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**28th Session of COMCEC**  
**Ministerial Exchange of Views Session**  
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**Policy options for enhancing the productive  
capacity and international competitiveness  
of SMEs**

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# Policy priorities for building a competitive SME sector

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## Outline

1. Promoting start-ups and supporting entrepreneurs
2. Providing growth opportunities



## The UNCTAD Entrepreneurship Policy Framework comprises 6 areas that have a direct impact on entrepreneurial activity



- Identifies **policy objectives and options** in the form of recommended actions
- Proposes **checklists, case studies** and **good practices**
- Provides an **interactive online inventory of good practices**
- Offers a user guide and **methods for policy monitoring and evaluation**
- Provides a **set of indicators** to measure progress





Online  
Inventory of  
Best  
Practices in  
Entrepreneurship

1

## Formulating national entrepreneurship strategy

**Malaysia:** In its *Vision 2020*, and in the *10th Malaysia Plan 2011-2015* the Prime Minister identifies entrepreneurship as a key element to generate economic growth and achieve the goals premised on higher income, inclusiveness and sustainability.

2

Optimizing  
the regulatory  
environment

**Burkina Faso:** 2008 action plan to simplify land title registration

**Indonesia:** *Regional “Ease of Doing Business” Benchmarks* allow for more easily comparable conditions within the same country and creates peer pressure for reform

3

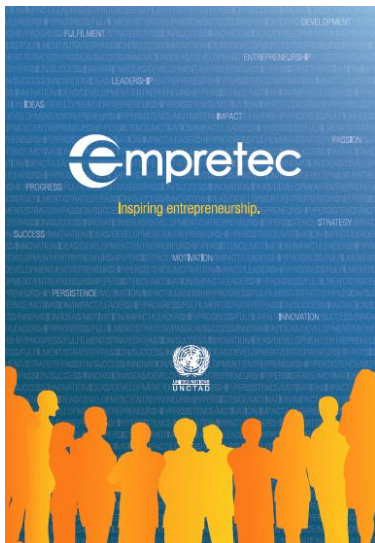
Enhancing  
entrepreneurship  
education and  
skills

**Jordan:** Business Development Centre hosts UNCTAD’s EMPRETEC programme for entrepreneurship development

empretec



- To date, more than 240'000 empretecos have been trained all over the world, out of which 30% are women.
  - 68% of participants established a business after workshop (Jordan)
  - 28% growth in turnover, in just eight months after the workshop (Jordan)





**4**  
Facilitating  
technology  
exchange and  
innovation

**Uganda:** CELAC - Collecting and Exchanging Local Agricultural Content – Initiative distributes information to farmers using mobile phones

**Egypt:** The Ministry of Communications and Information Technology launched a strategy to support SMEs in the field of ICT

**5**  
Improving  
access  
to finance

**Nigeria:** public-private partnership to improve access to finance to Women owned SMEs

**Egypt:** /Score public-private partnership in credit reporting

**6**  
Promoting  
awareness and  
networking

**Uzbekistan:** 2011 State Programme, “The Year of Small Business and Entrepreneurship”



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1. Attract investment to improve access to GVCs

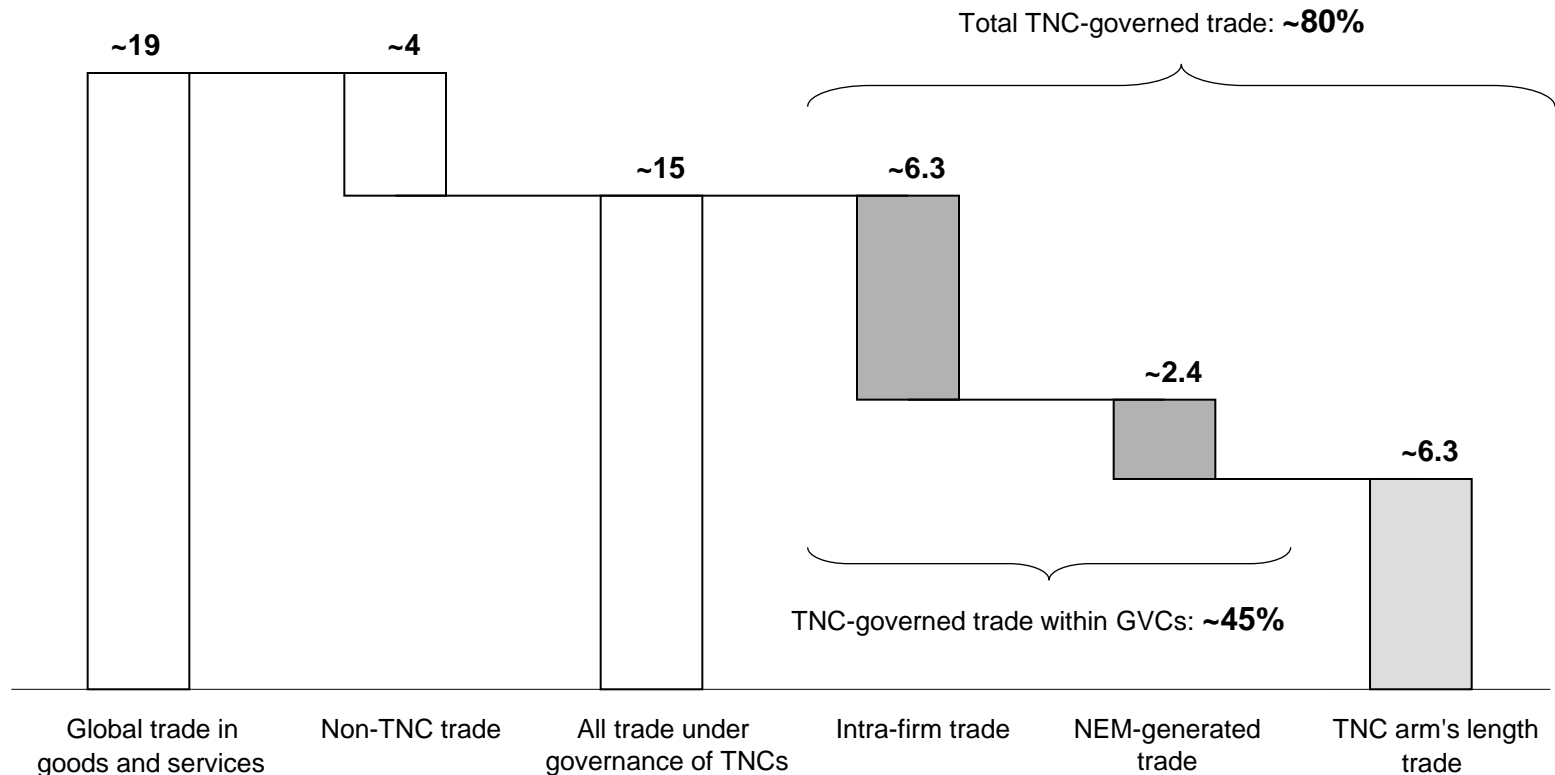
2. Develop linkages between SMEs and TNCs



# TNCs account for some 80% of global trade in GVCs

Global trade (exports of goods and services), by type, 2010  
\$ Trillions

ROUGH ESTIMATES



Source: UNCTAD estimates, based on WIR12 (table I.8) and WIR11 (table IV.4); BEA; EFIGE.





# Policy options to develop GVCs integrating SMEs

ILLUSTRATIVE  
NOT EXHAUSTIVE

## Regulatory prerequisites

- Stable general commercial law
- Specific laws governing certain non-equity modalities (e.g. recognizing licensing, franchising contracts,...)
- Appropriate IPR protection

## Capability building and strengthening the local business environment

- Policies to facilitate the upgrading of technological, quality, productivity standards of local firms
- Policies to support minimum standards of working conditions and CSR standards in local firms
- Enterprise development policies, increasing local entrepreneurial drive, business facilitation

## Incentives, promotion and outreach

- Subsidies, fiscal incentives for start-ups (including for, or specific to, non-equity forms)
- Facilitation of development of non-equity relations, e.g. IPA services, matchmaking, negotiation support, model contracts,...
- Information provision, awareness building on non-equity opportunities with local entrepreneurial groups

## Tilting the playing field

- Selective industrial policies
- Selective targeting of foreign investors vs potential non-equity partners (e.g. by IPAs)
- Trade regime exceptions favouring development of domestic industrial through non-equity relationships



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# UNCTAD's Business Linkages Programme

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BUSINESS  
LINKAGES

Brazil

Zambia

Uganda

Tanzania

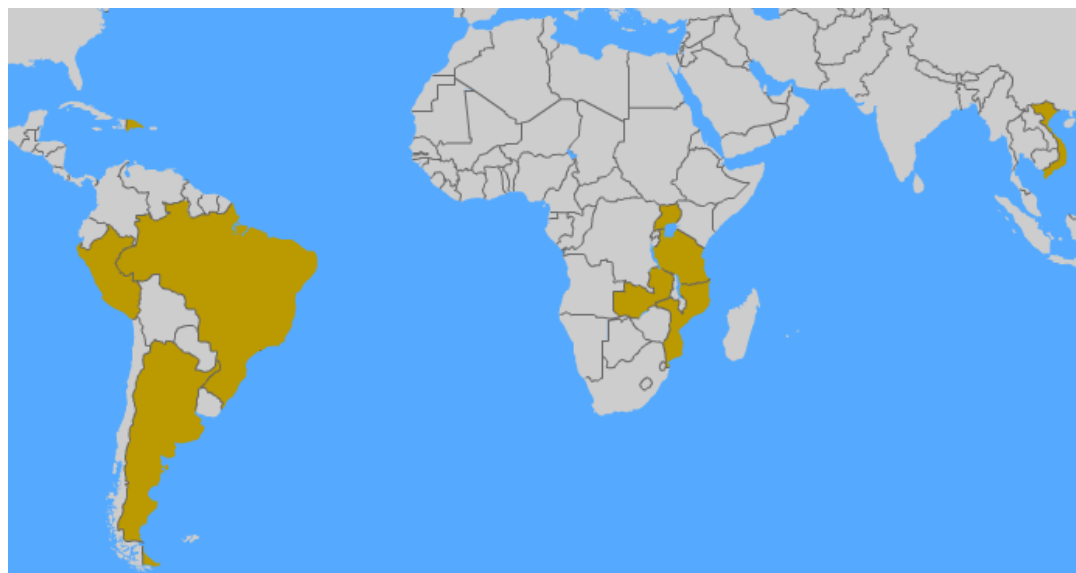
Vietnam

Dominican Republic

Argentina

Mozambique

Peru



# UNCTAD's Business Linkages Programme

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- Business linkages between local enterprises and transnational corporations are one of the fastest and most effective ways of upgrading domestic enterprises, enhancing their competitiveness and allowing them to access international markets, finance, technology, management skills and specialized knowledge.

**Mozambique:** Business linkages are built between farmers and Transnational Corporation SAB Miller through supplier development programme.

**Uganda:** the targeted sectors of the business linkages programme include telecommunications, automotive industry and agribusiness. 4 TNCs, 2 farmers' associations and 26 manufacturing SMEs benefitted from the programme



# Business Linkages Programmes

Objective	Examples of Initiatives
<b>Addressing Information Asymmetry</b>	<ul style="list-style-type: none"><li>▪ Networking events</li><li>▪ Awareness-raising events</li><li>▪ Matchmaking mechanisms</li><li>▪ Supplier databases</li><li>▪ Needs assessments</li></ul>
<b>Improving access to finance</b>	<ul style="list-style-type: none"><li>▪ Simulate factoring/leasing/guarantees</li><li>▪ Loan guarantees</li><li>▪ Research and development grants</li></ul>
<b>Promoting skills upgrading</b>	<ul style="list-style-type: none"><li>▪ Vocational initiatives</li><li>▪ Knowledge management</li><li>▪ Mentoring</li><li>▪ Developing and sharing guidelines and best practices</li></ul>
<b>Acquiring new technology</b>	<ul style="list-style-type: none"><li>▪ Supplier certification</li><li>▪ Promote supplier development programmes</li><li>▪ Technology Acquisition Funds</li><li>▪ Supporting diffusion of ICTs and technology hubs</li></ul>



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