SME Advancement Program and SME.Market Platform

31 October 2017
SMEs play a critical role in job creation, equitable growth and poverty alleviation

- Over 60 percent of the global workforce is employed by SMEs
- SMEs operate at the grassroots level
- SMEs are important for social stability, equitable growth and poverty alleviation. They are the backbone of the middle class*
- A small productivity improvement in SMEs can have large positive ripple effects on GDP growth and job creation


“The mission of the World SME Forum (WSF) is to improve the growth and impact of SMEs globally.”

In November 2015, G20 leaders welcomed the establishment of WSF in their Antalya Summit communiqué.

WSF has been the business network partner of China-2016, and Germany-2017 B20 SME Development Taskforces/ Cross-Thematic Groups and is expecting to continue this role under Argentina-2018 – effectively becoming a “bridge” across presidencies, ensuring continuity of the SME agenda and helping maintain momentum in each cycle’s recommendations.
Growing with institutional partners and affiliates

- The World Bank, OECD and the International Trade Center (ITC) are WSF’s institutional partners.

- WSF has established solid links and working relationships with key public and private players, such as WTO, UNCTAD and the World Trade Board to support SMEs in capturing the opportunities offered by trade, e-Trade and the digital revolution.

- 14 SME associations and chambers have signed up as WSF affiliates; and ten more (from three continents) are in the process of joining WSF, increasing WSF’s representation, capacity, and presence to deliver results globally and in member countries.
Significant barriers impede full potential for SME growth – lots of work to be done

Access to Markets & Global Value Chains

SMEs face difficulties in accessing relevant information about markets and supply chains; and in complying with labor, environmental, social, and quality standards.

Access to Finance

Debt financing for SMEs and entrepreneurs remains challenging in most countries; alternative sources of finance such as equity are limited and volatile.

Access to Skills

SMEs’ growth is constrained by limited availability of managerial skills; and specialized skills such as technology and language which are crucial for reaching global markets.

Source: 2015 and 2016 B20 SME Development Taskforce
2015 SME Competitiveness Outlook: Meeting the Standard for Trade, International Trade Centre
The Core Pillars of World SME Forum

Advocacy and Research
• Participation in the deliberations of international governance bodies, such as G20, APEC, WTO, global standard setting bodies, and relevant UN agencies to ensure that the interests of SMEs are more effectively represented
• Networking events and research to share best practices, facilitate capacity building, make connections and enhance influence

Advisory Services
Advisory to Chambers, government agencies and SME associations – including guidelines, frameworks, capacity building (both face to face and online) and technical assistance for their SME members to improve access to markets, GVCs and finance

SME-Market Link (SME.Market)
Design and implementation of online platforms (both country to country and global) to facilitate global connectivity and trading amongst SMEs; provide scalable access to markets by linking SMEs to GVCs; provide information and targeted capacity building; facilitate access to finance
World SME Forum

SME Advancement Programs & Pilot Projects
WSF offers SME Development & Advancement Programs tailored to the needs of countries

Programmatic interventions at country and regional levels with a holistic focus on SME development anchored on Access to Finance, Access to Markets and Access to Skills.

WSF conducts its activities in close collaboration with its country affiliates to ensure solid country content and ownership and effectiveness in implementation.

WSF also leverages and translates studies conducted by international organizations into positive achievements and outcomes by bringing to the table international know-how, as well as network and experience from institutional partners.
WSF Program follows well defined principles aimed at long-term partnership, impact and sustainability

- **Holistic**: comprehensive interventions on the key bottlenecks to SME growth: A2F; A2Markets; A2Skills. And a gender focus according to market potential
- **Pragmatic**: through interventions based on bottom-up demand, responding to real needs of SMEs
- **Constructive**: building on the wealth of work done and progress achieved and avoiding duplication
- **Aggregator**: driven by national stakeholders, public-private partnership including engagement of multi-laterals, bi-laterals and DFIs – aiming for synergies
- **Programmatic and sustainable**: medium term intervention (2-3 years). Supporting key country stakeholders – aiming for sustainability
- **Collaborative**: establishing a functioning cooperation model amongst all players
Georgia SME Development Program

WSF, together with the Georgia Chamber of Commerce and Industry and Enterprise Georgia initiated a regional program for Georgia with a holistic focus on SME development. The program is being funded by the EU. The initial evaluation and assessment stage, focusing on identifying the priorities and proposed action steps has been completed and the implementation of the program is expected to start in 2018.
China-Turkey E-Commerce Pilot Project

A Memorandum of Understanding was signed by the Ministry of Transport, Maritime and Communications of Turkey and National Development and Reform Commission (NDRC) of China on November 14, 2015, in Antalya at the margins of the G20 Summit.

On the Turkish side Kayseri and on the Chinese side Chongqing were designated as the pilot cities. WSF and DHgate were appointed as the implementing partners of this initiative. A Joint Working Group was then established to conduct the project and prepare an Action Plan. Following the approval of the Action Plan by the relevant authorities, an opening ceremony was held in Kayseri on 4 May 2017.

This project allows WSF to pilot at country level all of the core initiatives which will be rolled out globally, and it is fully consistent with B20 efforts to boost eTrade and digital commerce as one of the most effective channels for SMEs development. WSF is providing technical assistance and coordinating activities, such as market development, capacity building, market and GVC access through digital platforms.
SME.Market

A Global Online Platform for SMEs to overcome barriers in adopting and utilizing e-commerce
The digital economy provides solutions to the existing barriers

**Access to Markets & Global Value Chains**

The digital economy substantially lowers costs and barriers to access markets, and an unprecedented number of customers; it helps SMEs to increase sales and exports.

**Access to Finance**

The digital economy enables new financing models such as crowd funding and peer-to-peer lending. “Big data” on SMEs performance will support new tools and processes.

**Access to Skills**

The digital economy is also providing new solutions to previous limitations in access to skills through online courses and online knowledge platforms.
SMEs in high income countries benefit more from opportunities of digital economy

- Digital economy is growing and digital technologies are becoming key contributors to the world trade and economic development.

- A sizeable portion of SMEs in developed countries have been benefitting from the digital economy while SMEs in developing countries are lagging behind due to their inability to fully understand and access the digital platforms.

- As a result, the gap between the SMEs of the developed and developing countries is expanding at an alarming rate.

- The growth impact of new technologies is very high, which means that if SMEs cannot adapt to the new ways of doing business, the gap will grow and multiply social, economic and political problems.

Source: Hussain (2015) based on World Bank Enterprise Surveys, various years
SMEs in developing countries face barriers in adopting e-commerce – the gap widens

**Lack of Awareness:**
- Lack of awareness and understanding of the value of e-commerce

**Limited Access:**
- High setup & maintenance cost
- Lack of visibility, reputation and trust in the target markets
- Limited access to market information

**Limited Ability:**
- Insufficient knowledge and skills
- Language barriers
- Lack of conformity with legal and fiscal requirements of target markets
SME.market targets SMEs from developing countries with little or no access to e-commerce.

SME.market is a global online sales, channel management and knowledge base platform that supports SMEs, in overcoming barriers in adopting and utilizing e-commerce.

SME.market helps SMEs transition from offline to online through trainings, continuous support and access to finance. SME.market simplifies starting e-commerce, selling in multiple platforms and collecting payments.

SME.market pilot has started in 3 WSF affiliate countries: Azerbaijan, Georgia, Turkey
SME.Market aims at integrating SMEs of Turkey, Azerbaijan and Georgia to the world markets. During the inauguration ceremony, a Memorandum of Understanding on “Collaboration to Support SMEs’ Adoption of E-Commerce through SME.Market” was signed between TOBB, WSF, ASK and GCCI; as well as between WSF and CAERC to integrate SME.Market and Azexport, national trade portal of Republic of Azerbaijan. This integration will enable Azerbaijani SMEs registered to Azexport to be connected to global platforms through SME.Market.
Awareness: Increasing awareness and understanding of the value of e-commerce

Although SME.market is an online platform, offline is the main starting point to reach SMEs:

- Events are organized in order to share success stories and create awareness.
- E-commerce trainings are organized with the support of affiliates (SME organizations). These trainings provide the basis of e-commerce and how SMEs can use the platform.
Access: Offering access to multiple channels through a single interface

- SME.market removes the complexity of website design, enabling SMEs to piece together a corporate website and e-commerce site through a user-friendly interface designed only for SMEs' needs.
- Integration with local marketplaces enables SMEs to start trading online immediately.
- Integration with global marketplaces enables SMEs to start exporting smoothly.
- SMEs can manage all their transactions through one simple dashboard, on their preferred language.
- Market intelligence integration provides SMEs relevant information about the requirements of their target market.
Affordable translation services integration in SME.market solves the language problem, which is one of the biggest barriers encountered by SMEs in exporting.

Customer representatives will provide hands-on support to a batch of SMEs, through the onboarding process, management and promotion of shops (only for eligible affiliate country SMEs).

Helpline will be actively supporting SMEs.

Digital capacity building solutions will be used: e-learning, SME TV, etc.
Expected sequencing of SME.market functionalities

Phase I: Online Sales & Channel Management (in progress)
- Easy website design through user-friendly interface designed only for SMEs needs.
- Connection to global/local B2B & B2C platforms (eBay, Amazon integrations completed)
- Easy to integrate online payment solutions.

Phase II: TRUST Program & Online Directory
- TRUST Accreditation Program – based on basic information about the company as well as GVC specific information.
- A global online business registry of TRUSTed SMEs will be created.
- Language support for international platforms and market intelligence services will start.

Phase III: Access to Finance
- WSF TRUST program and data from platform will be used for improving assessment of risk and creditworthiness of SMEs.
- Bank and non-bank finance solutions will be provided to SMEs through approved SME.market solution partners.

Continuous support for SMEs: Events & Trainings, Market Intelligence (country specific regulations, market data trends, etc.), Digital Capacity Building (e-learning, SME TV, etc.) and Technical Assistance