

Foreword

Small and medium-sized enterprises (SMEs), including start-ups and microenterprises, have emerged as an engine of growth for most of the countries in Asia and the Pacific. Their contributions are well-known; they increase production and exports, generate employment and facilitate income growth amongst the population. SMEs serve as a seedbed for enterprise development. Each country has evolved its own policies, institutional framework and support mechanisms for SMEs according to its needs, stage of economic development and culture. The experience of each one of them is unique.

Developing a policy guidebook for SME development in the developing countries of the Asia-Pacific region has been a daunting task, when the variety of experiences and the varied policies and programmes of each country are taken into consideration. This book documents specific policy guidelines based on various countries' strategies, their best practices and their applicability in the context of development of SMEs in Asia and the Pacific in addition to the vast experience and expertise of the contributors, researchers and authors of the publication.

Many countries as well as various multilateral and bilateral development agencies have implemented a variety of interventions in Asia and the Pacific in line with their SME development strategies, typically in the following key areas:

- (a) Business environment, including policy and regulatory framework and infrastructure development;
- (b) Entrepreneurship;
- (c) Financing;
- (d) Business development services;
- (e) Innovation and technology; and
- (f) Market access.

Their interventions typically use several modalities to address the key issues, including policy advocacy, institutional capacity-building, human resource development and direct support to enterprises.

This comprehensive review of the SME policies and programmes in Asia and the Pacific demonstrates that the nations of the region appreciate the importance of SME development. The SME sector in many countries in the region suffers from numerous threats and challenges that necessitate a proactive approach from policymakers. National governments and various stakeholders in charge of policy planning would do well to recognize not only the threats and challenges, but also the changing needs of SMEs. In this regard, the following useful guidelines are identified for effective policymaking:

- (a) The reduction of entry barriers (and thus costs) for new businesses;
- (b) The importance of cash flow to SMEs – the major reason most new and small businesses fail is not a lack of profits but a lack of cash;
- (c) The strengthening of entrepreneurship through training and education; and
- (d) The strengthening of networking and information dissemination, given the fact that a lack of networks and information hinders effective deployment of technology and business development services as well as collaboration with other firms.

This publication should provide the basis for deliberations on policy formulation for SME development in Asia and the Pacific, developing and refining the institutional framework based on intercountry experiences. Implementation of policy options and their appropriate selection, based on key factors, is highlighted. The book may also serve as a training manual for entrepreneurs, educators and business associations, such as chambers of commerce and industry, for building up the capacity of SMEs.



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