



# World SME Update

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

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## BELGIUM

### Seven Banks Plan Blockchain Platform to Help European SMEs Increase Trade

A group of seven banks has agreed in principle to develop a ground-breaking shared platform that aims to make domestic and cross-border commerce easier for European small and medium-size (SME) businesses by harnessing the power of distributed ledger technology. Deutsche Bank, HSBC, KBC, Natixis, Rabobank, Société Générale and UniCredit signed a Memorandum of Understanding in Brussels under which they intend to collaborate on the development and commercialization of a new product called Digital Trade Chain (DTC).

This product is based on a prototype trade finance and supply chain solution originated by KBC and tested to 'Proof of Concept' stage. DTC, which won the Efma Accenture Innovation Award for "best new product or service of 2016" in October, is intended to seamlessly connect the parties involved in a trade transaction (i.e. buyer, buyer's bank, seller, seller's bank and transporter), online and via mobile devices.

This new product will simplify trade finance processes for SMEs by addressing the challenge of managing, tracking and securing domestic and international trade transactions. Larger companies use documentary credit as a way of reducing the risks involved in doing business, but documentary credit is not always suitable for SMEs or for companies that prefer open account solutions, according to Société Générale.

By maintaining secure records on a digital distributed ledger DTC will accelerate the order-to-settlement process and decrease administrative paperwork significantly. The platform's end-to-end transparency will also give SMEs confidence to initiate trade with new partners in their home market or in other European markets.

By pooling expertise and resources the consortium members will jointly explore the development and launch of a scalable version of DTC. They will initially focus on building critical mass for DTC in seven European markets: Belgium and Luxembourg (KBC), France (Natixis, Société Générale), Germany (Deutsche Bank, UniCredit), Italy (UniCredit), the Netherlands (Rabobank) and the UK (HSBC).

#### CONTACT US :

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## CANADA



### A New Alternative lending service for SMEs launched in Canada

LendMart announced Tuesday (January 31, 2017 ) that it is **rolling out** its small business financing services in the country to help businesses find a loan from somewhere other than a traditional bank.

*“Every year, a third of Canadian small businesses apply for a loan and, on average, over 33 hours are spent on each loan application,”* said LendMart Cofounder and EVP of Partnerships Mr. Lana Tayara in a statement. *“This is a waste. We want to let entrepreneurs focus on the core of their business, while leveraging technology to quickly find and apply for the financing they require.”*

LendMart is a digital marketplace for SMEs to find financing. The platform provides an online application that the company says can be completed in five minutes or less. After the application is completed, small business borrowers can immediately see some of their financing options.

The company uses its own algorithm to match borrowers to lenders, and businesses can choose a lender with one click. Financing can be provided as quickly as 24 hours, the company noted. The platform will launch with a preliminary focus on small businesses that are at least six months old across a range of industries and plans to expand its base of alternative lenders. The firm noted that it will also introduce educational resources for small business borrowers in the future.

*“LendMart is using technology to provide complementary solutions to traditional lending sources, giving small business owners easy access to a larger range of borrowing options,”* said Royal Bank of Canada former Associate Vice President Mr. Manon Desmarais in another statement. *“LendMart is empowering small businesses and enabling them to unlock the growth potential of their unique businesses.”*

## CZECH REPUBLIC



### EUR 200 million for SMES in the CZECH Republic

The European Investment Fund (EIF) and Komerční banka have signed an InnovFin SME guarantee agreement to provide a EUR 200 million worth of loans small and medium-sized enterprises (SMEs) and small mid-caps in the Czech Republic. This transaction benefits from the support of the European Fund for Strategic Investments (EFSI), the heart of the Investment Plan for Europe.

This is the second InnovFin SME guarantee agreement between EIF and Komerční banka, backed under Horizon 2020, the EU's research and innovation programme.

Having successfully rolled out the first InnovFin facility, Komerční banka will now continue to provide loans on favourable terms to an estimated 320 innovative SMEs in the Czech Republic. This agreement is expected to generate a portfolio of EUR 200 million of loans over the next two years.

European Commission Vice-President Jyrki Katainen, responsible for Jobs, Growth, Investment and Competitiveness, said: "SMEs play a critical role in Czech Republic's economy. Today's agreement is yet another illustration that our strategy to support these SMEs with the financing solutions needed to innovate, grow and create jobs is working. I wish the SMEs that will access the finance provided by the Investment Plan every success."

## FINLAND



### Over Eur 220 Million For Finnish SMEs AS EIF Signs First SME Initiative Agreement With Commercial Banks

The European Investment Fund (EIF), part of the European Investment Bank Group, has signed the first SME Initiative guarantee transactions in Finland with Ålandsbanken, OP Corporate Bank and Oma Savings Bank.

These agreements will improve access to finance for around 800 Finnish SMEs, including micro companies and start-ups, by ensuring that the banks committed to the SME Initiative offer financing at improved conditions, for example lower interest rates, longer maturities or lower collateral requirements.

The three guarantee transactions will generate a total of **EUR 220 million of finance** to SMEs in Finland, covering over half of the target EUR 400 million of total funding available under the initiative. These three transactions were signed only 4 months after the launch of the initiative in Finland.

Commenting on the transaction, **EIB Vice-President, Mr. Jan Vapaavuori** said: "The EIB Group is fully committed to rolling out the SME Initiative and we are pleased to be announcing, together with the Finnish government authorities, that the first commercial banks in Finland will now start providing finance for SMEs. These banks will be vital partners in providing support for entrepreneurs wishing to grow and develop their business. We are confident that these agreements will deliver lasting benefits to Finnish businesses."

**EIF Chief Executive, Mr. Pier Luigi Gilibert** said: "I am delighted that the first three SME Initiative guarantee agreements have been signed so rapidly in Finland. These transactions will generate more than EUR 220 million of SME financing over the coming years. The combination of European Structural and Investment funds, national budget, EU Horizon 2020 and EIB Group resources allows EIF to provide risk-sharing and capital relief to financial intermediaries, which would improve lending conditions for the Finnish SMEs."

**Finnish Minister of Economic Affairs, Mr. Mika Lintilä** said: *"SME Initiative guarantee instrument for SME's diversifies financing from the Finnish Structural Funds Programme. Using instruments with high leverage effect compared with traditional direct grants adds overall impact of EU regional policy. A very valuable element in this kind of SME financing is the low level of administrative burden, especially at the level of final beneficiaries, the SME's".*

Commenting on the signature, **European Commissioner for Regional Policy Ms. Corina Crețu** said: *"I am glad to see that the programme delivers so fast! SMEs are the engines of growth and job creation in Finland and the SME initiative gives them better access to the funding they need. More Member States should join the SME initiative and start using Cohesion Policy funds in new and creative ways."*

The SME Initiative is a joint programme blending support from the European Commission, EIB Group and Republic of Finland with a view to stimulating SME financing by providing partial risk cover for SME loan portfolios originated by financial entities. Alongside Cohesion Policy funds (ERDF resources) and national budget contributed by Republic of Finland, the SME Initiative is co-funded through [Horizon 2020](#) resources as well as benefitting from EIB Group resources. EUR 40 million are invested in the Finnish SME initiative programme, including EUR 20 million from the ERDF.

## INDIA



### Union Budget Presented: MSMEs Get a Tax Rate Cut by 5%

Prioritising tax incentives for job-creating smaller companies with annual turnover up to Rs 50 crore over large ones, the government on Wednesday announced reduction in corporate tax rate for MSMEs to 25% from 30% to make them competitive and shift to a company format.

Among other measures in the FY18 Budget, finance minister Mr. Arun Jaitley relaxed conditions for tax-exempted start-ups to allow them to carry forward losses even after original promoters reduce their holding to below 51%. Also, the profit-linked deduction available to the start-ups for 3 years out of 5 years is being changed to 3 out of 7 years.

The absence of any announcement on reduction of tax rates for large corporates as per the government's road map was seen as a disappointment by industry lobby CII. While there was also an expectation that minimum alternate tax (MAT) rate for the so-called 'zero-tax' companies would come down, there was minor relief instead in tax credit carry forward. The time limit to claim the MAT credit has been increased from existing 10 years to 15 years.

## INDONESIA



### Indonesian Eximbank to Boost SME Exports

State-owned Indonesia Eximbank will play a pivotal role in boosting small and medium enterprise (SME) exports through export based people's business credit (Kurbe) and an incubator program.

Indonesia Eximbank acting president director Mr. Suswijono Moegiarso said it already disbursed Rp 1 trillion (US\$74.95 million) Kurbe in 2016, a cross subsidy between big debtors and SMEs.

For 2017, the Financial Service Authority (OJK) has recommended the bank to the Economic Coordinating Ministry for channeling government's Kurbe, he said. *"The Kurbe will help boost SMEs exports this year, we are really thankful to OJK for the recommendation,"* Mr. Suswijono said during the launching of the Import Tax Waiver for Materials for Export Oriented Goods (KITE) in Tumang Village, Boyolali, Central Java,.

There are five SMEs that already have Kurbe from the Eximbank with a total value of Rp 13.3 billion, namely UD Daffi Art, CV Inducomp, CV Yudhistira, PT Banyan International and PT Bali Tangi. Those five SMEs also have a KITE import facility from the customs office.

The bank would also provide mentoring and an incubation program for the export oriented SMEs called coaching programs for new exporters (CPNE). Indonesia Eximbank managing director Indra Wijaya Supriadi said that in 2016 the program already created five export oriented SMEs. *"These SMEs successfully exported modified cassava flour (mocaf), broomsticks, room insulators, catfish fillets and frozen beef,"* Indra said.

## QATAR



### AL Khaliji Joins Hands With QDB To Help SME Project

Khalij Commercial Bank (Al Khaliji) is offering "aspiring" entrepreneurs the opportunity to finance and grow their small and medium enterprise (SME) projects through Al Dhameen programme, in association with the Qatar Development Bank (QDB).

Al Dhameen supports businesses in manufacturing, education, tourism, healthcare and services sectors in launching their SME ventures, while effectively contributing to the realisation of the Qatar National Vision 2030 through investing in the country's economic growth and diversification.

The programme is based on an agreement signed between the two leading banks with the aim of empowering entrepreneurs and startups in various sectors and fields to establish and develop their planned projects by financing up to 85% of the project cost with a preferential interest rate.

The “market-leading” initiative reaffirms Al Khaliji’s commitment to the diversification of the national economy as one of the main objectives of the National Development Strategy 2017-2022 and its overarching Qatar National Vision 2030, while supporting the growing number of SMEs and boosting the private sector and entrepreneurial innovation in the country, thereby creating more opportunities for the next generation of business leaders.

As part of its commitment to supporting the SME sector in Qatar, Al Dhameen programme helps SME’s establish a credit history with banks for future credit facilities, without the need for large collateral, and encourages financial institutions to understand the importance of Qatar SMEs, and develop closer business relationships with them.

Al Dhameen is an indirect loan facility established by QDB to guarantee commercial bank loans to private sector companies, as a way of assisting SMEs that show components of success with limited credit history or lack of collateral to obtain access to funds, for establishing or growing their businesses. The programme reflects Al Khaliji’s belief “*that to be a successful financial institution, the bank must meet the needs of both this generation and future generations of employees, customers, investors and business partners, by blending tradition with innovation.*”

## NIGERIA



### Lagos Provides N 1 Billion fund For 705 SMEs

The Lagos State Government yesterday granted N1 billion to 705 small and medium enterprises to expand their businesses as part of the N25 billion Employment Trust Fund (ETF) meant to generate employment.

The state government also promised to create at 600,000 jobs through its N25 billion employment trust fund, which the state Governor, Mr. Akinwunmi Ambode, initiated shortly after he assumed office in 2015. He presented cheques to beneficiaries at the LTV complex, Ikeja, urging them to utilise the fund for the purpose of boosting the state's economy.

Ambode explained that during the course of his campaign, he identified unemployment as a major socio-economic challenge facing Lagos State and Nigeria as a whole. He then promised to prioritise job creation and set up an Employment Trust Fund "to provide support to youths, entrepreneurs, artisans and other unemployed residents of Lagos State.

Our role as the representatives of the people is to constantly find solutions to societal challenges and improve the lives of our people. Today, 705 beneficiaries will receive various amounts of money ranging from N50,000 to N5 million, totaling almost N1 billion to grow and enhance their businesses. The governor said for small and medium enterprises (SME), his administration had provided loans to people in hospitality, ICT, education, food and beverages and agriculture, saying that these beneficiaries were making history as the first set of beneficiaries of the ETF.

## NORWAY



### First InnovFin Transactions in Norway As EIF And Norway Sign Agreements to Support SMEs

The European Investment Fund (EIF) and the National Promotional Institution (NPI) of Norway, Innovation Norway, have signed the first InnovFin SME Guarantee agreement and the first InnovFin SME Counter-Guarantee agreement in Norway to enhance access to finance for innovative Norwegian small and medium-sized enterprises (SMEs). The two agreements benefit from the support of a guarantee provided by EIF and backed under Horizon 2020, the EU's research and innovation programme.

Thanks to the EU's support, EIF is providing a direct guarantee supporting NOK 900 million (ca. EUR 100.4 million) of loans and a counter-guarantee supporting NOK 300 million (ca. EUR 33.5 million) of guarantees which, in turn, will support up to NOK 400 million (ca. EUR 44.6 million) of loans to innovative SMEs over the next two years. The two agreements will enable Innovation Norway to improve their two products. The 'Innovation Loans' provide direct funding to innovative SMEs to finance projects related to innovation, restructuring, development, growth and internationalisation. The 'Growth Guarantee' supports commercial banks in Norway by providing a guarantee that encourages these commercial banks to lend to the SMEs lacking sufficient collateral. Over 350 SMEs are expected to benefit from the financing that will be made available through the two agreements.

Carlos Moedas, European Commissioner for Research, Science and Innovation, said: "Thanks to loan agreements under Horizon 2020, the EU's research and innovation programme, Norwegian SMEs have an additional source of finance for the development of their innovation activities. This can lead to socio-economic, technological and scientific benefits across the EU, as Norway's creative and entrepreneurial spirit can serve as an example to many other European nations.

## SPAIN



### EUR 150 Million Worth of loans For Spanish Cultural and Creative SMEs

The European Investment Fund and the Compañía Española de Reafianzamiento (CERSA), an entity attached to the Spanish Ministry of Economy, Industry and Competitiveness, have today signed a guarantee agreement - the first one supported under the new Cultural and Creative Sectors Guarantee Facility of the EU's Creative Europe programme.

The European Union's support is expected to leverage a portfolio of EUR 100 million of counter-guarantees, allowing CERSA to substantially increase its counter-guarantee volumes to regional mutual guarantee institutions over the next

two years. More than 1,000 SMEs in the cultural and creative sectors (including film, theatre, video game production, music and performance, and editorial sectors) are expected to access around EUR 150 million worth of loans.

EIF's Secretary General, Maria Leander said: "I am delighted that we are signing the first Cultural and Creative Sectors Guarantee Facility agreement in Europe, with CERSA today. Access to finance is very often limited for companies in the cultural and creative sectors and I am confident that this cooperation with CERSA, a long term partner of EIF, will really make a difference for SMEs active in this sector."



## FRANCE

### EUR 1 Billion Loans for French SMEs Following EIF and SOCAMA Agreement

The European Investment Fund (EIF), Banque Populaire and the Federation Nationale des SOCAMA (SOCAMA) have signed an agreement to support additional EUR 1 billion of loans to small and medium-sized enterprises (SMEs) in France. The loans will be provided as a result of a guarantee from EIF under the European Commission's COSME programme. This transaction benefits from the support of the European Fund for Strategic Investments (EFSI), the heart of the Investment Plan for Europe.

The COSME EFSI counter-guarantee agreement will allow SOCAMA to support additional loans worth EUR 1 billion and is expected to benefit 33,000 French SMEs over the next two years. This is a follow-on agreement, after the successful take-up of the previous COSME guarantee and essentially doubles the portfolio already supported by the COSME programme. EIF has already successfully engaged with SOCAMA under the COSME's predecessor programmes, benefiting more than 129,000 French SMEs.

Mr. Pierre Moscovici, Commissioner for Economic and Financial Affairs, Taxation and Customs, said: "*This latest agreement made possible by the Investment Plan for Europe will unlock a billion euro in loans for tens of thousands of SMEs in France. Facilitating access to the finance that smaller businesses need to innovate and expand is a key component of the Commission's efforts to boost investment, employment and growth throughout Europe.*"

Commenting on the signature, EIF Chief Executive, Mr. Pier Luigi Gilibert said: "*Business creation and growth is often dependent on sufficient access to debt finance. The agreement signed in Paris today will provide EUR 1 billion to French SMEs and therefore contribute to the creation of jobs and growth across the country. I am delighted that this new agreement will build on our already successful cooperation and serve to benefit even more French SMEs*".

Vice-President Ambroise Fayolle said: *“SME support is a key priority for the EIB Group (EIB and EIF) and this transaction today will timely benefit more businesses in France. We also welcome that this new contract reflects the momentum that the Investment Plan for Europe, also known as the Juncker plan, is gathering. In France, investments supported by the Juncker plan already represented 30% of the record level of €9.3 billion of EIB Group investments in 2016.”*

Chief Executive Officer in charge of the Commercial Banking and Insurance division of BPCE Group, Mr. Laurent Roubin said: *“Building on our long-term partnership with the EIF and through this agreement, Banque Populaire is proud to provide easier access to loans for French SMEs. Since 2003, the EIF guarantee enables Banque Populaire and SOCAMA to provide loans to finance projects of SME”.*

President of National Federation of SOCAMA, Mr. Daniel Goupillat said: *“This agreement is good news for SOCAMA. It allows us to continue offering to small businesses, together with our partner Banque Populaire, financing for the creation, development and transfer of business. These loans require no personal guarantee or a reduced financial guarantee from the manager or his family”.*



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/observer 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.**

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