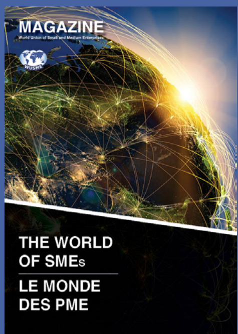
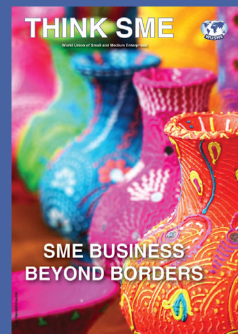
THINK SME

World Union of Small and Medium Enterprises

WUSME

SMEs IN EMERGING MARKETS





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WUSME PUBLICATIONS are magazines designed for Small and Medium Enterprises. Initiatives, information and detailed studies.

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www.wusme.org

Editorial

Vice President (Colombia)
Dr. Rodrigo Varela Villegas

SMEs in the Pacific Alliance

Mexico, Chile, Peru and Colombia created, in 2011, a multinational agreement called the Pacific Alliance. This mechanism of political-economic articulation, cooperation and integration seeks to find a space to promote greater growth and improve the competitiveness of the economies of the four countries.

Fundamental actors of this alliance are the entrepreneurs and their companies, and therefore in 2018 a research project was undertaken to identify, for each country, the most significant barriers to their entrepreneurial development.

In the process, the most important conditions, in the entrepreneurial ecosystem, that must be resolved as a priority, to achieve the growth of SMEs, were identified for each country. From these barriers specific actions were formulated that can help eliminate them.
Among these actions the most common to the four countries were: - Reduction of taxes that apply to SMEs; - The creation of Entrepreneurial Development Centers that provide support, advice and mentoring to entrepreneurs and their staff; - The development of new financing instruments; - The simplification of procedures and the reduction of the costs and the time of the process of registrations, certifications, permits etc; - The creation of tax incentives that allow SMEs to implement research, development and innovation processes (R&D); - The development of regulation that provide a scheme that allow the SMEs to collect their sales in a fair and timely schedule; - The creation of differential rates in bank loans that facilitate the use of such credits to the SME.

Each of these actions has a set of recommended activities. Some of them are: - Adjust the tax burden in terms of the life cycle, the size of the company, and the results that the SME is achieving; - Facilitate tax processes and reduce the actions that SMEs had to do today to support tax collection; - Exempt from some taxes the nascent companies; - Reduce the overall tax rate; - Ensure the existence of public resources to create and sustain the Centers; - Sign agreements with the private sector to complement the operation of these Centers; - Train the advisors, mentors, coaches, consultants and administrative staff of these Centers; - Develop the profession of entrepreneurial advisor through educational programs; - Provide the necessary infrastructure so that the Centers can provide the services required by entrepreneurs; - Develop own methodologies for business support; - Promote the creation of new lines of credit designed to attend the needs of the enterprises in the different stages of development; - Develop innovative financial products in each country that could be accessible to the SMEs; - Create special financing mechanisms for the development of new products / services, new technologies, new processes, patents, licenses and in general intellectual property; - Facilitate the guarantee processes, through guarantee funds, that ensure the access of entrepreneurs and companies to existing financing; - Develop payment mechanisms (grace periods in capital and interest, alternative forms of amortization), which improve the liquidity position of the companies and that are associated with the results of the companies; - Broadly disseminate the credit lines that exist and do basic financial education for entrepreneurs; - Allow all business procedures and payments to be made through digital media; - Simplify all procedures, in all institutions, for all entrepreneurs and at all stages of the business process; - Quickly establish national coverage to the one-window system; - Entrepreneurial development centers must have facilities that allow access to tax advice and tax procedures; - Strengthen the joint work between Universities, Research and Development Center, Innovation and Technology Centers, entrepreneurs and government to strengthen all the processes of transfer of research, development, innovation and technology; - Support applied research groups; - Design and implement processes to obtain tax benefits for the implementation of investments in science, technology and engineering.

Get agreements between the big enterprises and the SMEs to find a valid payment system that reduce the lack of liquidity of the SMEs.

These policies require rapid implementation to be able to have more enterprises with the capacity to grow, reach international markets, and create jobs. It is possible that some countries affiliated with WUSME would like to do similar research and the Center for Entrepreneurship Development at Universidad Icesi, is ready to collaborate in this effort.

Summary

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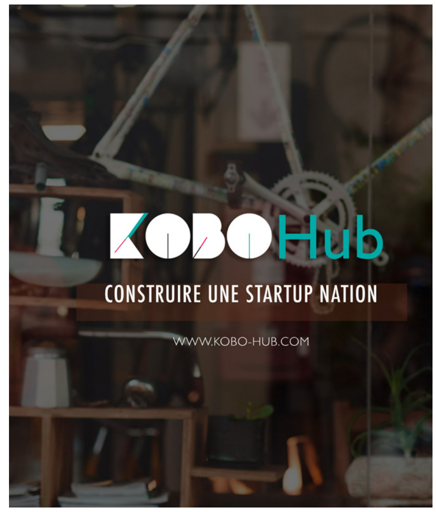

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PUBLISHER
WUSME
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EDITORS
Tatiana Casadei
Laura Casetta
Jerome Costa
Maria Valeria Pasquini

CONTRIBUTIONS
Dr. Rodrigo Varela Villegas
Dr. Joginder Singh Juneja

GRAPHIC DESIGN
WUSME

PHOTOGRAPHER
WUSME

RELEASE
PROSTAMPA
Agenzia di Servizi per la Stampa di Claudio Giani
E-mail: claudio@prostampa.net
Website: www.prostampa.net

WUSME
Piazzale M. Giangi, n. 2
47890 - San Marino
Republic of San Marino
Tel. + 378 0549 991277
Fax + 378 0549 901420
M 335 7347947
E-mail: info@wusme.org
Website: www.wusme.org

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High-Growth Firms: facts, fiction, and policy options for emerging economies

HGFs are of particular interest as a growth model considering their contribution to more than 50 percent of new jobs and sales in these sectors

November 16th, 2018 - Policies to create jobs, promote entrepreneurship and growth are key priorities for many emerging economies.
Designing and implementing reforms is particularly challenging as policy makers attempt to strike a balance across sectors, firm size and incentives that can sustain growth in a rapidly changing global economy. High-growth firms (HGFs) -accounting for approximately 3-20 percent of the manufacturing and service industries- are of particular interest as a growth model considering their contribution to more than 50 percent of new jobs and sales in in these sectors. Analysis of high-growth firms in Brazil, Côte d'Ivoire, Ethiopia, Hungary, India, Indonesia, Mexico, South Africa, Thailand, Tunisia, and Turkey is offering evidence that challenges some of the conventional views defining HGFs and the sectors where they can prosper.

A commonly shared view of a typical high-growth firm is a small start-up in a high-tech sector that grows rapidly over a sustained period through some favorable quality inherent to the firm—a new advanced technology, a brilliant marketing innovation, or an extremely capable staff. Using this lens, it is not uncommon for many policy makers to seek selective targeting of firms perceived as having the potential for high growth and providing them with access to financial and technical resources to realize this potential.

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A new report by the World Bank Group, High Growth Firms: Fact, Fiction and Policy Options for Emerging Economies, looks at the characteristics of high-growth firms; drivers of high-growth; and what this means for policymakers beyond a selective bias.

According to the report, high-growth firms are young but not necessarily small. HGFs firms tend to be younger than the average firm. Although for many, the high-growth episode begins after the start-up phase. Start-ups account for about 40 percent of all HGFs in Brazil, Cote d'Ivoire, Ethiopia, and Hungary, and around 30 percent in Indonesia. Also, high-growth firms in developing countries are not necessarily small. Many are larger than the average firm at the beginning of a high-growth episode such as in Indonesia, where nearly half of HGFs employed more than 50 workers. It is also not surprising that HGFs end up larger at the end of the high-growth episode. With the exception of Hungary, HGFs in all countries included in the analysis end up being at least 4 percent larger than an average firm after the high-growth episode.

High-growth firms are found in all types of sectors and locations. It is a common misconception that HGFs are found in only high-tech industries. In fact, these firms exist in all types of sectors and operate across a range of locations. The experience across the different regions bears no clear cross-country pattern indicative of target sectors with a greater chance of observing HGFs. Sectors with a more knowledge or technology-intensive profile often exhibit higher than average HGFs, but so do other sectors that are substantially less high-tech. For example, in Hungary, HGFs are more prevalent in knowledge-intensive services.
However, in Mexico the number of HGFs is particularly high in computers, electronics, electric appliances, and communications, measurement, and transportation equipment - but also in in textiles.

High firm growth is short-lived and episodic. It is difficult for firms to sustain high growth. As a matter of fact, the likelihood of a repeated episode, either immediately or later in the firm's life cycle, is low. Some firms transition from high growth to low growth or vice versa, while many others exit the market altogether following a high-growth episode. Evidence in the report strongly validates this insight. For example, in Tunisia, more than one-third of firms that were in business between 1996-2009 achieved HGF status at least once. However, just 0.01 percent of firms experienced high-growth continuously throughout the same period.

What drives growth?

Innovation, network economies, managerial capabilities and worker skills and global linkages contribute significantly to the probability of a high-growth episode.

- Innovation can strengthen firm growth. In India, service firms that introduce new products and export are significantly more likely to experience a high-growth episode. In addition, high-growth events in manufacturing and services are driven by persistent rather than occasional R&D, and by firms that conduct R&D to reach external rather than exclusively domestic markets;

- Agglomeration and network economies offer learning and specialization opportunities due to greater firm density. This is an important factor in determining the likelihood of being an HGF. For example, Ethiopian plants located in or close to large urban centers have a greater opportunity of attaining high-growth status vis-à-vis the ones located farther away. In Thailand firms that are more connected with others via ownership networks are also more likely to experience high growth;

- External market linkages as measured by a firm's exporting status, share of exporters or FDI recipients in a given location or sector, or imports of technology have contributed to high-growth patterns for firms in India, Hungary, Mexico, and Tunisia;

- Firms that pay higher wages have a greater likelihood of subsequently attaining high growth - reflecting the key role that human capital plays in firm performance. The contribution of founding managers and employees is found to be critical in determining future firm growth in Brazil.

Written by The World Bank

http://www.worldbank.org/en/news/feature/2018/11/16/high-growth-firms-facts-fiction-and-policy-options-for-emerging-economies

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"Agglomeration and network economies offer learning and specialization opportunities due to greater firm density."

Photo: Workers at work

Enterprise Europe Network: SME growth outlook 2018-19

The Enterprise Europe Network's 2018 survey data shows consistent levels of confidence among SMEs in Europe in terms of growth and job creation

November 7th, 2018 - As economic growth forecasts across Europe continue to improve, SMEs with international ambitions remain optimistic about their future growth. The Enterprise Europe Network's 2018 survey data shows consistent levels of confidence among SMEs in Europe in terms of growth and job creation compared to 2017.
This year, traditional companies showed an upswing in confidence and globally ambitious companies were the most upbeat about gaining market share. Hot-spots of positivity were spread across Denmark, Portugal, Slovakia and Sweden. Outside the EU28, SMEs in Serbia and in Bosnia & Herzegovina showed the highest levels of optimism for the future.

A healthy outlook for turnover

63% of SMEs who internationalise expect to increase their turnover in the next 12 months. Around two thirds of small businesses continue to be optimistic that expanding their businesses beyond their home countries will pay off within the coming year. Of these, 65% were traditional companies - showed a resurgence in confidence among this group. Danish and Slovakian SMEs (85%) were most confident about increasing their turnover while small businesses in Belgium (46%) had the lowest expectations.

A steadily growing workforce

33% of SMEs expect to create jobs in the next year. The positive trend in Europe's employment levels is reflected among Europe's internationally ambitious SMEs. Around a third of them expect to create jobs in the coming year. Around 40% of these are innovative companies, suggesting a wide variety of employment opportunities. Swedish SMEs (46%) had the highest expectations for job creation while SMEs in the Netherlands (20%) were the least optimistic.

Optimism for future growth

54% of SMEs expect to increase their market share in the next 12 months.

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Small businesses remain bullish about their growth prospects with more than half expecting to increase their market share. Of these, more than a third also expect to improve their products or services through innovation. While this represents a slightly lower proportion compared to 2017, innovation nevertheless remains a driver for growth. We found the most optimistic SMEs in Portugal (70%). SMEs in Lithuania (37%) were the most cautious about their near-term growth prospects.

Positive prospects for globally ambitious SMEs

Companies with global growth ambitions are the most confident: 67% of companies targeting their international expansion beyond the EU were confident of increasing their market share (compared to 54% whose focus was primarily within the EU). This globally ambitious breed of company is growing. Whereas in 2009 they represented just 3% of business partnerships supported by the Enterprise Europe Network, by 2017 this figure was close to 9% of the total volume.

An innovation growth hub in the Balkans

Outside the EU, small businesses in Serbia and Bosnia & Herzegovina show the highest degree of optimism in terms of creating jobs and growing their businesses. In Serbia, 80 % of SMEs seeking to internationalise were confident that they would increase their turnover and 87 % expected to increase their market share in the next 12 months. Of these, over 50% were innovative companies. In Bosnia & Herzegovina, 45 % expected to create jobs in the coming year, of which 62% wer.

Written by Irish Tech News

https://irishtechnews.ie/enterprise-europe-network-sme-growth-outlook-2018-19/

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The opportunity cost of doing business for Small and Medium Enterprises in Africa

According to the African Development Bank the performance of 2018/2019 period should reach 4.1%. Economic growth has largely been supported by SMEs

November 30th, 2018 - The African economy has gathered momentum over the years, with an estimated increase of 3.8% of the real output growth in 2017. As the largest economies gradually strengthen, 2018/2019 performance should reach 4.1% according to the African Development Bank. This economic growth and sustainable development has largely been contributed by Small and Medium Enterprises (SMEs). In Kenya for instance, SMEs contribute approximately 40% to the GDP and employ over half of the country's workforce.

Yet, becoming a profitable SME in the continent is never a smooth sail for many. There's the presence of stringent government regulations in several countries, though the flexibility of doing business in others is a force to be reckoned with. The World Bank has recognized Kenya as having implemented the most reforms in the region between June 2016 and June 2017.

These include the reduction of procedures required to register a business, as well as utilizing a single window system to reduce the time for import documentary compliance. Then there's the implementation of iTax, an online platform that allows Kenyans to easily register their businesses, fill and pay corporate income tax among others.

Moreover, access to credit remains one of the biggest hindrances for SMEs in Africa to thrive. The major banks are mainly huddled in big cities, making it difficult for a predominant section of businesses in the rural areas to access formal financial services. Besides, there exists rigorous risk assessment requirements by financial institutions that tend to limit the number of businesses that can access credit. These requirements include but are not limited to collateral, which often proves cumbersome to acquire even when trying to access short term credit or simply, is non-existent.

According to Juan Seco, Chief Operating Officer of JumiaPay, "Non-collateral loans are on the other hand quite expensive for most SMEs in Africa, with an Annual Percentage Rate (APR) that can go as high as 300% in Kenya and 240% in Nigeria." The Central Bank of Nigeria records about 69 percent of SMEs who wanted to apply for loans but failed, due to fear of application rejection related to collateral requirements and other associated conditions attached to the loan approval processes such as bad scores.

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Notably, the entry of Fintechs (Financial Technology) companies into the banking market in Africa, is gradually improving the process of accessing credit for SMEs. Jumia is one of the companies revolutionizing the sector with its Jumia Lending service, an initiative that provides working capital financing for short-term borrowers. These are vendors selling on the online ecommerce platform for at least six months, seeking to expand and grow their online business. The program aims at boosting financial inclusion in the continent, not only by providing sellers with an online visibility and a vast customer base; but also, with access to affordable working capital to boost their commerce.

Juan Seco notes that, "we understand the challenges faced by our vendors and SMEs in general, to access working capital financing. We have therefore, also partnered with some of the best institutions where we try to bridge the gap for sellers seeking long term credit facilities. With Jumia being in the middle, our lending partners have the security that the data of our sellers on Jumia, such as sales or customer ratings is accurate. In addition, we give them first lien on the sales on Jumia, so even though these are not collateralized loans, they are highly de-risked as we give them some control over the sellers' cash flows. For our sellers, we understand they cannot afford to spend hours in traffic and at the branch, so we digitize the onboarding process, so they can keep running their shops and not lose valuable income".

Currently applicable in Kenya and Nigeria, and soon to be launched in other countries where Jumia has operations, the Lending Program involves a quick online registration process with feedback provided within 72 hours. Vendor applicants benefit from low interest rates of as low as 12% per annum, on the non-collateral loans with flexible repayment plans of between 1-6 months.

"I am on the second loan and the process of paying back is quite efficient and flexible since you get to plan your installment deposits and manage it by yourself. I have managed to grow my business capital and gotten higher returns. When I lost funds and communicated the same to the lending team, they gave me a grace period to recover; a benefit that is not available on other lending facilities," says Nauri Mwei, a vendor on Jumia.

The impression fintechs such as Jumia Lending are leaving on credit consumers and especially SMEs in Africa, is that of value add to their businesses. They are bridging a long existing gap in financial inclusion in relations to credit access, by providing a more transparent and seamless way of availing financial services to a wider range of consumers in the continent.

Written by IT News Africa
Photo: thenextweb.com

http://www.itnewsafrica.com/2018/11/the-opportunity-cost-of-doing-business-for-smes-in-africa/

The World Bank In Africa

Sub-Saharan Africa's growth is projected to reach 3.1 percent in 2018, and to average 3.6 percent in 2019-20.

Growth in Sub-Saharan Africa is estimated at 2.3 percent for 2018, down from 2.5 percent in 2017. Economic growth remains below population growth for the fourth consecutive year, and although regional growth is expected to rebound to 2.8 percent in 2019, it will have remained below three percent since 2015. The slower-than-expected overall growth in 2018 reflects ongoing global uncertainty, but increasingly comes from domestic macroeconomic instability including poorly managed debt, inflation, and deficits; political and regulatory uncertainty; and fragility that are having visible negative impacts on some African economies. It also belies stronger performance in several smaller economies that continue to grow steadily.
More...https://www.worldbank.org/en/region/afr/overview

Written by The World Bank

P2P lending can plug Southeast Asia's US$175B business finance gap

According to report, Small and Medium Enterprises contribute to 40% of Southeast Asia's gross domestic product (GDP) and hiring 70% of the region's workforce

While P2P lending is relatively young in Southeast Asia, there is still ample room for growth

December 5th, 2018 - Peer-to-peer (P2P) lending has emerged as a popular alternative financing option for small and medium enterprises (SMEs) in Southeast Asia. In 2016, P2P lending generated US$115.01 million, which accounted for more than half of total market share of Southeast Asia's alternative financing market. In an evolving financing landscape, P2P lending complements the services banks provide and support the region in realising its growth and development potential. The very fact that investment in the region's startups tripled from US$2.52 billion in 2016 to US$7.86 billion in 2017 is a testament of the vast potential in Southeast Asia's FinTech startups.

Businesses, largely SMEs, benefited from such platforms too. According to a Deloitte report, SMEs contribute to 40% of Southeast Asia's gross domestic product (GDP) and hiring 70% of the region's workforce. Despite the importance of SMEs regionally, support is generally lacking, especially in terms of financing. This is due to strict banking regulations imposed after the 2008 global financial crisis, which have made banks and most financial institutions increasingly risk-averse. This is evidenced by McKinsey Global Institute's report stating that 39 million Southeast Asian SMEs (or 51%) lack access to credit.

Hence, alternative financing options, such as P2P lending, come into play. In fact, EY's SME Transformation Survey found that around 68% of SMEs are receptive to the idea of alternative financing options, including P2P lending, as the conditions and processes in securing a loan are much less rigid than banks.

Here is the thing - according to McKinsey Global Institute, a US$175 billion SME financing gap exists in Southeast Asia, and it's a growing issue. Over the past decade, China, India and Southeast Asia have moved on from a cash-based society to one where mobile payments are common currency; skipping credit cards, savings accounts and other consumer financial products. However, the majority of Southeast Asian economies are primarily cash-based, with many remaining unbanked despite possessing a smartphone, resulting in many unable to obtain traditional small business or personal loans for their businesses. All these points to a prime market for alternative financing and fintech startups to enter Southeast Asia as it is a market with massive potential to bridge the financing gap.

With alternative financing gaining prominence and popularity, Southeast Asian regulators in Singapore, Malaysia and Thailand have liberalised their regulatory framework to enable alternative financing companies to operate while concurrently regulating P2P lending. Such regulatory reforms, coupled with multilateral technology collaboration and cooperation, have led to a growing number of alternative finance platforms appearing in the region.

These measures show regulators recognise the value alternative financing brings to their respective economies and its ability to narrow the US$175 billion SME financing gap. Despite these developments, Southeast Asia is a big and fragmented market, with ten countries each differing significantly in terms of regulation, economy, infrastructure and culture.
Therefore, there is an increased need for cooperation and collaboration to prevent unnecessary overregulation that could hinder the sector's growth. In Singapore, the Monetary Authority of Singapore (MAS) announced that it will advocate for better financial access by partnering with financial institutions. While this is a positive step to accelerate financial inclusion in Singapore, more collaboration opportunities could be given to the country's fintech industry.

A P2P lending platform enables accredited family offices and high-net-worth individuals to lend to SMEs. Although interest rates offered to the SMEs are generally higher than banks, they still remain lower than other non-bank financing options. Some P2P lenders would also develop additional measures to protect lenders, for example in offering insurance coverage to lenders through partnerships - this adds an additional level of security for investors.

In addition, as credit is scarce and costly, P2P lenders perform their own thorough due diligence and risk analysis by using third-party and surrogate data, as well as their own credit scoring and algorithms to determine creditworthiness in ensuring quality borrowers. More importantly, all these are done through technology by adopting machine learning and artificial intelligence to minimise the cost of financial intermediation and reduce the time taken to perform credit checks, thus passing the benefits to both investors and SMEs.

More…https://e27.co/p2p-lending-can-plug-southeast-asias-us175b-business-finance-gap-20181205/

Written by E27

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ENTERPRISE IN FOCUS

KOBO Hub, the startup that creates startups!

A platform for young business in the Democratic Republic of the Congo

KOBO Hub is a Congolese platform dedicated to the acceleration of start-ups and young businesses in the Democratic Republic of the Congo.

KOBO Hub participates in training and mentoring startups to help them to start and grow. **KOBO Hub** assists project owners in providing a network of multidisciplinary experts, access to skills, resources and infrastructures essential for the success and growth of their projects.

> **Kobo Hub** participates in training and mentoring startups to help them to start and grow.

The Congolese platform develops an innovative ecosystem for entrepreneurship by creating bridges and lasting links between local and international incubators, investors looking for new opportuniti es,renowned experts and young Congolese companies.

The mission is to accelerate the emergence and success of local entrepreneurs developing projects that meet local needs and value local skills.

ENTERPRISE IN FOCUS

Kobo Academy supports the various departments of Kobo Hub by providing training solutions adapted to local realities.

KOBO ACADEMY

In a constantly evolving professional world, it is necessary for entrepreneur to allow his teams to acquire new skills or to improve their skills in order to guarantee the competitiveness of their company or its start-up.

This is why Kobo Hub has developed Kobo Academy, a service that wants to be a leader in DRC in the field of vocational training.

Our short and long term courses are focused on learning a skill or profession directly related to the needs of the labor market.
Thus, Kobo Academy supports the various departments of Kobo Hub by providing training solutions adapted to local realities.

Web site: https://www.kobo-hub.com/

WUSME and KOBO Hub signed a Memorandum of Understanding

WUSME and KOBO Hub signed a Memorandum of Understanding in the Democratic Republic of the Congo, on 9th May, 2019, providing for a joint action in promoting the cooperation between Small and Medium Enterprises and Crafts and encouraging as well as strengthen economic exchanges.
WUSME and the Congolese platform agreed to collaborate by combining the respective competences to effectively support the development of SMEs.

Photo: Ms Sidonie Latere, Chief Executive Officer, CEO KOBO Hub

By **Dr. Joginder Singh Juneja** -
WUSME Vice President (India)

Re-igniting Micro-entrepreneurship - Horasis Asia Meeting

On 25 and 26 November, 2018, WUSME participated in the Horasis Asia Meeting held at in Binh Duong New City, in Vietnam. WUSME Vice President in India Dr. Joginder Singh Juneja was present as speaker for the second year. During the 2017 edition held in Bangkok, he addressed the theme "Challenges & Opportunities of Digitization for SMEs – Asian perspective", while in the 2018 edition, his speech was on " Re-igniting Micro-entrepreneurship".

In India, 20% of the population is still below the poverty and hence poverty alleviation is a challenge for the Policy Makers and the institutions like. In this context, SHGs have played a very crucial role in India, we have over 2.3 million SHGs with membership of over 35 million people. Women are the main beneficiaries of SHGs constituting 91% of the SHGs in India. SEWA was founded in 1972 by Gandhian and civil rights leader Ela Bhatt as a branch of Textile Labour Association (TLA), a labour union founded by Gandhi in 1918. SEWA is a trade union registered in 1972. It is an organisation of poor, self-employed women workers.

These are women who earn a living through their own labour or small businesses. They do not obtain regular salaried employment with welfare benefits like workers in the organised sector. They are the unprotected labour force of our country. Constituting 93% of the labour force, these are workers of the unorganised sector. Of the female labour force in India, more than 94% are in the unorganised sector. However their work is not counted and hence remains invisible. In fact, women workers themselves remain uncounted, undercounted and invisible.

SEWA main goals are to organise women workers for full employment. Full employment means employment whereby workers obtain work security, income security, food security and social security (at least health care, child care and shelter). SEWA organises women to ensure that every family obtains full employment. By self-reliance we mean that women should be autonomous and self-reliant, individually and collectively, both economically and in terms of their decision-making ability. Practically, the strategy is carried out through the joint action of union and cooperatives. Gandhian thinking is the guiding force for SEWA's poor, self-employed members in organising for social change. 'We follow the principles of satya (truth), ahimsa (non-violence), sarvadharma (integrating all faiths, all people) and khadi (propagation of local employment and self-reliance)'.

In Bangladesh, Grameen Bank is a microfinance organisation and community development bank founded in Bangladesh. It makes small loans (known as microcredit or "grameencredit") to the impoverished without requiring collateral.

Grameen Bank originated in 1976, in the work of Professor Muhammad Yunus at University of Chittagong, who launched a research project to study how to design a credit delivery system to provide banking services to the rural poor. In October 1983 the Grameen Bank was authorised by national legislation to operate as an independent bank. The bank grew significantly between 2003 and 2007. As of January 2011, the total borrowers of the bank number 8.4 million, and 97% of those are women. In 1998 the Bank's "Low-cost Housing Program" won a World Habitat Award. In 2006, the bank and its founder, Muhammad Yunus, were jointly awarded the Nobel Peace Prize.

However, In India major impetus was given by National Bank For Agriculture And Rural Development (NABARD) IN 1986 – 87.

• Studies have shown that there is a close relationship between poverty alleviation and SHGs;
• SHGs can be considered as an effective model of financial inclusion since they play an important role in loan disbursement among the poor;
• It is also observed that the percentage of BPL population is less in the states where there is large number of SHGs.

Financial institutions and Micro entrepreneurs

Micro firms usually do not have any access to funds from financial institutions like banks. Physical restraints stop the financial institutions to collect information on these prospective clients and once credit is advanced, it is difficult to monitor the use of the funds. Other factors of micro entrepreneurs like low numerical skills due to illiteracy, caste/ethnicity/gender aspects preventing interaction also sum to the adverse selection problem. Micro entrepreneur are not in a position to submit collaterals due to poverty, this also contributes to their inability to raise funds. Financial Institutions find it costly to give loans to these micro entrepreneurs. As the size of the loan for microenterprise is small, the administering cost of loans increases. These economic factors make it impossible for financial institutions to offer credit to microenterprises. There are a number of problems of financing that become more acute in case of microenterprises run by impoverished. These enterprises are important means to increase employment and reduce poverty; therefore there is a need for a social financial intervention of funds for the micro entrepreneurs. There are two approaches of financing microenterprises. First, the linking approach under which conventional financial institutions are linked to the entrepreneur through some intermediary like a government agency, a nongovernment organization (NGO) or a local group. The other approach is to provide microcredit through specialized organizations government agencies, cooperatives, and development finance institutions.

Definition of Self Help Groups

"SHGs are small economical homogenous affinity groups of rural poor, voluntarily formed to save and mutually contribute a common fund to be lent to its members as per group decision" (Source: NABARD)

SHG Movement in India

SHG movement in India gained momentum after 1992, when NABARD realised its potential and started promoting it. Further, state governments in four southern states, Andhra Pradesh (undivided), Karnataka, Tamil Nadu and Kerala established separate organisations (Society for Elimination of Rural Poverty in AP) led by a senior bureaucrat and managed by development professionals. In 1999, Government of India, introduced Swarn Jayanti Gram Swarojgaar Yojana (SGSY) to promote self-employment in rural areas through formation and skilling of SHGs. The programme evolved as a national movement in 2011 and became National Rural Livelihoods Mission (NRLM) – world's largest poverty alleviation programme. Today, State Rural Livelihood Missions (SRLMs) are operational in 29 states and 5 UTs (except Delhi and Chandigarh, Source: NRLM Website). SRLMs are working strenuously to form, nurture and strengthen SHGs. NRLM, by design, is more focussed, time bound and outcome based programme. The programme was renamed in November 2015 as Deendayal Antyodaya Yojana (DAY – NRLM). DAY – NRLM now covers 100 million families through 8.5 million SHGs with savings deposit of approx. INR 161 billion. The 4.84 million SHGs received collateral-free credit, loan outstanding of over INR 615 billion of which, 88% are rural women. The NPA of the loan is 6.5%, which is much less than the overall NPA of Indian Banks i.e. 10.2 %. (Source: NABARD Microfinance Report 2016-17 and RBI Financial Stability Report – December 2017). SHGs have played an important role in enabling financial inclusion in rural areas. It has financially empowered women within the family and in local community. Self-help groups (SHG) are village-based initiatives, where members regularly save up in order to start lending once the group collected enough money. Often from a homogenous economic and social backgrounds, they have the common goal to pool their resources in order to fund common or individual projects, ensuring financial stability and repayment. This kind of solidarity lending was often triggered by NGOs, organising poor communities in rural areas of India, triggering social and financial support. This micro-finance and self-managed model is often the first step to financial inclusion through the participation of the community.

(Second part will be published in the next edition)

WUSME and CASME: signed the Memorandum of Understanding

The two organizations agreed to collaborate by combining the respective synergies to support SMEs development, with particular reference to areas of common interest

October 5th, 2018 - WUSME and CASME (China Association of Small and Medium Enterprises) signed a Memorandum of Understanding in Beijing on 3th September 2018, under which the two organizations are committed to promote cooperation between Small and Medium Enterprises and Crafts and foster economic exchanges. In fact, following meetings and consultations held in 2018, WUSME and CASME agreed to collaborate by combining the respective synergies to support SMEs development, with particular reference to areas of common interest, the implementation of projects (on advanced technologies, financing, etc.) and the organization of meetings, missions and workshops. During the meeting, delegations discussed the organization of an International Conference on Small and Medium Enterprises in China to be held in the first semester of 2019.

CASME is a national wide, cross-industry and non-profitable organization. Their members are small and medium enterprises from all over the country. It was established in Beijing and announced to the public on December 11, 2006. It was sponsored by National Development and Reform Commission, and was supported and approved by the State Council. In 2009, CASME is awarded the national AAAA-level social organization the Ministry of Civil Affairs (more... http://www.ca-sme.org/content/Content/index/id/12825/fpid/550.

Photo: WUSME President Gian Franco Terenzi with CASME Executive President Zhang Jingqiang

In the picture: **WUSME President Gian Franco Terenzi** with **President of the Republic of Liberia H.E. George Weah.**

WUSME President Terenzi meets with President of Liberia H.E. George Weah

WUSME President expressed his support for the country's development plans, and in particular, for the projects relating to the infrastructures modernization

PARIS - November 13th, 2018 - As part of his ongoing commitment to supporting small and medium-sized enterprises worldwide, this Tuesday, November 13, WUSME President Gian Franco Terenzi met in Paris with the President of the Republic of Liberia H.E. George Weah.

During the meeting, President Terenzi expressed his support for the country's development plans, and in particular, for the projects relating to the modernization of the infrastructures, as fundamental pillar for the economic growth.

In the current international context, Africa needs to endorse and assist small and medium-sized enterprises, as promoters of social stability and welfare.

It is on the basis of this fundamental principle that WUSME is committed to supporting African countries willing to create an economic environment and country-wise system able to foster a long-lasting social stability.

"In the current international context, Africa needs to endorse and assist SMEs as promoters of social stability and welfare."

SMEs NEWS

Top 5 reasons SMEs fail to get the most out of sales training

Experience shows that simply investing in sales training does not guarantee improved results. Here, we examine five pitfalls that are holding SMEs' training programmes back.

December 11th, 2018 - Many SMEs assume investing in sales training will automatically increase sales productivity. In fact, as the sales team is on the frontline when it comes to revenue and profit, many executives believe improving sales skills will have a positive, immediate and direct impact on the company's bottom line.

Such an assumption, however, has not served companies particularly well: in reality, firms waste huge sums of money on ineffective sales training. This is clearly an issue, not least because there is often pressure on SMEs to provide training in order to retain talent, as it is seen as an essential benefit that many larger competitors offer. Similarly, with smaller learning and development budgets than larger corporations, SMEs have to demonstrate real value from any investment in this area.

Here, we list five of the biggest mistakes that cause SMEs to waste their training budgets, and explore the simple processes that can help you get the most out of your sales training programme.

Trying to fix the wrong problem

Organisations frequently embark on sales training initiatives without a clear definition of the problems they are trying to solve. While sales training is a great tool for improving selling skills, it can't fix organisational issues, misaligned compensation strategies or ineffective hiring practices. As such, training should only be undertaken if there is a clear definition of why it is needed and what the expected outcomes are.

The training team – whether internal or external – should work with key stakeholders to identify current gaps and challenges in the organisation that training can work to address. This must then be used as a blueprint for prioritising the training programme.

Looking six to 12 months ahead, the team should work with stakeholders to define what they expect to be different after the training has finished and how they will measure success moving forward.

A lack of communication

Training programmes are often initiated because someone has identified a surplus in the budget and feels it is a positive thing to spend the money on. Unfortunately, as a result of this, there is regularly a lack of clear sponsorship or connection to key stakeholders once the programme is initiated.

For training to be successful, stakeholders need to be a part

of the conversation before, during and after the fact, so they can communicate enthusiasm and expectations throughout the process. In a number of cases, we've seen training programmes become an end in themselves, rather than being used as a means to solve the key problems stakeholders identified.

Ensuring sales leadership is involved in sponsoring the programme - and is visible throughout - will result in a sales team that is invested in the training from the get go.

Failing to define desired outcomes

Identifying a problem is the first step, but it is also crucial to define the desired outcomes that are expected as a result of the training. How will the sponsors know if the programme has been successful? How will they measure results?

The key factors to look out for are: whether participants enjoy the training; whether they understand the material being discussed; whether they are able to apply it and create that crucial behaviour change; whether they receive post-training support to ensure the new method is implemented; and whether the training produces business results.

By including outcome measures in the programme charter and defining them before the training is underway, you can ensure participants receive the most out of each session. Making use of surveys, coaching and benchmarking to measure the desired outcomes after the training will help to discern whether it has been properly implemented or not.

Without a real implementation method, training can be delivered in a classroom environment and then forgotten as soon as the session is over.

More…https://www.europeanceo.com/business-and-management/top-5-reasons-smes-fail-to-get-the-most-out-of-sales-training/

Written by European Ceo

SMEs NEWS

DBS Launches SME Portal

"SMEs who are trying to keep pace with the technological shifts in the local and global economy can access accounting, HR and payroll, digital marketing, ecommerce, and cybersecurity."

January 9th, 2019 - To help SMEs in their digital transformation journey, DBS launched DBS SME Connect, a portal for SMEs across all industries to access web-based business tools and services.

SMEs who are trying to keep pace with the technological shifts in the local and global economy can access accounting, HR and payroll, digital marketing, ecommerce, and cybersecurity solutions to give them a leg up, DBS Bank announced in a media statement on Wednesday (January 8th, 2019 - *ed*).

«We want to provide a greater selection of solutions that will help them build their foundational digital capabilities. With our partners and the DBS SME Connect portal, we hope to make banking simpler and more seamless for our customers,» Joyce Tee, Group Head of SME Banking, said.

Latest Addition

In addition, new-to-bank SME customers can also open an account with the bank instantly without having to visit a branch or meet with a relationship manager. With this fully automated process, DBS estimates that over 80 percent of new accounts will be opened through this channel this year.

The DBS SME Connect portal is the latest addition to DBS' digital suite of services for SMEs that span real-time digital cross-border payment tracking to corporate multi-currency account services. In November, the bank also launched DBS MAX, Singapore's first mobile-based QR payment collection solution that improves cash flow for SMEs.

Annual Disruption Event

The bank has also been proactive in helping its SME clients grow through its DBS BusinessClass social platform, which runs an annual disruption event; its TechMatch programme, which matches customers with suitable providers and even potential acquisition targets; and its SME Academy, which gives foundation classes to help entrepreneurs get started.

Written by Finenews.asia

https://www.finews.asia/finance/28043-dbs-singapore-sme-portal-joyce-tee-digital

SMEs NEWS

Afreximbank, AGF Back SMEs in Africa with $30m

December 31th, 2018 - The African Export-Import Bank (Afreximbank) has signed an agreement with the African Guarantee Fund (AGF) for a 30 million dollar re-guarantee facility to support African Small and Medium Enterprises (SMEs). The Director, Trade Finance of Afreximbank, Mr Gwen Mwaba said the facility would help the SMEs in the trade value chain to access funds for their activities.
The agreement provides for the facility to be used to support the financing needs of African SMEs. This is aimed at enhancing their access to long term financing, thereby acting as a catalyst to enable them to grow, create more jobs, sustain the existing labour force and develop intra-African and extra-African trade.

According to Mwaba, the re-guarantee facility is aimed at providing comfort to financial institutions in lending to SMEs, which tend to be regarded as a risky segment. He said that it would enable the financial institutions to transform their short term deposits into long term financing to SMEs. He said that it would also support Afreximbank's SME support initiative and AGF strategic plan.
More…https://economicconfidential.com/2018/12/afreximbank-smes-30m-2/

Written by Economic Confidential
Photo: AfricaBriefing

Alibaba's world electronic trading platform in Europe for the first time

December 10th, 2018 – On December 5th, the Alibaba Group and the Belgian federal government signed a memorandum of understanding on cooperation, marking the European arrival of the world e-commerce platform (eWTP) project promoted by Alibaba. What this means is that more small and medium-sized enterprises worldwide will benefit from a fair and beneficial trading environment.

According to the cooperation memorandum, the two parties promoted bilateral trade based on eWTP and provided a more convenient and fair choice for the cross-border trade of small and medium-sized enterprises in Europe by building a more inclusive and innovative trading platform. The Internet is profoundly changing the global trade landscape, and SMEs and young people are increasingly becoming the main force driving trade and globalization. In Europe, SMEs account for more than 90% of enterprises, and Belgium's SMEs account for 98%. Entering Europe, eWTP will help European SMEs to better participate, share and build a beneficial globalization environment.

More…https://www.freshplaza.com/article/9052041/alibaba-s-world-electronic-trading-platform-in-europe-for-the-first-time/

Source: People's Network – International Channel

Membership application form

MEMBERSHIP POLICY FOR ADMITTANCE AS AFFILIATED MEMBER NATURAL PERSON

MEMBERSHIP AS NATURAL PERSON is addressed and reserved for those who, even though are not entrepreneurs or business managers and/or don't have any specific interest in receiving assistance from WUSME for the benefit of their business, but rather feel sympathy and a favorable consideration towards the Association and wish to support its mission, by contributing with a symbolic fee as provided by the Board of Directors, as well as volunteering in projects or initiatives available.
Natural persons who join WUSME as Affiliate Member have the:
- Right to participate as Observer in General Meetings;
- Right to participate in WUSME conferences, seminars, webinars and special workshops
- Opportunity to speak in the WUSME events;
- Opportunity for free or with reduced rate to participate in international regional meetings, exhibitions and other annual events co-organized by WUSME or by its members and partners;
- Receive the WUSME SME Newsletter.

MEMBERSHIP POLICY FOR ADMITTANCE AS ENTERPRISE AFFILIATE MEMBER

Membership of Enterprise as Affiliate Member of WUSME is addressed and reserved to all small and medium sized businesses, entrepreneurs or business managers of SMEs, regardless of their legal form, who have are interested in joining WUSME and receiving assistance in their activity by contributing with a the membership fee as provided by the Board of Directors.
Enterprises, joining WUSME as Affiliated Members, have the following benefits:
1. to participate in WUSME's General Meetings as Observer;
2. to participate in WUSME's conferences, seminars, webinars and workshops;
3. to speak in WUSME's events;
4. to participate, for free or with reduced rate, in international or regional meetings, exhibitions and other events co-organized or promoted by WUSME or its members and partners;
5. to benefit from special discount agreed with International Hotels, Airlines and other similar services;
6. to receive WUSME's monthly SME Newsletter – WUSME's weekply news and hard copy of WUSME's Magazines;
7. the opportunity to enter the WUSME Community, an international network of selected and qualified SMEs, organizations, institutions, training centers, banks and other partners specialized in SMEs;
8. to seize opportunities of development and cooperation at national, regional and international level;
9. to receive basic assistance in the following areas of interest for their business.

MEMBERSHIP BENEFITS OF ORGANIZATIONS

Organizations, joining WUSME as Affiliated Members, have the opportunity to identify and convey factual opportunities to participate in projects, programs, bids and tenders highlighted from the WUSME international network.
Affiliated Organizations have the opportunity to be introduced to National and International SMEs Organizations, as well as to United Nations Organizations, European Union and other International Associations in Asia, Africa and Latin America which WUSME is in contact with. Affiliated Organizations may enter into Cooperation Agreements with WUSME, wherein customized modalities of future operations are agreed to reach mutual benefits.
Some specific benefits reserved to affiliated Organizations are:
1. to access the WUSME information services.
Affiliated Organizations may receive regular information on opportunities available in different economies of the world, such as "best practices", new business opportunities, access to the United Nations Global market and competitive advantages for exports and business partnerships;
2. to contribute to the written statement to United Nations Organizations.
Affiliated Organizations may contribute to written statements of WUSME to UN ECOSOC and other UN Organizations, e.g. UNIDO, UNESCO, OECD etc. aiming at the safeguarding of the rights, interests and competitiveness of SMEs and Crafts.
3. to assist enterprises in starting international business partnerships through the network of WUSME.
WUSME is in contact with the world and enjoys privileged international relations in many countries, where the Union has the potential to encourage entrepreneurship cooperation agreements. As a consequence, affiliated Organizations may offer assistance to entrepreneurs and startups in entering into business partnerships, joint ventures, clusters etc. in different countries across the world.

GENERAL INFORMATION
To be filled out in capital letters

Enterprise / Organization Name: ______________________________
First Name: ______________________________
Last Name: ______________________________
Position: ______________________________
Nationality: ______________________________
Address: ______________________________
State/Province/Other: ______________________________
Country: ______________________________
Generic email for Enterprise or Organization: ______________________________
Telephone No.*: ______________________________
Mob. No*: ______________________________
Fax*: ______________________________
E-mail adress: ______________________________
URL: http:// ______________________________

*Please, type telephone and fax numbers as they should be dialled from outside your own country – including country and city prefixes

Place and Date ____________________

Signature ____________________

OECD COUNTRIES:
(Australia, Belgium, Chine, Denmark, Finland, Germany, Hungary, Ireland, Italy, Korea, Mexico, New Zealand, Poland, Slovak republic, Spain Switzerland, United Kingdom, Austria, Canada, Cech Republic, Estonia, France, Greece, Iceland, Israel, Japan, Luxembourg, Netherlands, Norway, Portugal, Slovenia, Sweden, Turkey, United States)

CATEGORY:
- Organization (OECD COUNTRIES) ☐ € 500,00
  - Chamber of Commerce & Industry
  - National SME and Crafts Association
  - Regional SME and Crafts Association
  - Other SME Supportive Organization: please specify
- Organization (NOT OECD COUNTRIES) ☐ € 250,00

CATEGORY:
- Enterprise (OECD COUNTRIES) ☐ € 250,00
- Enterprise (NOT OECD COUNTRIES) ☐ € 150,00

CATEGORY:
- Natural person ☐ € 25,00

MEMBERSHIP FEE PAYMENT
1° METHOD
WIRE TRANSFER
BENEFICIARY: ASSOCIAZIONE “WUSME”
BANK: CASSA DI RISPARMIO DELLA REPUBBLICA DI SAN MARINO S.p.A.
BRANCH: AGENZIA SERRAVALLE
IBAN: SM 17 A 06067 09802 000020112378
SWIFT CODE: CSSMSMSM
DESCRIPTION: FIRST AND LAST NAME / ORGANIZATION OR ENTERPRISE NAME FOR MEMBERSHIP FEE YEAR 2018

2° METHOD
PAYPAL
Address your payment to the following account info@wusme.org

NOTE: CHECKS NOT ACCEPTED

TO JOIN WUSME MEANS

- **TO BECOME PART OF AN INTERNATIONAL AND QUALIFIED NETWORK OF SMEs AND RELATED ORGANIZATIONS AND INSTITUTIONS WORLDWIDE**

WUSME Members are enabled to pursue qualified contacts and establish profitable relationships helpful to develop and expand their action, also through the participation in events organized or promoted by WUSME and its partners, such as national and international conferences, seminars, workshops, training programs, etc.

- **TO SEIZE OPPORTUNITIES FOR DEVELOPMENT AND COOPERATION AT NATIONAL AND INTERNATIONAL LEVEL AND BE SUPPORTED IN THEIR IMPLEMENTATION**

WUSME Members are facilitated in entering into cooperation agreements with other Members in more than 80 countries worldwide and linking to national and international organizations, academic institutions, research centers and similar bodies specifically competent in SMEs. In addition, WUSME Members have the opportunity to approach the United Nations System, by virtue of the Special Consultative Status with the Economic and Social Council of the United Nations, and identify opportunities of cooperation.

- **TO ENTER AN INTERNATIONAL BUSINESS PLATFORM**

WUSME Members have access to an international business platform designed to facilitate the matching of supply and demand and combination of opportunities and conditions for an effective implementation of projects, programs and investments of different size, scope and value, which can relate to the private sector, SMEs in particular, as well as the public sector, with actions to be developed in the several fields considered strategic for the economy.

- **TO BE ASSISTED IN BUSINESS ACTIVITIES AND ENTREPRENEURIAL PROJECTS**

WUSME Members may receive support in the start-up phase, expansion of existing business, development of skills and capabilities, identification of potential partners and contact with international experts.

- **TO BENEFIT FROM A WIDE RANGE OF SPECIFIC ADVANTAGES**

Through the several and cross-cutting activities implemented and promoted by the Organization, WUSME Members receive professional guidance and qualified information with full access to the Organization's publications.

For more information, please, visit our web site: **www.wusme.org**

To stay up to date and get
news on **SMEs**,
please subscribe to our
newsletter

info@wusme.org

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World Union of Small and Medium Enterprises