

# SME Development Strategy

Ministry of Economic Development



# Outline

- 1 Key Issues
- 2 SME Data
- 3 Lessons Learned
- 4 SME Policies
- 5 SME Development Strategy

# Key Issues

1

## Tax

- Businesses finds it too complicated
- Fees & Fines

2

## Labour

- Inability to obtain labour qouta
- Issues with illegal workers

3

## Access to Finance

- Lack of SME focused financing options
- Collateral based lending

4

## Entrepreneurship Ecosystem

- Lack of government support
- No reliable data
- Unwillingness in private sector to support entrepreneurs
- Limited mentoring facilities

5

## Legal Framework

- Sophisticated framework for businesses
- Difficult to access services from Government Institutions
- Gaps in existing framework to nurture SMEs
- Costly requirements

6

## Sector Specific Issues

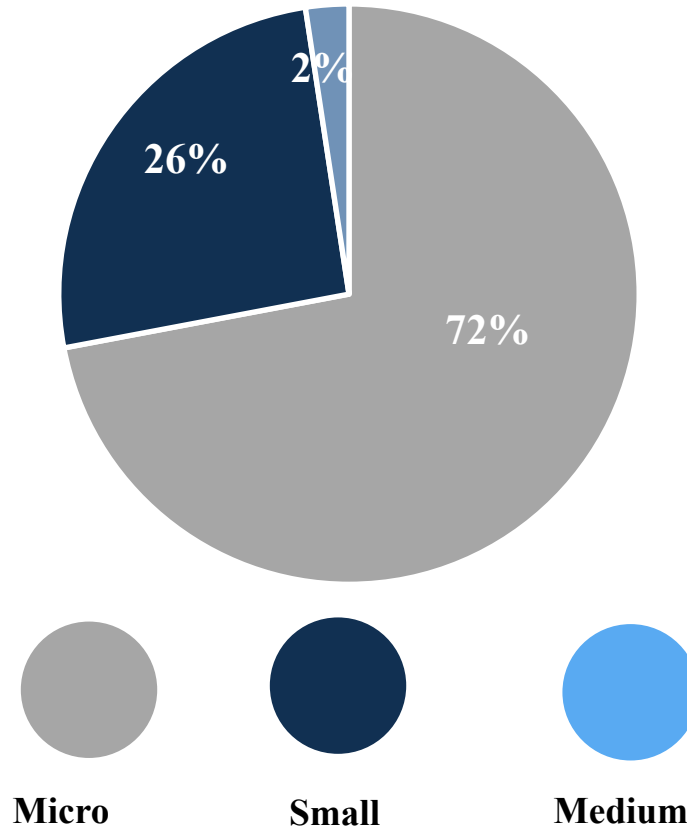
- Guest Houses
- Construction Sector
- F&B Sector
- ICT Sector
- Education Sector

# 2014-2018

Micro, Small & Medium Sized Enterprises

Voluntary Registration – 665 entities

Less than 5% of SMEs



## Lessons Learned

- Occasional financing schemes are not successful
- Broader spectrum of financial products required for SMEs in various stages of their lifecycle
- Need for relevant laws and regulations
- Importance of Government and Private Sector Partnerships to support SMEs
- Advocating for SME development as an economic development objective



**What is our SME Development Strategy?**

# Recap . . . . . Designed to address these Key Issues

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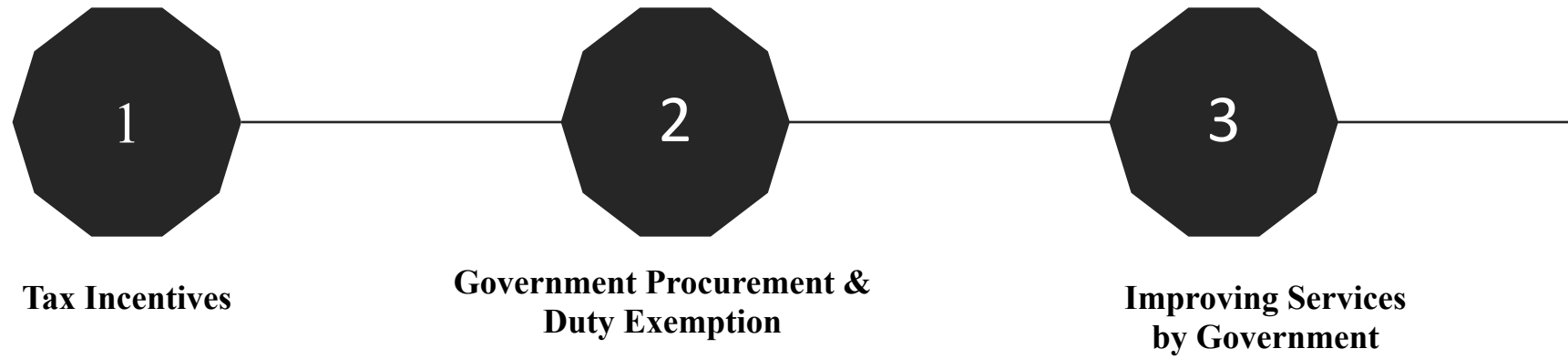
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## Sector Specific Issues

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## 3 Key Policies







# **SME Development Strategy**

1

**Access to Finance**

- Products: SME Development Finance Corporation
- Mentoring & other support: Business Center Corporation

2

**Assistance for Tax Compliance**

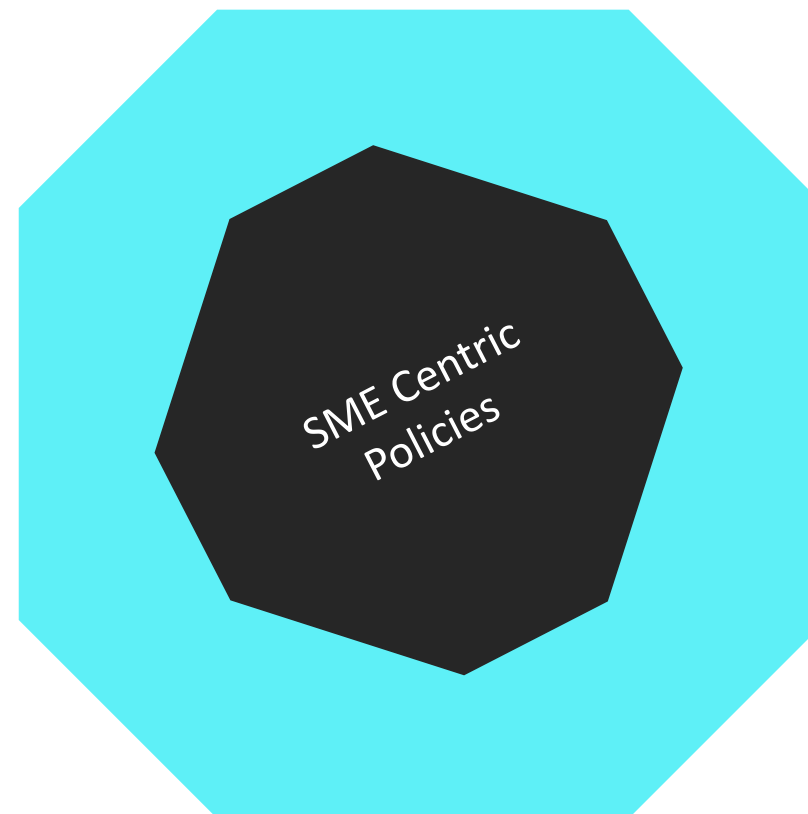
- Assistance to prepare Financial Statements and Tax Returns
- Remove requirement to file nil returns
- Refund mechanisms for excess tax payments

3

**Remove barriers to startups**

*Streamline Registrations, Permits, Licenses, Approvals & Authorizations*

- Increase service accessibility through Business Centers and island councils



4

**Improving Government's Service Delivery**

- Online Services (Business Registration)
- Repealing issuance of unnecessary permits & licenses
- National Single Window Project (MED, MIRA, Customs & other key stakeholders)
- Strengthening customer support

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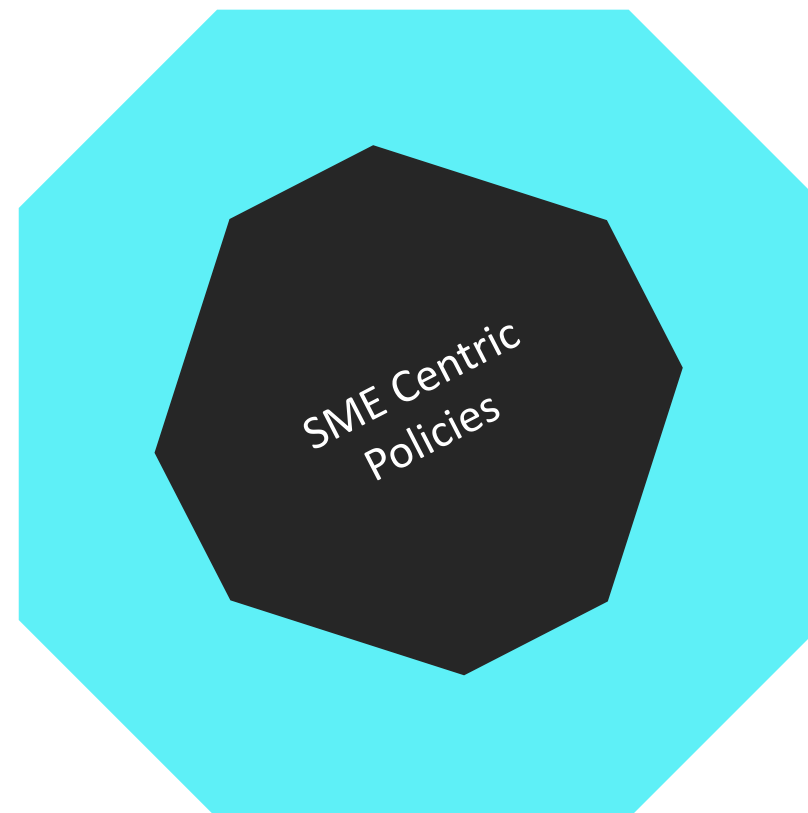
**Prioritize SMEs in Government Procurement Processes**

- Advocate for a more favorable criteria for SMEs to compete in government procurement processes

6

**Duty Exemptions for SMEs**

- Provide duty exemption for SMEs enabling them to grow their business



7

**Dealing with illegal businesses**

- Illegal businesses engaging general trade
- Foreign workers' control over the supply chain for locally produced horticulture crops
- Illegal businesses engaging in preparing meals & delivery for expatriate workers

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**Legal Reform Package (Short term)**

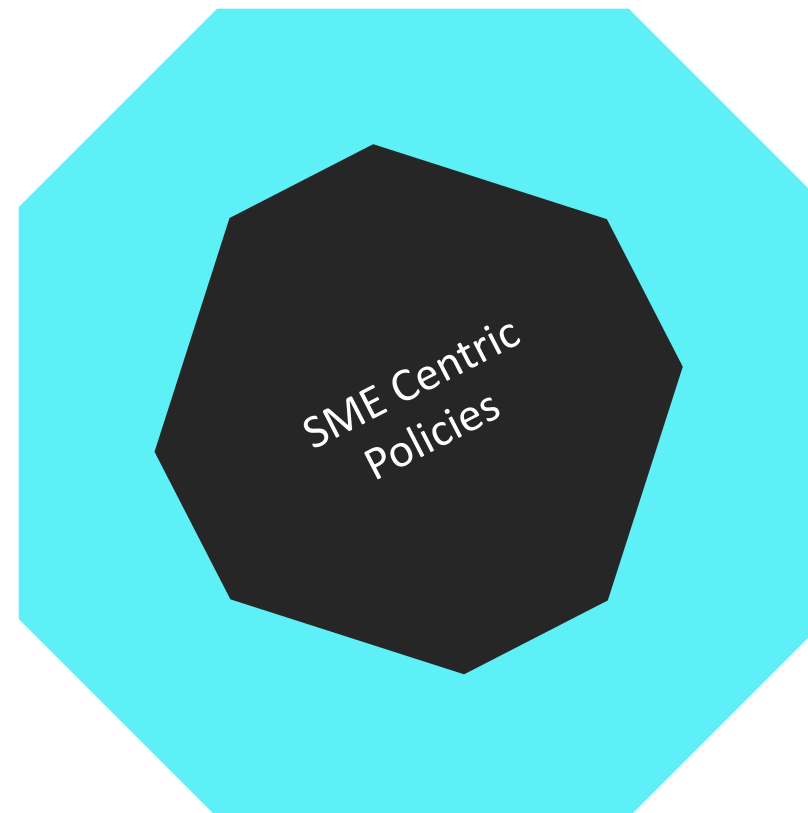
Amendments to key legislations affecting SMEs:

- Business Registration Act
- Companies Act
- Law on Sale of Imported Goods
- Law on Café, Restaurant, Cafeteria & Canteens
- Revenue Stamp Act
- Competition Bill & Consumer Protection Act

9

**Empowering NGOs**

- Provide government support to NGOs promoting various business sectors & industries



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**Address Sector/Industry specific issues****Guest Houses**

- Modernize the regulatory framework
- Provide government incentives

**Construction Sector**

- Local Construction Companies first policy

**F&B Sector**

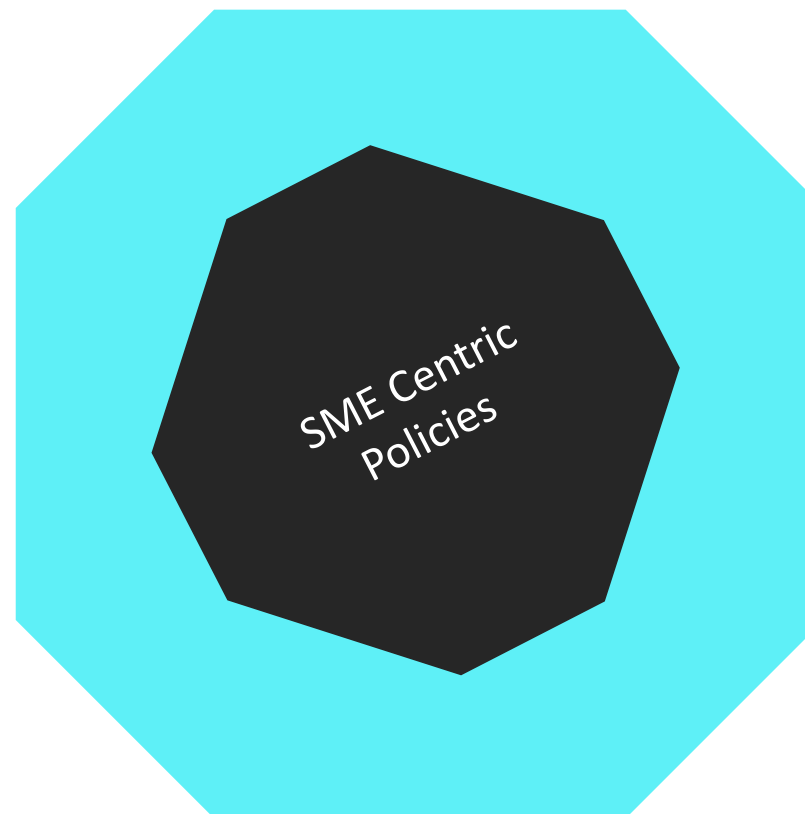
- Review the existing permits/licenses and authorization processes to create a more enabling environment through MFDA/Customs
- Incentives to produce locally

**ICT Sector**

- Enhance the legal framework
- Provide government support to introduce an efficient payment system/solutions
- Access to finance

**Education Sector**

- Promoting and supporting private sector education service providers – to operate as a business



## What's the expected outcome?

- Increase the number of active SMEs
- Increase productivity
- Create jobs
- Increase exports
- Enable SMEs to contribute to economic growth



**Thank You**