



2012 - 2020 -

Catalysing Growth and Income



Moving forward, SME development to be innovation-led and productivity-driven through the SME Masterplan



"Unless we introduce a 'game changer', we will be caught in a middle-income trap, and no longer as competitive on cost..."

"... the Government would adopt a differentiated approach to accelerate the growth of SMEs and to provide the impetus for growth led by the private sector."

" ... an innovation-led economy demands a new breed of SMEs that can help foster market and technology-driven innovation to create more high-skilled jobs in all economic sectors."

Prime Minister of Malaysia / Chairman of National SME Development Council



SME Masterplan takes a new approach in SME development Public-private partnership

Innovation and productivity-led



Outcome-based

'Live' plan



SME Masterplan reinforces & complements existing initiatives to accelerate growth of SMEs

Bumiputera Development

- 61 Ministries & Agencies involved
- 40% of SME dev prog
- 33% of total funding
- Areas:
- Entrepreneurship
- Retail, franchise
- Greentech
- Financing
- Poverty reduction
- High performance

National Transformation **Programme**



Other Corridor Development

- SCORE

- SDC

East Malaysia

Development

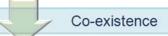
· SMEs to benefit from

corridor development:

-NCER

-ECER

-IDR



SME MASTERPLAN (2012 - 2020)

Cuts across all Economic Sectors & Strategic Areas



New SME Development Framework for innovation-led and productivity driven growth

Vision

Goals

Focus Areas

Support

Globally competitive SMEs across all sectors that enhance wealth creation and contribute to the social well-being

SME Development Framework **Expand number** Increase of high growth Intensify Raise business and innovative productivity formalisation formation firms Innovation & Technology Access to Financing **Human Capital Legal & Regulatory Market Access** Infrastructure **Environment Action Plan** Institutional **Monitoring & Effective Effective Business** Reliable database **Evaluation** Coordination Services



The focus areas identified as growth levers where constraints need to be addressed simultaneously

Constraints to Growth



Innovation & Technology

- Access to national innovation system
- Low commercialisation & R&D
- Poor technology uptake



Market Access

- Procurement by Govt/LSIs
- Information barrier to exports
- Limited focus on marketing & branding
- Low bargaining power





Legal & Regulatory Environment

- Licensing / permits
- Complying to regulations
- Legislations disincentivising formation & growth



Access to Financing

- Limited non-banking avenues
- Poor creditworthiness
- Lack of know-how and resources

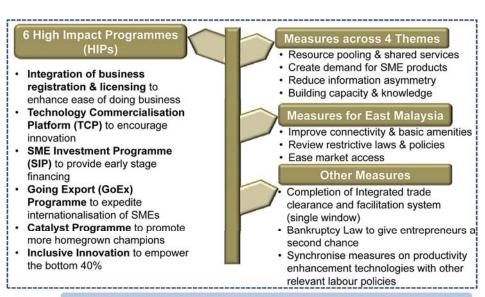


Infrastructure

- Trade clearance and facilitation system
- Low and infrequent trade volume



Plan proposes
32 initiatives
across all
focus areas,
of which 6 are
High Impact
Programmes



Result-based approach with monitoring & evaluation



HIP 1:

Integration

of business

registration

& licensing to

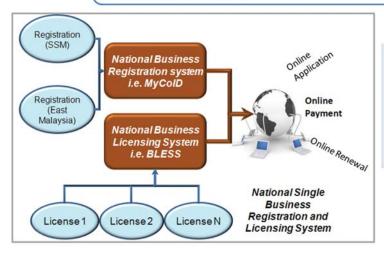
enhance ease of

doing business

6 HIGH IMPACT PROGRAMMES (HIPs)

Context

- · Streamline and simplify procedures for opening new businesses
- Reduce costs and time taken to start a business
- · Encourage formalisation



- Single window & ID for whole of Government
- Business registration as pre-requisite for licensing

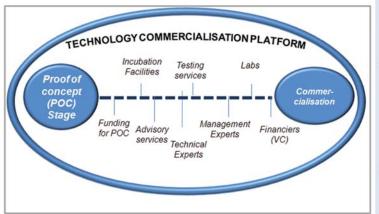


HIP 2:

Technology
Commercialisation
Platform (TCP)
to encourage
Innovation



- SMEs face issues in accessing the national innovation system
- · Many initiatives exist but are fragmented & not interlinked
- · Mainly dependent on public funds & not linked to commercial funding

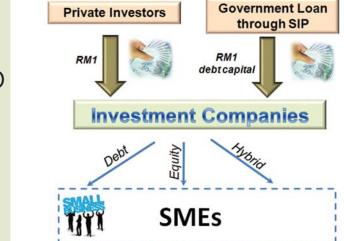


- Designed to remove market barriers to innovation
- Provides a range of services including financing, technical assistance, market information, policy advice & capacity building programmes
- Built on the existing landscape, public or private.

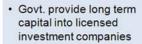


HIP 3:

SME Investment Programme (SIP) to provide early stage financing



- Limited avenues for early stage financing
- VC industry lacks vibrancy; highly dependent on public funds (51%)



 Investment companies to provide debt, equity or hybrid investments in promising SMEs

Characteristics

- Debt in addition to equity
- Has monitoring & evaluation
- Managers are mainly from industry



HIP 4:

Going Export
(GoEx)
Programme
to expedite
internationalisation
of SMEs



Context

- Constraints on new market entry
- · High upfront cost of market entry



- · Targets:
- New Exporters
- Existing Exporters (new product / market)
- · Matching grant
- Cost of Export Sales Plan (ESP) if needed
- Other support in ESP after proof of export arrangement
- Market driven after initial success

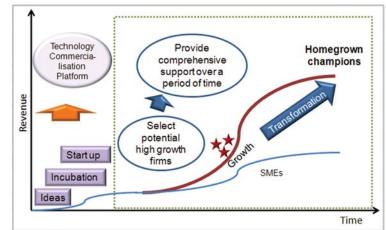


HIP 5:

Catalyst
Programme to
promote more
homegrown
champions



- Top high growth companies generate bulk of additional GDP & jobs
- · Popular strategy worldwide to develop a select group



- Targeted approach with total support:
- Bank guarantee
- Govt. procurement
- Talent from abroad
- Mentoring

Transparency in:

- Selection & exit criteria



HIP 6:

Inclusive
Innovation to
empower the
bottom 40%



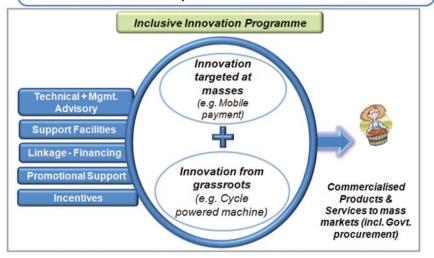
The high impact programmes to contribute significantly towards achieving targets under each goals



Target is to increase contribution to GDP to slightly over 40% by 2020



- Promote rural transformation
- Improve business environment for SMEs especially in rural areas
- · Increase the innovation pool



Goals

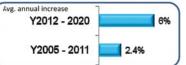
Increase business formation

Expand no. of high growth & innovative firms

Raise productivity

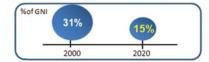
Intensify formalisation

Targets



Average annual increase of $\frac{10\%}{100}$ in high growth & innovative firms





GDP Growth

CAGR (% change)

