proposals to the Committee

## **RWANDA**



### **New pact to boost Rwanda's industry sector**

The government has signed a cooperation agreement with the United Nations Industrial Development Organisation (UNIDO). The five-year country programme framework is expected to contribute to Rwanda's development programmes like Vision 2020 and second Economic Development and Poverty Reduction Strategy (EDPRS II).

It will mainly focus on five areas namely: Industrial policy and support to special economic zones, agro-value addition and food processing, human capital for industrialisation and economic transformation, environment management, as well

as energy development for productive use.

The agreement was signed, yesterday (February 1, 2016), between Trade and Industry minister Mr. Francois Kanimba and Mr. Li Yong, director-general of UNIDO – who is on a two-day official visit to Rwanda.

Mr. Kanimba welcomed UNIDO's cooperation, saying Rwanda's institutions and industries, in particular, are ready to take advantage of this cooperation. He added that this programme will help reduce unemployment through capacity building. *"Our education will focus on sciences and vocational training programmes so that people are skilled enough to work for industries. "The programme will also increase competence of local industries through enhanced technology in their operations as well as the use of renewable energy, thus, attract foreign investment."* he said.

Minister Mr. Kanimba revealed that a roundtable with donors will be organised to raise funds for the programme.

Mr. Li lauded Rwanda's efforts to develop and promised more cooperation. *"Rwanda is increasingly becoming a model in development, with this programme Rwanda will set another example in industrialization. We are happy to work with Rwanda. It is a beautiful country with lots of achievements. My first trip to Rwanda will lead to another round of cooperation."* he said.

During his visit, Mr. Li and his delegation are set to discuss the technical cooperation between Rwanda and UNIDO in the context of the adoption of the 2030 sustainable development agenda and specifically the 9th goal of the 17 Sustainable Development Goals which says *"Build resilient infrastructure, promote sustainable industrialisation and foster innovation."*

Mr. Li is expected to meet with President Mr. Paul Kagame and other government officials, technical and financial partners, the private sector and the United Nations country team in Rwanda. He will also tour the Kigali special economic zone and talk to operators in different industries.

UNIDO is the specialized United Nations agency that promotes Inclusive and Sustainable Industrial Development (ISID) for the poverty reduction, inclusive globalisation and environmental sustainability in developing countries and economies in transition.

The organisation's programmatic focus is structured in three thematic priorities, poverty reduction; trade Capacity building; and energy and environment, which represent different aspects of ISID.

The signing ceremony brought together government and UN officials, and a delegation of UNIDO that consisted of Sichuan Wang, director of the Office of the Director-General of UNIDO; and Jean Bakole, UNIDO representative and director of the regional office in Ethiopia, among others

## SOUTH AFRICA



### R50mil allocated to assist informal traders

The Department of Small Business Development has allocated R50 million towards rolling out the Shared Economic Infrastructure Facility (SEIF) which seeks to ensure that informal businesses are treated with dignity.

*"We remain concerned that some of the trading places where municipalities are even collecting rentals for stalls, there are no toilets or if they are there they are not properly maintained,"* Minister of Small Business Development Ms. Lindiwe Zulu said.

She urged provinces, municipalities and corporate companies to apply for the cost sharing grant, which goes up to R5 million, so as to help these businesses.

SEIF is a sub programme of the Black Business Support Development Programme aimed at assisting black-owned small enterprises in improving their competitiveness and sustainability, in order to become integrated into the main economy. Minister Ms. Zulu was speaking on Tuesday( February 9, 2016) during a graduation ceremony of 116 informal traders in the Western Cape.

The informal traders received certificates following the completion of training on the introduction to entrepreneurship; advertising and promotion; customer care and service; basic financial management; purchasing skills as well as legal issues.

Training was done in partnership with Technical Vocational Education and Training colleges. *"I am pleased to note that the training programme responds to the real skills needs of the vast majority of informal traders. This is the ammunition you need to win in the business battlefield,"* Minister Ms. Zulu said.

Through the Informal Traders Upliftment Project (ITUP), the Department of Small Business Development has 1000 traders participating in the project.

Minister Ms. Zulu said the traders who are part of this pilot project will continue to be involved with the department in its second phase which will entail mentorship and infrastructure support. *"We will ensure we train and support more and more people from the pilot sites so that we can see maximum impact,"* she said.

The informal informal sector contributes more than six percent to the Gross Domestic Product (GDP)

## SINGAPORE



### SBF welcomes the signing of the Trans-Pacific Partnership by ministers from its 12 member nations

The TPP was signed was by the ministers from its 12 member nations in a ceremony in Auckland earlier today( February 4, 2016). The Singapore Business Federation (SBF) welcomes this new development as it brings the agreement one step closer to realization.

The TPP is one of the biggest multinational trade deals to-date that bridges 12 countries on both sides of the Pacific, namely the US, Japan, Malaysia, Vietnam, Singapore, Brunei, Australia, New Zealand, Canada, Mexico, Chile and Peru. Collectively, these countries account for 800 million people, about 40% of the world's GDP and a quarter of the world's trade. The agreement promotes economic growth and creates new job opportunities by opening up trade in goods and services, protecting investments and intellectual property rights, as well as promoting fair competition.

This latest development is good news for the Singapore business community, especially against the current backdrop of poor global economic outlook and trade growth. The TPP is a high quality agreement that will hopefully provide a boost of confidence in the current environment as it will present more opportunities for companies seeking to do business in the Asia Pacific and catalyse new growth. The agreement will also serve as a pathway towards a Free Trade Agreement of the Asia-Pacific (FTAAP).

Mr Ho Meng Kit, CEO of SBF, said *"We welcome this latest development and hope that the deal will be swiftly ratified by all participating countries following this. The sooner the deal is ratified, the better, as the agreement will provide additional pathways of growth for our companies."*

## TANZANIA



### Govt. set to abolish nuisance taxes imposed on businesses

The Finance and Planning Minister Dr Philip Mpango yesterday announced government plans to abolish nuisance taxes imposed on various businesses to unleash the potential of Small and Medium Enterprises (SMEs).

Speaking to the business community in Dares Salaam yesterday( February 10, 2016) , Dr Mpango pointed out that the plan to axe the unnecessary levies will be realised during the 2016-17 fiscal year.

He expressed his disapproval of the taxes, saying they are not friendly to the country's development vision with the view of transforming the country into a middle class economy.

He, however, did not go into specific on which taxes in particular will be abolished but the minister cited the cashew-nut sub sector, saying that he has been informed by a legislator from cashew-nut growing area that there are 27 taxes charged on the crop.

*"I was told by one of the legislators from cashew-nut producing areas that the crop has about 27 nuisance taxes. This is not acceptable if we are to empower our people and become a middle class economy,"* he said.

According to him, councils have been directed to submit their tax regimes a task force made up of government officials and members from the private sector has worked out on ways to get rid of unnecessary levies. *"We have already received the*

*team's report and currently we are working on it, their recommendations will be considered when preparing the coming budget".*

For instance, in the aviation industry, there have been calls to re-examine value added tax (VAT), insurance and withholding tax, we will work on such suggestions," he said.

*"Improving investment and business climate is the best way for a developing country to boost growth, increase government revenue and fight poverty. To do so, we ought to invest in improving government administration (increase efficiency, increase transparency, eliminate corruption), develop a simple and predictable tax regime, investing in public and social infrastructures,"* he added.

The minister told the business community that since tax exemptions are not the best tools to efficiently achieve such results, the coming budget will also deal with the matter. *"We need each other, so we should work and transact our businesses in a manner that is beneficial to general public,"* he further said.

Dr Mpango used the occasion to unveil government flagship projects for the 2016/17 financial year whereby one of the priorities is the construction of iron ore and coal mines in Mchuchuma and Liganga located in Mbeya Region. Other flagship projects include the use of public-private partnership (PPP) model to revive defunct privatised industries that are yet to be repossessed by the government as well as the construction of the central railway to an international standards (standard gauge railway).

Mr. Felix Masha, chairperson of the Policy and Advisory Committee of Tanzania Private Sector Foundation (TPSF), said the government should work hard to restore investors' trust and commitment but at the same time protect local investors. *"The government should empower local businesses by creating a window within the ministry that would help Tanzania businesses to tap various business opportunities within SADC and East Africa member states, we should also make sure we empower the agriculture sector as stated in the Maputo declaration, investment in agriculture is shrinking,"* he explained





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, UNCITRAL, 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.

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