

CULTIVATING SME DEVELOPMENT: A COMPARISON OF FOUR CASE STUDY COUNTRIES

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Research for Innovation and Equity

Cultivating SME development:
A comparison of four
case study countries

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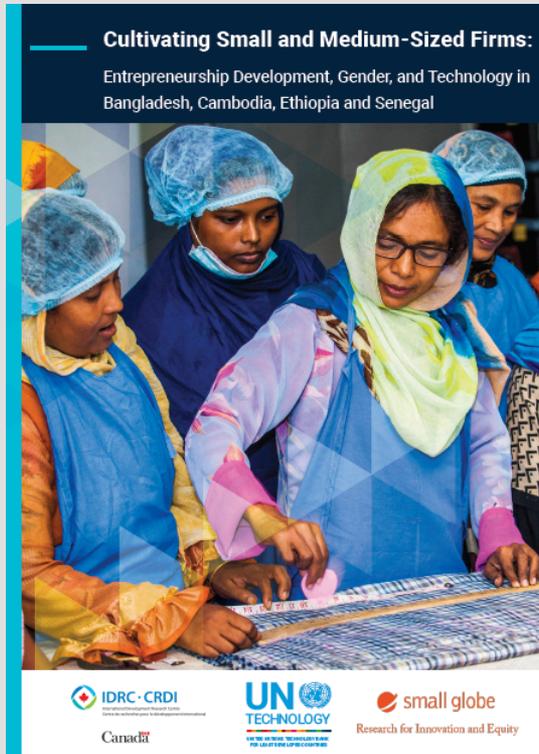
Report and Research Funding Launch Webinar
11 May 2021

Overview



- Introduce the report
 - Why did we carry out this research?
 - How did we carry it out?
 - What were our main findings?
- Discuss next steps

Introducing the Report



Examines and contrasts how four countries emphasize development on three fronts

1. Promote the development of small and medium-sized enterprises (SMEs) in general
2. Bolster information and communication technologies as a part of their SME development
3. Stimulate women entrepreneurship



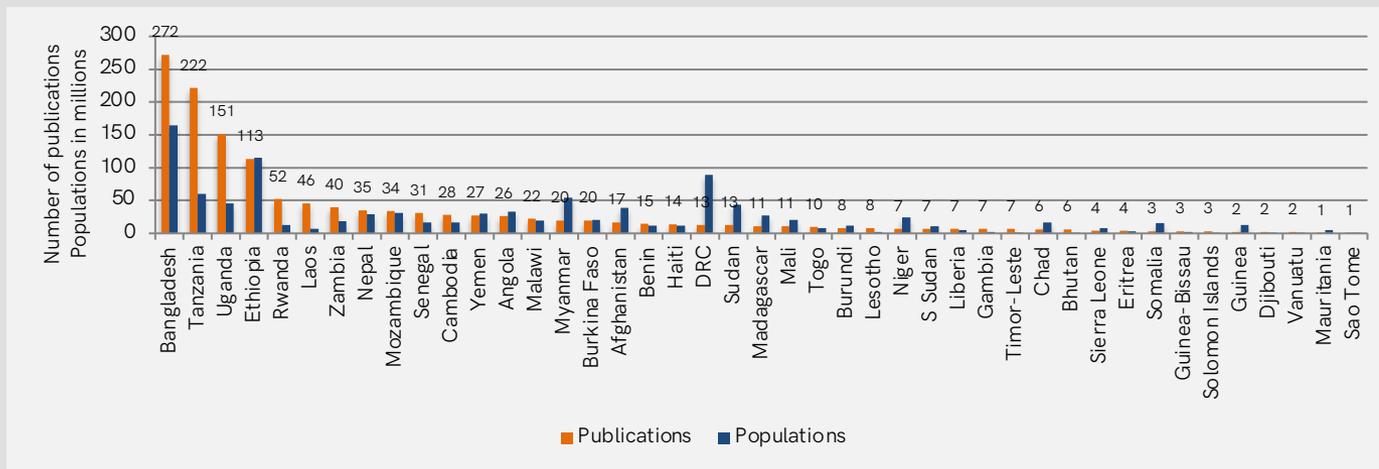
Goal of the Research

- Explore if there is scope for Least Developed Countries (LDCs) to learn from the experiences of the four countries on how to promote development on the three fronts
- Explore if there is demand for a program supporting research on SME development in the LDCs



Choice of Countries

- Criteria to select countries in Africa and Asia
- To select countries that have had some initiatives and research on their SME development
- Case studies in four countries
 - Bangladesh, Cambodia, Ethiopia and Senegal
 - Interviews with 67 experts



Publications on SME development in the LDCs and population size by country (2010-2019)

Main Results: Policy Emphasis

- Considerable policy emphasis on SME development in all four countries for the last two decades
- SME focus included in national development policies, industrial policies or specific SME policies
- Limited mentions of women entrepreneurship, but increasing in recent years,
 - e.g. Bangladesh- SME Policy, 2019;
 - Ethiopia- National Entrepreneurship Strategy 2020 - 2025
- Increasing emphasis on digital policies
- Recent policy emphasis on start-ups
 - Startup Act, Senegal
 - Startup Proclamation, Ethiopia



Government Support

- Some countries active for a long time in setting up organizations to promote SME development, e.g.
 - ADEPME (Agence de Développement et d'Encadrement des Petites et Moyennes Entreprises) 2001 - Senegal
 - SME Foundation 2007 - Bangladesh
- Newer initiatives have direct government investment in firms
 - Khmer Enterprise - Cambodia
 - Startup Bangladesh - Bangladesh
- Increasing emphasis on technology-based firms and startups
 - Some of the incubators/accelerators heavily technology focused
- Hybrid models where government and multilateral/donors co-fund organizations/initiatives
 - EDC (The Entrepreneurship Development Centre) Ethiopia

Models for Women Entrepreneurship

Dedicated government funding

DER (Délégation Générale à l'Entreprenariat Rapide des Femmes et des Jeunes) Senegal

Lower interest rates loans/ collateral free loans

Bangladesh Bank, Ministry of Finance and the Asian Development Bank

Private sector models

Women Investment Club, Senegal

Training initiatives

WEDP (Women Entrepreneurship Development Project), Ethiopia

NGO initiative

PACT Cambodia

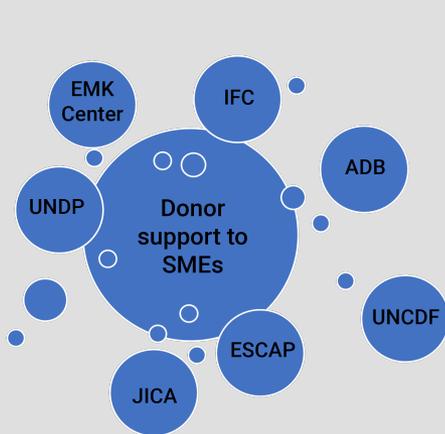
Incubator support

Jiggen Tech Hub, Senegal, SHE Investment, Cambodia

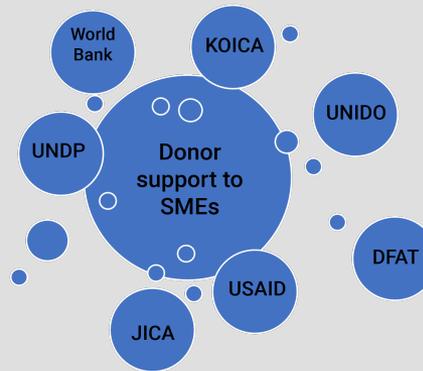
Associations

Women Entrepreneur Association of Bangladesh, Cambodia Women Entrepreneurs Association

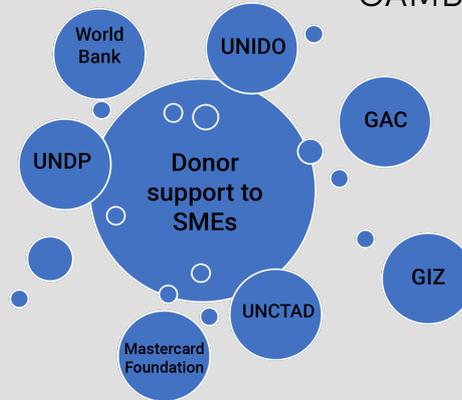
Donors/Multilaterals in the Entrepreneurship Ecosystems



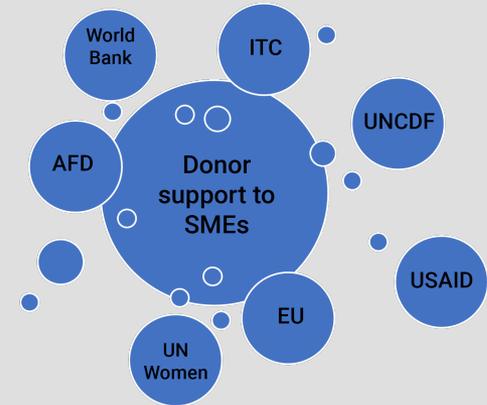
BANGLADESH



CAMBODIA

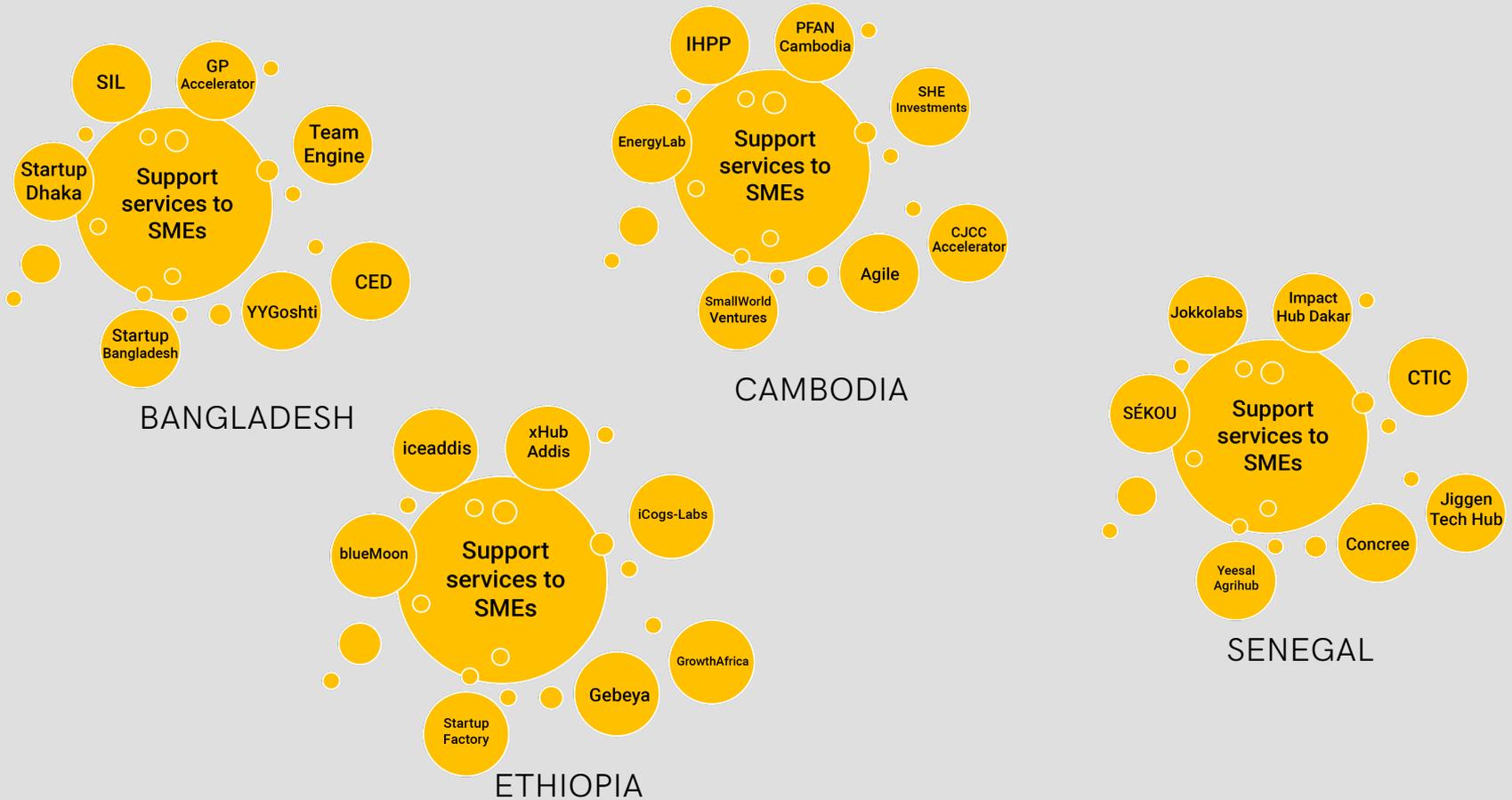


ETHIOPIA



SENEGAL

Incubators/ Accelerators in Entrepreneurship Ecosystems



Main Challenges for SME Development

- Lack of financing for SMEs
- A business environment not aligned to SMEs
- Need for better training and capacity building
- Cultural attitudes against entrepreneurship
- Limited linkages and lack of coordination

There is still a very strong cultural stigma that, you become an entrepreneur when you don't have a choice

The critical thing is the financing. That is the bottleneck prohibiting some innovators to become entrepreneurs

You essentially have to have almost a team of people whose sole purpose is to jump through government hoops to keep you operating

It's not one voice! There are a lot of different voices, views

Currently there are people trained in economics, business, because they read books. But we need actual entrepreneurs who have the experience of failure and success. Failure is very important

Next Steps

Many options available and scope to continue to support SMEs on the same path

- Establish a program to support research on SME development in the LDCs
- Set up an international network that explores innovative financing options for SME development in the LDCs
- Establish a soft-landing programs or other ways to support internationalization of SMEs



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