

## Brief Summary of the SME Study Tour of Asia by African Policy Makers

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### **1. Objective**

As part of the activities of the Africa-Asia SME Network Programme, "the SME Study Tour of Asia by African Policy Makers" is conducted in order to share Asian experiences and know-how; how to develop Small and Medium-sized Enterprises, which have been accumulated in Malaysia, Thailand, and Vietnam, in the spirit of cooperation with members of the TECHNONET Asia and TECHNONET Africa. It is expected that the Study Tour is stimulating and eventually SMEs in seven African countries will be successfully developed under the strong leadership of African policy makers through the application of effective approaches and methodologies.

### **2. Duration**

From 3 April (arrival in Bangkok) through 17th April (departure in Kuala Lumpur) 2005

### **3. Participants**

Three Ministers (Cameroon, Ghana and Uganda)  
Two Vice Ministers (Mozambique and Tanzania)  
Three assistants to the Ministers  
Nine CEO members of TECHNONET Africa  
Executive Director of TECHNONET Africa  
Director of TECHNONET Asia  
Two staff members of UNDP  
Total 20 persons  
List of participants is shown in Annex 1.

### **4. Programme**

Thailand: 4th through 7th April  
Vietnam: 8th through 12th April  
Malaysia: 13th through 16th April  
Institutions visited are shown in Annex 2.

### **5. Major points expressed and recognized by the participants as useful for sharing**

#### **(1) General views expressed by the participants:**

- Participants have found "the SME Study Tour of Asia" extremely useful, since they learned many good practices undertaken by the three countries for SME development. One Minister expressed that it was like a "brain opening" more than "eye opening".
- They considered the Study Tour extremely useful because they could study and compare different policies, strategies, approaches and operational good practices.
- They found Malaysian practices as the most advanced and ideal, while Thailand also had many useful operations. Vietnam as a dynamic country in economic transition from the centralized-orientation to the market-orientation also gave them very good references and lessons.
- Participants strongly expressed to utilize these good practices for their SME policy

and institutional reforms in their countries, particularly to establish the SME Bank.

## **(2) Specific good practices recognized by the participants as useful for sharing:**

### **Thailand**

- a. Political commitment by the Prime Minister as the chairman of the OSMEP's the Board of Small and Medium Enterprises Promotion.
- b. Comprehensive and legalized policy framework, which is implemented by the responsible government department or agency:
  - Office of Small and Medium Enterprises Promotion (OSMEP) for SME policy;
  - Department of Industrial Promotion (DIP) for industrial extension and entrepreneurship development;
  - Institute of Small and Medium Enterprises Development (ISMED) for training
- c. The philosophy and operations of the SME Bank to support SMEs
- d. One Tanbon One Product (OTOP) system for SME development in Thailand
- e. The extensive entrepreneurship development programme provided by the DIP, which was initially supported by TECHNUNET Asia

### **Vietnam**

- a. Very fast and dynamic transition process from the centralized economy to the market oriented economy
- b. The way to use existing institutions as an instrument of the SME policy implementation such as the Vietnam Chambers of Commerce and Industries, association of the SMEs, and the Ha Noi Peoples Committee
- c. Technological support provided by the Directorate of Standard and Quality of the Ministry of Science and Technology
- d. The effective monitoring and advisory services undertaken by the TECHCOM Bank.

### **Malaysia**

- a. Political commitment by the Prime Minister as the chairman of the National SME Development Council
- b. Comprehensive and legalized policy framework, which is implemented by the responsible government department or agency:
- c. Malaysia Industrial Development Authority (MIDA) for investment promotion
- d. Small and Medium Industries Development Corporation (SMIDEC) for financial and technical support.
- e. Malaysia External Trade Development Corporation (MATRADE) for marketing and exporting Malaysian commodities.
- f. The incubation system provided by Scientific Research institute of Malaysia (SIRIM)
- g. Technological support provided by SIRIM, including quality standards and testing.
- h. Financial support provided by the Central Bank of Malaysia (Bank Negara Malaysia) to the SMEs

## **6. UNDP observation**

- The SME Study Tour of Asia by African Policy Makers has been very successful on the

grounds that the participants could acquire the good practices that they were looking for. In this regard, the programme of the study tour matched the needs of the African policy-makers.

- Comparative study of the practices by three Asian countries gave them an opportunity to learn and select their preferred good practices. The unanimous selection by all was the SME Bank in Thailand.
- Asian experiences were practical and concrete, and could be replicated in their respective countries.
- African delegation was hosted by the Ministers of responsible Ministries in each Asian country. Each hosting institution was represented by the top management personnel, who were highly collaborative in providing their experiences in the form of information and methodologies.
- Participants have recognized the usefulness of TECHNUNET Asia and TECHNUNET Africa.
- UNDP Country offices concerned and TECHNUNET Asia member organizations provided the full support for the logistic arrangements of the Study Tour, which led to the great success of this South-South cooperation initiative.

#### **7. Follow-up**

- The Secretariat of TECHNUNET Africa will prepare the detailed study tour report together with the presentation materials, rapport and the results of the participants' questionnaire in each country.
- The report will be made available both in hard copy as well as in CD and DVD for the study tour in three countries.
- UNDP proposed to establish a training course on "SME Policy and Institutions for African Policy Makers" in Malaysia in collaboration with the Economic Planning Unit, JICA and the participation of UNDP/TECHNUNET Asia and Africa. Similarly, UNDP would like to propose to establish a training course on "SME Financing Policy and Operations" in Thailand with the collaboration of the SME Bank. These training courses should be addressed to the Director General or above who are engaged in SME policy making. It should also have the study tour in the Asian neighboring countries.
- UNDP also would like to propose to organize a symposium on "Financing SMEs in Africa", drawing experiences from Asia, Latin America, Europe and North America. In this proposal the idea is to invite some present and former World Bank economists, banking and investment specialists and experts in SMEs, researchers, etc. so as to engage in productive discussions on the best way to finance SMEs in Africa as concessionary credit is made available to the SMEs.

## **Annex 1. List of Participants in the SME Study Tour of Asia by African Policy Makers**

### **Ministers/Vice Ministers**

#### **Cameroon:**

Hon. Bernard Avom Messengue  
Minister of Small and Medium-Sized Enterprises, Social Economy and Handicraft

#### **Ghana:**

Hon. Alan Kyerematen  
Minister of Trade and Industry

#### **Mozambique:**

Hon. Alfredo Namitete  
Vice Minister of Industry and Commerce

#### **Tanzania:**

Hon. Rita Mlaki  
Deputy Minister of Industry and Trade

#### **Uganda:**

Hon. Kacha Jenipher Namuyangu  
Minister of State for Industry and Technology

### **Assistants to the Ministers**

#### **Cameroon:**

Mr. Alphonse Marie Owana, Assistant to the Minister

#### **Tanzania:**

Ms. Elli Pallangyo, Private Assistant to Deputy Minister  
Ms. Nambua Cassandra Mlaki, Assistant to the Deputy Minister

### **CEOs of Member Organizations of TECHNONET Africa**

1. Cameroon Chamber of Commerce, Industry and Mines (CCCIM) in Cameroon  
Mr. Ekoko Mukete, Vice Chairman
2. Association of Ghana Industries (AGI) in Ghana  
Mr. Andrew Lawson, Executive Director, and Chairman of TECHNONET Africa
3. National Board for Small-Scale Industries (NBSSI) in Ghana  
Mr. Nana (Dr.) Baah Boakye, Executive Director
4. Small-Scale Industry Development Fund (FFPI) in Mozambique  
Mr. Apolinario Panguene, Executive Director
5. Manufacturers Association of Nigeria (MAN) in Nigeria  
Mr. Jide A. Mike, Director
6. Nigerian Association of Small-Scale Industries (NASSI) in Nigeria  
Mr. Durodola Kuteyi, Vice President
7. Small Industries Development Organisation (SIDO) in Tanzania  
Mr. Mike Laiser, Director General
8. Chambers of Commerce and Industry South Africa (CHAMSA)  
Ms. Itumeleng Sengoara, Director - BEE & SMME Development
9. Management Training and Advisory Centre (MTAC) in Uganda

Mr. George Tumwesigye, Executive Director

**Secretariat of TECHNONET Africa**

Mr. John Mwaniki, Executive Director

**Secretariat of TECHNONET Asia**

Mr. Mahinda Thenabadu, Director

**UNDP participants**

Mr. Ken Tatsuo Fujimura, Senior Advisor, Special Unit for South-South Cooperation

Mr. Houtan Bassiri, Poverty Alleviation Specialist, Regional Service Centre in  
Johannesburg

## **Annex 2. List of institutions visited/presented**

### **Thailand**

1. Ministry of Industry (MOI)
  - Office of Small and Medium Enterprises Promotion (OSMEP)
  - Department of Industrial Promotion (DIP)
  - Institute of Small and Medium Enterprises Development (ISMED)
2. The Association for the Promotion of Thai SMEs (ATSME)
3. The SME Development Bank (SME Bank)
4. Ministry of Finance (MOF)
5. The Small Industry Credit Guarantee Cooperation (SICGC)
6. The Thai Chamber of Commerce (TCC)
7. The Federation of Thai Industries (FTI)
8. T.M.C. Industrial Co., Ltd. In Chonburi province
9. Promoting Bamboo Handicraft Project at Panusnikom in Chonburi province
10. Chia Meng Rice Mill Co., Ltd in Nontaburi province
11. U.M. Tridaughter Sweet Co., Ltd. In Nontaburi province
12. Royal Folk Arts and Crafts Centre at Bang sai

### **Viet Nam**

1. Ministry of Planning and Investment (MPI)
  - Central Institute for Economic Management (CIEM)
  - Agency for SME Development
2. Ministry of Science and Technology (MOST)
  - Directorate for Standards and Quality (STAMEQ)
3. Ministry of Industry
4. The TECHCOM Bank
5. The Viet Nam Chamber of Commerce and Industry (VCCI)
6. Ha Noi People's Committee
7. The Ha Noi Small and Medium Enterprises Association (HASME)
8. The TRAPHACO., JSC
9. The KOVA Co., Ltd.

### **Malaysia**

1. The Economic Planning Unit (EPU)
2. Ministry of International Trade and Industry (MITI)
  - Malaysia Industrial Development Authority (MIDA)
  - Small and Medium Industry Development Corporation (SMIDEC)
  - Malaysia External Trade Development Corporation (MATRADE)
3. Malaysia South-South Association (MASSA) and the member companies for the Business Dialogue session
4. The SIRIM Berhad
5. Bank Negara Malaysia
6. The Economic Planning Unit
7. Smart Meters Technologies Sdn. Bhd.
8. Seasoning Specialties Sdn. Bhd.

## Back to office summary report on “How to Start and Manage SME Banks in Africa”

**Mission dates:** Jan 19-27, 2006.

**Mission to:** Douala, Cameroon.

**Prepared by:** John Mwaniki - TECHNUNET Africa Secretariat.

### *Introduction:*

TECHNUNET Africa is a premier African network formed to promote Small and Medium Enterprises (SME) development. It is a newly established initiative, based on the successful experiences and best practices of TECHNUNET Asia, accumulated over 30 years of industrial experience. It seeks to promote private sector development in Africa by enhancing the institutional capacity and managerial capability of the SMEs in the continent.

In April 2005, TECHNUNET Africa facilitated a very successful Study Tour for African Policy Makers to learn more about the SME promotion in Asia. Amongst the several lessons learned from the study tour, was the creation of an enabling environment for private sector development. The Policy Makers learned that one strategic way was to undertake effective policy and institutional reforms. The experiences were evident in all the three countries that were visited in Asia, namely; Thailand, Vietnam and Malaysia.

Towards this end, the African policy makers after having visited the SME Banks in those countries expressed strong interest to establish similar institutions in Africa. The government of Cameroon represented by the Minister for Small and Medium-Sized Enterprises, Social Economy and Handicraft, Hon. Bernard Messengue Avom expressed interest to host the first phase of the training workshop.

The first workshop undertaken in Africa following the Asia Study Tour was on “How to Start and Manage SMEs Banks in Africa”. The workshop attracted Senior Policy formulators and implementers at the level of Permanent Secretaries or Director General from the ministries of; Ministry of Finance, Trade and Industry, Small and Medium Enterprise Development and from the Central Bank the Director for Bank Licensing, Supervision and Evaluation, a representative from the private sector as well as the Participating Organizations. A total of 50 participants from the 7 TECHNUNET Africa participating countries, including NEPAD and the UNDP country office actively participated in the four days workshop held in Douala, Cameroon. The participating TECHNUNET African countries were drawn from South Africa, Mozambique, Tanzania, Uganda, Ghana, Nigeria and Cameroon.

To grace the occasion was the Honourable Minister of Small and Medium sized Enterprises, Social Economy and Handicraft, Hon. Bernard Messengue Avom. In his opening speech, he welcomed the participants and the team from SME Bank in Thailand. The UNDP Country office was represented in the opening session.

### *Purpose*

The purpose of the workshop was to facilitate the preparation and decision making process at the level of Africa policy makers towards creating SME Banks, as one way of promoting SMEs based on the Asian experiences.

### ***Outputs.***

The following were the key outputs from the training workshop.

- Importance of the SME Banks in TECHNUNET Africa Participating countries enhanced.
- Appreciation of the legal and regulatory policy framework of the SME Banks in Asia.
- Identification of the key steps for establishing SME Banks in Africa
- Lessons learned on some of the best practices of financing SMEs.

### ***Resource persons.***

The participants from Africa were honoured to have the best team of trainers from the SME Bank in Thailand. The distinguished team of trainers led by the Chairman of the Board of Directors Mr. Manu Leoparote included the Deputy Executive Director of the SME Bank Mr. Nattapon and five other Senior Executive vice Presidents of the SME Bank.

### ***Content.***

The trainers successfully covered the following topics.

- SME promotion policy in Thailand
- Policy framework and Process of establishing SME Bank in Thailand
- Lending strategy
- SME Development Services
- Venture Capital Fund for SME
- Credit Guarantee Scheme
- Credit Risk Rating for SMEs
- Risk Management for SME Bank
- Treasury policy for SME Bank
- Corporate Structure and Corporate Governance
- Information Technology Roadmap for SME Bank

### ***Evaluation.***

After four days of active participation in the workshop, the participants were given an opportunity to evaluate the workshop and also make additional comments. They all rated the workshop very highly with several pointing out that it was one of the best workshops they had attended for a long time. One of the participants, who spent several years as a banker pointed out that “ the training had enabled her to open a new horizon in her life”.

With respect to the follow up issues, the participants pointed out that;

- That TECHNUNET Africa should follow up the Action plans and establish an e-platform for exchange of information by participants.
- Explore avenues for providing technical assistance in the process of setting up SME Banks and similar institutions.
- Develop a program on increasing the competitiveness of SME products
- Encourage governments to undertake effective institutional and policy reforms that would create an enabling environment for the development of SME Banks.



With respect to the future programs that **TECHNONET Africa** should undertake, the participants pointed out that;

- Further training on Managing SME Bank at the country level.
- SME Management Development Program
- Networking and Technology Matching among the SMEs
- Market Intelligence and Identification of Business opportunities
- Send consultants from the SME Bank in the early stages of setting up the SME Bank at the country level.
- Develop training modules to be used by the Pos
- Strengthen Institutions involved in the support services to SMEs, through technical support and resource mobilization skills
- Training on trade relations in Africa
- Enhancing POs skills in Export promotion, marketing, setting up Information and Communication Systems at Pos offices and capacity building on management of Human resources in SMEs.
- Provide technical support to other African Countries interested in setting up SME Banks.

***Conclusion.***

In conclusion, the participants expressed great satisfaction in the way the workshop was conducted. They expressed profound gratitude to the distinguished trainers from the SME Bank in Thailand, the UNDP country offices for facilitating their travel arrangements, the UNDP Headquarters as well as JICA for supporting such an important undertaking. They applauded **TECHNONET Africa** and **TECHNONET Asia** for their efforts in coordinating the entire program which in their own evaluation was a great success.

BACK TO THE OFFICE REPORT  
UNDP REGIONAL SERVICE CENTRE  
JOHANNESBURG  
16<sup>TH</sup>, APRIL, 2006

MISSION TO ACCRA, GHANA  
SUBJECT: TRAINING OF TRAINERS WORKSHOP IN ENTREPRENEURSHIP  
FROM MARCH 27 TO APRIL 8, 2006

**Introduction.**

The workshop was organised in response to the results of a study on challenges facing SMEs in selected African countries conducted in 2002. Some of the main issues raised were lack of a strong entrepreneurial culture, limited skills and experiences in management of SMEs, lack of competitive technology, poor infrastructure and access to credit. The workshop on the Training of Trainers which focused on enhancing the Entrepreneurship skills among the Pos, brought together a total of 36 participants. They were drawn from Mozambique, Cameroon, Uganda, Tanzania, South Africa, Nigeria and Ghana where TECHNUNET Africa has got presence.

The opening ceremony was graced by two Cabinet Ministers namely; Hon Alan Kryerematen Minister for Trade and Industry who gave the opening speech. He was accompanied by the Minister for the Public Enterprises Reforms Hon. Kwamena Bartels, as well as the UNDP Resident Representative and National Coordinator Mr. Daudi Traoure who gave a speech emphasising the need to promote Entrepreneurship culture in Africa. The Participating organisations in Ghana were represented by Nana (Dr.) Baah Boakye the Executive Director of National Board of Small Scale Industries.

**Purpose of the workshop:**

The main purpose of the workshop was to enhance the culture of entrepreneurship in Africa with a view to accelerating private sector development through SMEs.

**Content.**

The resource people drawn from TECHNUNET Asia under the South – South Cooperation provided valuable training to the participants. The participants covered the following topics; Market research, Marketing, Business Plans, Cash flow management and Financial analysis as well as interpretation of the Balance Sheet. In addition they worked on a project which was assessed before they could receive certificates for participation in the workshop.

**Methodology.**

The resource people used the Base of the Pyramid approach in Technopreneurship (BOPAT). The approach emphasised the dire need in working towards poverty

reduction by empowering at the base of the pyramid. They used a combination of lectures, simulation games, discussions, question and answer sessions and actual market visitation.

#### Key outcomes.

The following are the key outcomes.

- The participants are now equipped to conduct Training of Trainers workshops on Entrepreneurship upon return to their home countries.
- The participants have developed quality skills in preparation of the Business Plans.
- Participants are able to prepare and analyse the cash flow statements.
- Participants are able to network much better as they promote the culture of entrepreneurship in Africa.

#### Evaluation.

With respect to the evaluation results, the workshop was very highly rated by the participants. They appreciated the interactive approaches used in the workshop. They plan to replicate the learning gained from the 12 days workshop. They pointed out the need of an interactive web page which would promote networking among themselves.

With respect to recommendations, they pointed out the need to have another workshop that addresses the management of SMEs, promotion of trade and investments as well as skills in resources mobilisation for SMEs,

#### Action.

As a result of this workshop TECHNUNET Africa will follow up the recommendations raised by the participants. This will ensure they remain focussed in pursuit of the culture of entrepreneurship in Africa.

#### Appreciation.

TECHNUNET Africa is profoundly appreciative to the Government and the people of Ghana for their wonderful hospitality, the UNDP country offices and the Headquarters for their support, the Participating organisations especially the National Board of Small Scale Industries which provided all the logistical support, TECHNUNET Asia for its collaborative role, as well as the participants for their active participation.