



**Asia-Pacific
Economic Cooperation**

Directory of initiatives to assist small and medium enterprises access global markets

**APEC Small and Medium Enterprises Working
Group**
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Advancing Free Trade for Asia-Pacific **Prosperity**

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Executive Summary

The aim of this Directory is to provide a consolidated source of information for policy makers on the various initiatives used in APEC member economies to help small and medium enterprises (SMEs) become ready to access global markets. The information collected is presented in full in Appendix 1.

In the time available for responses, answers relating to 48 initiatives were supplied by 13 economies – Australia (8); Canada (6); Chinese Taipei (4); Hong Kong China (5); Indonesia (5); Japan (1); Malaysia (4); New Zealand (8); Philippines (1); Singapore (4); Thailand (1); and Vietnam (1). Since APEC has 21 member economies, that may not be a representative sample.

A feature of this Directory is that it seeks to identify some of the different ways that economies have chosen measures to deal with particular problems afflicting SMEs.

For this purpose the authors allocated gaps stated in member economies' responses to one or more of the three market-failure categories that had been nominated in the 'Background Information' accompanying the template that was sent to member economies (The allocation is presented in Section II and the Background Information is reproduced in Appendix 2). A survey as brief as this cannot permit a rigorous assessment of these matters. Thus the allocation the authors have undertaken is preliminary and should be seen as a basis for further consideration, rather than as definitive.

Most measures reported were judged by the authors to be targeted at market failures of a kind that relate to market imperfections that can be related to the side effects of other government measures. Mainly they appeared to arise from the limitations of coverage or crowding-out by other instruments.

Members' template responses revealed a few common features about perceived gaps and the favoured choice of corrective measures.

- The majority of the initiatives reported are intended to target some gap in information about overseas market opportunities and related administrative requirements. The most common way reported of correcting such gaps was overseas missions and exhibitions and instruction at home on market trends and strategies. Chinese Taipei has a Green Trade Promotion measure to improve knowledge of overseas standards and a 'GPA' measure to educate its suppliers about overseas government procurement procedures. For communication purposes, Canada has a measure which ensures that trade officials spend time embedded in business organisations. Knowledge about the requirements for meeting both international standards and for qualifying for government procurement in the home market are features of schemes in both Malaysia and New Zealand. The Philippines provides SMEs with advice on branding, finance and overseas business practices.
- The next most common purpose of the initiatives reported appears to be the development of SME owners' business skills. This was included by Indonesia as a purpose of the five measures it cited for example. The instruments used include workshops and forums on capital management and bookkeeping in general for SMEs. Vietnam's National Trade Promotion Programme provides market intelligence and business skills through information services, help with funding and trade missions.

- The difficulty SMEs have in accessing financial services (credit, insurance, risk management) was mentioned as a reason for assistance in several cases. Mostly the key purpose appeared to be the provision of support, with the choice of instrument being driven primarily by its convenience as a means of delivery.
- Assistance for SMEs to form networks and clusters at home and/or in export market economies is a feature of initiatives in the majority of member economies that responded. Failings in the incentives for clustering by SMEs are cited as reasons. Australia has a new set of measures to encourage the formation of supplier precincts. Canada has a venture capital facility that assists its SMEs to create bridges with clusters in the United States. Singapore and Malaysia both have measures to promote co-innovation by SMEs with large enterprises. A similar purpose underlies New Zealand's Beachhead initiative.

One objective of the Directory is to identify initiatives that specifically target women-owned and/or operated SMEs. Two member economies, Canada and Australia, reported on SME initiatives specifically for women owner/operators. Canada's Business Women of International Trade programme was one of a cascade of initiatives arising from a 2003 Task Force on Women Entrepreneurs. Among other things it has provided for group visits and surveys of the degree to which government programmes provide for women. The Australian initiative, Women in Global Business, replaced a number of earlier measures in 2010. It was a response to survey evidence that women owned enterprises were falling behind in the export sector. It is directed at providing support and encouragement to export strategies.

It is to be hoped that the public availability of this Directory will provide information about the different ways that APEC economies are handling SMEs and most particularly, about the different findings that economies have reached about what measures work best. Hopefully over time the Directory can be embellished with similar material from a wider range of member economies.

I. Introduction

The notes accompanying the Information Template sent to members contained a description of the aim of the Directory which is the subject of this project. (A copy of the template is on page 73.)

It was explained that the aim of the Directory is to provide a consolidated source of information for policy makers on the various initiatives used in APEC member economies to help small and medium enterprises (SMEs) become ready to access global markets.

One of the priorities of the APEC Small and Medium Enterprises Working Group's Strategic Plan 2013-16 is to help SMEs in member economies participate in the export market. This priority has been adopted in view of the fact that across APEC economies, while SMEs account for around 90 per cent of all businesses, while figures have indicated they generate only around 30 per cent of exports.

This Directory will retain that focus, but the authors are conscious that across APEC economies there are many SMEs which operate mainly as non-trading and import-competing enterprises. The economic health of member economies depends on them also operating efficiently and competitively. This is no less important than that export activities be efficient and competitive and explains why some of the named initiatives are available for SMEs beyond the export sector.

An important objective of the Directory is to identify initiatives that target women-owned and/or operated SMEs. Across APEC economies women also benefit from general support measures for SMEs. That is taken as given. Not all economies have specific SME initiatives for women in place. However the Directory is intended to identify the types of specific measures for women in SMEs which some APEC member economies have introduced.

An innovative feature of the Directory is that it seeks to identify some of the different ways that economies have chosen measures to deal with particular problems afflicting SMEs. The main interest is in how interventions have been broadly directed at what may be termed market failures. Market failures are gaps that may exist in the way markets perform. This approach, common in economic studies, will result in a much richer source of information and reference than just presenting information on how initiatives operate.

Logic of the directory

The Directory is being built on a template that asked member economies to identify SME measures and provide details of the title of each measure, how they work, what gaps they were intended to address and what any reviews have said about them.

Most replies have included responses on the gaps individual measures were intended to address. A challenge for the authors of this report has been how best to organise this information.

In order to bring together the results in summary form, first the authors needed to allocate the stated gaps to one or more of the three market-failure categories that had been nominated in the notes accompanying the template that was sent to Member economies.

The allocation was undertaken on the basis of what the stated purpose of each measure indicated may be its rationale, without examining whether there was a sound economic case for applying the measure. This is an important qualification.

The existence of a market failure is a necessary but not a sufficient test for whether, from a technical economic point of view, a particular measure should be applied in the sense that it is likely to serve the national interest of the economy concerned. Each case needs to be judged on its merits. Thus an intervention that may be an appropriate corrective measure in some member economies may not be appropriate in others. Furthermore, circumstances within economies can change over time, which may mean that a particular measure is an appropriate remedy at some stage or for a given period, but not permanently. There will always be some uncertainty about a chosen measure's likely impact which will mean that a chosen measure may be viewed as a kind of experiment to be evaluated in the light of experience. Analysing the likely impact of a measure is nearly always complex and a simple survey of the present kind cannot elicit enough information to permit a rigorous assessment of these matters in all cases.

For the reasons stated above, the allocation the authors have undertaken is preliminary and should be seen as a basis for further consideration rather than as definitive. Some examples of the kinds of issues that would need to be considered in a proper analysis of particular measures are discussed in the 'Background Information' sent with the template to member economies - for completeness a copy of the background document is included in this report as Appendix 2.

II. Measures to support SMEs classified by market failure categories

As noted in the first section, the problem or policy gap that led to the identification of these measures can be categorised into three broad groups, some with multiple reasons.

The decision logic in developing this table is as follows.

Any measure that appears to provide a public good, i.e. a product or service that cannot be excluded from any user (or firm) in the economy is classified as a measure that provides a public good.

Any measure that is targeted only to:

- SMES and not to any other enterprises in the economy; and/or
- certain types of SME based on firm size:

is classified as a measure to overcome market imperfections.

Meanwhile any measure that promotes participation based on regional, lower-income status, gender or similar non-economic considerations have been allocated to the distributional category.

Table 1 organises the survey responses into the three categories.

Table 1: Measures classified according to three main market failure categories

Measures that address public goods	Measures addressing market imperfections	Measures addressing distributional considerations
Australia		
	Australian Industry Participation (AIP) Plans in Commonwealth Government procurement, grants and investment	Women in Global Business
	Enterprise Connect	
	Export Market Development Grants scheme	
	Industry Innovation Precincts	
	Food Industry Innovation Precinct, known as Food Innovation Australia Limited (FIAL).	
	International Readiness Indicator	
	Supplier Access to Major Projects	
Canada		
Embedding Trade Commissioners with national business associations and other partners	Business Development Bank of Canada	The Canadian Business Women of International Trade programme

Measures that address public goods	Measures addressing market imperfections	Measures addressing distributional considerations
	Canadian Technology Accelerators	
	EDCs Small Business Transactions Strategy	
	SME Advisory Board to the Minister of International Trade	
Hong Kong, China		
	Connect Customers	
	Explore Overseas Markets	
	Market Intelligence	
	Small Business Policy	
	SME Export Marketing Fund	
Indonesia		
	Establishing marketing infrastructure (SME Tower)	
	Product exposition	
	Trade Mission	
	Business Forum	
	Business Partnership	
Japan		
	Conference on supporting SMEs in overseas business	
Malaysia		
	Business Accelerator Programme (BAP)	
	Business Linkage Programme	
	Going Export Programme (GoEx)	
	Market Development Grant	
New Zealand		
	Beachheads	
	Better by Capital	
	Better by Design	
	Industry Capability Network	
	International Growth Fund	
	Market Research	
	Regional Business Partners	
	Trade Mission	
The Philippines		
	SME export marketing and sales	
Singapore		

Measures that address public goods	Measures addressing market imperfections	Measures addressing distributional considerations
	Export Technical Assistance Centre	
	Global Company Partnership	
	Market Readiness Assistance Grant	
	Partnerships for Capability Transformation	
Chinese Taipei		
	Promote Most-Valued Products in Emerging Markets	
	Green Trade Promotion Project	
	"GPA" Project	
	Exhibition Competitiveness Enhancement Program	
Thailand		
	ASEAN SME Regional Gateway	
Vietnam		
	The National Trade Promotion Programme	

Category 1 – Products that are public goods

Public goods are the purest form of market failure. In technical terms, public goods are 'non-excludable' and 'non-rival'. The market incentives for producing them are generally insufficient to create an efficient level of them from an economy wide viewpoint. Very few fit the definition exactly, but many products fit it to a degree.

Canada

Embedding Trade Commissioners with national business association and other partners.

Embedding trade commissioners in business associations and with government partners effectively serves SME clients through more coordinated service delivery with partners.

The gap was identified in consultation with relevant stakeholders and through an evaluation of existing policy and program mechanisms.

See Directory of Initiatives in Appendix 1 for details of the programme

Category 2 – Market imperfections

The emergence of efficient activities, whether SMEs or not, is sometimes thwarted by government measures introduced for some other purpose. This ‘secondary’ kind of market failure is sometimes given the separate label of ‘market imperfections’. Corrective intervention to overcome imperfections that arise from the untoward effects of existing rules may be worthwhile from a whole of community perspective.

Australia

Australian Industry Participation (AIP) Plans in Commonwealth Government procurement, grants and investment.

The lack of market intelligence was identified as a problem/policy gap. Competitive Australian industry, especially SMEs, are often excluded from opportunities to participate in major investment projects as there is little incentive for major project developers to move from known – often overseas – suppliers to risk engaging Australian suppliers whose capabilities are not known. To expand opportunities for Australian firms, especially SMEs, they need to be given full, fair, and reasonable opportunity to participate in major projects, in Australia and overseas. This market (information) failure requires support to better link Australian industry with projects undertaken through government procurement, grants and investments.

This problem/policy gap was identified through evaluation of existing policy mechanisms including consultation with relevant stakeholders.

See Directory of Initiatives in Appendix 1 for details of the programme

Enterprise Connect

Whilst many Australian SMEs aspire to become more productive, competitive, innovative and sustainable, there exist a number of barriers acting as inhibitors to these aspirations. These barriers include:

- limited internal resources, knowledge and time;
- relatively high search costs to find the right advice;
- predisposition to distrust consultants and solution providers; and
- traditionally low levels of business to business and business to research collaboration

The Karpin Report (1995), Management Matters Report (2009), and other studies have highlighted the relative business capability gap that exists between Australian SMEs, and their overseas counterparts, and that the overall management performance of Australian firms was below world’s best. These and other studies also emphasise the link between leadership and business productivity.

See Directory of Initiatives in Appendix 1 for details of the programme

Export Market Development Grants scheme

Access to marketing finance has been consistently raised by Australian industry as a major impediment to export activity.

A survey of exporters in 2008 found that 47 per cent of respondents were able to undertake export promotion that they would not have been able to afford otherwise. Eighty nine per cent said EMDG

allowed them to increase their level of export promotion and 66 per cent said that it allowed them to do different types of export promotion than they would do otherwise.

See Directory of Initiatives in Appendix 1 for details of the programme

Industry Innovation Precincts

Industry Innovation Precincts are designed to facilitate collaboration. They will address improving Australia's connections into global supply chains, our distance from overseas markets and sources of knowledge, our relatively small domestic markets and scale, and business models and cultures with relatively poor collaboration, especially between businesses and researchers. By developing this agglomeration of highly capable firms and researchers, the Precincts will seek to attract international expertise and investment. The future of the precincts programme is a matter for the new Australian Government to determine.

The policy gap was identified through various government and non-government reports, such as the Australian Innovation System report. The problem had also been identified through consultation with stakeholders and feedback provided by SMEs through other government programs.

See Directory of Initiatives in Appendix 1 for details of the programme

Food Industry Innovation Precinct known as Food Innovation Australia Limited (FIAL)

The market failures or policy gaps are:

- weak collaboration culture in the food processing industry;
- weak management capabilities, especially among SMEs, for overcoming the risks associated with collaboration and innovation;
- opportunities for the food processing industry to collaborate to overcome capability and capacity constraints, particularly when developing and manufacturing food products for Asia;
- no nationally-orientated, industry-led organisation charged with making strategic collaboration/innovation connections across the food processing industry;
- encouraging closer relationships between firms and researchers to help accelerate the conception and adoption of innovations that lead to commercial advantage in businesses; and
- rapidly building Asian exporting capability in Australia's food processing industry to take advantage of growing demand in Asia.

The market failure/policy gap was identified through general/ongoing consultations with the food processing industry and food research organisations; and direct advice from the industry-led *Food Processing Industry Strategy Group*, which was convened to provide strategic advice to the Government on development needs for the food processing sector.

See Directory of Initiatives in Appendix 1 for details of the programme

International Readiness Indicator

A review of Austrade in 2010 resulted in a number of changes to the organisation, including a service delivery model targeted to internationally ready firms and new investment in online service delivery and information dissemination.

Traditional “export coaching” work previously undertaken by Austrade involved face to face discussions between Austrade export advisers and firms and was a resource intensive activity. An online module is self-directed, efficient and cost effective.

See Directory of Initiatives in Appendix 1 for details of the programme

Supplier Access to Major Projects

The lack of market intelligence. Competitive Australian industry, especially SMEs, are often excluded from opportunities to participate in major investment projects as there is little incentive for major project developers to move from known – often overseas – suppliers to risk engaging Australian suppliers whose capabilities are not known. It is also often difficult for Australian firms to access established global supply chains in order to export goods and services to major projects overseas. To expand opportunities for Australian firms, especially SMEs, they need to be given full, fair, and reasonable opportunity to participate in major projects, in Australia and overseas. This market (information) failure requires support to better link Australian industry with major project opportunities in Australia and overseas.

The problem was identified through the work of the Industry Capability Network (in operation since the 1980s through their research into project needs and providing links with capable and competitive Australian companies. The SAMP program started in 1997.

See Directory of Initiatives in Appendix 1 for details of the programme

Canada

Business Development Bank of Canada

In Canada, the need to educate SMEs about the opportunities presented by foreign markets and help them take the first steps was the driver behind the development of the program. It was important to help Canadian SMEs increase their participation in the international business market.

- lack of information on exporting strategies and how to identify international business opportunities
- lack of market intelligence
- lack of understanding about capacity to export or enter a global production/value chain
- lack of skills to develop/manage export strategies (inadequate quantity of and/or untrained personnel for internationalisation)
- lack of awareness of operating in different cultural environments
- difficulty in contacting/networking with potential overseas customers
- difficulty in accessing financing to assist with expansion plans

The information was gathered from SMEs through surveys, general support and advice lines including business advisor services, a needs assessment carried out as part of a program/project evaluation, consultation with relevant stakeholders, an evaluation of existing policy mechanisms, government surveys, literature reviews, knowledge of support available from other public and private sector sources.

See Directory of Initiatives in Appendix 1 for details of the programme

Canadian Technology Accelerators

There is a need for Canada's most promising companies to:

- access entrepreneurial resources and global business opportunities located in key US innovation clusters;
- access financing (venture capital);
- access new customers especially multinationals;
- access mentors.

This information was obtained from Canadian start-ups and SMEs who were accessing the Trade Commissioner Service in key US innovation centres looking to access financing (venture capital) and access to new customers.

See Directory of Initiatives in Appendix 1 for details of the programme

EDCs Small Business Transactions Strategy

Canada is at a pivotal point with respect to the competitiveness of its small businesses internationally. While there is still value in EDC's current product suite in this space, there are new gaps emerging requiring more risk capacity and better leveraging EDC's trade knowledge and experience. The challenges faced by small business have collectively made the process of international trade more difficult for them. Breaking into supply chains, finding agents, accessing working capital, mitigating risks, establishing a credible presence abroad – accessing markets, becoming familiar with foreign market legal and regulatory frameworks are all essential elements on an international business plan. Now more than ever, Canadian companies need structured guidance to help them through the process.

Statistics Canada reports an annual reduction in the number of trade engaged companies, and EDC has experienced slowing growth in new account signings in reflection of this contraction. As well, as a key instrument that supports the government's Global Commerce strategy, gaps were identified through the Access to Capital breakout discussions that were spearheaded by the Department of International Trade and held across the country.

See Directory of Initiatives in Appendix 1 for details of the programme

SME Advisory Board to the Minister of International Trade

There is a lack of information on SME exporting strategies and how to identify international business opportunities, lack of understanding about SME's capacity to export or enter a global production and value chains, lack of skills to develop and manage SME export strategies and lack of awareness of SMEs operating in different cultural environments.

These were identified through recommendations gathered from the SME Advisory Board to the Minister of International Trade, through consultation and engagement with relevant stakeholders including liaison with major horizontal business organisations: Canadian Exporters and Manufacturers (CME), Canadian Chamber of Commerce (CCC), Canadian Council of Chief Executives (CCCE), Canadian Federation of Independent Business (CFIB) and Importers and Exporters Canada (I.E. Canada).

See Directory of Initiatives in Appendix 1 for details of the programme

Hong Kong, China

Connect Customers

There is a lack of information on exporting strategies and how to identify international business opportunities and difficulty in contacting/networking with potential overseas customers.

This problem was identified through consultation with relevant stakeholders and information gathered from SMEs.

See Directory of Initiatives in Appendix 1 for details of the programme

Explore Overseas Markets

There is a lack of information on exporting strategies and how to identify international business opportunities, lack of awareness of operating in different cultural environments and difficulty in contacting/networking with potential overseas customers

The problem was identified through consultation with relevant stakeholders and information gathered from SMEs.

See Directory of Initiatives in Appendix 1 for details of the programme

Market Intelligence

There is a lack of information on exporting strategies and how to identify international business opportunities, lack of market intelligence and lack of awareness of operating in different cultural environments.

This problem was identified through consultation with relevant stakeholders and information gathered from SMEs.

See Directory of Initiatives in Appendix 1 for details of the programme

Small Business Policy

In face of the gloomy economic outlook and difficult trading environment, HKC's exporters, especially SMEs are in need of export credit insurance cover for risk protection and credit management, especially for developing new markets. However, they are concerned about insurance costs as profit margin is indeed thin nowadays. To encourage the exporters to use export credit insurance to protect them against non-payment risks of overseas buyers and to use the insurance cover as collateral for trade finance, the HKECIC therefore has developed and launched in March 2013 the Small Business Policy tailored made to meet the specific needs of SMEs for flexible options for cover, reduced policy costs and administrative work and speeding up of claims payment. As an enhanced measure, the one-off special offer of annual policy fee waiver and premium discounts up to 20% is offered to Small Business Policy policyholders.

The gap was identified from a survey conducted by the HKECIC on export credit insurance needs of SMEs.

See Directory of Initiatives in Appendix 1 for details of the programme

SME Export Marketing Fund

The initiative was developed in response to Government's commitment to helping the development of SMEs in the area of expanding access to markets outside HKC.

The problem/policy gap was identified by the SME Committee that was tasked with the responsibility to explore new measures to support SMEs through extensive research, discussions and consultations with the public, in particular SME associations.

See Directory of Initiatives in Appendix 1 for details of the programme

Indonesia

Five different initiatives

The lack of information on exporting strategies and how to identify international business opportunities, lack of market intelligence, lack of understanding about capacity to export or enter a global production/value chain, lack of skills to develop/manage export strategies (inadequate quantity of and/or untrained personnel for internationalisation), lack of awareness of operating in different cultural environments and difficulty in contacting/networking with potential overseas customers posed a serious challenge to Indonesian SMEs. .

This was identified through information gathered from SMEs through general support and advice lines including business advisor services, a needs assessment carried out as part of a program/project evaluation, consultation with relevant stakeholders, an evaluation of existing policy mechanisms and government surveys.

See Directory of Initiatives in Appendix 1 for details of the programme

Japan

Conference on supporting SMEs in overseas business

The proportion of exporting companies in SMEs in Japan remains low even though the number of those SMEs has been increasing in the long term. In order to gain benefit from the progress of the globalised economy, SMEs need to cope with cross-border business. However, many SMEs face difficulty in starting overseas business due to the lack of business resources including finances, human resources, and information. In response to various requests and needs from SMEs, the "Conference on Supporting SMEs in Overseas Business" was established for sharing information among government institutions and other SME related institutions and developing a system for supporting SMEs in overseas business effectively through comprehensive cooperation and coordination among them.

We are trying to identify problems and policy gaps through analysis in the annual "White Paper on SMEs" and interviews with industry sectors including SMEs and SME supporting institutions too.

Malaysia

Business Accelerator Programme (BAP) Diagnostic Component: SME Competitiveness Rating for Enhancement (SCORE) Programme

It is important to have a reliable database to assess performance and capabilities which is used to rate and enhance competitiveness of SMEs.

An evaluation of existing policy mechanisms/ Government survey
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See Directory of Initiatives in Appendix 1 for details of the programme

Business Linkage Programme

Difficulty in networking with large companies, multinational corporations (MNCs) or Government Linked Companies (GLCs).

Information gathered from SMEs through general support and advice lines including business advisor services.
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See Directory of Initiatives in Appendix 1 for details of the programme

Going Export Programme (GoEx)

Lack of detailed information on targeted markets including information on buyers, competitors, pricing, logistics, supply chains, regulations and etc.
--

Information gathered from SMEs through general support and advice lines including business advisor services.
--

See Directory of Initiatives in Appendix 1 for details of the programme

Market Development Grant

Lack of financial capabilities among SMEs to promote and export their products to global market.
--

An evaluation of existing policy mechanisms.
--

See Directory of Initiatives in Appendix 1 for details of the programme

New Zealand

Beachheads

Beachheads helps to reduce the risk and cost for New Zealand businesses wishing to internationalise by providing access to a network of private-sector advisors in New Zealand and around the world. The advisors offer a fresh perspective on a business's challenges and opportunities and an objective assessment of business plans and areas of potential risk.

New Zealand businesses typically need to internationalise much earlier in their development than companies in other countries with larger domestic or proximate markets. Many small businesses seeking to export:

- | |
|---|
| <ul style="list-style-type: none">– have imperfect information about their skill/knowledge gaps to export successfully or the benefits of developing their capabilities; and/or– face high transaction costs in determining and developing their capabilities, networks, and resources they need to export successfully. |
|---|

Government is well placed to leverage the goodwill of the business community by bringing together

offshore experts to provide information and advice to businesses in a commercially neutral way.

Information gathered from NZTE's customers.

See Directory of Initiatives in Appendix 1 for details of the programme

Better by Capital

This new service was created and developed based on customer insights. It was identified that:

- capital management capability is generally lacking and businesses often misunderstand the value capital options can offer;
- a general lack of information is available for business about the process of raising capital, and for the investor community, a lack of visibility of good investment opportunities.

Information gathered from NZTE's customers and research/consultation with external stakeholders.

See Directory of Initiatives in Appendix 1 for details of the programme

Better by Design

To become globally competitive, businesses required longer lasting capability through the integration of design thinking principles and tools into their business. Design is used to help them become more innovative, efficient and internationally competitive.

The programme was originally based on research undertaken by the Design Taskforce which found there was a lack of understanding amongst New Zealand firms about valuing design aspects in their businesses, underdeveloped design sectors and a lack of infrastructure and capability within New Zealand.

See Directory of Initiatives in Appendix 1 for details of the programme

Industry Capability Network

A lack of information on both the demand and supply sides of the government procurement market. On the supply side, government agencies lacked information on New Zealand products and the capabilities of suppliers. On the demand side, New Zealand suppliers were often unaware of public sector purchasing requirements. This imperfect information meant government purchasers and suppliers faced increased search costs to find this information, which increased the transaction costs of doing business with each other.

Information gathered from government agencies and private firms.

See Directory of Initiatives in Appendix 1 for details of the programme

International Growth Fund

The rationale for the fund is that most New Zealand firms are small and find it difficult to acquire the capabilities and information needed to successfully operate in international markets. The International Growth Fund's objective is to increase the number of New Zealand businesses exporting and/or undertaking overseas direct investment. It achieves this by helping businesses acquire the capabilities required for, and reduce the risks and costs of, developing new markets. There is no prescribed list of eligible activities but they must be much more than business-as-usual and fit within the areas that have been known to create barriers to growth or arise as a consequence

of rapid growth. This flexibility recognises the diverse and changing needs of firms, which reflect their business models and the stage they are at in their business growth strategy. Activities funded must deliver a net increase in economic activity and benefits for both the firm and New Zealand's wider economy.

Several research initiatives such as the Globally Competitive Firms review.

See Directory of Initiatives in Appendix 1 for details of the programme

Market Research

New Zealand businesses need information to make well-considered market discovery, entry and growth decisions. The availability of hard facts and data assists businesses to make strategic decisions about market selection, entry and expansion.

Information gathered from NZTE's customers.

See Directory of Initiatives in Appendix 1 for details of the programme

Regional Business Partners

Businesses located across Regional New Zealand require access to early stage support to help grow their business through investing in innovation or capability development.

Information gathered from NZTE's customers.

See Directory of Initiatives in Appendix 1 for details of the programme

Trade Mission

Businesses often require help to maximise their international potential and trade missions help to provide a path for them to:

- gain access to key decision-makers, strengthen relationships and add weight to business negotiations;
- raise their business profile through heightened PR and media interest and support from ministers and government;
- gain first-hand experience of the business and cultural environment;
- learn from in-market experts, experienced exporters and others on the mission;
- present scale, credibility and profile in the market in a way they cannot achieve individually.

In addition, some New Zealand businesses face problems contacting potential overseas customers in difficult markets with substantial government and political involvement.

Information gathered from NZTE's customers.

See Directory of Initiatives in Appendix 1 for details of the programme

The Philippines

SME export marketing and sales

Philippine SMEs faced the following challenges: lack of branding advisory: product range, quality, packaging and presentation, the lack of information on SME financing options and difficulty in negotiating with prospect foreign clients

These challenges were identified through stakeholder meetings/consultations and PITC's own experience in dealing with local manufacturers/suppliers

See Directory of Initiatives in Appendix 1 for details of the programme

Singapore

Export Technical Assistance Centre

With the decrease in tariff barriers coming down and increase in consumer awareness, standards, conformity assessments and technical regulations were a key obstacle to trade. However, in some cases, the technical knowledge to assist exporters resided in different government agencies such as AVA (food safety) and HSA (biomedical products and devices). These are regulatory agencies who do not have the mandate to assist exporters. There was therefore a gap that led to the need to create a centre to coordinate timely information on standards and technical regulations to enhance market access.

This was identified through feedback raised by local Singapore SMEs.

See Directory of Initiatives in Appendix 1 for details of the programme

Global Company Partnership

Singapore-based companies previously received ad hoc support in the areas of internationalisation

Request for holistic support was mentioned by local SMEs during feedback sessions.

See Directory of Initiatives in Appendix 1 for details of the programme

Market Readiness Assistance Grant

Due to Singapore's small domestic market and the intense competition locally, it is necessary for SMEs to look beyond Singapore to ensure their growth continuity. Hence, there is a need to review and enhance the assistance available for this segment of SMEs to help them bridge gaps in capabilities or resources that might hinder their growth. The areas of expertise that these SMEs require to facilitate internationalisation include market development, research and analysis and also legal, regulatory and financial advisory. They have also indicated identifying right business partners in overseas markets as a key challenge when exporting or expanding their overseas presence.

This was identified through the SME Strategy Review conducted to review and update Singapore's SME development strategies in 2012

See Directory of Initiatives in Appendix 1 for details of the programme

Partnerships for Capability Transformation

More could be done to accelerate SMEs growth, by encouraging more co-innovation and collaboration between SMEs and Large Enterprises (LEs).

This was identified through the SME Strategy Review conducted to review and update Singapore's SME development strategies in 2012.

See Directory of Initiatives in Appendix 1 for details of the programme

Chinese Taipei

Promote Most-Valued Products in Emerging Markets

The gap identified was the lack of market information and the difficulty in obtaining bargaining power as single supplier.
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This gap was identified through a research report done by affiliate organisations and feedback from SMEs Associations.
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See Directory of Initiatives in Appendix 1 for details of the programme

Green Trade Promotion Project

The gap identified was the lack of intention to obtain green certification due to financial or technical reason and also the lack of knowledge or network in overseas sales channels.

The gap was identified through consultation with relevant stakeholders
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See Directory of Initiatives in Appendix 1 for details of the programme

“GPA” Project

The gap identified was the lack of information in overseas government procurement and the lack of knowledge in the tender bidding procedure.
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The gap was identified through consultation with relevant stakeholders
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See Directory of Initiatives in Appendix 1 for details of the programme

Exhibition Competitiveness Enhancement Program

The gap identified was the lack of sales channel in overseas market.
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The gap was identified through consultation with relevant stakeholders and feedback from SMEs associations
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See Directory of Initiatives in Appendix 1 for details of the programme

Thailand

ASEAN SME Regional Gateway

There is a lack of market intelligence and difficulty in contacting/ networking with potential overseas customers

The program was initiated from the consultation / commitment made under the ASEAN SME Working Group meeting.
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See Directory of Initiatives in Appendix 1 for details of the programme

Vietnam

The National Trade Promotion Programme

There is a lack of market intelligence and skills to develop and manage export strategies.
The program was initiated from the consultation with stakeholders and by learning from the experience of other member economies export support programme

See Directory of Initiatives in Appendix 1 for details of the programme

Category 3 – Distributional considerations

There may be distributional objectives to consider which warrant intervention to alter the way in which the rewards (or costs) of SME activities are shared. Initiatives which target women-owned and/or women-operated SMEs have become more common in recent years and the provision of government support for such ventures may address a number of distributional purposes. The same can be said for SME measures which target particular regions.

Australia

Women in Global Business

Women owned enterprises suffer from a lack information, support and encouragement in relation to exporting strategies; a lack of an understanding of how export could benefit their business; how to identify international business opportunities; the lack of market intelligence; the lack of skills to develop/manage export strategies; difficulty in contacting/networking with potential overseas customers and a lack of business confidence to overcome the these barriers. The development of a government program to support these women owned enterprises to internationalise would ultimately contribute to Australia's economic growth and job creation.

Private sector research between 2007 -2009 identified that women owned enterprises were falling behind in the proportion that were exporting or planning to export. This was supported by government sector research that identified that, in 76 per cent of cases, women business owners would approach government for support when it came to exporting advice. All Australian state and territory governments in addition to the Australian Government were consulted. All became official stakeholders in the launch of WIGB in December 2010. A few existing programs run by stakeholders were absorbed into WIGB upon its launch.

See Directory of Initiatives in Appendix 1 for details of the programme

Canada

The Canadian Business Women of International Trade program of the Department of Foreign Affairs, Trade and Development (DFATD)

DFATD identified that women SME entrepreneurs lacked access to market intelligence; lack of understanding about capacity to export or enter a global production/value chain; lack of awareness of operating in different cultural environments; the difficulty in contacting/networking with potential overseas customers. The DFATD led the first women's trade mission to Washington in 1997. The results from the trade mission demonstrated the calibre of women-owned businesses in Canada as well as the importance of providing support to budding women entrepreneurs and women exporters.

The problem was identified through Consultation with relevant stakeholders and government

surveys. In 2003, a PM Task Force on Women entrepreneurs coordinated and held extensive focus groups across the country. Consultations concluded that there were no specific support programs for women in business or women in international trade.

See Directory of Initiatives in Appendix 1 for details of the programme

Appendix 1: Directory of initiatives to assist small and medium scale enterprises access global markets

Australia

Australian Industry Participation (AIP) Plans in Commonwealth Government procurement, grants and investments.

1. What is the name of the Initiative?
Australian Industry Participation (AIP) Plans in Commonwealth Government procurement, grants and investments.
2. What problem/policy gap led to the development of the initiative?
Lack of market intelligence – Competitive Australian industry, especially SMEs, are often excluded from opportunities to participate in major investment projects as there is little incentive for major project developers to move from known – often overseas – suppliers to risk engaging Australian suppliers whose capabilities are not known. To expand opportunities for Australian firms, especially SMEs, they need to be given full, fair, and reasonable opportunity to participate in major projects, in Australia and overseas. This market (information) failure requires support to better link Australian industry with projects undertaken through government procurement, grants and investments.
3. How was the problem/policy gap identified?
Through evaluation of existing policy mechanisms including consultation with relevant stakeholders.
4. Why was this policy mechanism chosen?
The initiative was chosen as it builds on existing programs to ensure that Australian SMEs have the opportunity to compete for work in government procurement and through projects undertaken with government grants/investments, while retaining a focus on value for money procurement. As a result, SMEs are provided increased exposure to international opportunities through exposure to global supply chains.
5. Does the initiative target any specific industry sector?
No, the initiative can be applied to any industry sector which is considered to involve internationally contestable opportunities.
6. How does the initiative operate?
The initiative is delivered through an advisory and support service where assistance is provided to tenderers for large government procurements, grants and investments (over \$20 million) to assist applicants in developing strategies for providing opportunities for Australian and New Zealand SMEs to become involved in projects undertaken through the receipt of Government funds.
7. What are the Key Performance Indicators for the initiative?
– The development of Approved AIP Plan within specified timeframes. – The successful implementation of AIP Plans.
8. Has the performance of the initiative been evaluated?
Yes, an independent evaluation was conducted on AIP Plans in Government Procurement in 2011-12 and found that the initiative appropriately addresses information asymmetries but at the time it was too soon to evaluate the effectiveness of the initiative. The AIP Plans in Government grants and investments was recently introduced in July 2012 and as such is yet to be evaluated.

Enterprise Connect

1. What is the name of the Initiative?
Enterprise Connect
2. What problem/policy gap led to the development of the initiative?
Whilst many Australian small and medium sized businesses aspire to become more productive, competitive, innovative and sustainable, there exist a number of barriers acting as inhibitors to these aspirations. These barriers include: – limited internal resources, knowledge and time; – relatively high search costs to find the right advice; – predisposition to distrust consultants and solution providers; and – traditionally low levels of business to business and business to research collaboration.
3. How was the problem/policy gap identified?
The Karpin Report (1995), Management Matters Report (2009), and other studies have highlighted the relative business capability gap that exists between Australian SMEs, and their overseas counterparts, and that the overall management performance of Australian firms was below world's best. These and other studies also emphasise the link between leadership and business productivity.
4. Why was this policy mechanism chosen?
The Enterprise Connect mechanism primarily focusses on delivering a range of improvement services designed to develop the business and management capability of Australian SMEs through one-to-one mentoring and coaching engagements. Private sector experienced Business Advisers deliver these services and work with the business to develop an in depth understanding of the operations, culture, and strengths, then recommend strategic changes that facilitate the development of capabilities needed to become more productive, competitive and innovative. The program then assists clients in engaging external expertise to help the business implement recommendations to improve their competitive position.
5. Does the initiative target any specific industry sector?
Enterprise Connect assists eligible Australian SMEs in the following sectors: – Manufacturing and related services – Clean Technology – Resources Technology – Creative Industries – Defence Industry – Tourism Industry – Information and Communications Technology (ICT) – Transport (Freight) and Logistics – Professional Services – Remote Enterprises (all sectors in remote areas). Eligibility requirements for these sectors vary and turnover requirements are as follows: – Manufacturing, Clean Technology, Resources, Defence, ICT, Transport (Freight) and Logistics, and Professional Services - \$1.5m to \$100m – Creative and Tourism - \$1m to \$100m – Remote Enterprises - \$750k to \$100m.

6. How does the initiative operate?

The program utilises a flexible public-private delivery model to provide services to clients at firm, sectoral and regional levels. Through its national network, the Program's experienced Business Advisers and Facilitators (around half of whom are engaged through private sector partnerships) work with small businesses to help them improve their business capabilities and capacity to compete in the open market.

The core service of Enterprise Connect is the Business Review. Conducted by Enterprise Connect Business Advisers, the review works through the operational and strategic position of the firm, benchmarks the business against competitors, and provides a series of recommendations for improvement.

To assist firms in implementing recommendations from their business review report, they may be eligible to apply for a Tailored Advisory Service grant of up to \$20,000 in matched funding.

The Researchers in Business aims to help break down the cultural divide between industry and the research sector, by speeding up the distribution of expertise, and accelerating the adoption of new ideas and technologies in order to increase the competitiveness of firms.

7. What are the Key Performance Indicators for the initiative?

- Number of services provided by Enterprise Connect.

8. Has the performance of the initiative been evaluated?

A 2011 review found that 96 per cent of clients implemented business improvement recommendations made by Enterprise Connect and for every recommendation implemented by clients utilising program support, businesses on average implemented another four themselves. The review also found that 83 per cent of clients acknowledged Enterprise Connect helped them increase productivity or efficiency. On average, at a business level, Enterprise Connect clients experienced labour productivity growth of 5 per cent in the financial year following a Business Review and approximately half our clients experienced growth of at least 3 per cent. When mining and utilities were excluded, general labour productivity grew by only 1.7 per cent annually in the seven years to 2011. Of those clients experiencing labour productivity decline when seeking assistance through Enterprise Connect, 11 per cent moved to labour productivity growth within 12 months of a Business Review.

Export Market Development Grants (EMDG) scheme

1. What is the name of the Initiative?
Export Market Development Grants (EMDG) scheme
2. What problem/policy gap led to the development of the initiative?
Access to marketing finance has been consistently raised by Australian industry as a major impediment to export activity.
3. How was the problem/policy gap identified?
A survey of exporters in 2008 found that 47 per cent of respondents were able to undertake export promotion that they would not have been able to afford otherwise. Eighty nine per cent said EMDG allowed them to increase their level of export promotion and 66 per cent said that it allowed them to do different types of export promotion than they would do otherwise.
4. Why was this policy mechanism chosen?
See 3 above. Partial reimbursement of eligible export expenditure enables exporters to undertake a higher level of export marketing and promotion than using their own resources.
5. Does the initiative target any specific industry sector?
EMDG is open to all industries.
6. How does the initiative operate?
The EMDG scheme encourages small and medium sized Australian businesses to develop export markets through reimbursing up to 50 per cent of eligible export promotional expenses above \$10,000 provided that the total expenses are at least \$20,000. EMDG provides up to seven grants to companies with annual sales of less than \$50 million per annum. Eligible promotional expenses include: – Overseas representatives – Marketing consultants – Marketing visits – Communications – Free samples – Trade fairs, seminars, in-store promotions – Promotional literature & advertising – Overseas buyers Registration and/or insurance of eligible intellectual property
7. What are the Key Performance Indicators for the initiative?
There are no formal KPIs for EMDG. The scheme is assessed periodically to determine its net benefit to the Australian economy.
8. Has the performance of the initiative been evaluated?
The EMDG scheme has been regularly evaluated. The latest evaluation in 2009 found that, for every A\$1 cost to the Australian taxpayer, they received A\$5.38 in return.

Industry Innovation Precincts

1. What is the name of the Initiative?
Industry Innovation Precincts
2. What problem/policy gap led to the development of the initiative?
Industry Innovation Precincts are designed to facilitate collaboration. They will address improving Australia's connections into global supply chains, our distance from overseas markets and sources of knowledge, our relatively small domestic markets and scale, and business models and cultures with relatively poor collaboration, especially between businesses and researchers. By developing this agglomeration of highly capable firms and researchers, the Precincts will seek to attract international expertise and investment.
3. How was the problem/policy gap identified?
The policy gap was identified through various government and non-government reports, such as the Australian Innovation System report. The problem had also been identified through consultation with stakeholders and feedback provided by SMEs through other government programs.
4. Why was this policy mechanism chosen?
The economic case for this policy is based on the ability of precincts to boost productivity by enabling agglomerations to emerge. There is strong evidence that agglomerations or clusters create deeper labour markets, increase specialisation among businesses and thus provide scale economies. They can also reduce input and transaction costs. The Precincts differ from other mechanisms to increase collaboration by being business led with a flexible funding structure designed to allow resources to be allocated to areas prioritised by the industry and their research partners within the Precincts. The Precinct's role would primarily be facilitative, providing support for connecting services and ensuring national capabilities are fully leveraged to deliver maximum benefits. Strategic marketing, better concentration and marshalling of investment opportunities in specific industry sectors or research areas will enable Australia to exploit the productivity benefits of R&D in a global environment. It will lead to investment attraction to Australia, better targeted international business to business collaboration, and it will cement research/industry collaboration. The future of the precincts programme is a matter for the new Australian Government to determine
5. Does the initiative target any specific industry sector?
Food and Manufacturing were identified as the first two Industry Innovation Precincts.
6. How does the initiative operate?
There are three complementary elements to the Precincts initiative: – the first element consists of establishing up to ten Industry Innovation Precincts; – the second consists of the Industry Collaboration Fund, a competitive grant program available exclusively for Precincts to access funding for large-scale collaborative projects; and – the third element is the Industry Innovation Network, an internet-based digital platform specifically designed to facilitate industry and research collaboration, and to accelerate linkages in the innovation system.
7. What are the Key Performance Indicators for the initiative?
Overarching Key Performance Indicators (KPIs) for the Program are: number of organisations involved in Precincts; number of services delivered to organisations through the Precincts; and value

of co-contributions received through the Industry Collaboration Fund program.
Additional KPIs for the Precincts initiative are currently being developed, including KPIs that will be specific for each Precinct.

8. Has the performance of the initiative been evaluated?

No, the Industry Innovation Precincts program is still in the implementation phase.

Food Industry Innovation Precinct, known as Food Innovation Australia Limited (FIAL).

1. What is the name of the Initiative?
Food Industry Innovation Precinct, known as Food Innovation Australia Limited (FIAL).
2. What problem/policy gap led to the development of the initiative?
– Weak collaboration culture in the food processing industry; – Weak management capabilities, especially among SMEs, for overcoming the risks associated with collaboration and innovation; – Opportunities for the food processing industry to collaborate to overcome capability and capacity constraints, particularly when developing and manufacturing food products for Asia; – No nationally-orientated, industry-led organisation charged with making strategic collaboration/innovation connections across the food processing industry; – Encouraging closer relationships between firms and researchers to help accelerate the conception and adoption of innovations that lead to commercial advantage in businesses; and – Rapidly building Asian exporting capability in Australia's food processing industry to take advantage of growing demand in Asia.
3. How was the problem/policy gap identified? [Please see explanatory notes below]
– General/ongoing consultations with the food processing industry and food research organisations; and – Direct advice from the industry-led <i>Food Processing Industry Strategy Group</i>, which was convened to provide strategic advice to the Government on development needs for the food processing sector.
4. Why was this policy mechanism chosen?
– Review of similar cluster/innovation support initiatives in other countries; – General/ongoing industry consultations.
5. Does the initiative target any specific industry sector? [If yes, please provide details]
The Food Precinct targets primarily those firms engaged in manufacturing food products in Australia. However, this often includes firms in the food manufacturing supply chain such as primary producers, food research organisations and food technology providers.
6. How does the initiative operate? [Please see explanatory notes below]
The Food Precinct is an independent legal entity from the Department of Innovation, known as Food Innovation Australia Limited (FIAL). It is led by a board primarily made up of members from the food industry. FIAL is allocated funding by the Commonwealth Government (via a funding agreement) to deliver services that facilitate innovation, capability building and collaboration along the food processing supply chain. As an industry-led organisation, FIAL is responsible for determining strategic priorities for the industry and delivering relevant services that best facilitate innovation, capability building and collaboration in its industry. FIAL is also able to leverage financial and in-kind resourcing from industry members. FIAL is also able to lead applications to access funding under the Australian Government's <i>Industry Collaboration Fund</i> that provides funding for particular innovation/collaboration projects.

7. What are the Key Performance Indicators for the initiative?

KPIs include measurements of: Number of organisations involved/signed up; Number of workshops; Investment attraction in the industry; number and status of collaborations; Number of projects that result from engagement.; firms achieving commercially successful outcomes; firms entering global supply chains; firms gaining commercially advantageous capabilities; delivery of services to address industry challenges; and level of participation for firms.

8. Has the performance of the initiative been evaluated?

No, because the Food Precinct is newly announced and is currently establishing operations.
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International Readiness Indicator (IRI)

1. What is the name of the Initiative?
International Readiness Indicator (IRI)
2. What problem/policy gap led to the development of the initiative?
A review of Austrade in 2010 resulted in a number of changes to the organisation, including a service delivery model targeted to internationally ready firms and new investment in online service delivery and information dissemination.
3. How was the problem/policy gap identified?
Traditional “export coaching” work previously undertaken by Austrade involved face to face discussions between Austrade export advisers and firms and was a resource intensive activity. An online module is self-directed, efficient and cost effective.
4. Why was this policy mechanism chosen?
As an online tool, the IRI is readily accessible to all potential exporters.
5. Does the initiative target any specific industry sector?
The IRI is applicable to firms in all sectors
6. How does the initiative operate?
The IRI is an online tool for new exporters and has been designed to help Australian businesses determine whether their business is ready for exporting. The Indicator draws on Austrade’s experience in assisting Australian firms enter international markets. It focuses on the key aspects of what it takes to be ready for export and compete successfully in overseas markets. Firms register and log in to Austrade’s website to access the Indicator. They then complete the Indicator which consists of 12 yes/no questions and takes less than 5 minutes to do. Topics include supply capacity, selling proposition, marketing materials, finances and pricing. Answers produce a report card indicating the firms’ international readiness. It will also provide information and sources of assistance to help address any areas that the firm may need to work on.
7. What are the Key Performance Indicators for the initiative?
The IRI is assessed against the number of companies using the tool (387 in 2013 – 13), industry breakdown (primarily consumer goods, food and beverage and services) and the most common topics companies need to address (export pricing, overseas market research and international payment mechanisms).
8. Has the performance of the initiative been evaluated?
The IRI was launched in February 2012 and has not yet been formally evaluated. Anecdotal evidence from exporters who have used the tool suggests it has been helpful in assessing their ability to access international markets, and in guiding them to seek more specialist advice in areas of weakness.

Supplier Access to Major Projects (SAMP)

1. What is the name of the Initiative?
Supplier Access to Major Projects (SAMP)
2. What problem/policy gap led to the development of the initiative?
Lack of market intelligence – Competitive Australian industry, especially SMEs, are often excluded from opportunities to participate in major investment projects as there is little incentive for major project developers to move from known – often overseas – suppliers to risk engaging Australian suppliers whose capabilities are not known. It is also often difficult for Australian firms to access established global supply chains in order to export goods and services to major projects overseas. To expand opportunities for Australian firms, especially SMEs, they need to be given full, fair, and reasonable opportunity to participate in major projects, in Australia and overseas. This market (information) failure requires support to better link Australian industry with major project opportunities in Australia and overseas.
3. How was the problem/policy gap identified?
The problem was identified through the work of the Industry Capability Network (in operation since the 1980s) through their research into project needs and providing links with capable and competitive Australian companies. SAMP started in 1997.
4. Why was this policy mechanism chosen?
The initiative builds on existing work undertaken by the Industry Capability Network.
5. Does the initiative target any specific industry sector?
No, the initiative can be applied to any industry sector which is considered to involve contestable opportunities.
6. How does the initiative operate?
The initiative is delivered through a funding programme which provides funds to Industry Capability Network specialist consultants to work with project developers (project proponents) and Australian suppliers to achieve increased opportunities for Australian suppliers to bid for work on major projects in Australia and overseas and increase Australian supplier access to global supply chains for major projects.
7. What are the Key Performance Indicators for the initiative?
– Level of contract wins by Australian suppliers on the project – Australian suppliers gaining access to global supplier lists – Increased partnerships/alliances between suppliers
8. Has the performance of the initiative been evaluated?
Yes, an independent evaluation was conducted in 2007 and again in 2009.

Women in Global Business (WIGB)

1. What is the name of the Initiative?
Women in Global Business (WIGB)
2. What problem/policy gap led to the development of the initiative?
Women owned enterprises suffer from a lack information, support and encouragement in relation to exporting strategies; a lack of an understanding of how export could benefit their business; how to identify international business opportunities; the lack of market intelligence; the lack of skills to develop/manage export strategies; difficulty in contacting/networking with potential overseas customers and a lack of business confidence to overcome the these barriers. The development of a government program to support these women owned enterprises to internationalise would ultimately contribute to Australia's economic growth and job creation.
3. How was the problem/policy gap identified?
Private sector research between 2007 -2009 identified that women owned enterprises were falling behind in the proportion that were exporting or planning to export. This was supported by government sector research that identified that, in 76 per cent of cases, women business owners would approach government for support when it came to exporting advice. All Australian state and territory governments in addition to the Australian Government were consulted. All became official stakeholders in the launch of WIGB in December 2010. A few existing programs run by stakeholders were absorbed into WIGB upon its launch.
4. Why was this policy mechanism chosen?
It was clear that for the program to reach all women entrepreneurs and deliver support and benefits equally across the country, irrespective of the constituent's location, the program needed to have buy-in from all the levels of government and be a joint initiative.
5. Does the initiative target any specific industry sector?
No. All industry sectors are supported.
6. How does the initiative operate?
The WIGB program delivers information and resources, support advocacy, connection and communication services. This includes: - Information and referral services - Skills and capability development - Events showcasing Australian case studies - Mentoring program (2 intakes per year) - Online membership and services - Assessment tools via stakeholder IP - Trade missions, inbound and outbound - Joint longitudinal research with academic institutions - Export advisory services - Connection to international organisations and services - Networking and social media connections - Partnering with corporate sector to jointly deliver some services - Enhancing international engagement through international visits program
7. What are the Key Performance Indicators for the initiative?
- Number of WIGB members and monthly newsletter subscribers - Number attending events/missions

- Number of social media connections
- Number of hits on the website
- Number of mentors/mentees enrolling for the mentoring program
- Evaluation surveys from events, missions, skills and capability development sessions
- Growth in size of business, number of jobs created or number of exporters – assessed through longitudinal study.
- Media coverage

8. Has the performance of the initiative been evaluated?

Yes via multiple avenues as described above. Quarterly and Annual reports indicate progress against KPI's.

Canada

Business Development Bank of Canada – Global Expansion group

1. What is the name of the Initiative?
Business Development Bank of Canada – Global Expansion group
2. What problem/policy gap led to the development of the initiative?
In Canada, the need to educate SMEs about the opportunities presented by foreign markets and help them take the first steps was the driver behind the development of the program. It was important to help Canadian SMEs increase their participation in the international business market. – lack of information on exporting strategies and how to identify international business opportunities – lack of market intelligence – lack of understanding about capacity to export or enter a global production/value chain – lack of skills to develop/manage export strategies (inadequate quantity of and/or untrained personnel for internationalisation) – lack of awareness of operating in different cultural environments – difficulty in contacting/networking with potential overseas customers – difficulty in accessing financing to assist with expansion plans
3. How was the problem/policy gap identified?
– information gathered from SMEs through surveys, general support and advice lines including business advisor services – a needs assessment carried out as part of a program/project evaluation – consultation with relevant stakeholders – an evaluation of existing policy mechanisms – government surveys – literature reviews – knowledge of support available from other public and private sector sources
4. Why was this policy mechanism chosen?
It allowed BDC to develop specific expertise in market expansion to be able to offer both financing and advisory services to help SMEs. It ensures that this is a focus of BDC as a development bank.
5. Does the initiative target any specific industry sector?
No.
6. How does the initiative operate?
– financing programs – support for services delivered through third party organisations – for example business advisory services – information services – for example market research/information services – assessment tools – for example tools to help SMEs understand the complexities of moving into global markets, test their readiness, or select a market for expansion – export advisory services – business advisor/consultant – trade missions
7. What are the Key Performance Indicators for the initiative?
Volume of loans and consulting mandates specific to this program.

8. Has the performance of the initiative been evaluated?
No

Canadian Technology Accelerators

1. What is the name of the Initiative?
Canadian Technology Accelerators
2. What problem/policy gap led to the development of the initiative?
Need for Canada's most promising companies to: – Access entrepreneurial resources and global business opportunities located in key US innovation clusters; – Access financing (venture capital); – Access new customers especially multinationals; – Access mentors.
3. How was the problem/policy gap identified?
Information was obtained from Canadian start-ups and SMEs who were accessing the Trade Commissioner Service in key US innovation centres looking to access financing (venture capital) and access to new customers.
4. Why was this policy mechanism chosen?
This programme was chosen because it provides Canadian start-ups and SMEs with an immersion in the local business ecosystem which facilitates access to an unparalleled network that provides entrepreneurial inspiration and new perspectives. The CTAs help companies refine their business model, collect competitive intelligence, pursue key clients, access financing sources and engage strategic partners. Participants benefit from the culture of collaboration, open innovation and entrepreneurial inspiration cultivated among companies in an accelerator. This community shares advice, ideas and contacts, and lends an ear when a start-up needs to practice its pitch. Whether chatting at networking/matchmaking/investor events organised by an accelerator, or at the office, participants join a cooperative and collaborative community of start-ups from Canada and around the world.
5. Does the initiative target any specific industry sector?
The main industry sectors targeted are ICT, life sciences and cleantech.
6. How does the initiative operate?
Cohorts of selected Canadian start-ups spend 3 months in a US business accelerator during which they access unique business resources, competitive intelligence and inspiration on how to grow their company. For start-ups, they build and launch their product and company with a global vision. They present their start-up to potential investors and partners. They receive feedback and advice from mentors/coaches. Critical success factors: Pre-selection of quality start-ups. Involvement and availability of successful Canadian business expats as mentor/coach and to facilitate introduction to key local business contacts. Working with the right partner accelerator program with critical mass (large number of international start-ups participating, location in a recognised hub, and host accelerator management flexibility and commitment to give the best to the Trade Commissioner Service clients.

7. What are the Key Performance Indicators for the initiative?

Intermediate outcomes:

- Client satisfaction with the services received from the Trade Commissioner Service and the CTAs.
- Clients establish strategic partnerships, technology/licensing channel agreement.
- Clients raise funding/venture capital and finds business development talents.
- Clients adjust their business model and make better decisions in order to grow their business.

Final outcomes:

- Aggregated client revenue growth.
- Incremental number of jobs created in Canada.
- Investments made into Canada.

A report (or exit interview) is produced by start-ups at the end of their accelerator term. One year and two year client surveys measuring outcomes as mentioned above.

8. Has the performance of the initiative been evaluated?

A two-year evaluation report was done of the first CTA in Silicon Valley.

On a scale of one to five (highest):

Satisfaction rating with the Trade Commissioner Service 4.68/5.0

Satisfaction rating with the Accelerator service: 4.03/5.0

Overall satisfaction rating of CTA program: 4.32/5.0

“Would recommend” rating: 4.68/5.0

Embedding Trade Commissioners with national business associations and other partners.

1. What is the name of the Initiative?
Embedding Trade Commissioners with national business associations and other partners.
2. What problem/policy gap led to the development of the initiative?
Embedding trade commissioners in business associations and with government partners effectively serves small- and medium-sized enterprise (SME) clients through more coordinated service delivery with partners.
3. How was the problem/policy gap identified?
The gap was identified in consultation with relevant stakeholders and through an evaluation of existing policy and program mechanisms.
4. Why was this policy mechanism chosen?
It was piloted successfully on a small scale over the past several years. The pilot was effective and merited expansion.
5. Does the initiative target any specific industry sector?
No, it is multi-sectoral but focus is on the priority sectors identified under Canada's Global Commerce Strategy.
6. How does the initiative operate?
Export and trade advisory services are delivered to SME clients through the embedded trade commissioner network and by connecting SMEs to Canada's trade commissioner network operating out of embassies overseas.
7. What are the Key Performance Indicators for the initiative?
Two key performance indicators: – Client Satisfaction – Valid Business Successes in some way attributable to Trade Commissioner support.
8. Has the performance of the initiative been evaluated?
Not yet, as it is only now being deployed on a more significant scale.

EDC's Small Business Transactions Strategy

1. What is the name of the Initiative?
EDC's Small Business Transactions Strategy
2. What problem/policy gap led to the development of the initiative?
Canada is at a pivotal point with respect to the competitiveness of its small businesses internationally. While there is still value in EDC's current product suite in this space, there are new gaps emerging requiring more risk capacity and better leveraging EDC's trade knowledge and experience. The challenges faced by small business have collectively made the process of international trade more difficult for them. Breaking into supply chains, finding agents, accessing working capital, mitigating risks, establishing a credible presence abroad – accessing markets, becoming familiar with foreign market legal and regulatory frameworks are all essential elements on an international business plan. Now more than ever, Canadian companies need structured guidance to help them through the process.
3. How was the problem/policy gap identified?
Statistics Canada reports an annual reduction in the number of trade engaged companies, and EDC has experienced slowing growth in new account signings in reflection of this contraction. As well, as a key instrument that supports the government's Global Commerce strategy, gaps were identified through the Access to Capital breakout discussions that were spearheaded by the Department of International Trade and held across the country.
4. Why was this policy mechanism chosen?
In support of the government's focus on SMEs and the Minister of International Trade's ask in his Statement of Priorities and Accountabilities with respect to EDC's Corporate Plan, there was broad agreement by EDC's Board of Directors and Executive Team that EDC should be present in this space and that services should be managed to support the goals of providing an offering available to all and graduating small exporters to the next level.
5. Does the initiative target any specific industry sector?
No. EDC's Small Business Transactions Strategy is not targeted to any specific industry sector.
6. How does the initiative operate? [Please see explanatory notes]
The strategic framework and segmentation approach that addresses this initiative will be presented to EDC's Board of Directors at its next meeting. The operational model to support the new direction will then need to be developed. At this stage, feedback is being sought on the strategy's substance and business direction. The strategy will consider potential ways that EDC can provide more support to this sector through its various products and services, such as: Accounts Receivable Insurance – provides protection against a variety of risks including: buyer payment default; buyer bankruptcy; permit cancellation; currency transfer; and contract termination. This product also frees up working capital by increasing the level of margining by the bank of the exporter's foreign accounts receivable and providing the exporter's bank with direct payment in the event of a claim, allowing the bank to provide more working capital financing to the exporter. Contract Insurance/Bonding – EDC's bonding products are used by companies to guarantee their contract performance and help free up working capital. EDC also provides guarantees to private banks so they can issue guarantees to an exporter's customers and suppliers. By sharing risk with surety companies, EDC makes it easier for Canadian companies to have surety bonds issued without tying up a company's cash flow.

Export Guarantees – helps Canadian financial institutions provide access to more working capital with EDC sharing the risk (50 – 100%) Pull transactions – leveraging the benefit of EDC’s financing to influence the buyer’s procurement decisions and “pull” exports from Canada. It acts as a mechanism to introduce Canadian companies and particularly SMEs to foreign buyers whom they might not know or with whom they may have difficulties establishing a relationship. Working more Closely with the Banks – leveraging the capacity and delivery capabilities of others whenever possible – 90% of EDC’s lending transactions are delivered in conjunction with partners. Increased Marketing and Communications – campaigns promoting international trade, research, and product information relevant to EDC’s small business audience employ targeted communications, advertising, web and social media channels. Process Facilitation – transformation of EDC’s insurance services by providing insurance coverage online through a complete end-to-end process resulting in substantial cost savings.
7. What are the Key Performance Indicators for the initiative?
Work is underway to consider how to develop a comprehensive scorecard to track performance and impact. Key indicators under consideration include: new account acquisition; maximising the retention of existing accounts through proactive management of renewals; increase in business development initiatives to attract new business, etc.
8. Has the performance of the initiative been evaluated?
The strategy requires approval by EDC’s Board of Directors prior to implementation; hence, no its performance has not yet been evaluated.

SME Advisory Board to the Minister of International Trade

1. What is the name of the Initiative?
SME Advisory Board to the Minister of International Trade
2. What problem/policy gap led to the development of the initiative?
– lack of information on SME exporting strategies and how to identify international business opportunities – lack of understanding about SME's capacity to export or enter a global production and value chains – lack of skills to develop and manage SME export strategies – lack of awareness of SMEs operating in different cultural environments
3. How was the problem/policy gap identified?
– Recommendations gathered from the SME Advisory Board to the Minister of International Trade – Through consultation and engagement with relevant stakeholders including liaison with major horizontal business organisations: Canadian Exporters and Manufacturers (CME), Canadian Chamber of Commerce (CCC), Canadian Council of Chief Executives (CCCE), Canadian Federation of Independent Business (CFIB) and Importers and Exporters Canada (I.E. Canada).
4. Why was this policy mechanism chosen?
The SME Advisory Board to the Minister of International Trade was established in 2001. It is a key stakeholder consultation tool. DFATD works with SMEs to understand their business needs and to improve their competitive advantage globally. SMEs provide advice and feedback directly to the Minister of International Trade on existing and potential DFATD international commerce initiatives. Their input is used to improve policies and programs in support of SME international business interests. Examples: – Impediments to international business for SMEs – Regional and country strategies – Impact of trade negotiations – Enhancement of the Trade Commissioner Service – DFATD programs, policies or initiatives in the development phase
5. Does the initiative target any specific industry sector?
No. It works with all industry sectors. It provides advisory services, including networking, general business guidance and support.
6. How does the initiative operate?
The mandate of the SME Advisory Board is to provide the Minister of International Trade with advice and recommendations on the commerce-related priorities, policies, programs and services of Foreign Affairs Trade and Development Canada (DFATD) in support of small and medium-sized enterprises (SMEs). The Board also informs the Minister of business impediments and issues of concern to SMEs related to international trade. The current mandate of the Board is to: – assess the needs of Canadian SMEs in relation to international trade; – consider the programs and services needed to enhance Canadian SMEs' ability to establish and maintain a strong position in foreign markets;

– evaluate DFAIT's efforts in assisting Canadian SMEs and make recommendations accordingly; and – provide advice regarding new or existing DFAIT programs and initiatives to assist SMEs in achieving their international goals.
7. What are the Key Performance Indicators for the initiative?
No Key Performance Indicators. The criteria used by to identify and qualify prospective candidates for the SME Advisory Board are as follows: – the candidate is the owner of an SME; – the company should be active in at least one country outside Canada, but preferably in two or more; – the company is within Statistics Canada's definition of an SME; – the candidate is selected based on his/her business experience, expertise, and sound understanding of international commerce issues; and – the company should be a client of the Trade Commissioner Service in order to provide concrete feedback on the Service. Priority consideration is given to prospective candidates from under-represented regions and sectors. The number of employees in the company and gender balance may also factor into the selection process.
8. Has the performance of the initiative been evaluated?
Yes. We received a 4.5 out of 5 points in average for meeting. SMEs Board members consistently mention that the SME Advisory Board meetings always met their expectations and objectives, topics discussed are always pertinent to the international business interest of SMEs, and that they are confident the feedback provided by Board members has an impact on policies programs and services of DFATD.

The Canadian Business Women of International Trade program of the Department of Foreign Affairs, Trade and Development (DFATD)

1. What is the name of the Initiative?
The Canadian Business Women of International Trade program of the Department of Foreign Affairs, Trade and Development (DFATD)
2. What problem/policy gap led to the development of the initiative
– Lack of market intelligence; – Lack of understanding about capacity to export or enter a global production/value chain; – Lack of awareness of operating in different cultural environments; – difficulty in contacting/networking with potential overseas customers; – DFATD led the first women's trade mission to Washington in 1997; – The results from the trade mission demonstrated the calibre of women-owned businesses in Canada as well as the importance of providing support to budding women entrepreneurs and women exporters.
3. How was the problem/policy gap identified?
– Consultation with relevant stakeholders; government surveys; – In 2003, a PM Task Force on Women entrepreneurs coordinated and held extensive focus groups across the country. – Consultations concluded that there were no specific support programs for women in business or women in international trade.
4. Why was this policy mechanism chosen?
– The outcome of the PMs 2003 Task Force on Women Entrepreneurs was a cascade of initiatives, both from the public and private sectors, to encourage and assist women entrepreneurs to globalise. – The results reinforced the need for a federal program to support Business Women in International Trade program at DFATD. – The BWIT program was selected as a support mechanism to meet the needs of the growing number of women entrepreneurs and women exporters. The program also provided a linkage between regional programs across Canada and the federal government. – The BWIT program is the only program of its kind in the Canadian government that focuses on women in business and women exporters. – Statistics have further demonstrated that the percentage of women starting and growing their businesses in Canada has increased, year after year. According to Statistics Canada's Labour Force Survey reports, there were 950,000 self-employed women in Canada in 2012, accounting for 35.6% of all self-employed persons.
5. Does the initiative target any specific industry sector?
– The BWIT Team continues to serve business women in all sectors. – The BWIT team works towards promoting and growing key priority sectors as established by DFATD's key objectives.
6. How does the initiative operate?
– The BWIT program's mandate is to provide targeted support to Canadian women entrepreneurs by representing and advocating their commercial interests domestically and abroad. BWIT is part of the Government of Canada's Trade Commissioner Service (TCS). The TCS has over 130 offices around the globe offering export advice and guidance to help

entrepreneurs achieve their international business goals. BWIT also provides: – online services including a LinkedIn Group http://linkd.in/bwit-faci and value-rich website www.businesswomenintrade.gc.ca; – Annual newsletter promoting successful women exporters as well as information on funding, resources and more; – Market Intelligence including: Market analysis, guide to exporting; – Published articles to increase awareness of the BWIT program; – Training and outreach; – Women-focused trade missions.
7. What are the Key Performance Indicators for the initiative?
As a small team, performance indicators are extremely important to ensure efficiency and identify trends. The staff at BWIT maintain the following: – Number of service requests performed annually ; – Analysis of projects and trade missions undertaken annually; – A monthly dashboard outlining all BWIT activities.
8. Has the performance of the initiative been evaluated?
No evaluation has been conducted on the program as a whole, however, evaluations are conducted following trade missions to ensure improvements are brought to future initiatives.

Hong Kong, China

Connect Customers

1. What is the name of the Initiative?
Connect Customers Objective: Strengthen the role of HKTDC's fairs as business and marketing platforms Responsible Government Department/ Agency: The Hong Kong Trade Development Council (HKTDC)
2. What problem/policy gap led to the development of the initiative?
- Lack of information on exporting strategies and how to identify international business opportunities - Difficulty in contacting/networking with potential overseas customers
3. How was the problem/policy gap identified?
- Consultation with relevant stakeholders - Information gathered from SMEs
4. Why was this policy mechanism chosen?
Provide an effective platforms to develop business and tap into international markets
5. Does the initiative target any specific industry sector?
Trade fairs covering different industry sectors
6. How does the initiative operate
HKTDC organises more than 30 international trade fairs in HKC every year, three of them are the largest of their kind in the world and nine are the largest in Asia. A range of new initiatives in helping HKC SMEs expand their business was introduced in 2012/13. These included <u>buyer forums</u>, where traders from such economies as Russia, Poland, India and the Middle East share their sourcing needs and market trends with exhibitors. Responding to the growing number of businesses looking for flexibility in product sourcing, <u>Small-Order-Zone</u> was introduced to some of the trade fairs, and it was well received by both exhibitors and buyers. Apart from the physical Small-Order-Zone, an online version was added to enable business connections all year round. We also took steps to expand our communication abilities in the social media arena, which serves as a popular and cost-effective channel for marketing our trade fairs. Besides making good headway on Google+, LinkedIn and Youtube, we also made huge gains through popular China portals like Youku and Tudou.
7. What are the Key Performance Indicators for the initiative?
Number of participating companies from HKC and around the world
8. Has the performance of the initiative been evaluated?
Yes. In 2012/13, HKTDC trade fairs played host to close to 34,000 exhibitors and over 680,000 buyers, up 3.3% and 1.2% respectively, which is a strong indication of participants' support and satisfaction towards the effectiveness of the trade fairs.

Explore overseas market

1. What is the name of the Initiative?
Explore Overseas Markets Objective: Help SMEs meet the challenges of doing business overseas Responsible Government Department/Agency: The Hong Kong Trade Development Council (HKTDC)
2. What problem/policy gap led to the development of the initiative?
– Lack of information on exporting strategies and how to identify international business opportunities – Lack of awareness of operating in different cultural environments – Difficulty in contacting/networking with potential overseas customers
3. How was the problem/policy gap identified?
– Consultation with relevant stakeholders – Information gathered from SMEs
4. Why was this policy mechanism chosen?
Help SMEs maximise opportunities created by the reshaping of the global economy and diversify both markets and products. In mature economies, niche sector such as pet supplies, the silver segment and baby products, etc.
5. Does the initiative target any specific industry sector?
N/A
6. How does the initiative operate?
Targeting the China market, HKTDC stage HKC's solo exhibitions, "Style Hong Kong" shows, to help HKC SMEs reach out to more Chinese consumers in different cities. As for priority emerging markets such as Indonesia and Turkey, we organise "Lifestyle Expo" to promote HKC products and brands. We lead the way to emerging markets with great potential, including Myanmar, Cambodia, Brazil, Chile, Mexico, Peru, Ghana, Nigeria, Kenya, etc., for HKC SMEs by organising trade or exploratory missions. We also assist HKC SMEs in seizing niche market opportunities in the sectors of pet supplies, the silver market and baby products through organising HKC pavilions at major international trade fairs or bringing HKC delegations to visit potential markets.
7. What are the Key Performance Indicators for the initiative?
Number of HKC companies participating in overseas promotions
8. Has the performance of the initiative been evaluated?
Yes. In 2012/13, nearly 4,600 HKC companies participated in promotions targeting Chinese and overseas markets.

Market Intelligence

1. What is the name of the Initiative?
Market Intelligence Objective: Assist SMEs to keep them abreast of new market opportunities Responsible Government Department/ Agency: The Hong Kong Trade Development Council (HKTDC)
2. What problem/policy gap led to the development of the initiative
- Lack of information on exporting strategies and how to identify international business opportunities - Lack of market intelligence - Lack of awareness of operating in different cultural environments
3. How was the problem/policy gap identified?
- Consultation with relevant stakeholders - Information gathered from SMEs
4. Why was this policy mechanism chosen?
Provide timely intelligence on emerging markets and niche sectors
5. Does the initiative target any specific industry sector?
No
6. How does the initiative operate? [Please see explanatory notes]
The HKTDC SME Centre serves as a resource centre to enable HKC SMEs to easily obtain latest business information and market intelligence. Seminars and workshops are organised at the Centre throughout the year. In 2012/13, the HKTDC launched a new information portal, HKTDC Research, to enhance public awareness of HKTDC's market news and analyses in a more contemporary style, striving for shorter, more concise reports that are more easily digestible for increasingly mobile business people.
7. What are the Key Performance Indicators for the initiative?
General customer satisfaction assessment
8. Has the performance of the initiative been evaluated?
Yes. The HKTDC SME Centre hosted some 35 seminars and workshops in 2012/13, focusing on popular topics such as China business, SME management, intellectual property, entrepreneurship, etc. More than 3,000 participants took part in these events, and 91% of the participants commented that the seminars and workshops were useful and practical. After the launch of the HKTDC Research portal, the average monthly page views jumped by close to five times to 320,000.

Small Business Policy

1. What is the name of the Initiative?
Small Business Policy Responsible Government Department/ Agency: The Hong Kong Export Credit Insurance Corporation (HKECIC)
2. What problem/policy gap led to the development of the initiative
In face of the gloomy economic outlook and difficult trading environment, HKC's exporters, especially SMEs are in need of export credit insurance cover for risk protection and credit management, especially for developing new markets. However, they are concerned about insurance costs as profit margin is indeed thin nowadays. To encourage the exporters to use export credit insurance to protect them against non-payment risks of overseas buyers and to use the insurance cover as collateral for trade finance, the HKECIC therefore has developed and launched in March 2013 the Small Business Policy tailored made to meet the specific needs of SMEs for flexible options for cover, reduced policy costs and administrative work and speeding up of claims payment. As an enhanced measure, the one-off special offer of annual policy fee waiver and premium discounts up to 20% is offered to Small Business Policy policyholders.
3. How was the problem/policy gap identified?
The gap was identified from a survey conducted by the HKECIC on export credit insurance needs of SMEs.
4. Why was this policy mechanism chosen?
The major features of the Small Business Policy are enhanced flexibility of insurance cover, reduced policy costs and administrative work, and the speeding up of claims payment, which are tailored made to address the areas of concern raised by SMEs.
5. Does the initiative target any specific industry sector?
The Small Business Policy targets on SME exporters of all industries (goods and services) with annual turnover of less than HK\$50 million.
6. How does the initiative operate?
The Small Business Policy is an export credit insurance cover provided by the HKECIC to protect SME exporters in HKC against non-payment due to the insured buyer risks (e.g. insolvency, payment default or refusal to take delivery of goods of the insured buyers) or country risks (e.g. transfer delay, import ban, cancellation of import license, payment moratorium, war and natural disaster, etc. in the buyer's country which prevent performance of the contract) when they trade with overseas buyers on credit terms. SMEs can apply for the Small Business Policy via the HKECIC's online platform.
7. What are the Key Performance Indicators for the initiative?
The HKECIC launched the Small Business Policy to help both exporters and existing policyholders in risk protection and credit management when they trade on credit terms with overseas buyers in both traditional and new markets. To evaluate the result, the HKECIC will review the numbers of policies issued, credit limits issued, business volume insured and premium income.
8. Has the performance of the initiative been evaluated?
The Small Business Policy was just launched in March 2013. So far, the responses from both exporters and existing policyholders are satisfactory.

SME^{1*} Export Marketing Fund

1. What is the name of the Initiative?
The SME* Export Marketing Fund Responsible Government Department/ Agency: Trade and Industry Department
2. What problem/policy gap led to the development of the initiative?
The initiative was developed in response to Government's commitment to helping the development of SMEs in the area of expanding access to markets outside HKC.
3. How was the problem/policy gap identified?
The problem/policy gap was identified by the SME Committee that was tasked with the responsibility to explore new measures to support SMEs through extensive research, discussions and consultations with the public, in particular SME associations.
4. Why was this policy mechanism chosen?
The policy mechanism was recommended by the SME Committee making reference to different types of government support in other economies.
5. Does the initiative target any specific industry sector?
No, all businesses registered under Hong Kong's Business Registration Ordinance which fulfil the SME definition in (1) are eligible for the SME Export Marketing Fund.
6. How does the initiative operate?
The SME Export Marketing Fund (EMF) provides funding support to SMEs to participate in export promotion activities, including participating in trade fairs/exhibitions and business missions, and placing advertisements in printed trade publications targeting export markets as well as on eligible trade websites. The maximum amount of grant for each successful application will be 50% of the total approved expenditures incurred by the applicant or HK\$50,000, whichever is the less. The cumulative amount of grant that an SME may obtain from the EMF has been revised upward several times and currently is HK\$200,000.
7. What are the Key Performance Indicators for the initiative?
The effectiveness of the initiative can be reflected by the number of SMEs that have benefited (over 38,000) and total grant approved exceeding HK\$2.4 billion.
8. Has the performance of the initiative been evaluated?
From feedback by SMEs through informal consultation and occasional survey, the initiative has received wide support and is considered to be of practical use to SMEs in exploring overseas markets. Enhancement measures have also been put in place at different times to improve the initiative to cater for the changing needs of SMEs.

¹ * SME is defined as a manufacturing firm with fewer than 100 employees or a non-manufacturing firm with fewer than 50 employees in HKC

Indonesia

Five different initiatives

1. What is the name of the Initiative?
– Establishing Marketing Infrastructure (SME Tower) – Product exposition – Trade Mission – Business Forum – Business Partnership
2. What problem/policy gap led to the development of the initiative?
– lack of information on exporting strategies and how to identify international business opportunities – lack of market intelligence – lack of understanding about capacity to export or enter a global production/value chain – lack of skills to develop/manage export strategies (inadequate quantity of and/or untrained personnel for internationalisation) – lack of awareness of operating in different cultural environments – difficulty in contacting/networking with potential overseas customers
3. How was the problem/policy gap identified?
– information gathered from SMEs through general support and advice lines including business advisor services – a needs assessment carried out as part of a program/project evaluation – consultation with relevant stakeholders – an evaluation of existing policy mechanisms – government surveys
4. Why was this policy mechanism chosen?
To increase SME access to global market with minimum cost, and provide the SME knowledge about the do's and don'ts in the international business market
5. Does the initiative target any specific industry sector?
Handicrafts, fashion and accessories, furniture. Interior, home decoration, food and beverages.
6. How does the initiative operate?
– funding programs – online services – support for services delivered through third party organisations – for example business advisory services – information services– for example market research/information services – assessment tools – for example tools to help SMEs understand the complexities of moving into global markets or test their readiness – export advisory services – business advisor/consultant – trade missions
7. What are the Key Performance Indicators for the initiative?
– Business Volume – The profit

8. Has the performance of the initiative been evaluated?
No

Japan

Conference on supporting SMEs in overseas business

1. What is the name of the Initiative?
Conference on Supporting SMEs in Overseas Business
2. What problem/policy gap led to the development of the initiative? [Please see explanatory notes below]
The proportion of exporting companies in SMEs in Japan remains low even though the number of those SMEs has been increasing in the long term. In order to gain benefit from the progress of the globalised economy, SMEs need to cope with cross-border business. However, many SMEs face difficulty in starting overseas business due to the lack of business resources including finances, human resources, and information. In response to various requests and needs from SMEs, the “Conference on Supporting SMEs in Overseas Business” was established for sharing information among government institutions and other SME related institutions and developing a system for supporting SMEs in overseas business effectively through comprehensive cooperation and coordination among them.
3. How was the problem/policy gap identified? [Please see explanatory notes below]
We are trying to identify problems and policy gaps through analysis in the annual “White Paper on SMEs” and interviews with industry sectors including SMEs and SME supporting institutions too.
4. Why was this policy mechanism chosen?
We aimed at enhancing support programs as a whole through; – Comprehensive cooperation between the government and other SMEs related institutions – Functional cooperation among regional SMEs related institutions, and – Enhancement of the support framework in overseas.
5. Does the initiative target any specific industry sector? [If yes, please provide details]
None
6. How does the initiative operate? [Please see explanatory notes below]
The conference concluded the “Framework for Supporting SMEs in Overseas Business” in June 2011, and each supporting institution developed an “Action Plan” based on the framework. The conference is held regularly to share information, to follow up on the framework and action plans, and to review them if necessary.
7. What are the Key Performance Indicators for the initiative?
The action plans are KPIs. Each action plan has its goals and policy programs. The action plans will be reviewed and revised as appropriate in order to ensure appropriate responses to SME requests and changes both in Japan and abroad.
8. Has the performance of the initiative been evaluated? [If yes, please provide details if available]
The conference is held regularly to share information, to follow up on the framework and action plans, and to review them if necessary. The action plans are reviewed and revised as appropriate in order to ensure appropriate responses to SME requests and changes both in Japan and abroad as needed.

Malaysia

Business Accelerator Programme (BAP) Diagnostic Component: SME Competitiveness Rating for Enhancement (SCORE) Programme

1. What is the name of the Initiative?
Business Accelerator Programme (BAP) Diagnostic Component: SME Competitiveness Rating for Enhancement (SCORE) Programme
2. What problem/policy gap led to the development of the initiative
It is important to have a reliable database to assess performance and capabilities which is used to rate and enhance competitiveness of SMEs.
3. How was the problem/policy gap identified?
An evaluation of existing policy mechanisms/ Government survey
4. Why was this policy mechanism chosen?
It helps to identify strengths and weaknesses of SMEs in order to recommend measures for improvements and for potential business linkages.
5. Does the initiative target any specific industry sector?
No.
6. How does the initiative operate?
Facilitate linkages of potential SMEs with large companies / MNCs and link export-ready companies to MATRADE.
7. What are the Key Performance Indicators for the initiative?
The capability and performance is measured based on seven parameters that vary across sectors; Business Performance, Financial Capability, Management Capability, Production Capacity, Technical Capability, Quality System and Innovation.
8. Has the performance of the initiative been evaluated?
As at December 2012, 10,837 companies have been SCORE-‘ed’ and a number of significant improvements in terms of their sales, marketing and product development recorded.

Business Linkage Programme

1. What is the name of the Initiative?
Business Linkage Programme
2. What problem/policy gap led to the development of the initiative?
Difficulty in networking with large companies, multinational corporations (MNCs) or Government Linked Companies (GLCs).
3. How was the problem/policy gap identified?
Information gathered from SMEs through general support and advice lines including business advisor services.
4. Why was this policy mechanism chosen?
To facilitate linkages between SMEs and large companies, multinational corporations (MNCs) or Government Linked Companies (GLCs).
5. Does the initiative target any specific industry sector?
No.
6. How does the initiative operate?
The main component under this initiative is the Business Matching Sessions. The sessions are conducted annually during SMIDEX and as and when there are opportunities with MNCs.
7. What are the Key Performance Indicators for the initiative?
No. of companies linked and total potential sales
8. Has the performance of the initiative been evaluated?
As at 31 December 2012, a total of 485 SMEs were linked with MNCs/GLCs/ large companies with potential sales valued at RM286.99 million.

Going Export Programme (GoEx)

1. What is the name of the Initiative?
Going Export Programme (GoEx)
2. What problem/policy gap led to the development of the initiative?
Lack of detailed information on targeted markets including information on buyers, competitors, pricing, logistics, supply chains, regulations and etc.
3. How was the problem/policy gap identified?
Information gathered from SMEs through general support and advice lines including business advisor services.
4. Why was this policy mechanism chosen?
This policy is critical for success in exports where it aims to build over time a pool of practitioner experts who can help provide value-added services.
5. Does the initiative target any specific industry sector?
No specific industry targeted.
6. How does the initiative operate?
The programme will be in a form of a matching grant to assist export-ready SME. The grant will finance the development and execution of export sales plan (ESP) with the help of practitioner experts.
7. What are the Key Performance Indicators for the initiative?
To increase the number of SME exporters and raise their contribution of total exports from 19% to 25% by 2020.
8. Has the performance of the initiative been evaluated?
Increased of export activities and business venture in local and global market.

Market Development Grant (MDG)

1. What is the name of the Initiative?
Market Development Grant (MDG)
2. What problem/policy gap led to the development of the initiative?
Lack of financial capabilities among SMEs to promote and export their products to global market.
3. How was the problem/policy gap identified?
An evaluation of existing policy mechanisms.
4. Why was this policy mechanism chosen?
To encourage SMEs to aggressively develop and market Malaysian products and services to the world.
5. Does the initiative target any specific industry sector?
– Manufacturing and Agro-based Companies - Annual sales turnover not exceeding RM 25 million / Full-time employees not more than 150 – Trading Companies - Annual sales turnover not exceeding RM 5 million / Full-time employees not more than 50.
6. How does the initiative operate?
Companies can apply for a reimbursable grant on the eligible export promotional activities undertaken. The value of the grant reimbursed will be determined based on the location (by regions) and the type of export promotional activities undertaken.
7. What are the Key Performance Indicators for the initiative?
Increase in exports performance of companies that benefited from the grant.
8. Has the performance of the initiative been evaluated?
SMEs export activities increased every year resulting from various assistance programmes including MDG initiative.

New Zealand

Beachheads

1. What is the name of the Initiative?
Beachheads, administered by New Zealand Trade and Enterprise (NZTE).
2. What problem/policy gap led to the development of the initiative
Beachheads helps to reduce the risk and cost for New Zealand businesses wishing to internationalise by providing access to a network of private-sector advisors in New Zealand and around the world. The advisors offer a fresh perspective on a business's challenges and opportunities and an objective assessment of business plans and areas of potential risk. New Zealand businesses typically need to internationalise much earlier in their development than companies in other countries with larger domestic or proximate markets. Many small businesses seeking to export: – have imperfect information about their skill/knowledge gaps to export successfully or the benefits of developing their capabilities; and/or – face high transaction costs in determining and developing their capabilities, networks, and resources they need to export successfully. Government is well placed to leverage the goodwill of the business community by bringing together offshore experts to provide information and advice to businesses in a commercially neutral way.
3. How was the problem/policy gap identified?
Information gathered from NZTE's customers.
4. Why was this policy mechanism chosen?
The Beachheads programme began as a single office location in Singapore in May 2002. Policy was then developed that identified the programme's initial aim as being to create "incubators for SMEs who are attempting to establish themselves in offshore markets and to create forward marketing bases for new exporters in strategic offshore markets" (Cab Min (03) 13/9(17)). Provision of co-located office space was a significant part of initial services in what is now referred to as Beachheads Version 1. Version 2 of the programme was developed following the 2006 evaluation, which concluded that resources were best focused on providing advice and building networks rather than providing physical sites. The focus under Version 2 became providing advice and/or mentoring to New Zealand businesses establishing in-market and wanting to grow. More advisory boards were formed, including a board based in New Zealand to screen potential participants. The programme has worked with some major exporters since this time. The Beachheads programme underwent an operational change in 2011, which NZTE refers to as Version 3. Businesses are now engaged at a more strategic level and earlier in the market entry process. This was brought about because feedback from advisors and customers suggested that Beachheads engaged too late in their market entry and now works more closely with businesses to set, and then achieve, realistic milestones/objectives i.e. helping businesses shape their strategy rather than helping with the execution of a strategy. This is in line with the literature, which suggests that managers of SMEs may have technical expertise but are less likely to have internationalisation skills, meaning that they may pursue suboptimal international market research and strategies (DTI, 2006).

5. Does the initiative target any specific industry sector?
High-growth, committed and capable, export-ready or already exporting businesses in key sectors into key markets.
6. How does the initiative operate?
Beachheads connects participating businesses to a network of private sector advisors in New Zealand and around the world who can act as mentors and provide insights into the realities of growing internationally successful businesses. Beachheads advisors are based in New Zealand and in eight international regions: China, Europe, India, Japan, the Middle East, North America, South America and Southeast Asia.
7. What are the Key Performance Indicators for the initiative?
Beachheads is a part of NZTE's international business growth services suite which has performance targets such as: – the number of businesses assisted along the internationalisation path; – percentage of businesses that agree or strongly agree that NZTE has added value to their business; – annual growth in export revenue for businesses NZTE manages intensively. A new performance measurement framework is currently being implemented to monitor the programme specific impacts including commercial outcomes and behaviour changes as a result of the programme. An annual survey also provides information on customer satisfaction relating to the individual service.
8. Has the performance of the initiative been evaluated?
A recent evaluation found Beachheads to be effective in: – reducing the barriers businesses face of a relative lack of information in offshore markets; – a positive net impact on some businesses' sales; – businesses being assisted in maintaining a presence in offshore markets; – information sharing between participants and other New Zealand businesses.

Better by Capital

1. What is the name of the Initiative?
Better by Capital, administered by New Zealand Trade and Enterprise (NZTE).
2. What problem/policy gap led to the development of the initiative?
This new service was created and developed based on customer insights. It was identified that: – capital management capability is generally lacking and businesses often misunderstand the value capital options can offer; – a general lack of information is available for business about the process of raising capital, and for the investor community, a lack of visibility of good investment opportunities.
3. How was the problem/policy gap identified?
Information gathered from NZTE's customers and research/consultation with external stakeholders.
4. Why was this policy mechanism chosen?
To enable businesses to improve their knowledge of funding and capital options to grow internationally and improve their chances of accessing the right capital, at the right time to fuel their international growth objectives.
5. Does the initiative target any specific industry sector?
No – just high growth potential businesses who need help to plan and prepare for raising and managing capital.
6. How does the initiative operate?
Better by Capital is delivered through a mix of purpose-built workshops with industry experts, intense planning with a Customer Manager/Investment Manager (domestic and international if required) and facilitated introductions to targeted investors and networks.
7. What are the Key Performance Indicators for the initiative?
Better by Capital is a part of NZTE's international business growth services suite which has performance targets such as: – the number of businesses assisted along the internationalisation path; – percentage of businesses that agree or strongly agree that NZTE has added value to their business; – annual growth in export revenue for businesses NZTE manages intensively. A new performance measurement framework is currently being implemented to monitor the programme specific impacts including capital raised and behaviour changes as a result of the programme. An annual survey also provides information on customer satisfaction relating to the individual service.
8. Has the performance of the initiative been evaluated?
No, the service was launched on 4 July 2013 so has not been evaluated yet.

Better by Design

1. What is the name of the Initiative?
Better by Design, administered by New Zealand Trade and Enterprise (NZTE).
2. What problem/policy gap led to the development of the initiative?
To become globally competitive, businesses required longer lasting capability through the integration of design thinking principles and tools into their business. Design is used to help them become more innovative, efficient and internationally competitive.
3. How was the problem/policy gap identified?
The programme was originally based on research undertaken by the Design Taskforce which found there was a lack of understanding amongst New Zealand firms about valuing design aspects in their businesses, underdeveloped design sectors and a lack of infrastructure and capability within New Zealand.
4. Why was this policy mechanism chosen?
The programme has evolved from a 'learning by telling' model, where design activities were performed by external coaches, to a 'learning by doing' model where design coaches actively encourage businesses to integrate design thinking principles into their business and experience 'hands-on' the benefits of design-led thinking.
5. Does the initiative target any specific industry sector?
No.
6. How does the initiative operate?
There are two parts to the programme: – Learning experiences – with a focus on Design Thinking, these experiences attract and inspire CEOs and management teams to consider investing in design. These currently include: CEO Summit – every 18 months; D. Think Executive programme over two-to-three days to enable leadership in design and a CEO USA Study Tour to embed design. – Design Integration Programme – this programme invests in Design Integration within the business, building capability from the CEO throughout the organisation. This programme is facilitated by Private Sector Design Coaches.
7. What are the Key Performance Indicators for the initiative?
Better by Design is a part of NZTE's international business growth services suite which has performance targets such as: – the number of businesses assisted along the internationalisation path; – percentage of businesses that agree or strongly agree that NZTE has added value to their business; – annual growth in export revenue for businesses NZTE manages intensively. A new performance measurement framework is currently being implemented to monitor the programme specific impacts including commercial outcomes and behaviour changes as a result of the programme. An annual survey also provides information on customer satisfaction relating to the individual service.
8. Has the performance of the initiative been evaluated?
Not since the redesign of 3.0.

Industry Capability Network

1. What is the name of the Initiative?
Industry Capability Network, administered by New Zealand Trade and Enterprise (NZTE).
2. What problem/policy gap led to the development of the initiative?
A lack of information on both the demand and supply sides of the government procurement market. On the supply side, government agencies lacked information on New Zealand products and the capabilities of suppliers. On the demand side, New Zealand suppliers were often unaware of public sector purchasing requirements. This imperfect information meant government purchasers and suppliers faced increased search costs to find this information, which increased the transaction costs of doing business with each other.
3. How was the problem/policy gap identified? [Please see explanatory notes]
Information gathered from government agencies and private firms.
4. Why was this policy mechanism chosen?
To help businesses get involved with major projects in New Zealand and Australia, and build relationships that would take them into other international markets. Local supply chains become more competitive and businesses more confident and larger in scale in readiness for global markets.
5. Does the initiative target any specific industry sector?
Purchasers within government organisations and suppliers to government (particularly those that have a significant spend).
6. How does the initiative operate? [Please see explanatory notes]
The Industry Capability Network helps to develop early stage relationships between large projects in New Zealand and Australia and supply chains. It aims to create interest in internationally competitive New Zealand suppliers and open the door for New Zealand businesses. Through 'Gateway' a free online service, businesses can register and then search for project or business opportunities throughout Australasia. Through these relationships, the network provides early information to businesses of upcoming projects and makes valuable early stage introductions. At the same time, the network helps businesses build capability to participate in major projects and international supply chains. ICN New Zealand is part of the Australasian Industry Capability Network.
7. What are the Key Performance Indicators for the initiative?
ICN is a part of NZTE's international business growth services suite which has performance targets such as: – the number of businesses assisted along the internationalisation path; – percentage of businesses that agree or strongly agree that NZTE has added value to their business; – annual growth in export revenue for businesses NZTE manages intensively. – deals as a result of ICN support.
8. Has the performance of the initiative been evaluated? [If yes, please provide details if available]
A 2010 policy review found that the network plays an important role in facilitating New Zealand businesses access into major Australian projects, and informs major contractors operating in New Zealand of capable New Zealand businesses that they could work with.

International Growth Fund

1. What is the name of the Initiative?
International Growth Fund, administered by New Zealand Trade and Enterprise (NZTE).
2. What problem/policy gap led to the development of the initiative?
The rationale for the fund is that most New Zealand firms are small and find it difficult to acquire the capabilities and information needed to successfully operate in international markets. The International Growth Fund's objective is to increase the number of New Zealand businesses exporting and/or undertaking overseas direct investment. It achieves this by helping businesses acquire the capabilities required for, and reduce the risks and costs of, developing new markets. There is no prescribed list of eligible activities but they must be much more than business-as-usual and fit within the areas that have been known to create barriers to growth or arise as a consequence of rapid growth. This flexibility recognises the diverse and changing needs of firms, which reflect their business models and the stage they are at in their business growth strategy. Activities funded must deliver a net increase in economic activity and benefits for both the firm and New Zealand's wider economy.
3. How was the problem/policy gap identified
Several research initiatives such as the Globally Competitive Firms review.
4. Why was this policy mechanism chosen?
The International Growth Fund reduces the risk for a business wishing to internationalise, by providing 50% matched co-funding for projects beyond business-as-usual that have the potential to contribute to New Zealand's long term economic growth.
5. Does the initiative target any specific industry sector?
High growth potential firms.
6. How does the initiative operate?
This grant is tailored to the specific needs of individual businesses as they undertake new activity in international markets. It is for businesses NZTE works with most intensively, and who are assessed as being the most likely to contribute to New Zealand's long-term growth, including international success in the short to medium term. Businesses need to at least match the level of investment that NZTE makes through the fund, up to a maximum of \$600,000. Activities cannot be business as usual and must deliver benefits for the wider New Zealand economy.
7. What are the Key Performance Indicators for the initiative?
The International Growth Fund has the following performance measures: – number of businesses receiving grant funding as part of a wider assistance package; – percentage of businesses that give their experience with the fund a positive rating; – grant applications are assessed and processed in accordance with specified criteria and guidelines; – positive realised direct economic impact for approved grants.
8. Has the performance of the initiative been evaluated
In response to customer feedback, NZTE undertook a review of the International Growth Fund to address the need for a simpler process, and timelier decision-making. As a result of this review, NZTE is implementing the following changes to the fund: – more timely and more targeted business cases, co-developed by customers with their NZTE customer managers;

- improved turnaround times (incorporating a simplified claim process);
- added assurance on progress is provided by the board sub-committee monitoring higher risk projects, and a fund measurement dashboard.

A new performance measure to calculate the realised direct economic impact from approved grants has also been introduced. Past forms of this grant, namely the Growth Services Range were evaluated in 2010.

Market Research

1. What is the name of the Initiative?
Market Research, administered by New Zealand Trade and Enterprise (NZTE).
2. What problem/policy gap led to the development of the initiative?
New Zealand businesses need information to make well-considered market discovery, entry and growth decisions. The availability of hard facts and data assists businesses to make strategic decisions about market selection, entry and expansion.
3. How was the problem/policy gap identified?
Information gathered from NZTE's customers.
4. Why was this policy mechanism chosen?
NZTE publishes an extensive range of freely available facts, data and market intelligence on our website to enable 'self-serve' for businesses wanting information. More detailed, or customised research, is also available through working together to create a tailored report specific to the businesses target market/s.
5. Does the initiative target any specific industry sector?
No.
6. How does the initiative operate?
Initial market insights are provided through a team of New Zealand desk-based research specialists whilst NZTE's international teams offer a combination of desk and field-based market insights. Working together across the globe these teams provide research that includes: global consumer, business and government trend analysis, sector and country overviews, comparative analysis of market opportunities and risks, identification of potential partners, distributors and customers and identification of channels to market.
7. What are the Key Performance Indicators for the initiative?
Market Research is a part of NZTE's international business growth services suite which has performance targets such as: – the number of businesses assisted along the internationalisation path; – percentage of businesses that agree or strongly agree that NZTE has added value to their business; – annual growth in export revenue for businesses NZTE manages intensively.
8. Has the performance of the initiative been evaluated?
The service in itself has not been evaluated but did form part of NZTE's Output Class 2 evaluation in 2010. An annual survey provides information on customer satisfaction relating to the individual service.

Business Partners

1. What is the name of the Initiative?
Regional Business Partners, administered by New Zealand Trade and Enterprise (NZTE) and Callaghan Innovation.
2. What problem/policy gap led to the development of the initiative?
Businesses located across Regional New Zealand require access to early stage support to help grow their business through investing in innovation or capability development.
3. How was the problem/policy gap identified?
Information gathered from NZTE's customers.
4. Why was this policy mechanism chosen?
Regional Business Partners aim to help overcome information problems and transaction costs for SMEs looking for expert advice.
5. Does the initiative target any specific industry sector?
No.
6. How does the initiative operate?
The Regional Business Partner network of 14 organisations is jointly funded by NZTE and Callaghan Innovation to deliver specialist services, support and funding to enhance business capability and grow business investment in research and development. Business advisors undertake assessments and develop individual action plans to help the business on their growth journey. Once an assessment and action plan have been completed, businesses may be provided with an NZTE Capability Development Voucher to use as partial payment towards the cost of training and capability development.
7. What are the Key Performance Indicators for the initiative?
Performance standards for 2013/14 are: – number of businesses receiving business development services through the Regional Business Partner Network – percentage of businesses to give a positive satisfaction rating to the services provided through the Regional Business Partner Network – percentage of businesses that have changed or intend to make changes to improve their business as a result of an interaction with a Regional Business Partner.
8. Has the performance of the initiative been evaluated?
Anticipated March 2014.

Trade Missions

1. What is the name of the Initiative?
Trade Missions, administered by New Zealand Trade and Enterprise (NZTE).
2. What problem/policy gap led to the development of the initiative?
Businesses often require help to maximise their international potential and trade missions help to provide a path for them to: – gain access to key decision-makers, strengthen relationships and add weight to business negotiations; – raise their business profile through heightened PR and media interest and support from ministers and government; – gain first-hand experience of the business and cultural environment; – learn from in-market experts, experienced exporters and others on the mission; – present scale, credibility and profile in the market in a way they cannot achieve individually. In addition, some New Zealand businesses face problems contacting potential overseas customers in difficult markets with substantial government and political involvement.
3. How was the problem/policy gap identified?
Information gathered from NZTE's customers.
4. Why was this policy mechanism chosen?
Trade Missions reduce the risk for a business wishing to internationalise, by providing an 'official' profile for New Zealand businesses who want to build in-market relationships to either develop business opportunities or open doors for future growth. Trade Missions leverage the imprimatur mandate of government, which can be valuable in difficult markets and helps small businesses overcome barriers of scale.
5. Does the initiative target any specific industry sector?]
Varies by mission.
6. How does the initiative operate?
Trade Missions are coordinated visits by a group of business executives that usually follow a structured programme of business briefings, company visits, networking events and one-on-one meetings. As well as develop in-market relationships, the missions also raise the profile of New Zealand's business and innovation capabilities.
7. What are the Key Performance Indicators for the initiative?
There are no KPIs specifically for Trade Missions, as the benefits vary by mission. Achievements are focused on lead generation, relationship building and in-market immersion/experience.
8. Has the performance of the initiative been evaluated?
No.

The Philippines

SME export marketing and sales

1. What is the name of the Initiative?
SME export marketing and sales
2. What problem/policy gap led to the development of the initiative?
– Lack of branding advisory: product range, quality, packaging and presentation – Lack of information on SME financing options – Difficulty in negotiating with prospect foreign clients
3. How was the problem/policy gap identified?
– Stakeholder meetings/consultations – PITC's own experience in dealing with local manufacturers/suppliers
4. Why was this policy mechanism chosen?
The mechanism is core to PITC's mandate and business
5. Does the initiative target any specific industry sector?
Based on the previous major trade transactions, the following sectors/industries benefit most from PITC's services: – Food and agricultural products – Crafts – Textile, garments, accessories – Natural goods/commodities (minerals, etc.)
6. How does the initiative operate?
– Export advisory services – Actual conduct of visits to SME factory or plant – Online marketing More broadly, this programme is a core service of the Philippine International Trading Corporation that: – Invites SMEs to be part of PITC's export basket via registration – Validates the legitimacy/eligibility of the SME and its products/services to be exchanged in the global market – Evaluates the quality of the SME's products and services, specific to PITC's buyer profile and requirements – Includes the SME and its products/services in the PITC catalogue which is sent to its existing pool of buyers and new buyer leads – Matches buyer-supplier needs and demands – Provides advice on financial requirements – Close monitoring of smooth transaction from production, delivery to payment
7. What are the Key Performance Indicators for the initiative?
These are PITC's 2013 performance targets related to its export marketing and sales programme: – 300 exporters vetted and certified – 1000 foreign buyers sent promotion materials to PITC
8. Has the performance of the initiative been evaluated?
PITC conducts periodic reviews of this core service/programme. However the aforementioned targets/KPIs have only been set in August. Progress on attaining these goals will be evaluated in October 2013 (for year-to-date performance) and in January 2014 (for total year performance)

Singapore

Export Technical Assistance Centre (ETAC)

1. What is the name of the Initiative?
Export Technical Assistance Centre (ETAC)
2. What problem/policy gap led to the development of the initiative
With the decrease in tariff barriers coming down and increase in consumer awareness, standards, conformity assessments and technical regulations were a key obstacle to trade. However, in some cases, the technical knowledge to assist exporters resided in different government agencies such as AVA (food safety) and HSA (biomedical products and devices). These are regulatory agencies who do not have the mandate to assist exporters. There was therefore a gap that led to the need to create a centre to coordinate timely information on standards and technical regulations to enhance market access.
3. How was the problem/policy gap identified?
This was identified through feedback raised by local Singapore SMEs.
4. Why was this policy mechanism chosen?
As mentioned, a whole of government approach was necessary to coordinate and provide exporters with timely information on standards and technical regulations to enhance market access. The centre could also assist exporters with the interpretation of the required technical regulations and link them with relevant professionals to provide assistance to upgrade their processes where necessary in order to meet overseas market requirements.
5. Does the initiative target any specific industry sector?
No, the initiative does not target any specific industry sector.
6. How does the initiative operate?
ETAC provides a one-stop solution for exporters who need help to understand and meet the standards, conformity assessment procedures and technical regulations of importing markets (hard to soft infrastructure). This will have positive spin-offs by increasing market access for Singapore exporters and grow their business. THE Centre will also facilitate industry participation in the setting of international standards and conformance requirements. Such international exposure also provides opportunities for networking transfer of technology embodied in the standards, generating new ideas for our exporters to reinvent their products and services (projecting soft power), hence supporting innovation and enterprise in industry.
7. What are the Key Performance Indicators for the initiative?
The KPIs are the number of exporters assisted.
8. Has the performance of the initiative been evaluated?
Since its inception, ETAC has received and provided assistance to around 200 enquiries on export related technical regulations yearly. ETAC has also reached out to over 1,770 enterprises through various education and outreach programmes. To foster close partnerships and collaborations with key industry associations, SPRING/ETAC signed MOUs with the Singapore Chemical Industry Council (SCIC) to cooperate in areas relating to standards and technical regulation, and with both the Association of Aerospace Industries (Singapore) (AAIS) and Performance Review Institute (PRI) USA to recognise and promote cooperation on Nadcap, a stringent quality assurance programme for special processes in the aerospace industry. ETAC also received an appreciation award from the Singapore Chemical Industry Council for their support in raising the awareness of the EU's REACH regulation in through workshops and development of the REACH guidebook for SMEs.

Global Company Partnership (GCP)

1. What is the name of the Initiative?
Global Company Partnership (GCP)
2. What problem/policy gap led to the development of the initiative?
Singapore-based companies previously received ad hoc support in the areas of internationalisation
3. How was the problem/policy gap identified?
Request for holistic support was mentioned by local SMEs during feedback sessions.
4. Why was this policy mechanism chosen?
This initiative can provide customised solutions for internationalisation in the areas of capability building, market access, manpower development and financing.
5. Does the initiative target any specific industry sector?
No. This does not target any specific sector.
6. How does the initiative operate?
IE Singapore will discuss with companies to understand their business strategies, products and services, and plans for overseas growth in the mid-to-long term. Thereafter, both parties will jointly consider opportunities within different markets, and identify existing gaps in companies' capability and knowledge to internationalise successfully into these markets.
7. What are the Key Performance Indicators for the initiative?
Number of companies facilitated.
8. Has the performance of the initiative been evaluated?
Not Applicable.

Market Readiness Assistance Grant

1. What is the name of the Initiative?
Market Readiness Assistance Grant
2. What problem/policy gap led to the development of the initiative?
Due to Singapore's small domestic market and the intense competition locally, it is necessary for SMEs to look beyond Singapore to ensure their growth continuity. Hence, there is a need to review and enhance the assistance available for this segment of SMEs to help them bridge gaps in capabilities or resources that might hinder their growth. The areas of expertise that these SMEs require to facilitate internationalisation include market development, research and analysis and also legal, regulatory and financial advisory. They have also indicated identifying right business partners in overseas markets as a key challenge when exporting or expanding their overseas presence.
3. How was the problem/policy gap identified?
This was identified through the SME Strategy Review conducted to review and update Singapore's SME development strategies in 2012
4. Why was this policy mechanism chosen?
The Market Readiness Assistance Grant caters to SMEs who need financial assistance for bite-sized pre-scoped activities. Offering pre-scoped services with an appointed panel of consultants provide SMEs a "menu" of services to choose from and also helps handhold SMEs while working with consultants to speed up access to markets.
5. Does the initiative target any specific industry sector?
No, the initiative does not target any specific industry sector.
6. How does the initiative operate?
The MRA grant supports pre-scoped professional services for market assessment, market entry and business restructuring through internationalisation. IE Singapore will co-fund part of the eligible costs incurred in engaging professional services for the pre-scoped services.
7. What are the Key Performance Indicators for the initiative?
The KPI for this initiative would be the number of companies assisted through the grant.
8. Has the performance of the initiative been evaluated?
Not Applicable. The initiative was launched in 2013.

Partnerships for Capability Transformation (PACT)

1. What is the name of the Initiative?
Partnerships for Capability Transformation (PACT)
2. What problem/policy gap led to the development of the initiative?
More could be done to accelerate SMEs growth, by encouraging more co-innovation and collaboration between SMEs and Large Enterprises (LEs).
3. How was the problem/policy gap identified?
This was identified through the SME Strategy Review conducted to review and update Singapore's SME development strategies in 2012.
4. Why was this policy mechanism chosen?
Collaborating with LEs via PACT offers SMEs an improved chance to learn established best practices, build their track records and also tap on the LEs wider distribution and supply chain networks.
5. Does the initiative target any specific industry sector?
No, the initiative does not target any specific industry sector.
6. How does the initiative operate?
The various proposed working mechanism under the various models are as follows: Model 1 The programme office will work with EDB to help SME suppliers in the <i>manufacturing sector</i> develop new capabilities and increase their productivity. The programme office will also actively identify and facilitate collaboration for SMEs from the <i>non-manufacturing sectors</i> such as Retail and F&B. Through such facilitation, the both manufacturing and non-manufacturing SMEs will be able to establish new business contracts with LEs, build up track records and upgrade capabilities at the same time as they supply to the LEs. Model 2 The programme office will identify innovative SMEs and keep a registry of their capabilities, which can be shared with LEs. The programme office will also identify LEs for collaboration with SMEs. Both LEs and SMEs could be incentivised during the developmental stage to test-bed the prototype. Model 3 The programme office will identify LEs with established best practices or methodologies and work closely to develop relevant training programs for SMEs. The programme office will also work with Trade Associations and Chambers (TACs) and Centres of Innovation (COIs) to organise workshops and seminars to facilitate knowledge sharing and transfer. SMEs will be able to learn industrial best practices from global leaders and apply these methodologies to their businesses.
7. What are the Key Performance Indicators for the initiative?
The overall KPIs for the PACT Programme are the total number of SMEs that have benefitted from the Programme.
8. Has the performance of the initiative been evaluated?
Not Applicable. The initiative was launched in 2013.

Chinese Taipei

Promote Most-Valued Products in Emerging Markets

1. What is the name of the Initiative?
Promote Most-Valued Products in Emerging Markets (2 nd Phase, 2013-2015)
2. What problem/policy gap led to the development of the initiative?
- Lack of market information - Difficulty in obtaining bargaining power as single supplier.
3. How was the problem/policy gap identified?
- Research report done by affiliate organizations. - Feedback from SMEs Associations.
4. Why was this policy mechanism chosen?
Middle class consumption in emerging markets is growing aggressively; however, due to lack of resources it is very difficult for SMEs to develop the market by their own. The policy is to offer a platform where SMEs can leverage their synergy with the resources provided by the government, and can enter the emerging market as a united supplier to increase its bargaining power in the emerging market.
5. Does the initiative target any specific industry sector?
It targets 14 categories of finished goods which are classified as the most desired and competitive products in the emerging market in research reports. Categories include Food and Beverage, Clothing, Cosmetics, ICT products, Bicycle and other Vehicle, Automobile Parts, Electric Appliance, Medical Products, Gift and Stationary, Sport and Entertainment Facility, Audio/Visual Device, Household Essentials, Home Décor and Furniture, and Machinery and Equipment
6. How does the initiative operate?
This project focuses on such five emerging markets as China, India, Indonesia, Vietnam, and the Philippines. It integrates resources from all affiliated units of the MOEA to provide extensive support to firms Chinese Taipei and enhance their capabilities in technology development, production, design, branding, and marketing. Market demand, innovative R&D, production design and international marketing were taken into consideration in setting up three platforms: "Innovative R&D Production Platform," "International Marketing Integration Platform" and "Environmental Development Platform." These platforms utilize public and private consultancy services, technical advisory, channel development and exhibition resources, which help firms in Chinese Taipei enter emerging markets successfully.
7. What are the Key Performance Indicators for the initiative?
- Number of the total export of the targeted products versus total export in targeted markets. - Number of brands which successfully establish their quality image in emerging market.
8. Has the performance of the initiative been evaluated?
NA

Green Trade Promotion Project

1. What is the name of the Initiative?
Green Trade Promotion Project
2. What problem/policy gap led to the development of the initiative?
- Lack of intention to obtain green certification due to financial or technical reason. - Lack of knowledge or network in overseas sales channels.
3. How was the problem/policy gap identified?
- Consultation with relevant stakeholders
4. Why was this policy mechanism chosen?
The mechanism is designed to assist companies to respond to the rising global trend toward green business, specifically by helping them comply with international green standards, recycling regulations, and green procurement standards, and by assisting them to grasp green business opportunities.
5. Does the initiative target any specific industry sector?
The main target industry sectors are those listed in the 'green industry list' derived from the initial list we proposed for WTO environmental goods list before. However, any company can join the program as long as they have the intention to promote their green products to overseas market.
6. How does the initiative operate?
It is carried out in line with three strategies: (1) offering enterprise consulting services; (2) enhancing international competitiveness; (3) holding promotional activities. It is hoped that under this project, green product manufacturers and service providers will develop better connections with the global market, boost export sales, and improve trade performance in the relevant sectors.
7. What are the Key Performance Indicators for the initiative?
- Export sales for relative products listed in the 'green industry list.' - Overseas orders from the green buyers.
8. Has the performance of the initiative been evaluated?
NA

"GPA" Project

1. What is the name of the Initiative?
"GPA" Project
2. What problem/policy gap led to the development of the initiative?
- Lack of information in overseas government procurement - Lack of knowledge in the tender bidding procedure.
3. How was the problem/policy gap identified?
- Consultation with relevant stakeholders
4. Why was this policy mechanism chosen?
As the 41st signatory to the plurilateral Agreement on Government Procurement (GPA) in July 2009, the government has been helping domestic firms obtain business opportunities through the GPA since 2009. It aims to strengthen companies' ability to bid on government contracts abroad.
5. Does the initiative target any specific industry sector?
Yes, in the fields of ICT, solar energy, safety & security, LED lighting, smart meters, medical devices, machines turnkey projects, construction, and the defence industry, which are the promising products and industries found in Chinese Taipei lucrative market that offer great potential to enrich business partnerships.
6. How does the initiative operate?
- A website is set up to present procurement opportunities and tenders overseas. - Conferences and seminars are held to increase awareness and knowledge of GPA. - Invite foreign firms to come for procurement exhibitions/ meetings.
7. What are the Key Performance Indicators for the initiative?
- Number of firms visiting/ registering for the website. - Number of firms attending conferences/ seminars. - The number of firms advised by experienced consulting companies in obtaining GSA Schedule contracts. - The number of firms organized to attend international trade shows and annual meetings of the Asian Development Bank (ADB) and the European Bank for Reconstruction and Development (EBRD) for greater exposure and promotion. - The economic and trade delegations organized to foreign countries to explore and expand business opportunities.
8. Has the performance of the initiative been evaluated?
NA

Exhibition Competitiveness Enhancement Programme

1. What is the name of the Initiative?
Exhibition Competitiveness Enhancement Program
2. What problem/policy gap led to the development of the initiative?
- Lack of sales channel in overseas market.
3. How was the problem/policy gap identified?
- Consultation with relevant stakeholders
- Feedback from SMEs associations
4. Why was this policy mechanism chosen?
To improve service efficiency, enhance international visibility and competitiveness.
5. Does the initiative target any specific industry sector?
No specific industry targeted.
6. How does the initiative operate?
- Develop new trade shows and strengthen existing ones in accordance with industry and market needs
- Bolster incentive procurement programs for foreign buyers
- Conduct promotional activities and campaigns for major exhibitions
- Improve hi-tech exhibition services and on-line promotions for trade shows.
7. What are the Key Performance Indicators for the initiative?
- Number of firms visiting/ registering for the website.
- Number of foreign firms attending exhibition/conferences/ seminars.
- Number of sales/orders generated from the exhibition.
8. Has the performance of the initiative been evaluated?
Taipei has been ranked the 6 th for the Asian trade fair market by estimated net square metres sold in 2012.

Thailand

ASEAN SME Regional Gateway

1. What is the name of the Initiative?
ASEAN SME Regional Gateway
2. What problem/policy gap led to the development of the initiative?
– lack of market intelligence – difficulty in contacting/ networking with potential overseas customers
3. How was the problem/policy gap identified?
The program was initiated from the consultation / commitment made under the ASEAN SME Working Group meeting.
4. Why was this policy mechanism chosen?
Not given
5. Does the initiative target any specific industry sector?
All sectors, but within the scope of ASEAN, to prepare for the AEC in 2015 The only specific group targeted is organic growers, under the activity “Organic to AEC.”
6. How does the initiative operate?
– Information services – Trade mission / business matching / market study tour
7. What are the Key Performance Indicators for the initiative?
– Information portal (www.smeasean.com) – Cooperation networks created: ASEAN SME Advisory Board, ASEAN SME Investor Forum, and Expert Panel on SME Access to Finance – Number of SMEs joining the network (560) and benefiting from the program (10,000) – Number of business matching (500)
8. Has the performance of the initiative been evaluated?
No

Vietnam

The National Trade Promotion Programme

1. What is the name of the Initiative?
The National Trade Promotion Programme
2. What problem/policy gap led to the development of the initiative?
– lack of market intelligence – lack of skills to develop/manage export strategies
3. How was the problem/policy gap identified?
– consultation with relevant stakeholders
4. Why was this policy mechanism chosen?
Lessons learned from other member economies export support program
5. Does the initiative target any specific industry sector?
No
6. How does the initiative operate?
– funding programs – information services – trade missions
7. What are the Key Performance Indicators for the initiative?
– number of proposals being approved; – amount of money (state budget) being disbursed; – number of enterprises participated; – number of contracts being signed; – contracts' total value
8. Has the performance of the initiative been evaluated?
From 2006 – 2010: – 669 proposals being approved – state budget: US\$30 million – 18,033 enterprises participated – 8,932 contracts being signed – total value of contracts: US\$2.431 billion

Information Template

Directory of Initiatives to Assist SMEs' Access Global Markets

Information Template

The Directory aims to provide a consolidated source of information for policy makers on the various initiatives used in APEC member economies to help small and medium enterprises (SMEs) become ready to access global markets. Across APEC economies, SMEs account for around 90 per cent of all businesses and employ as much as 60 per cent of the work force but they generate only around 30 per cent of exports.

Export strategies can include selling goods or providing services directly to customers, or becoming part of global supply chains. However exporting is complex and moving into international markets is a significant undertaking for many SMEs. Governments across the APEC region have a role in responding to this by providing assistance through a range of policy and program mechanisms. While SME profiles in each economy are different, based on things such as different definitions of what constitutes a SME, there are many common issues that can affect SMEs ability to internationalise. These issues can include testing capacity to successfully fulfill an export contract, understanding the cultural aspects of doing business in international markets and having the management capabilities to expand an existing business model from domestic to international operations.

Through this directory, the different ways that economies chose to deal with policy problems and market failures will be identified. This approach will result in a much richer source of information and reference than just presenting information on how initiatives operate. Economies are encouraged to complete as many of the information categories included in this template in order to maximise the benefits the Directory will provide to policy makers and other interested parties.

Where possible economies are also encouraged to include initiatives that target women-owned and/or operated SMEs however it is acknowledged that not all economies will have such initiatives in place.

Please return completed templates **by Thursday, 1 August 2013** to:

Ms Christine Cannon at christine.cannon@innovation.gov.au

and

Mr Greg Lopez at gregore.lopez@anu.edu.au

Thank you.

APEC Economy:
1. What is the name of the Initiative?
2. What problem/policy gap led to the development of the initiative? [Please see explanatory notes below]
3. How was the problem/policy gap identified? [Please see explanatory notes below]
4. Why was this policy mechanism chosen?
5. Does the initiative target any specific industry sector? [If yes, please provide details]
6. How does the initiative operate? [Please see explanatory notes below]
7. What are the Key Performance Indicators for the initiative?
8. Has the performance of the initiative been evaluated? [If yes, please provide details if available]

Explanatory notes:

2. What problem/policy gap led to the development of the initiative?

Problems may include but not be limited to:

- lack of information on exporting strategies and how to identify international business opportunities
- lack of market intelligence
- lack of understanding about capacity to export or enter a global production/value chain
- lack of skills to develop/manage export strategies (inadequate quantity of and/or untrained personnel for internationalisation)
- lack of awareness of operating in different cultural environments
- difficulty in contacting/networking with potential overseas customers

3. How was the problem/policy gap identified?

Methods used to identify problems/policy gaps may include but not be limited to:

- information gathered from SMEs through general support and advice lines including business advisor services
- a needs assessment carried out as part of a program/project evaluation
- consultation with relevant stakeholders

- an evaluation of existing policy mechanisms
- government surveys

6. How does the initiative operate?

Delivery strategies may include but not be limited to:

- funding programs
- online services
- support for services delivered through third party organisations – for example business advisory services
- information services – for example market research/information services
- assessment tools – for example tools to help SMEs understand the complexities of moving into global markets or test their readiness
- export advisory services
- business advisor/consultant
- trade missions

Appendix 2: Copy of 'Background Information' document sent with the template to member economies

Aim

The primary aim of this project is to develop a directory of the initiatives APEC economies have in place to support SMEs' access global markets. APEC's SMEs account for around 90 per cent of all businesses and employ as much as 60 per cent of the work force. It is observed that at present, however, they generate only around 30 per cent of exports. This relatively smaller presence of SMEs relative to larger enterprises in trade has motivated much of APEC's attention.

In principle, any measures that foster the commercial success of SMEs can be regarded as candidates for inclusion in the proposed directory because by definition, 'international competitiveness' - the ability to compete with the world's best - is really the correct test of an SME's global fitness. The international competitiveness test could equally apply to an exporter or to an import competing SME. Having competitive versions of both types is crucial for economic health. However, this directory will focus on measures that are specifically designed to assist SMEs in the complex process of becoming ready to access global markets.

Wide view of competitiveness

In 2003 Hall, an economist, noted that since the inception of its SME activities, APEC had distinguished five areas where governments can make a positive contribution to the development of SMEs, and where there are, prima facie, market failures which work to the detriment of SMEs.

That represented an economic approach to the issue.

Hall's framework was the one economists use when examining government measures applied to a policy area. It implicitly recognised that the ultimate purpose of all economic measures can be viewed as overcoming prima facie market failures. Market failures are defined by economists as naturally occurring or man-made phenomena that may be impeding efficiency. In the case of SMEs, defining what are prima facie market failures and judging what might be practical ways to address them is the policy challenge all APEC economies face.

For present purposes, it will be sufficient to identify three main categories of market failure that may afflict SMEs.

Category 1: products which are inherently public goods

Products always prone to market failure are sometimes referred to as public goods. In technical terms, public goods are 'non-excludable' and 'non-rival'. The market incentives for producing them are generally insufficient. Very few fit the definition exactly, but many products fit it to a degree.

Free riding is one of the main characteristics of public goods. The growth of businesses (whether SMEs or any other kind of business) can suffer because owners know the full benefits of any innovations they may make will become available to other players in the industry at no charge. The patent system and private branding may help them secure some rewards, but the leakage of benefits to free riders may deter bigger improvement efforts.

Free-rider problems and industry standards

Free-riding commonly frustrates the establishment of industry standards. There will always be some who would prefer to renege on agreed rules for their own reasons. But this can harm an industry's reputation when it applies to features such as:

- product description
- hygiene
- quality
- provenance
- humane treatment of suppliers
- certified content – eg organic
- timely delivery
- occupational safety
- required skills

Government measures to encourage the compliance of SMEs with standards in these areas may help with access to local and foreign markets, although over-centralisation is always a risk and voluntary codes of behaviour will often be best

Related issues can stand in the way of SMEs serving as 'nurseries' for the development of a business culture in nations. The promotion of SMEs for this purpose sounds like a good idea. But as with education policy more generally, promoting SMEs as business incubators can raise competition and cultural issues in which free riding and market failure more generally are prominent.

It is hardly surprising that the policy measures used across countries can differ widely.

Being aware of the free rider problem, governments can use subsidies to counter under-investment in collective activities like research. But the central administration of collective activities, research included, can be clumsy. A further complication is that as firm size increases, and firms take responsibility for a wider range of activities, worries about underinvestment is likely to diminish. Selective subsidies for small firms could be self-defeating if they served to dissuade this type of corrective response.

Category 2: market imperfections

Second, efficient activities, whether SMEs or not, are sometimes thwarted by government measures introduced for some other purpose. This 'secondary' kind of market failure is sometimes given the separate label of 'market imperfections'. Corrective intervention to overcome the untoward effects of existing rules may be worthwhile from a whole of community perspective. A problem is that trying to fix the side-effects of one layer of intervention with another can be messy in that it can impose new unwanted effects in other policy areas. Sometimes scrapping the initial measure altogether will be best.

For non-neutral measures that cannot be scrapped, it is sometimes argued that in order to restore competitive neutrality amongst sizes of firms, regulatory concessions should be made for smaller firms. Similar concessions might be made for taxation measures entailing frequent collection – like value added taxes.

Each case deserves separate evaluation.

Category 3: distributional considerations

Third there may be distributional objectives to consider which warrant intervention to alter the way in which the rewards (or costs) of SME activities are shared.

Initiatives which target women-owned and/or women-operated SMEs have become more common in recent years and the provision of government support for such ventures may address a number of distributional purposes. The same can be said for SME measures which target particular regions.

There would usually be no reason to limit the encouragement of women's activities or regional activities to a small firm-size category, but sometimes such refinements might be approximate methods of singling out a target group. The targeting may be motivated by an implicit social contract that has accompanied an event like a change of government, or the opening up of a sector to foreign competition. Or it may be compensatory in nature, intended to repay parties for recently seized property or lost privileges in the past. It is not strictly a category of market failure, but rather a political override of a market outcome deemed unsatisfactory.