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FORTNIGHTLY E- BULLETIN FOR GLOBAL UPDATE ON SME NEWS, EVENTS, & PROGRAMS

ISSUE: 16-30 April 2024

ARGENTINA

Crisis in the SME sector: almost 17 thousand jobs were lost and they warn of suspensions and new layoffs

According to a report by Industriales Pymes Argentinos (IPA), the trend of layoffs has accelerated since March. A report by Industriales Pymes Argentinos (IPA) reveals the worrying situation facing the sector. The information published indicates that almost 17,000 jobs were lost in the last four months within the framework of SMEs and they clarified that the trend has worsened since March, something that could continue during May. In addition, the entity expressed that the textile is the sector most affected by the situation of the economy. According to what they indicated, layoffs have already been detected in automotive, textile, commerce, food and electromechanical brands, along with the public sector.

With respect to industrial SMEs, 16,870 jobs were lost in the period between November 2023 and February 2024. The outlook is also worrying since the recession causes the trend in registrations between March and April to accelerate. Daniel Rosato , president of Industriales Pymes Argentinos , indicated that “as the recession deepens, in February there were suspensions that intensified in March, in April we already see companies that closed or operate at 30 percent of installed capacity, and in “The layoffs will begin in May .”

An important point to keep in mind is that the records available are of blank work, while there is a lot of informal employment that cannot be studied due to lack of information. For example, the construction industry is one of the sectors with the greatest informality, while there were 34,500 layoffs in the formal sector during the month of January, as indicated by Indec data. The drop in formal employment in SMEs was 1.4% between November and February, which is equivalent to 16,870 jobs. “The sector where the layoffs will be felt the most is the textiles, where no less than 20 percent of the 5,000 companies are going to close their doors. We could achieve no less than 30,000 layoffs in this sector,” explained Rosato.

Furthermore, he clarified that “if the stocks are lifted, the crisis will deepen.”And he added that “importers who come to our domestic market meet in Buenos Aires hotels: this is already happening in clothing and footwear because it is a massive sales sector.” In this sense, the businessman mentioned that competition "does not happen because of salaries but because raw materials cost up to three times more than what they are worth abroad."

A point to keep in mind is that “in Argentina there are about 50,500 industrial manufacturing SMEs, the same number as ten years ago,” said the president of IPA, while population density increased, which shows a drop in the number of SMEs.
On the other hand, Rosato revealed that he requested a meeting with Luis Caputo, Minister of Economy, but they never responded.

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BAHRAIN

MPs approve establishing new support fund for SMEs in Bahrain

Parliament has voted in favour of establishing a new support fund for small and medium enterprises (SMEs) in Bahrain. Out of the 28 MPs present during the chamber's weekly session yesterday, 18 members, including Speaker Ahmed Al Mussallam, backed the move, six rejected it and four abstained.

The fund was proposed by the Strategic Thinking Bloc, led by MP Ahmed Al Salloom, and is expected provide financial, administrative and technical support to help SMEs overcome hurdles, obstacles and challenges to the way the business is conducted, and ensure their survival. Its set-up, operations, programmes and manpower will be funded by Tamkeen (Labour Fund) and the Future Generations Fund.

Mr Al Salloom, who is also Bahrain Chamber board member and chairman of the Bahrain Small and Medium Enterprises Development Society, claimed that Bahraini owners are facing tough competition from expats who are providing services as small and medium enterprises. He pointed out that most of the commercial registrations (CRs) in Bahrain were for small and medium enterprises. "This fund has a different scope as it focuses solely on small and medium enterprises to make them strong in the face of struggles, closure or competition from expats," said Mr Al Salloom, who was also selected as the financial and economic affairs committee secretary during a debate on the topic. Such enterprises are a pillar of the economy and they need to stand on stable ground that allow them to flourish, develop and grow to desirable levels," he added. The fund is futuristic and we believe it will help put things in the right perspective of continuity and long-term progress."

However, the Finance and National Economy Ministry urged Parliament's financial and economic affairs committee in writing for a rethink. "Clearly, it interferes with Tamkeen's current mandate," said the ministry. Having multiple funds serving the same purpose doesn't help achieve anything, it just gets work scattered, efforts divided and support plans lost," it added. "Since Tamkeen was set up in 2006, 97 per cent of its support has been for small and medium enterprises. "Tamkeen has not approached the government to say it doesn't want to serve such enterprises. It has done hugely during the Covid-19 pandemic, and has presented new plans to develop its support to such enterprises."

The Bahrain Chamber, in a letter, said it was against the new proposed fund. "This fund is a setback to national efforts led by Tamkeen," it said. The new fund will overlap Tamkeen causing confusion, upheaval and undesirable mix-ups. "There is no need to fix something when it is not broken and has been going on rightly for 18 years."

Also giving a dissenting view, Parliament first deputy speaker Abdulnabi Salman said taking money from security funds has become a "trend". "We don't need to waste vital savings to support forming something that is already being taken care of by Tamkeen," he said.

"This trend of taking from savings needs to end now and giving this move the go-ahead is a financial setback despite good intentions."

Parliament and Shura Council Affairs Minister Ghanim Al Buainain said MPs should focus on rationalising spending and not increase it.

Meanwhile, MPs voted unanimously in favour of amendments to the Law of Evidence in Civil and Commercial Matters also presented by Mr Al Salloom and his bloc to allow adversaries or those in dispute to agree on a common expert from a list rather than selected by court. Both will be drafted as proper law by the government within six months and referred to the National Assembly for review.

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BRAZIL

Brazil aims to boost credit for small businesses, real estate loans

Brazil's government will launch measures on Monday aimed at renegotiating debts and reducing the cost of new loans for small businesses and low-income families, besides establishing a secondary market for real estate credit.

The initiative, previously hinted at by government officials, is in step with efforts by leftist President Luiz Inacio Lula da Silva's government to boost economic activity while improving its popularity, which has been on a downward trajectory in recent polls.

Created through an executive order to be signed by Lula at an event this morning, the "Acredita" program will facilitate the provision of microcredit to those enrolled in CadUnico, the federal government registry enabling access to social programs, including the Bolsa Familia, a welfare cash handout.

The government said in a statement that the program will also enable small businesses to access credit at lower rates and to renegotiate debts under a model similar to that used in the "Desenrola" program for individuals, launched by Lula in 2023 and extended until May this year.

Another measure in the government package will create a secondary market for real estate credit, allowing "banks to increase the provision of real estate credit at affordable rates for the middle class."

Simultaneously, the government will publish through the same executive order the legal measures to establish its foreign exchange hedge solutions platform to attract foreign investors, which was announced in February.

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EGYPT

MSMEDA, Kredit ink EGP 100m financing deal for SMEs

The Micro, Small, and Medium Enterprises Development Agency (MSMEDA) has entered into a financing agreement with Kredit, earmarking EGP 100m for the support of small-scale projects. Loans will range from a minimum of EGP 500,000 to a maximum of EGP 5m per project. Basil Rahmi, MSMEDA's CEO, alongside Ahmed Emam, Managing Director and Executive Board Member of Kredit, have formalized the initial phase of the agreement, valued at EGP 50m. The subsequent tranche will follow the full allocation of the first.

Rahmi emphasized MSMEDA's dedication to providing comprehensive financial and technical assistance to the small enterprise sector, a critical pillar for holistic economic growth. The contract aligns with MSMEDA's strategic plan to diversify financing avenues for SMEs and bolster partnerships with entities dedicated to supporting these ventures, thus enhancing financing accessibility for entrepreneurs. The agreement aims to fund a variety of existing and emerging SMEs across numerous economic sectors, with a focus on financing equipment, machinery, and operational capital.

Emam commended the ongoing collaboration with MSMEDA, recognizing its role as a pivotal supporter of Egypt's small enterprise sector. He acknowledged MSMEDA's effective support mechanisms and its alignment with national development objectives, including exports and eco-friendly initiatives. Emam also highlighted Kredit's status as a pioneering SME financier in Egypt, committed to aiding the manufacturing and export domains.

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GHANA

First National Bank Rolls Out New Lending Solutions For SMEs

First National Bank (FNB) has introduced a system-based tool to help micro, small and medium scale enterprises to easily access credit without the hassle of financial statement and documentations. The bank piloted the tool, known as the Scored Credit model for six months, with over 250 loans disbursed to eligible small and medium-sized enterprises (SMEs) over the last nine months.

According to Statista, a German online platform that specializes in data gathering and visualization,SMEs in Ghana make up about 90% of companies, employ about 80% of Ghana's workforce and contribute about 60% to the nation's Gross Domestic Product (GDP). However, many SMEs are unable to access the finance they need to operate efficiently and scale up.

"At First National Bank, our purpose beyond profit is to help, and that's why we have developed this unique proposition to help our customers to access credit at every stage

of the business," says FNB International Chief Executive Officer, Dinesh Fakir. He emphasized that Scored Credit is an unsecured facility that comes as an overdraft or term loan with a flexible repayment tenor of up to 12 months. Because of minimal documentation, the cost of assessing this loan is cheaper and convenient to SMEs. "The system-based approval tool analyses the transactional behavior of First National Bank customers who have operated their bank accounts for a minimum period of six months and have been in operation for at least 12 months," Mr. Fakir says.

Clients that have banked with First National Bank over six months are eligible for Scored Credit. To apply, a customer has to place an official request to First National Bank, stating the amount, tenure and purpose of the facility. Customer can also contact the SME BizHub, the branch or the Call Center for guidance.

"We have surprised many customers by informing them of pre-approved facilities through the scored credit base on their account operations with us says Mr. Fakir. This is our commitment to growing and developing SMEs in Ghana. We provide the working capital support that enable businesses take the next step in their growth journey. One of the beneficiary business customers, Nancy Amoah, a project consultant at Donsi Villlas, affirmed that one of their recent developments required resources and funding capital to help scale up and complete a project on schedule. "When we engaged our bankers at First National Bank, they enrolled us onto BizHUB, their financial advisory service. They provided us with the financial advice and support that we are enjoying now. With their Scored Credit, they helped us throughout this project. We didn't have to worry about where the next funding will come from and we're thankful that we could rely on First National Bank at such a time," she said.

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IRAQ

Iraq, Turkey sign 26 cooperation deals

Iraq and Turkey on Monday signed 26 agreements and MoUs to expand mutual investments and set up joint small and medium enterprises (SMEs) in industry, power and other sectors. The accords were signed during Turkish President Recep Tayyip Erdogan's first visit to Iraq in 13 years, Al-Iqtisad News and other Iraqi publications said.

One agreement included encouragement and protection of investments in the two neighboring countries while another covered incentives for SMEs and a third called for cooperation in defence industries.

Two other accords called for expanding cooperation in the tourism sector and in power projects, according to the report. Erdogan is also expected to announce Ankara's contribution to a mega project involving the construction of a 1,200-km rail line from Southern Iraq to the Turkish border.

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OMAN

SFD Signs Development Agreement to Support SMEs in Oman

The Saudi Fund for Development (SFD) in Oman has signed a development financing agreement worth $67 million with the Oman Development Bank (ODB). This agreement is part of the $150-million support program provided by the Saudi government to Oman through the fund.

The co-chairs of the Saudi-Omani joint committee for the management of the program to support small and medium enterprises (SMEs) signed the agreement at a signing ceremony at the ODB headquarters in Oman.

Director of Financial Operations and Chairman of the Saudi side of the joint committee Saeed Al-Qahtani and Director General of Treasury at the Ministry of Finance and Chair of the Omani side of the joint committee Zahir Al-Abri represented the two sides in the agreement, while ODB CEO Hussain Al-Lawati signed the agreement on behalf of the bank.

The agreement aims to support the ODB's initiatives in financing SMEs' activities, enhance social and economic growth, and create jobs in various states and governorates of Oman. The ODB is one of Oman's most prominent government entities concerned with providing financing facilities for micro, small, and medium enterprises in the sultanate.

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SOUTH KOREA

Korean, Japanese SMEs agree to boost exchanges

TThe Korea Federation of SMEs (KBIZ) and the National Federation of Small Business Associations in Japan have agreed to expand exchanges between the small and medium-sized enterprises (SME) of both countries, KBIZ. The agreement was made during a meeting that took place on Friday at the KBIZ headquarters in Yeouido, Seoul.

The Japanese delegation led by the association’s chairman Hiroshi Mori was in response to KBIZ’s visit to its counterpart in Japan in October 2023. Both organizations expressed an understanding of the importance of economic cooperation between South Korea and Japan and discussed various measures to enhance private-sector exchanges.

In particular, they agreed to expand exchanges between SME associations by sharing common policies and issues faced by SMEs in both countries, including cooperative negotiation systems and business succession schemes.

Before the meeting, the Japanese delegation visited Home & Shopping established to support SMEs to assess the competitiveness of excellent SME products and acknowledged the need for support for these enterprises.

KBIZ Chairman Kim Ki-moon emphasized the complementary strengths of Korea in information and communication technology (ICT) and Japan in core technologies such as materials, components, and equipment. He said that active mutual exchanges are necessary to achieve tangible results between SMEs in both countries and called for concrete exchanges and the dissemination of outcomes through a memorandum of understanding.

Chairman Mori expressed his pleasure at visiting Korea to discuss detailed cooperation since October last year. He emphasized the need for frequent meetings between the two organizations representing SMEs in Korea and Japan to establish directions for cooperation that are beneficial to each other and strive to achieve results together.

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Asia

Vietnam ranks third in Southeast Asia in startup investment attraction

Vietnam maintained its third position in the number of investment deals and regained the third place in terms of total investment in startups in Southeast Asia.

In 2023, Vietnamese startups received a total investment capital of $529 million.

Singapore led in both the number of deals and total investment capital for startups, followed by Indonesia, according to the 2024 Technology and Innovation Investment Report released at the Vietnam Innovation Forum 2024 on April 26 by the National Innovation Centre (NIC) and Do Ventures Investment Fund under the sponsorship of the Ministry of Planning and Investment.

This report also said that in 2023, Vietnamese startups' total investment capital of $529 million dropped by 17% compared to the previous year.

In 2023, nearly 100 funds poured capital into Vietnamese startups, of which the most active investors came from Singapore, followed by Vietnamese investors.

Of which, the healthcare sector received the highest investment, skyrocketing 391% over the previous year. The education sector also received a high amount of capital, up 107% year on year.

Speaking at the forum, Deputy Minister of Planning and Investment Tran Duy Dong said Vietnam will accompany startups, corporations, organisations and experts to develop science and technology, promote innovation, contributing to the country's economic growth.

Vietnam has moved up two places in the Global Innovation Index (GII) in 2023, ranking 46th out of 132 countries and territories, according to a GII report released by the World Intellectual Property Organisation (WIPO).

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Malaysia to set up $627m fund for startups in Southeast Asia

Malaysia’s sovereign wealth fund Khazanah Nasional, along with Blue Chip Venture Capital and local retirement fund KWAP, are setting up a venture capital fund. Worth up to 3 billion ringgit (US$627 million), the fund would target Southeast Asian startups, Bloomberg reported.

This move is part of Malaysia’s larger goal to become one of the top 20 global startup centers. The country aims to double VC investments to US$1.4 billion by 2030 and plans to invite 12 international VC firms to set up shop in Malaysia.

Malaysia is also offering subsidies for office rentals and visa waivers to global tech companies expanding to the country. Global semiconductor giant Arm Holdings and chemical firm OCI Holdings have already announced plans to invest in Malaysia.

Data from the Securities Commission Malaysia shows large growth in VC and private equity funds in Malaysia, rising from US$690.4 million in 2006 to US$3.68 billion in 2023.

According to KWAP CEO Nik Amlizan Mohamed, the pension fund plans to invest more in startups and VCs to increase its returns. This is part of Malaysia's strategic move to attract more international capital to Southeast Asia while boosting the local startup sector and listings in Kuala Lumpur.

State-owned Malaysia Venture Capital Management – the country's largest VC firm – recently said it would double its investments to US$1.4 billion as part of the company's Malaysia Venture Capital Roadmap, backed by the country's Ministry of Science, Technology, and Innovation. Under this strategy, the company will up its efforts in funding, regulatory reform, and expanding capacity.

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EUROPE

Paris-based Carbonfact raises €13.9 million to fast decarbonise the fashion industry

Carbonfact, a Carbon Management Software built for the fashion industry, announced it has raised €13.9 million Series A led by European VC Alven, who already led Carbonfact's seed round in mid-2022, and joined by global VC firm Headline who is also joining the board. The round also sees a follow-on investment from Y Combinator, whose 2021 batch the company was part of.

Carbonfact's priorities over the next twelve months will focus on helping textile retailers and manufacturers measure and build plans to reduce their emissions in line with upcoming regulations and expanding global onboarding teams. The company has recently launched a new suite of modeling tools that enable fashion brands to understand how changes in product design or supplier selection can affect carbon footprints before products are made. This allows them to focus on reducing emissions instead of offsetting them.

The fashion industry is responsible for up to 10% of annual global carbon emissions, more than all international flights and maritime shipping combined. Founded in 2021 with the mission to decarbonize fashion, Carbonfact's automated carbon management software tackles this issue with tools to help fashion companies measure, reduce, and disclose their products' emissions in line with upcoming regulations such as the EU's Corporate Sustainability Reporting Directive (CSRD).

The company founders are Marc Laurent, who previously founded Kerala Ventures (one of the best performing French pre-seed funds having invested in Doctolib & Malt), Martin Daniel (formerly Data Science Lead at Airbnb), and Romain Champoulier (formerly CTO of JobTeaser).

"After meeting with hundreds of textile brands and suppliers, we realised that collecting data and reporting on all product and supply-chain information is a complex task that requires more comprehensive data management than spreadsheets allow. We believe that fashion brands should be able to measure and report on climate progress with limited manual work," said Marc Laurent, the company's CEO.

Measuring carbon emissions in the fashion industry is a complex task. The regulatory landscape has become difficult to navigate due to constantly evolving standards, such as the EU's Product Environmental Footprint Category Rules (PEFCR), which require expert knowledge. To calculate the environmental impact of a single garment, more than 100 data points are required, including weight, origin, and energy usage during manufacturing. Fashion companies face a significant challenge in tracking emissions due to the intricate, multi-layered nature of their supply chains. Manually gathering and consolidating data across the outsourced manufacturing and own business is not only error-prone but also unsustainable as new laws increase reporting requirements.

Carbonfact stands out by automating this time and resource-intensive task, addressing the industry's challenge of collecting accurate and primary data from multiple supply chain tiers. The software connects to the company's IT systems and cleans and analyzes the data to then identify gaps and anomalies. Carbonfact employs machine learning to systematically fill in any missing details and provide reliable footprint calculations, even when data is incomplete. On the live platform, brands can identify emission-intensive manufacturing processes, build reduction plans and export automatically created reports for annual carbon disclosure, aligning with multiple frameworks, and ensuring compliance with new laws and standards.

Bartosz Jakubowski, Partner at Alven, commented: "We strongly believe the future is about vertical and product-centric Carbon Management Platforms, and we were impressed by the leadership position that Carbonfact has been able to take on the fashion industry".

Jonathan Userovici, General Partner at Headline, added: "The fashion industry is worth $1,900B globally. It also emits some of the highest amounts of emissions for each dollar spent. Carbonfact is the only platform that offers a product deep enough to satisfy today's increasingly complex supply chains. Carbonfact's customers were the first ones to tell us about the incredible value the platform provides. Some of them were even able to access more attractive lending rates and sustainability incentives by being able to show real sustainability efforts."

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Africa

NBA Africa opens applications for startup accelerator programme

NBA Africa has opened applications for Triple-Double, a startup accelerator that will provide early-stage African startups with cash prizes and other support.

Operated by tech incubator ALX Ventures, Triple-Double is aimed at early-stage startups in Africa developing solutions in event management and ticketing, youth development, AI, and digital marketing in the sports and creative industries.

Ten selected startups will be paired with mentors from NBA Africa, ALX and other corporate stakeholders, who will provide guidance with a focus on product development, business growth and go-to-market strategy.

A demo day will take place in New York in September, where participating companies will pitch their products to a panel of industry leaders from the US, Africa, and around the world. Four winning companies will then be selected, with first place banking US$50,000 in cash and US$50,000 in value-in-kind support, and second, third and fourth places winning US$40,000, US$30,000 and US$20,000 in both cash and value, respectively.

The four winning startups will also gain access to further mentorship and the opportunity to work with NBA Africa and the Basketball Africa League on their current and future initiatives on the continent.

"We are thrilled to launch an accelerator programme based on the continent and focused on early-stage African startups. This groundbreaking new initiative reflects our commitment to expanding the African sports ecosystem, and these incredible companies will be at the forefront of shaping the future of sport on the continent," said NBA Africa CEO Clare Akamanzi.

Applications are open here until May 31.

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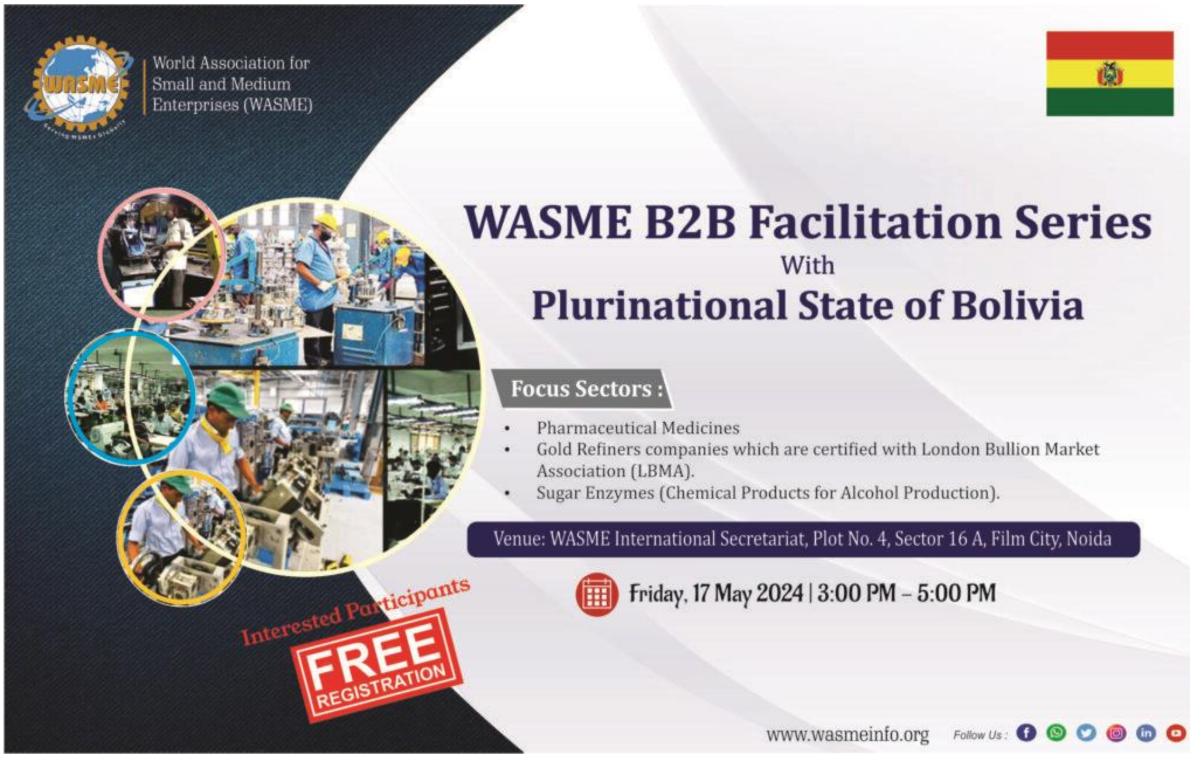
EVENTS UPDATE



Date: 17 May, 2024
Venue: WASME International Secretariat, Noida, India
Register at: https://www.wasmeinfo.org/event/wasme-b2b-facilitation-series/

Date: 27 May, 2024
Venue: Patna, Bihar, India
Register at: https://www.wasmeinfo.org/event/international-conference-on-enhancing-msme-participation-in-public-procurement/

Membership

WASME has members in different countries across the world. Member constituents represent industrial promotional organizations of various types and come from highly industrialized, developing and transition economies, as well as least developed countries. WASME has a broad membership spectrum that includes:

Categories

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- Financial Institutions/ Banks/ NBFCs
- SME Promotion Organization/ Enterprise Development Organization

Chambers/ Industry Associations/ SME Associations

International & Regional Federations/ Associations

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- Partnership/ Proprietorship/ LLP etc
- Research Institutes/ Technical Institutes/ Universities
- Individual Consultants/ Experts/ Students
- NGOs/ SMEs etc.

Permanent Members

- Any General Member or Associate Member who is willing to be Permanent Member of WASME

Benefits to Members

Collaborating with other members on issues of common interest to enable local SMEs gain access to a variety of advantages, such as:

- Making advantage of a vast network of WASME to create new alliances
- Building a global network and making your voice heard
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- Possessing the chance to organise or present at WASME Global Conferences, Seminars, Exhibitions, events, and programmes
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- Sharing your opinions and ideas in WASME publications
- Get access to WASME Resource Centre of Knowledge, Experts, Technology, Trade Facilitation, Financial Assistance, Market Linkage etc.
- Get tailor made services and support

For any query related to membership write to **membership@wasmeinfo.org**

WORLD ASSOCIATION FOR SMALL AND MEDIUM ENTERPRISES (WASME),

WASME is an International Non-Governmental Organization that has observer and consultative status with many UN agencies, such as UNIDO, UNCTAD, UNICITRAL, WIPO, ILO, ECOSOC, UNESCAP, ITC, and UNESCO. Additionally, WASME has several inter-governmental and international organization affiliations. It has been striving to stimulate, foster, promote, and coordinate international cooperation for the growth & development of MSMEs.

WASME was founded in 1980 with the goal of supporting MSMEs in member countries. We have achieved this through our strong association with local government bodies, regional authorities, international linkages, civil societies, SMEs, etc. We are continuously working to improve our innovative and sustainable framework so that we can better serve MSMEs around the world.

WASME's fortnightly SME e-Bulletin "WORLD SME UPDATE" aims to keep its readers abreast of latest information on various developments taking place in the SME sector around the globe. If you have any news/information on the issues related to Government policies & programmers and latest developments in the SME sector i.e. technology and innovations, success stories, case studies, research and methods, planning and programs, training and developments, finance and management, and marketing that you would like to share with the world SME community, please do send them to us at editor@wasmeinfo.org

We always welcome your valuable feedback/comments on the SME e-Bulletin to further enhance our services on information dissemination. Hence, please send us your valuable guidance as well as meaningful articles as a regular contribution to SME e-Bulletin and our website in the larger interests and benefits of SMEs the world over.

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