


The Policy Menu for SME and SI Promotion

**A Comparative Summary and Lessons from
Mizutani Report (Thailand) and Urata Report (Indonesia)**



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An Overview of the Two Reports

Measures in Thailand (Mizutani Report)

1. Establish credit guarantee facility
2. Restructure SFI
3. Establish EFF for SME

1. Corporate evaluation system
2. Traveling consultation
3. Technical support (testing, inspection)
4. TQM, ISO
5. Technical consultation
6. HRD

1. Establish SME Agency
2. Classify targets of the policy

Financial problems

1. Credit
2. Liquidity

Internal problems

1. Technological knowledge
2. Modern management capability
3. Quality of export goods
4. Shortage of human resources
5. Lack of marketing knowledge

Policy problems

1. Institutional support
2. Legal framework
3. PR for SME promotion measures
4. Monitoring & assessment

Measures in Indonesia (Urata report)

1. Enhance credit guarantee system
2. Restructure financial sys.
3. Promote equity finance

1. Corporate evaluation system
2. Traveling consultation
3. Technical assistance
4. Provide one-stop service
5. Establish SME training center

1. Promote coordination among the measures
2. Strengthen admin. capacity
3. Monitoring and assessment
4. Disseminate SME promotion measures

Measure Menu

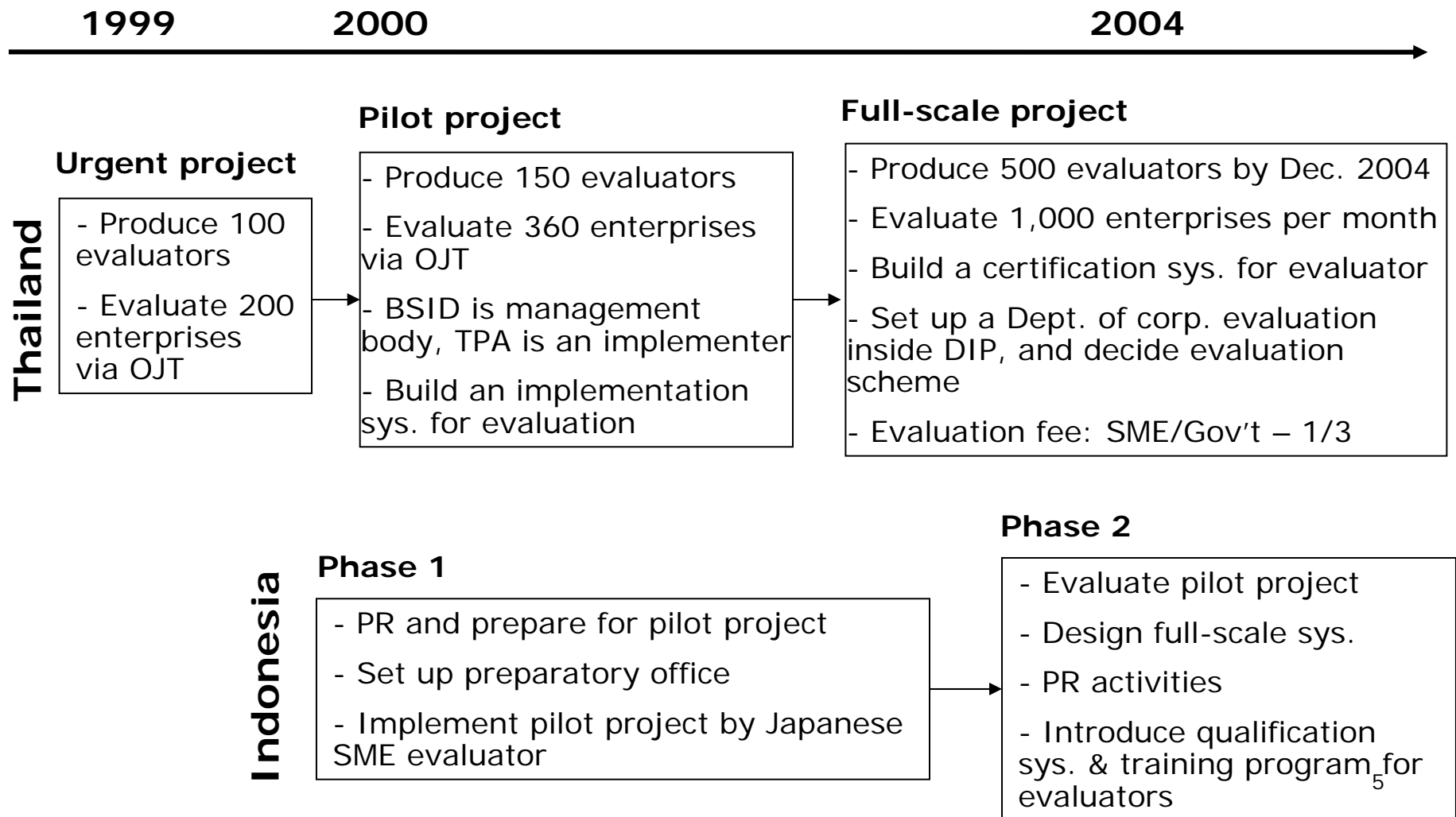
1. **Financial Measures**
2. **Improvement of SME Capacity**
3. **Human Resource Development (HRD)**
4. **Supporting industry (SI) Promotion**
5. Improvement of Business Environment
6. Rural SME Promotion
7. Export Promotion
8. **Framework for Implementation**

Financial Measures

	Thailand	Indonesia
Credit guarantee	<ul style="list-style-type: none"> - Address financial demand for working capital, and for short-term loans - Start in moderate size, target to cover 2% of total lending in 10 years - SICGC will operate this facility 	<ul style="list-style-type: none"> - Establish a new-two tiered credit guarantee scheme - Transform ASKRINDO and Perum PKK to a central body, and a credit guarantee implementation institution, respectively.
Financial system	<ul style="list-style-type: none"> - Enhance SIFC to become SFI for SME (SME Bank) - Provide long-term loans at low interest rate - Should upgrade its credit appraisal skill, and install internal auditing staff 	<ul style="list-style-type: none"> - Convert BRI to a SME bank that will loan directly to SME or through agency bank
Equity Finance	<ul style="list-style-type: none"> - Establish venture capital fund (either fully-government fund or government-private joint fund) - Fund will be managed either by the government or by an entrusted organization 	<ul style="list-style-type: none"> - Review listing requirement - Assist SME to disclosure information - Develop high quality venture capitalists and entrepreneurs

Improvement of SME Capacity -1

Corporate Evaluation System



Improvement of SME Capacity -2

Traveling consultation program

□ **In Thailand:**

- Forming enterprises with same technological and managerial problems into a group, to which a team of experts is dispatched.
- SME promotion office will provide a database of experts for traveling consultation, support to organize expert team and formulate program; introduce oversea experts...

□ **In Indonesia:**

- Using model of business management advisor system in Japan to design the program (provide wide range managerial issues: finance, taxation, labor, trade and accounting).
- CCI will provide such consultant services.

HRD - Thailand

□ **Institutional support**

- Enhancing coordination among HRD organizations.
- Designing effective training project.

□ **Strengthen and expand skill certification system**

- Adding new types of business into existing qualification system.
- Introducing training program and curriculum, and encourage employees in SME to take tests.

□ **Improve capability of HRD in training and education institutions**

- Promoting exchange between industry and education institutions.
- Upgrading TVET system (Pathumwan Technical College). ⁷

HRD – Indonesia

- ❑ Establishing SME Training Centers.
- ❑ Providing training of SME management advisors, as well as SME personnel (manager & technician).
- ❑ Initially commencing in Jakarta and several other cities.
- ❑ Utilizing curriculum used in Japan as model.
- ❑ Centers should establish their own source of income to ensure stable operation.

SI Promotion – Thailand

- ❑ **Formulating SI promotion plan**
- ❑ **Promoting linkages between large enterprises and SME**
 - Incentives for (i) dispatching instructors from large enterprises, (ii) on-site training at large enterprises, (iii) HRD projects with involvement of large enterprise, and (iv) collaborative projects between large enterprises and research institutions.
 - Strengthening network through a SI database, reverse exhibitions...
 - Establishing Public Institution Linkage Project in SI Center, BSID.
- ❑ **Upgrading capacity of domestic SME**
 - Enhancing system of providing service to the private sector.
 - Promoting international cooperation with JICA, NEDO, JODC, AOTS, JETRO...

SI Promotion – Indonesia

- ❑ **Promoting inward direct investment by foreign assembly and part makers**
 - Investment environment with high transparent and few restrictions.
 - Receiving an investment environment study team from abroad.
- ❑ **Establishing SI promotion centers**
 - Most important technologies: casting, forging, and metal mould manufacturing.
 - The center will provide SME technical advices and inspection service to upgrade these technologies.
- ❑ **Assisting private training organization**
- ❑ **Promoting linkages between foreign subsidiaries and local SME**

Framework for Implementation

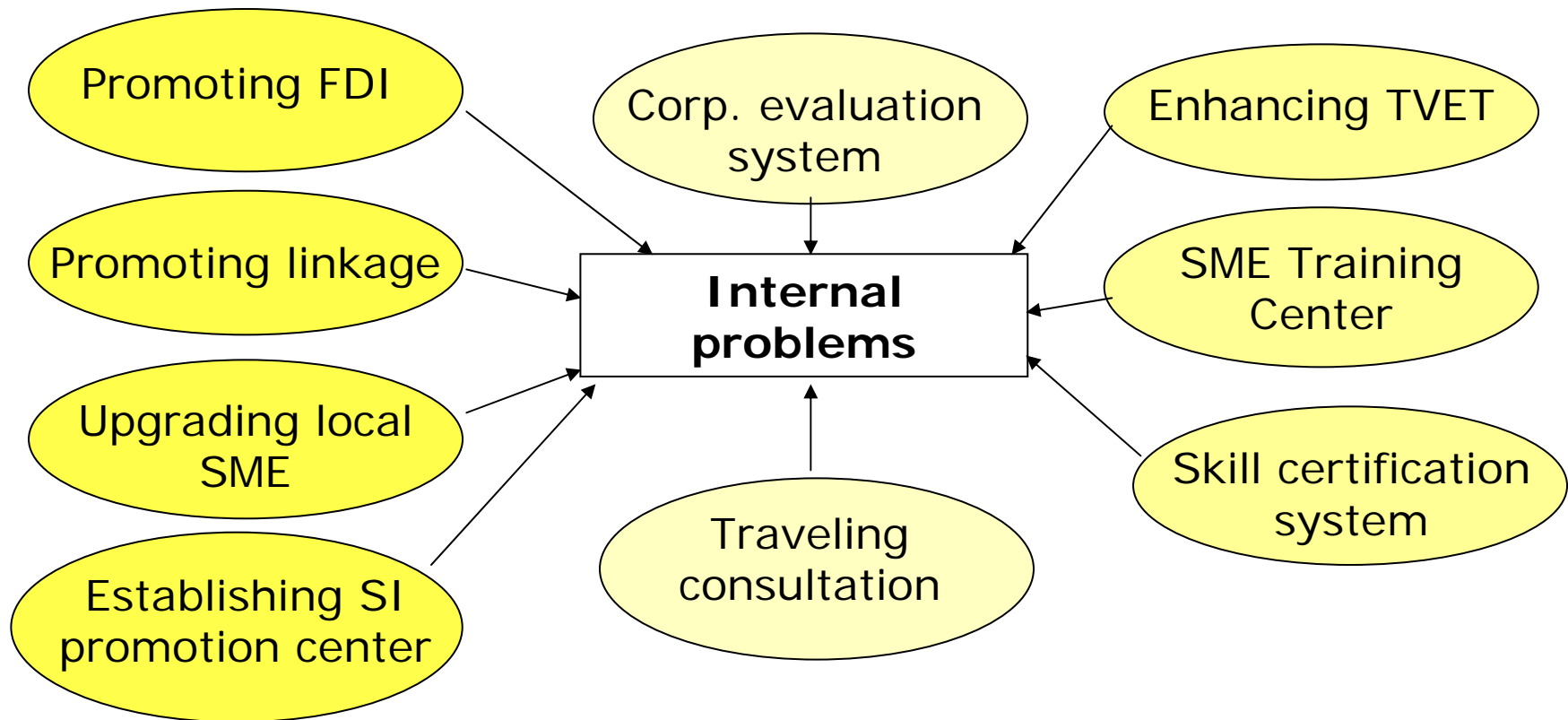
□ In Thailand

- Establishing the SME Agency.
- Clarifying targets of the policy.

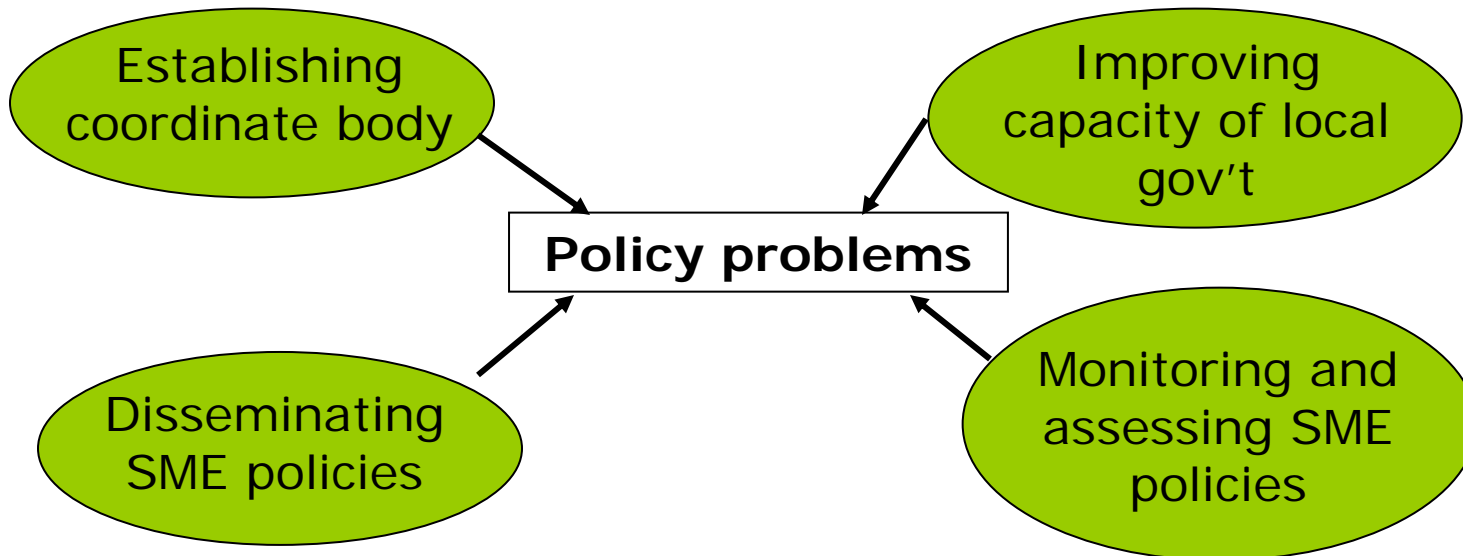
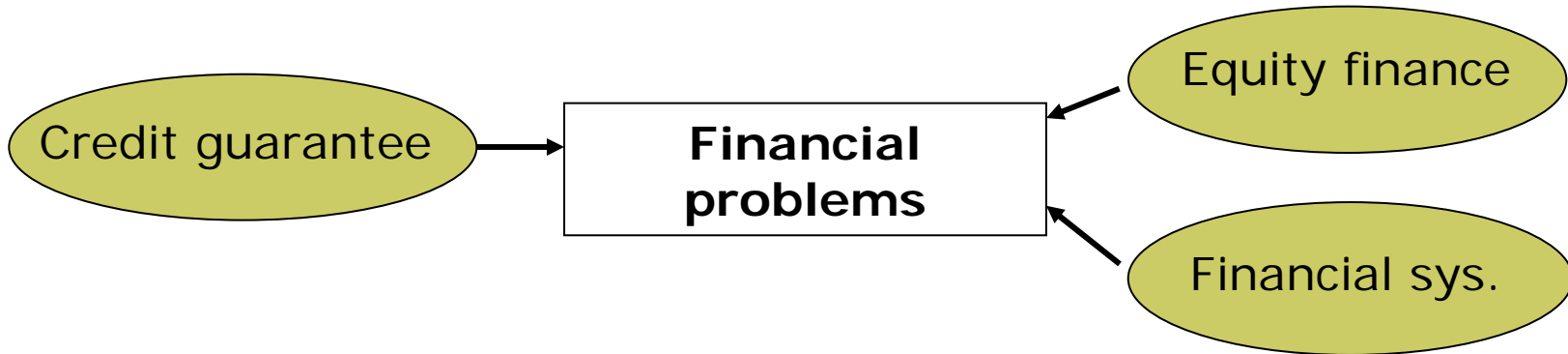
□ In Indonesia

- Establishing a coordinating body.
- Improving capacity of local governments.
- Monitoring and assessing SME promotion measures.
- Disseminating SME promotion measures

Summary -1



Summary -2





Thank you for Attention

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