SME01/2009A
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Small and Medium Business Administration
SBC Small & medium Business Corporation

APEC Asia-Pacific Economic Cooperation

APEC SME Innovation Seminar
(Effective Implementation and Assessment of SME Innovation Policy, SME01/2009A)
SME Working Group
August 25 - 28, 2009, Seoul, Korea

APEC
Asia-Pacific
Economic Cooperation

APEC SME Innovation Seminar

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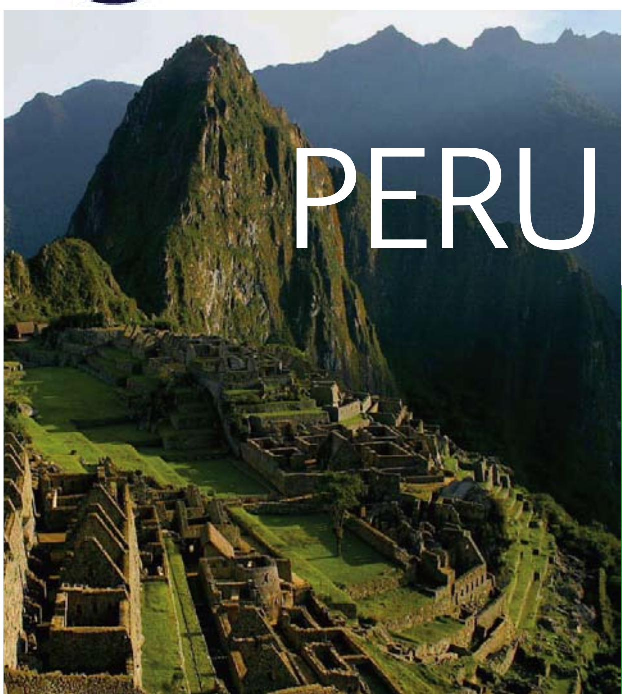
SESSION IV

Successful Cases of SME Innovation

Traceability in Agricultural Rural Communities
Organic Aromatic Herbs, Coffee and Brown Sugar (Panela)
Business Case on SMEs Innovation
PERU



- Open economy: FTA with USA, China, Malasia, Canada, Chile, others in process.
- SMEs : 46% of GDP, 70% employment, 95% enterprises, Low productivity & competitiveness
- GDP growth 7.8% avg 2005 2008
- The most successful economy in the region in 2009: projected growth 2.3%
- Exports increased 30% per year from 2001 to 2007

GS1 Perú – CITE Logística

- GS1 is GLOBAL STANDARDS ONE. Standards for logistics and supply chain
- GS1 is a global organisation with more than 108 members around the world.
- More than 1 million user companies. Multisectorial.
- Presence in Peru since 1989. Up today with more than 2,500 member companies.
- Accredited by Peruvian Production Ministry in 2006 as Innovation Technology Center in Logistics (CITE Logística).

Traceability – STRATEGIC for peruvian companies

Competitiveness

Efficient operations

- Visibility, Control and Integration in the product flows and information flows → REAL TIME

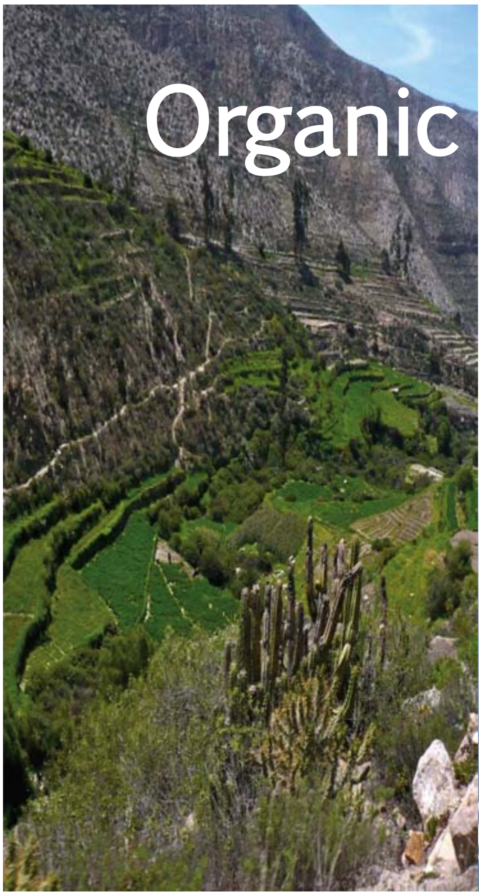
Regulations

Projects objectives

Identify and implement logistics best practices and traceability in peruvian agricultural rural communities, helping companies to fit the global regulations regarding product visibility and product recalls.

Support companies from an innovation, quality and competitiveness point of view.

Organic Aromatic Herbs



- **Women producers association from Puquina, Chiguata, La Joya and Polobaya, althitude 3000 to 4000 meters (9000 to 12000 fts) above sea level, 1200 Km far from Lima, the capital city.**
- **More than 615 producers with around 1015 hectares**
- **11 different herb varieties**
- **Exports to European markets.**

Brown Sugar (Panela)

- Mountains of Piura, Jilili and Montero, about 1 hour far from the city.
- CEPICAFE, a second floor organization, in charge of the export process.
- Joins more than 70 SMEs Agricultural Producers with more than 3,000 members
- CEPICAFE has certifications on MBP and HACCP.

Video

Activities Developed

1. Diagnostic and traceability process mapping.
2. Traceability templates, guidelines development and action plan.
3. Specialized training.
4. Implementation: both Manual and Automated record process using traceability software and bar codes.

Main Achievements

1. Standard traceability processes implemented .
2. Work with local partners
3. Knowledge & Technology.
4. Strong participants commitment
5. Successful Business Case on Aromatic Herbs.
6. Standard Traceability Package development (Toolbox).
7. First Peruvian process certified by the GS1 Traceability Seal.

Traceability, not just a tool or mandatory requirement for competitiveness…

…. but a key component of peruvian development strategy.

2009 SME Innovation Seminar
“Innovation in SME Financing and Martketing”

Technological Support for Peruvian SME: The Role of the Technological Innovation Centers - CITEs

PERÚ | Ministerio de la Producción

RED DE CITEs
Centros de Innovación Tecnológica

Luis Rosa-Pérez
Innovation Projects Specialist
Vice Ministry of SMEs and Industry
June 2009

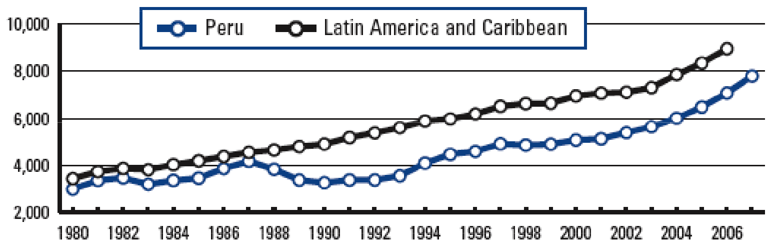
PERÚ | Ministerio de la Producción

Peru

Key indicators

Total population (millions), 2007 ....28.8
GDP (US$ billions), 2007..109.1
GDP per capita (US$), 2007................................3,885.9
GDP (PPP) as share (%) of world total, 2007 ....0.33

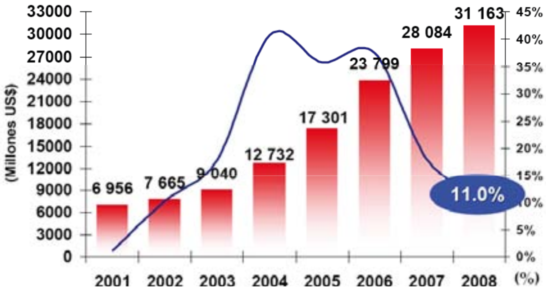
GDP (PPP US$) per capita, 1980–2007



Factors that contribute to the Competitiveness

ASSETS:
•GDP growth 2008
•Natural Resources and Mega biodiversity
•Boom of exports
•Geographic position
•Inflation rates (less than 1% month)

LIABILITIES:
•Unemployment and poverty
•Highly atomized businesses
•Low Productivity levels



Where is Perú in technological procces?

Collection /hunt Stage

Land

Machines

Technology

Intelectual Capital

Strategic factor Competitive advantage → Manufacturing → Mindfacturin Biotechnology, Nanotechnology

PERUVIAN SME

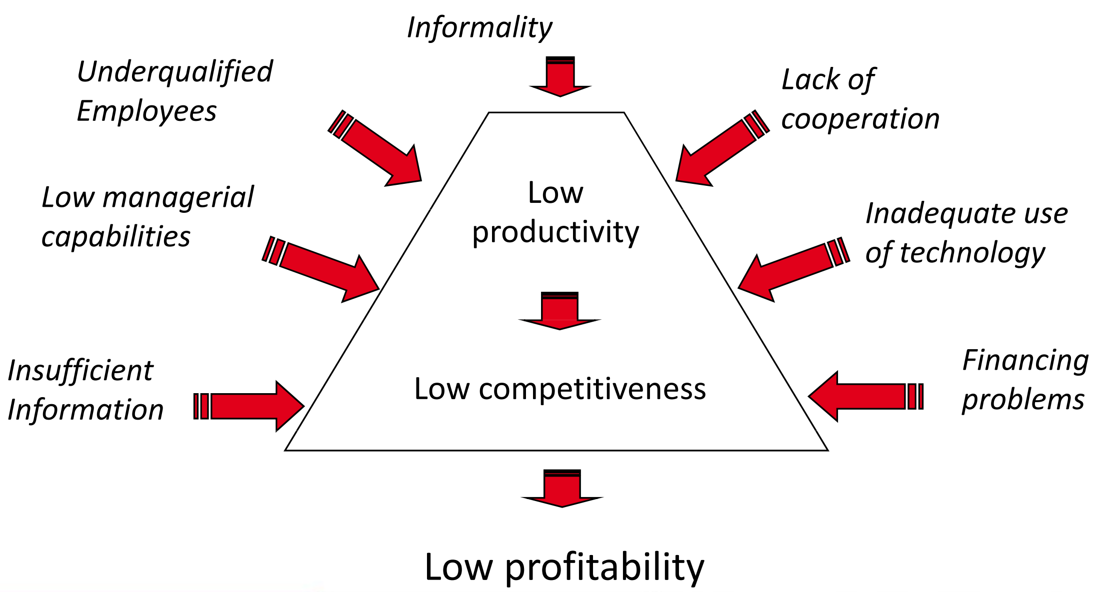
DEFINITION

- Micro: 15 employees
    - US$165,000
- Small: 50 employees
    - US$465,000

General Information

- 97.65% are SMEs
- SMEs represent 74% of national employment
- Low productivity
- Low added value

Peruvian SMEs problems...



PERÚ Ministerio de la Producción

The Future:

An Industrial Policy oriented to an Added Value Export Model

- Competitiveness and innovation culture
- Investment and technology
- Improving quality, management and innovation capacity for access markets
- Environmental management
- Management skills

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Strategic agreements

Acuerdo Nacional

...para trabajar de acuerdo!

- National Agreement: 31 politics and goals
  "National Pact for investment and employment"

- National Plan for Competitiveness- National Council for Competitiveness

www.acuerdonacional.gob.pe

Instruments of the National Competitiveness Plan

- Network of Technological Innovation Centers (RED CITEs)

Innovation Technological Centers - CITEs

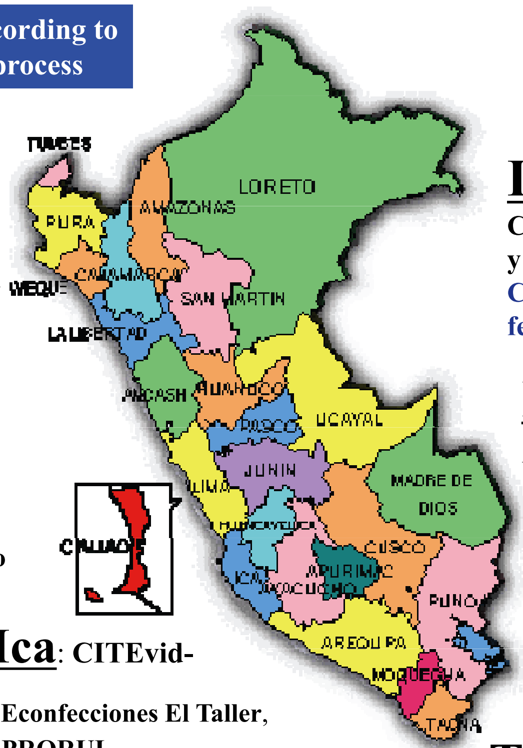
- Purpose: **Access to technology and promote innovation**
- Market and demand oriented
- Promote regional development, productive chains and competitive clusters.
- Agents of Technological Transference between enterprises and R&D institutions.
- Active presence of the private sector in its conception and direction.
- Integrated in a NETWORK - RED de CITEs.
- Consolidation of the Network of CITEs Project - PRORED

Network of CITEs according to the descentralization process

Piura: CITEAgroindustrial

Lima:

CITEmadera: Mueble
CITEccal: Cuero-Calzado
CITE Logística GS1
CITEsoftware



Iquitos:
CITEfrutas tropicales y plantas medicinales.
CITEforestal(acreditado 27 de febrero)

Pucallpa:

U.T CITEmadera

Ica: CITEvid-

Arequipa: CITEconfecciones El Taller,
CITEagrondustrial CEPRORUI
CITEtextil camélidos IPAC
CITElagroalimentario

Tacna: CITEagroindustrial

Innovation Technological Centers - CITEs

- Provide services to SMEs :
  - Training
  - Technical Assistance
  - Information
  - Laboratory services
  - Design and development of products.
  - Pilot Plants

Quality System Implementation (ISO 17025) in 4 CITEs laboratories

Selected Laboratories

•CITEccal-Lima

•CITEvid-Ica

•CITEagroindustry- Piura

•CITEagroindustry- Tacna

Technical Standars Promotion:

- Wood and furniture (CITEmadera)
- Shoes and leather (CITEccal)
- Pisco, wine and vinegar (CITEvid)
- Alpaca fiber - Textile (CITEtextil de camélidos IPAC)-Arequipa
- Mangoes(CITEagroindustrial – Piura)
- Algarrobina (CITEagroindustrial – Piura)
- Olive y olive oil (CITEagroindustrial Tacna)
- Camu camu (CITE frutas tropicales y Plantas medicinales de Loreto) fruto y pulpa de Camu-camu.
- Pallets y logístic (CITE Logística GS1 Perú).
- R+D+I standars **(OTCITEs).**

PERÚ Ministerio de la Producción

Successful Case: CITEvid

Panamericana Sur Km. 293.30
ICA PERÚ

Ica Region – First agroindustry exporter

PERÚ Ministerio de la Producción

CITEvid Products:

Grapes

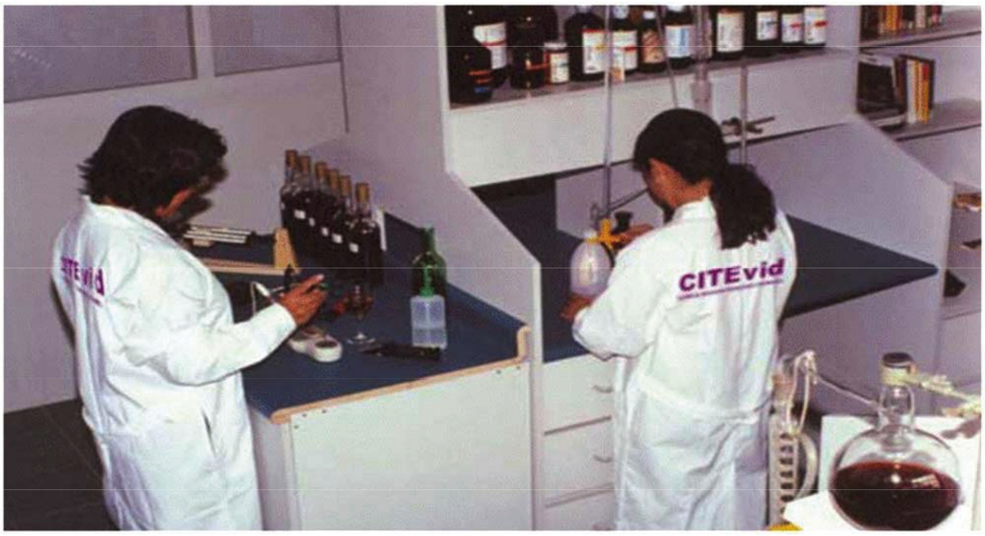
Pisco – National Beverage

Wines, beberage, vinegar, raisins

PERÚ Ministerio de la Producción

PERÚ Ministerio de la Producción

Pilot Plant for development products and Techncial Assistance:
Piscos and Wine



Laboratory services

CASE: AGRO MISTRAL. G.PAYET.

Subcontracting Small grapes producers

Trained in CITEvid
Learning by doing

Technical assistant for selection and instaling equipments.

Golden Medal, Londres Beverage Contest

PISCO PURO The International Wine and Spirits Competition-2005

APEC SME Innovation Seminar : Innovation in SME Financing and Marketing
25th – 28th 2009
Seoul, Korea

INNOVATION:THE ONLY WAY

MOVING SMEs UP THE VALUE CHAIN

by
Ms. Fadzilah Ahmad Din

Small and Medium Enterprise Corporation (SME Corp.)
Malaysia

SMECORP MALAYSIA

1

OUTLINE

- SME CORPORATION – INTRODUCTION
- SME'S IN MALAYSIA – FACTS & FIGURES
- POLICIES
- INNOVATION
- STRENGHTHENING SME CAPACITY
  - DEVELOPMENT PROGRAMME
  - FINANCIAL ASSISSTANCE

2

FUNCTIONS OF SME CORP. MALAYSIA

To Coordinate Policies Formulation and Programmes Implementation

- Formulate broad SME policies across all sectors
- Point of reference for Government Agencies on SME related issues
- Monitor and evaluate effectiveness of policies and programmes

To be 'One-Stop' Information and Advisory Services

- Channel to obtain feedback on SME issues
- 'One Referral Centre' of reference for SMEs

Secretariat to National SME Development Council (NSDC)

- Provide support and administrative services to NSDC
- Ensure decisions from the NSDC are communicated to all relevant stakeholders

To Disseminate Information and Research

- Liaise with domestic and international organisations to share best practices and relevant programmes on SMEs
- Manage National SME Database
- Publish SME related publications and statistics
- Undertake research on SME environment

3

SMEs FACTS & FIGURES

4

DEFINITION OF SMEs

Manufacturing, Manufacturing Related Services and Agro - based Industry	Annual sales turnover < RM25 million <u>OR</u> Full time employees <150
Services, Primary Agriculture, Information and Communication Technology (ICT)	Annual sales turnover < RM5 million <u>OR</u> Full time employees < 50

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DEFINITION OF MICRO, SMALL AND MEDIUM

CATEGORY	MICRO	SMALL	MEDIUM
Manufacturing, Manufacturing-related services & Agro-based Industries	sales turnover < RM250,000 <u>OR</u> full time employees < 5	RM250,000 > sales turnover < RM10 mil. <u>OR</u> 5 > full time employees < 50	RM10 mil. > sales turnover < RM25 mil. <u>OR</u> 51 > full time employees < 150
Services, Primary Agriculture and Information & Communication Technology (ICT)	sales turnover < RM200,000 OR full time employees < 5	RM200,000 > sales turnover < RM1 mil. <u>OR</u> 5 > full time employees < 19	RM1 mil. > sales turnover < RM5 mil. <u>OR</u> 20 > full time employees < 50

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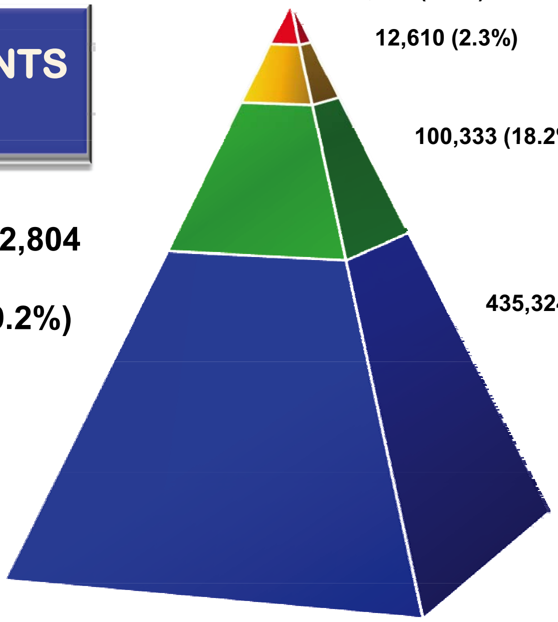
TOTAL ESTABLISHMENTS BY SIZE

- Total establishments = 552,804
- No. of SMEs = 548,267 (99.2%)



LARGE
MEDIUM
SMALL
MICRO

Source: Census of Establishments & Enterprises 2005 – Profile of SMEs

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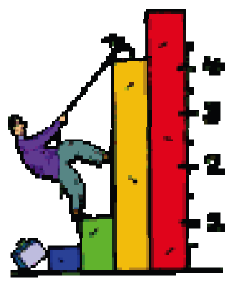
SMEs AND THEIR IMPORTANCE TO THE MALAYSIAN ECONOMY

SMEs Contribute:

- 32 per cent to GDP
- 56.4 per cent to Employment; and
- 19 per cent to Export;



Source: National SME Development Blueprint 2007

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POLICIES

9

NINTH MALAYSIA PLAN (9MP) (2006 - 2010)

10

STRATEGIC THRUSTS UNDER 9MP

Strategic Thrusts under the 9MP (2006 – 2010)

- provide more focused incentives for high value-added industries;
- development of innovation-driven SMEs and technopreneurs;
- services support for the manufacturing sector;
- enhancing technological capability and capacity of SMEs;
- improving access to financing for SMEs;
- financing new sources of growth; and
- strengthening SMEs in distributive trade

SOURCE : 9MP 2006 - 2010

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Industrial Master Plan 3

12

STRATEGIC THRUSTS UNDER IMP 3

Strategic Thrusts under IMP3 (2006 – 2020)

- enhancing the competitiveness of SMEs;
- capitalising on outward investment opportunities;
- integrating SMEs into the regional and global supply chains;
- driving the growth of SMEs through technology, knowledge and innovation;
- instituting a more cohesive policy and supportive regulatory and institutional framework; and
- enhancing the growth and contribution of SMEs in the services sector

SOURCE : IMP3 2006 - 2020

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NATIONAL INNOVATION AGENDA

Late 1990s to 2020 and to 2057

Innovation-Led Economy

Knowledge-based Critical Success Factors
- Technology
- Market
- Funding (risk capital)

Rewards are rapid and sustainable:
- Wealth creation
- Employment creation
- Societal well being

To Fulfill

National Mission:

1. To move the economy up the value chain
2. To raise the country's capacity for knowledge, creativity and innovation and nurture "first class mentality"
3. To address persistent socio-economic inequalities constructively and productively
4. To improve the standard and sustainability of our quality of life
5. To strengthen the institutional implementation capacity of the country

Source: MoSTI, 9th Malaysia Plan

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MAJOR CHALLENGES FACED BY SMES

- Limited access to advisory services;
- Limited marketing & promotion strategies;
- Limited access to domestic & global market;
- Management and technology capability constraint;
- Low value add and not competitive;
- Lack of training;
- Limited capability in R&D and technology; and
- Access to finance.

(NATIONAL SME DEVELOPMENT BLUEPRINT 2007 - SOURCE : CENSUS 2005)

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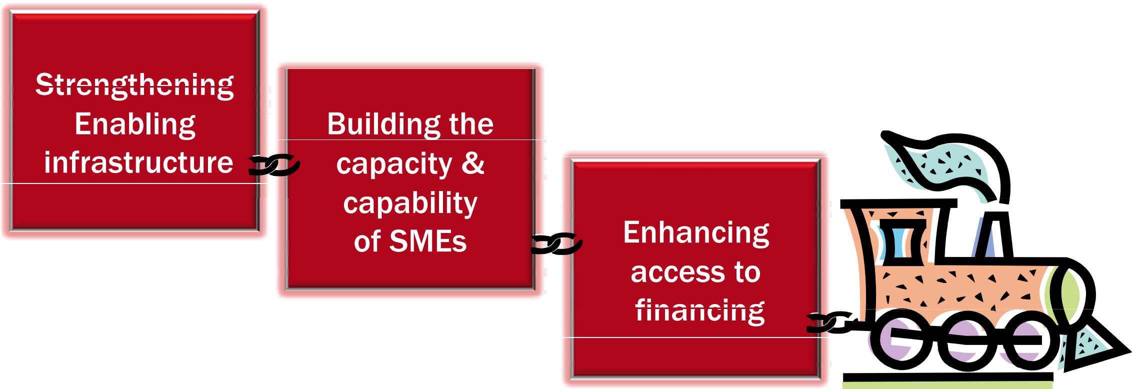
KEY INITIATIVES PROMOTING SMES DEVELOPMENT

Three (3) broad strategic thrusts for the development of competitive and resilient SMEs :



(SME Annual Report 2005)

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INNOVATION

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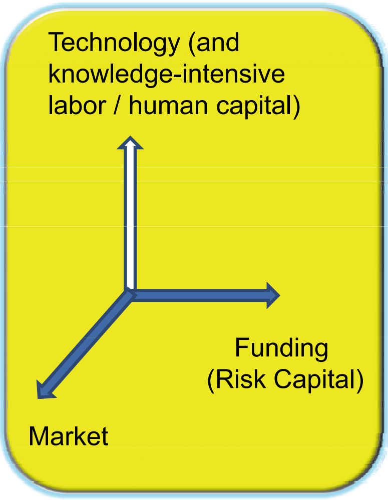
CHARACTERISTICS OF SMES IN THE INNOVATION ECONOMY



ENTREPRENEURS

- ✓ Able to identify and recognise a realisable business opportunity by anticipating market trends and demands
- ✓ Willing to take calculated risks for maximum returns
- ✓ Greater appreciation beyond basic science and technology

NEW BREED OF SMEs & ENTREPRENEURS

INNOVATION SMEs

- ✓ Market and customer focused
- ✓ High percentage of knowledge professionals
- ✓ Use of Technology and innovation for process and product improvement
- ✓ High risk but also high returns
- ✓ Able to act quickly in a fast-paced market

Source: BinaFikir Report – SMEs in the Innovation Economy

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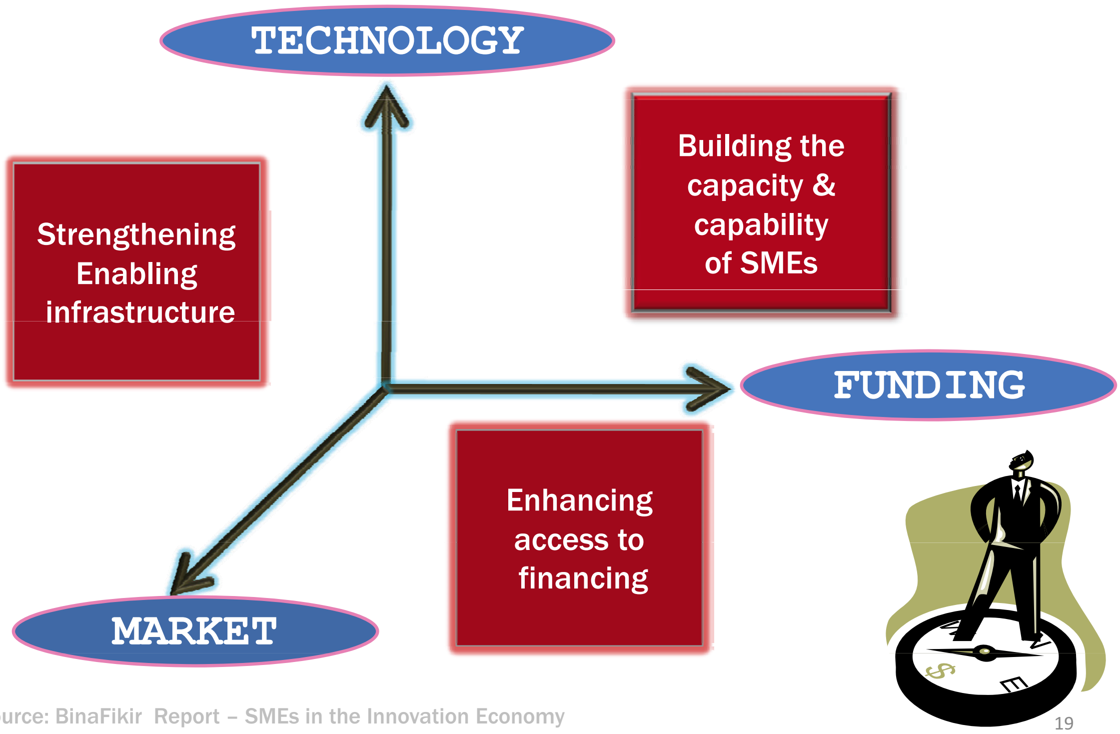
CRITICAL SUCCESS FACTORS FOR SMEs IN MALAYSIA



Source: BinaFikir Report – SMEs in the Innovation Economy

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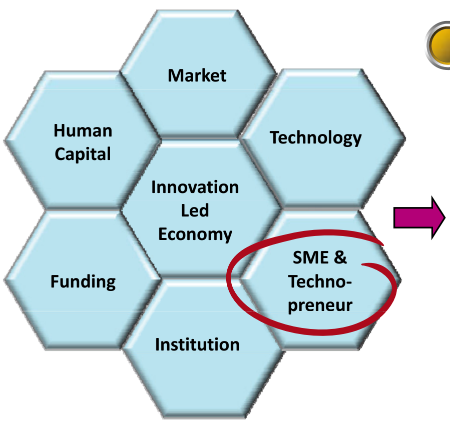
NATIONAL INNOVATION ACTION PLAN

STRATEGIC THRUST 4

Shaping National Innovation Led Economy by Developing Market-Driven and Technology-Driven Innovation for Wealth Creation and Societal Well Being



- Provide fiscal incentives and encourage greater participation in high risk venture
- Launch "Fast-Track Programme" for i-SME
- Establish Angel Network
- Innovation-Enhancement Points

Source: MOSTI

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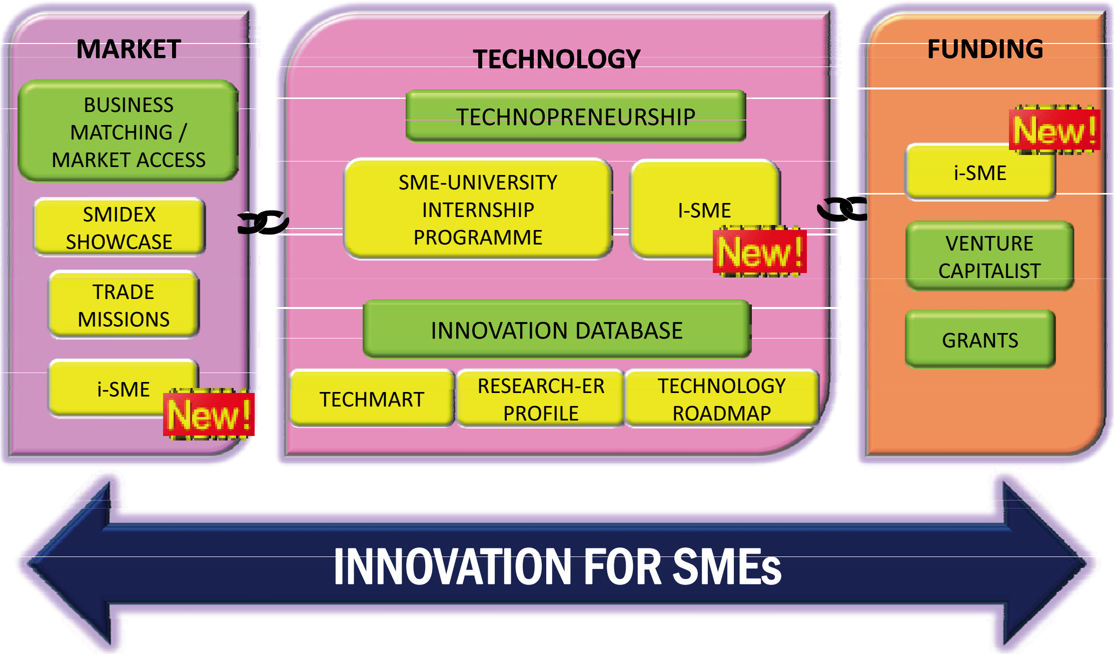
KEY INITIATIVES...



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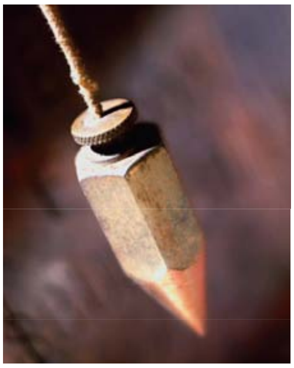
Building the capacity & capability of SMEs



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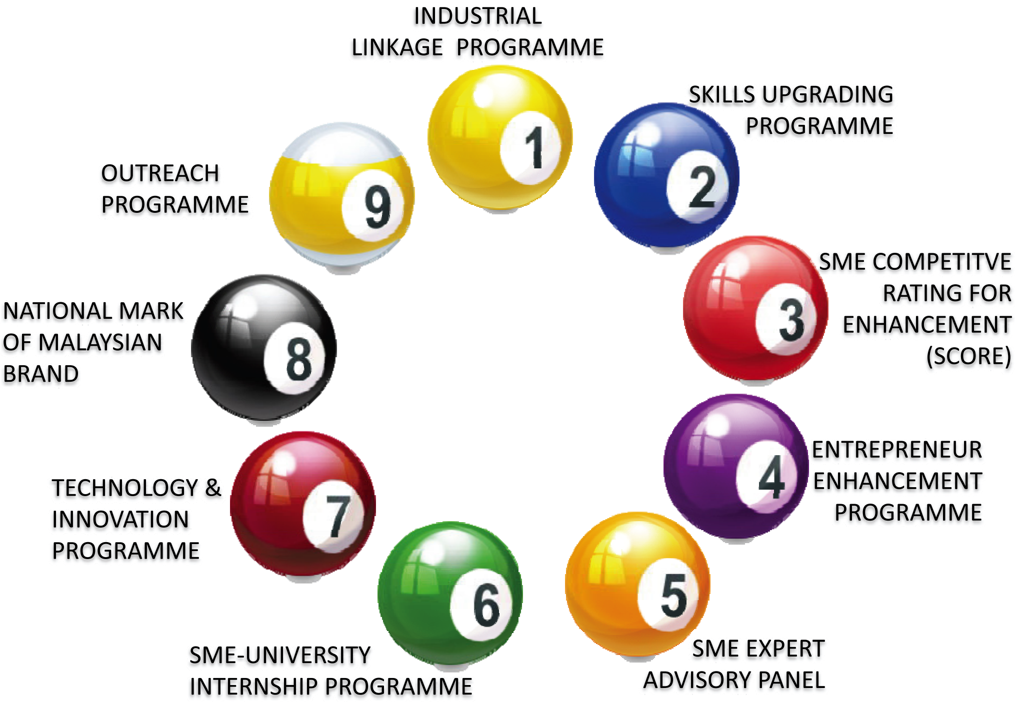
STRENGHTHENING SME CAPACITY



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SME COMPETITIVE RATING FOR EHANCEMENT (SCORE)

As a tool to evaluate and track SME's capabilities and performance in management, operation management, technology adoption, certification initiatives, financial capability and marketing capability.

SMIDEC → Visit & SCORE → SME

<u>As a basic to identify</u>:

- Weaknesses of SMEs as more focused approach and provide integrated, hand-holding assistance to SMEs;
- Facilitating linkages of potential SMEs with large companies/ MNCs / retailers ; and
- To facilitate and identify suitable financial assistance for the development of SMEs

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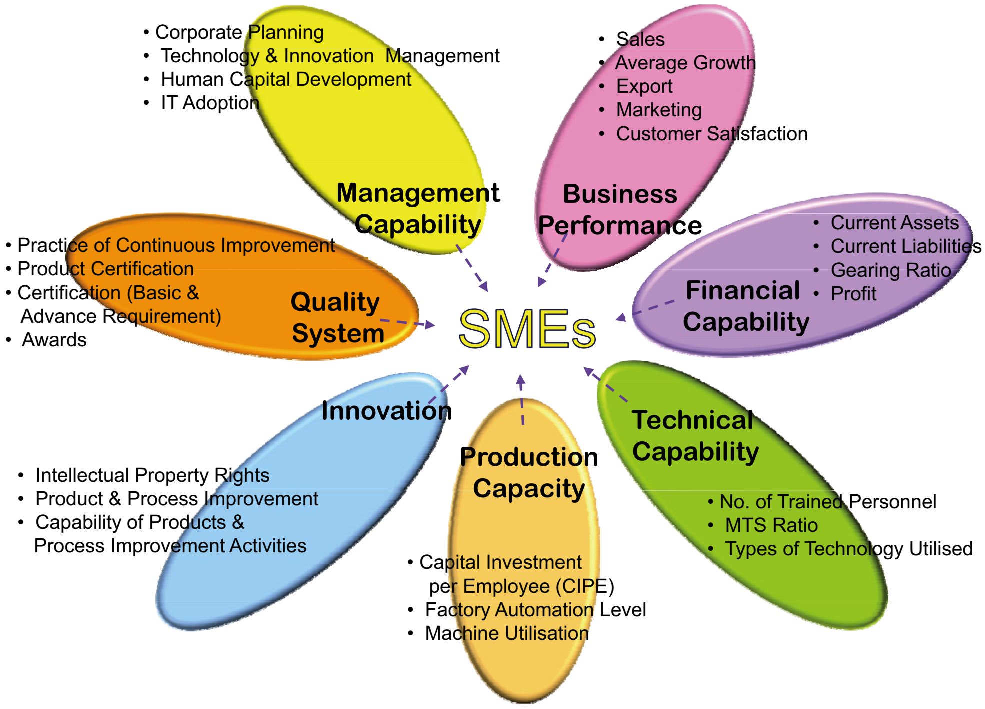
Score - Manufacturing & Manufacturing Related Services Model



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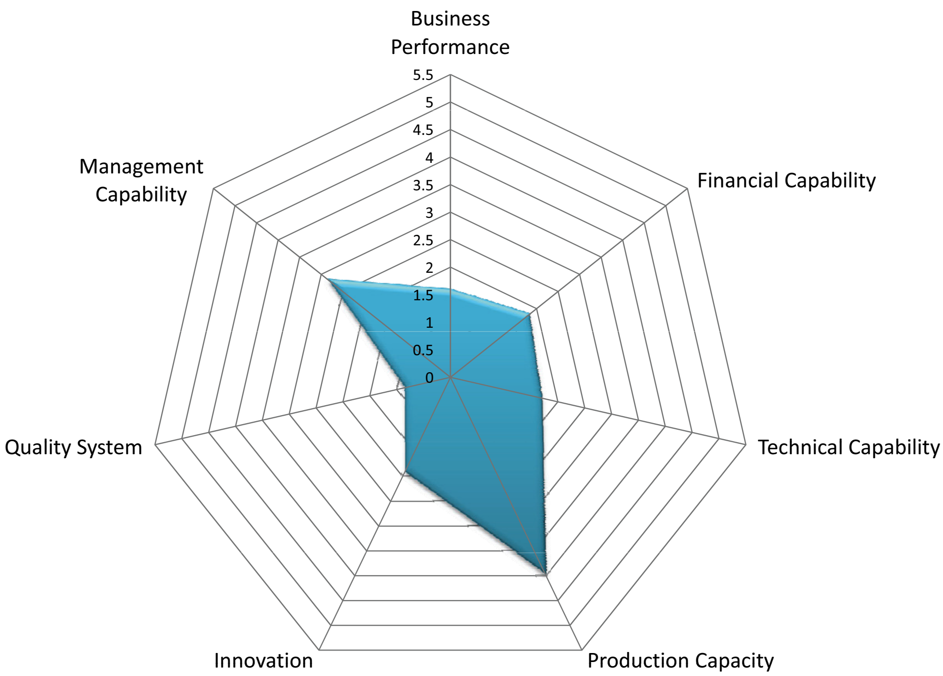
EXAMPLE OF 2- STAR FIRM



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SCORE RATING - Manufacturing

No Star	★	★ ★
Very basic operation, manual process and informal negative average growth;	Manual process, Minimal quality management system in place, negative average growth	Semi-automated process, Basic certification/ compliance, Minimal activities in product and process improvement, Minimal
★ ★ ★	★★★★	★★★★★
Extensive automation, Quality management system in place, Product and Process improvement carried, IPR registered, Moderately ready for export compliance certification	Fully automated, High potential for export, High investment in Product and Process Improvement, With certification for export e.g. CE Marking, GMP, HACCP	Have good branding, packaging, alrea dy exporting to other countries, Have compliance to exporting countries certification requirements

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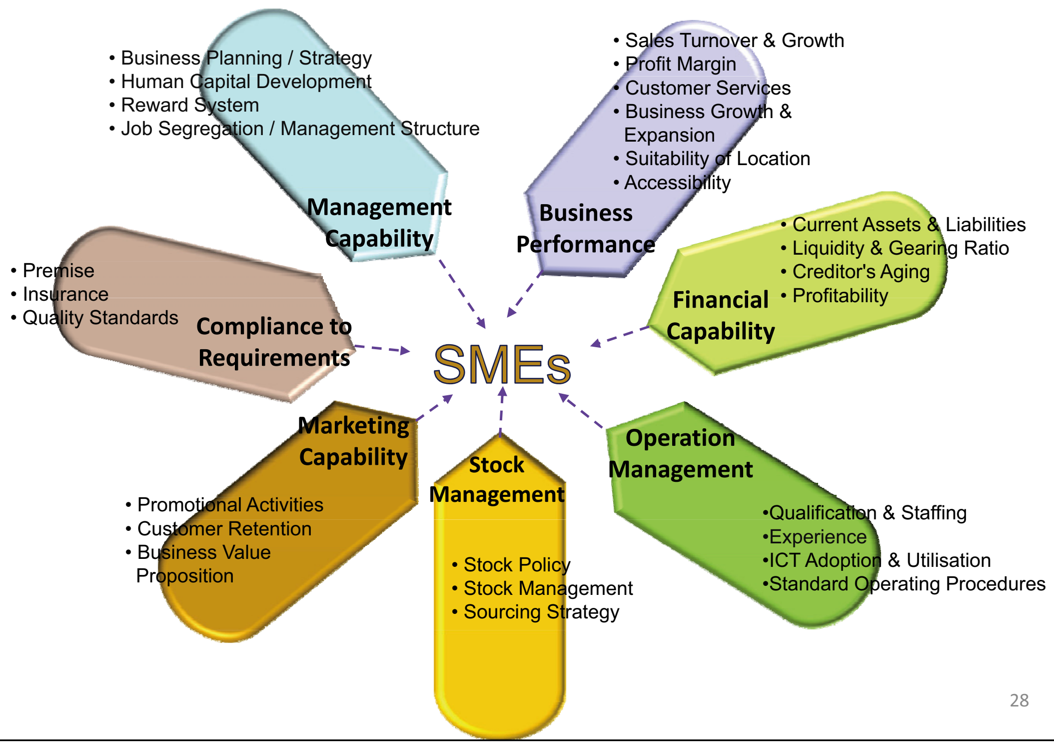
SCORE - DISTRIBUTIVE TRADE MODEL



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SCORE RATING- Distributive Trade

No Star	★	★★
Very basic operation	Financial record not well documented, poor ICT utilisation, poor stock management, low management capability	Basic financial record and stock policy, basic level of operation management, minimal compliance to requirement, unstructured marketing activity
★★★	★★★★	★★★★★
Adequate management ladder, good implementation of SOP, good stock policy, average utilisation of ICT and good customer relation.	Efficient management structure, good stock management, positive business expansion, good financial management and performance, comprehensive marketing plan, good utilisation of ICT	Visionary leadership, established brand presence, excellent integrated system, high capability in ICT adoption, excellent compliance to requirement, excellent stock management, outstanding CRM, high business value proposition, excellent marketing strategy and very strong financial capability.

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NATIONAL MARK OF MALAYSIAN BRAND

The Malaysian Brand was launched on 2nd March by the HRH the Crown Prince of Perak, Raja Dr. Shah.

- The Malaysian Brand mark depicts quality, excellence and distinction of local SMEs products and services

- The Malaysian Brand mark is aimed to:
  - increase the awareness and importance of branding for SMEs;
  - create and build a strong brand presence towards customer recognition; and
  - increase global and regional market penetration.

FINANCIAL ASSISTANCE PROGRAMMES

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FINANCIAL ASSISTANCE PROGRAMMES

Matching Grant

- 50% of the approved project cost is borne by the Government and the remainder by the applicant

Soft Loan

- Low interest rate
- Longer repayment period

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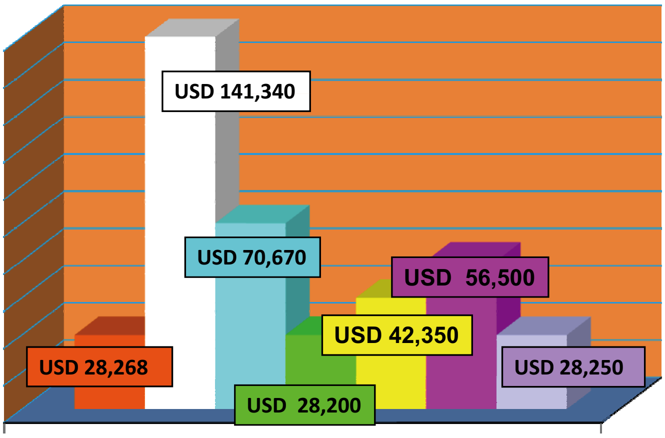
MATCHING GRANTS FOR THE MANUFACTURING SECTOR



- Matching Grant for Business Start-Up
- Matching Grant for Product and Process Improvement
- Matching Grant for Certification and Quality Management Systems
- Matching Grant for Market Development
- Matching Grant for Development and Promotion of Halal Products
- Matching Grant for Enhancing Product Packaging
- Grant for RosettaNet Standard Implementation

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FINANCIAL ASSISTANCE SCHEME FOR SMEs IN THE SERVICES SECTOR

Business Start-Ups
(USD 28,268)

Improving and Upgrading of Existing Services and Processes
(USD 141,340)

Advertisement and Promotion
(USD 14,100)

Certification and Quality Management Systems
(USD 70,670)

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- Interest Rate: 2%
- Max Loan: USD 848,200
- Payment Period: 15 years

Soft Loan for Factory Relocation (SLFR)

- Interest Rate: 2%
- Max Loan: USD 848,200
- Payment Period: 15 years

Soft Loan for SMEs (SLSME)

- Interest Rate: 2%
- Max Loan: USD 141,340
- Payment Period: 5 ½ years

Soft Loan for ICT Adoption (SLICT)

Soft Loan Schemes

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We believe knowledge and innovation are symbiotic

Innovation
Through Knowledge

INNOVATION

KNOWLEDGE

Knowledge
Through Innovation

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thank you terima kasih
choucran blagadariu kiitos xie xie hvala ti tak
ευχαριστώ ringraziarla mazvita obrigado gracias
por diras Bedankt! arigatou merces grazzi
спасибо dank u mulțumire tapadh leibh takker de
shukriyA vielen dank SALAMAT tack tack merci ركشلا
falemnderit tak for det dankon tank dankie
dzienkuje go-MOB-dah blagodarya tante grazie
danubat köszönöm dziękuję tangi meur ras
asante danki siyakubonga ederim muito webale nnyo
dyos bo'otik Tusen takk eskerrik asko mamnun hvala
obrigado tesekkur multimesc asante sana
kamsahamnida

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NRC·CNRC
Industrial Research
Assistance Program

VC Financing & Growth of 2,434 Firms in Canada

Denys Cooper
Guest Worker – IRAP Technology & International
denys.cooper@nrc-cnrc.gc.ca

2008 Dec 18 - FPTT Spin Offs & IRAP CASE

With Key Source Data Input from Industry Canada and V.C. Reporter

National Research Council Canada Conseil national de recherches Canada

Canada

NRC·CNRC
Industrial Research
Assistance Program

Scope of Data Analyses

VC Financing and Growth of Firms

APEC Conference Seoul Korea

2009 Aug 26

by Dr. Denys G. T. COOPER

Ottawa, Canada

National Research Council Canada Conseil national de recherches Canada

Canada

2

Related VC Studies

1. **2005 UBC – Hellman of Sauder School Of Business**
   - Focus on VC Investors Exit Values
     - via IPOs, and Take Overs
     - Show Less benefits for Canada vs US
1. **2007 York Univ - Cumming**
   - Focus on Biotech VC valuations [Can vs US], Exit Values and LSVCCs / Labour Sponsored Venture Capital
2. **2008 Cooper / NRC-IRAP** [Ind. Can. – Y. Errounda]
   - Focus on company growth for firms with $18 B of VC capital:
     - Company Jobs, Sales, Gazelles,
     - Company Status, IPOs, Take Overs, and Closures

3

Scope of Data Analyses

National Research Council of Canada

Largest research group in Canada with

4,000 staff and $800 M budget

IRAP – Industrial Research Assistance Program

Began in 1962 to assist SMEs with R&D

Provide advice to 9,000 firms and fund 2,200 firms

$1 invested leads to ave of $20 in sales in 1st 3 years

Replicated in Thailand [ITAP], & S. Africa

4

NRC·CNRC Industrial Research Assistance Program

Sources of Data

- VC Financing of 2,434 Firms for $18.5 B in 1997-2007
  - Includes 1,586 Technology Based Firms
  - Mary MacDonald / Thompson for VCs 1997 to 2007
  - 409 IRAP firms, with at least $15,000, 44 had advice or Youth $
  - 233 Spin offs from Universities, SBDAs, Prov'l Orgs
  - Data Assistance from Y. Errounda, Ind. Can.
  - 137 web sites searched including many for sectors, and
    - SEDAR [1997+ only], Google, Yahoo, Strategis & federal register.

5

NRC·CNRC Industrial Research Assistance Program

Scope of Data Analyses

- Spin Offs – Fed / Prov Labs and Universities
  - Firm Status
  - Gazelles
  - Lag Times from date of Incorporation:
    - to first VC and to first IRAP
    - to IPO, to RTO, to Take Over, to Closure
  - Leverage of VC & IRAP input to exit via IPO and Take Overs?

6

NRC·CNRC
Industrial Research Assistance Program

Key Inputs & Output Exits

- **Inputs:**
  - VC funds $18.5 B in 2,382 firms [not all had data]
  - IRAP $118.5 M in 433 of 453 firms
- **VC and Angel Exits:**
  - IPOs: $3.8 B with a further $1 B Est, in 430 firms,
  - RTOs/ Caps. SPEQs $109 M in 73 of 114 firms
  - Takeovers $23 B in 174 firms

43 firms had both IPOs or RTOs and were Taken Over. Valuation only provided for first Take Over, and excludes all Income Trust exits

Jobs and Sales by Sector and Provinces – to come

7

NRC·CNRC
Industrial Research Assistance Program

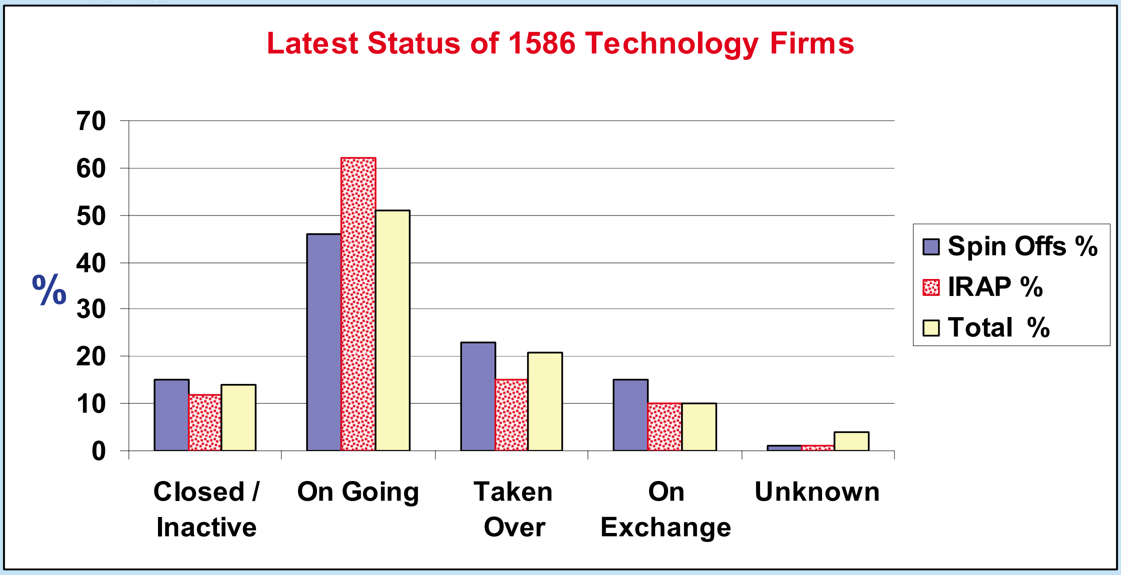
VC Funded Firms and 3 Exit Modes

	Input Funds		VC Funded EXITS		
	VC	IRAP	Take Over	IPOs *	RTOs **
All Firms	$18.5 B	$118.5 M	$23.2 B	$3.8 B	$143 M
Technology Firms	$16.4 B	$113 M	$16.4 B	$3.2 B	$109 M
Spin Offs	$3.2 B	$24.1 M	$3.2 B	$0.66 B	$15 M
Univ S/O	$2.6 B	$21.7 M	$2.6 B	$0.6 B	$15 M
NRC S/O	$0.42 B	$1.6 M	$0.07 B	$0.1 B	0
IRAP	$1.9 B	$118.5 M	$3.4 B	$1.1 B	$45 M
Gazelles	$1.6 B	$38.6 M	$5.2 B	$1.3 B	$9 M
# Cases	2385 & 49*	409 of 429	174 of 225	142 of 196	73 of 114

* IPO = Initial Public Offering on Canadian or US Stock Exchange
** RTO includes firms on stock exchanges via Reverse Takeovers, Cap Stocks, SPECs etc

8

Status of Technology Firms that have received VC Funds



Spin Offs have Highest levels of Taken Overs and on Stock Exchange – at 25% & 13%

9

Gazelles – High Growth Firms

- Gazelles: within a 5-year Period, Double Employment & / or . Sales to a minimum of 20 employees or $10 M sales.
- Stats Can / NRC-IRAP 2006 study of 2 M firms had only 2 - 4% Gazelles.
  - Same rate for US study in 1970s / 1980s by D. Birch.
  - In both studies, Technology firms did not figure well.
- Cooper 2006 study: 800 Univ Spin Offs showed

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NRC·CNRC
Industrial Research Assistance Program

High Level of Gazelles in VC Funded Firms

#		Gazelles #	Gazelles %
2434	Total VC Firms	429	17.6%
1586	Technology Firms	284	18%
233	Spin Offs	60	26%
209	Univ S/O	51	24%
17	NRC S/O	7	41% *
409	IRAP & VC	108	26%

58% of Gazelles get their first VC funding within 5 years of Inc.

* NRC sample in VC study is only 17 firms. For the full NRC data set of over 100 firms, there are 22% Gazelles

11

NRC·CNRC
Industrial Research Assistance Program

Lag Time Analysis

Review of Lag Times from Incorporation date to:

- First VC **
- First IPO
- First Take Over
- Closure
- First IRAP $s

Significant drops in time over 20 years

* Some cases received VC $s before VC Reporter data period of 1997-2006, so real lag time would be even shorter than shown.

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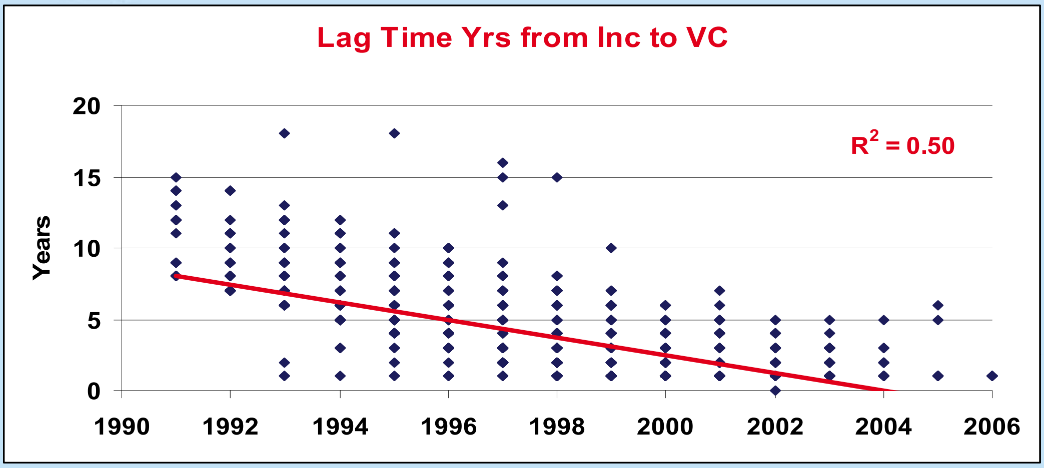
NRC·CNRC
Industrial Research Assistance Program

Major shortening of Lag Time for 1,244 Firms to access VC Capital



VC availability – Peaked in 2001-2 at over \$3.5 B.
- Very tight in 2005 & 6 at \$1.7 B, 2008 at \$1.3 B [12 mos]

Excludes: data if Inc'd ≤1990, and 70 firms that have no firm known incorp date, and 49 firms that had VC but no \$ identified

13
D. Cooper 2008 Dec 15

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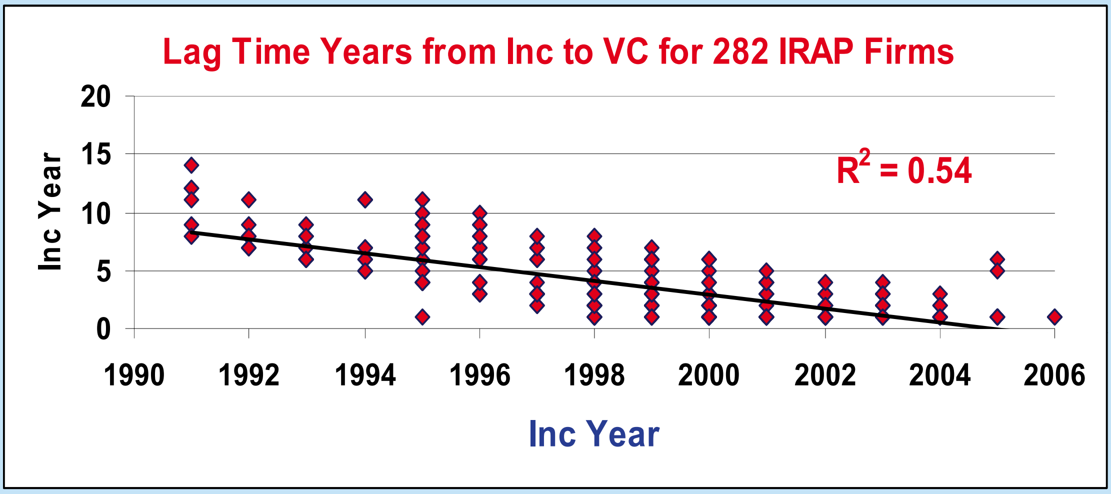
Industrial Research Assistance Program

Lag Time from SME Incorporation to first IRAP

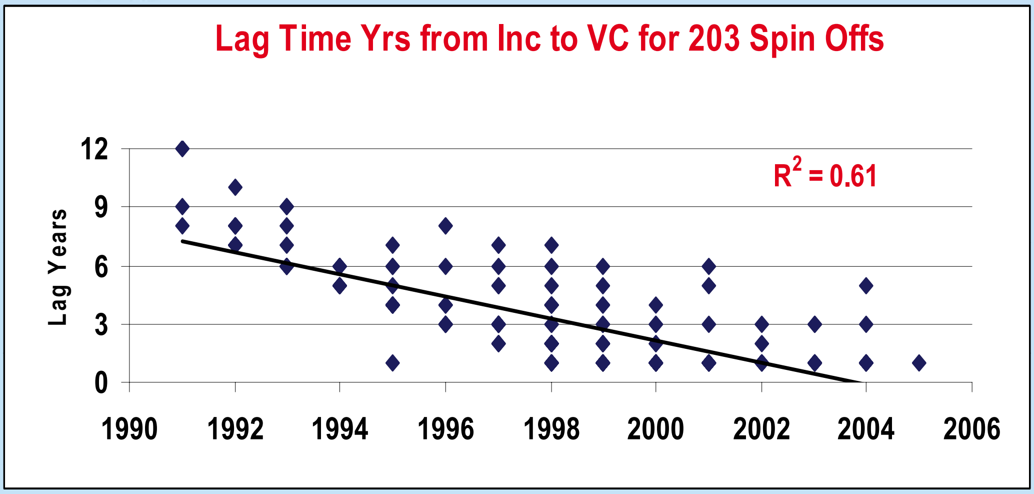


- Decentralized decision making for IRAP funding of larger projects began in 1989

Graphs cover cases where IRAP is ≥ \$25 K

14

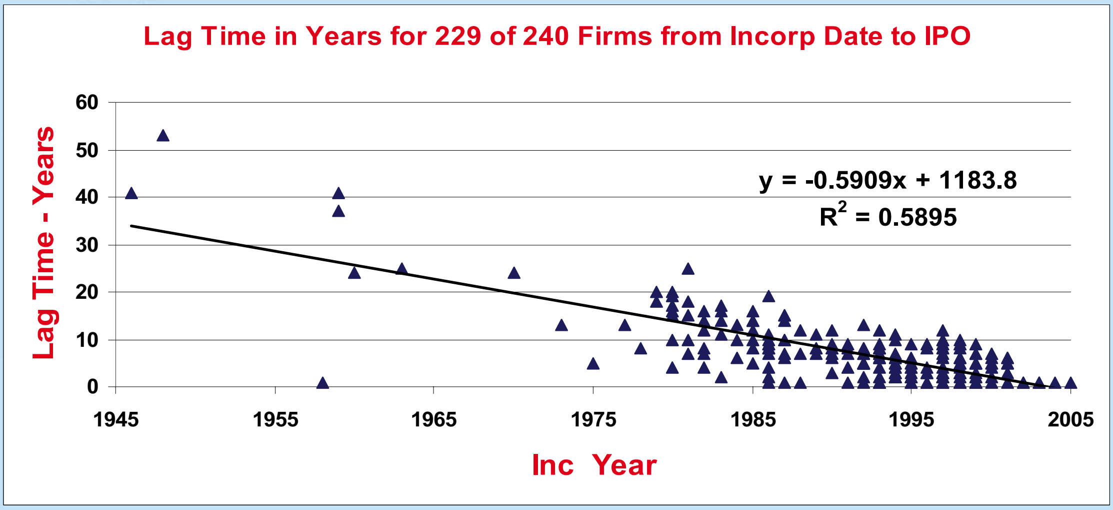
Lag Times for Spin Offs from Inc to VC



Inc Yr

- **Spin Offs** are technology based and usually have **high cash burn rates,** so they cannot rely only on family and friends to grow.

Lag Times – from Date of Incorporation to IPO

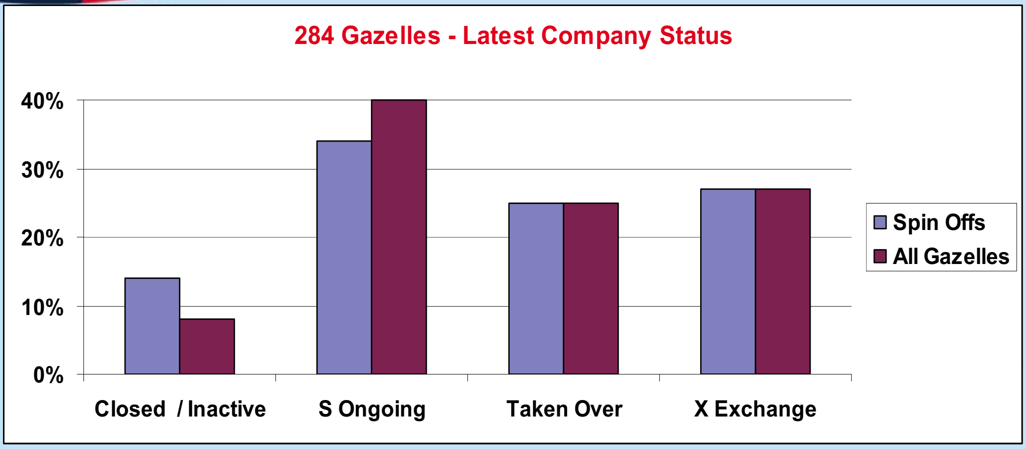


Times and $ values extracted from SEDAR NASDAQ, and www, press releases etc.

Excludes firms on stock exchanges via RTOs, Cap Stock, and SPEQs

DC to 2008 Dec 12

Do Gazelles Survive?



- 284 Technology Gazelles have Lower Closure rates - at 8%
  - i.e. HALF the Closure rate for all Technology Firms at 15%.
- 59 Gazelle Spin Offs have slightly Higher Closure Rates – at 13%
  - But HALF the Closure rate for all Spin Offs at 26%

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More Gazelles if IRAP Supported

		IRAP Firms			All Firms		
Group	Sector	# Gaz	#	% IRAP Gaz	# Gaz	#	% Gaz
Life Science	Biopharma	26	89	29%	51	244	21%
	Medical Devices	4	15	27%	13	63	21%
ICT	Communications	14	38	37%	45	185	24%
	Electronics / Computer	9	45	20%	27	151	18%
	Software / IT Serv	23	75	31%	67	422	16%
	Semiconductors	5	14	36%	12	45	27%
Other	Manufacturing	3	30	10%	15	265	6%
	Energy / Enviro	5	33	15%	11	110	10%
	Subtotal	89	339	26%	241	1485	16%

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D. Cooper 2008 Oct

NRC·CNRC
Industrial Research Assistance Program

Key Messages

- **The rapid drop in time over the past 20 years to first VC, Take Over or IPO, means that within first 5 years:**
  - **Significant start-up owner dilution early on.**
  - **Firms need to have strong external management inputs early on. Include external directors, science advisory boards**
  - **Take Overs: Technology firms that have high growth become opportunities for take overs or because of high cash burn rates become prey for takeovers.**
- **VC funded Firms: Higher Gazelle levels, and fewer closures**
  - **VC funded Gazelles are NOT as fragile as some had foreseen.**
- **Spin Offs generally perfom well.**
- **Leverage Levels: It is NOT Reliable to extrapolate:**
  - **VC to Take Over or IPO exits – incomplete data on full VC inputs, especially from foreign sources. New study by Hellman to come**
  - **IRAP to VC - more cases now where VC comes in earlier than IRAP.**

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NRC·CNRC
Industrial Research Assistance Program

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Guest Worker, Technology & International
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National Research Council Canada
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denys.cooper@nrc-cnrc.gc.ca to Dec 18th, 2008
After Dec 31st: denys_cooper@canada.com

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NRC·CNRC Industrial Research Assistance Program

High level of Ongoing Activity includes Take Overs and firms still on Stock Exchanges

Type	Ongoing Firms #	Life Sciences	I.C.T.
Total	1935 of 2437 = 79%	81%	81%
Spin Offs	198 of 233 = 85%	85%	83%
Univ Spin Offs	179 of 208 = 86%	85%	85%
IRAP	404 of 444 = 91%	86%	92%

Spin Offs include NRC, CRC, Provincial labs and Universities

Business Registry shows only 53% Ongoing with the same name.

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NRC·CNRC Industrial Research Assistance Program

Break down for 2 Key Sectors – VC Study

Type	# Firms	Life Sciences	I.C.T.	Other	Note
Total	2437	15%	42%	43%	Large firms in Resources & Finances
Spin Offs	233	65%	23%	12%	Fed/ Prov/ Univ
Univ Spin Offs	208	72%	22%	6%	
IRAP	444	26%	46%	28%	

- Life Sci = Bio, Pharma, and Medical
- ICT = Communications, Electronics, Software, Internet

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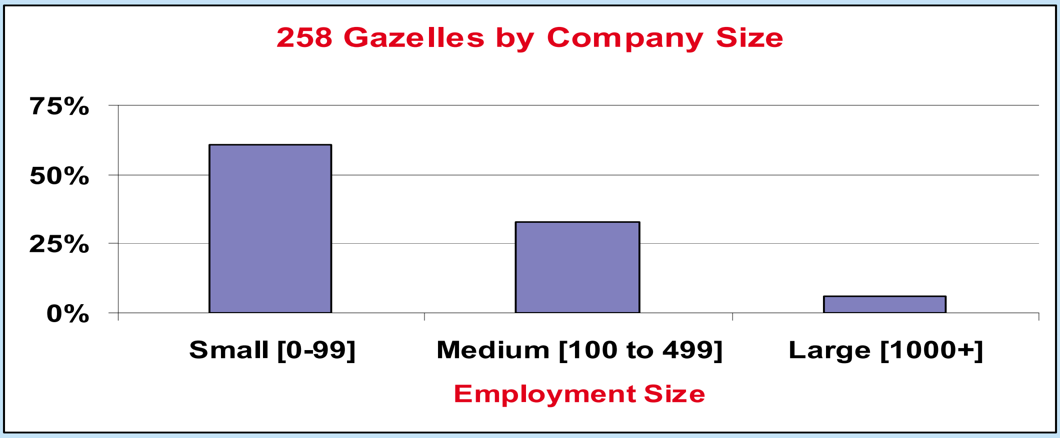
NRC·CNRC
Industrial Research
Assistance Program

Gazelles occur in All Company Sizes and Ages



Gazelles: Assessed for periods 1995 onwards,

Occur in all ages with 10% firms Inc'd before 1990

Many Gazelles have Multiple Leaps

23

Promoting Innovation and Growth for SMEs
APEC 2009 SME Innovation Seminar

Michael Bird
Ministry of Economic Development
New Zealand

26 August 2009

Ministry of Economic Development
Manatū Ōhanga

The New Zealand Context

- The New Zealand Government has set a goal of income parity with Australia and increasing exports to 40% GDP by 2025.
- This requires many more capable, talented, innovative enterprises focused on growth.
- Productivity performance has declined relative to our major trading partners – high labour utilisation not reflected in labour productivity.

Ministry of Economic Development
Manatū Ōhanga

The New Zealand Context (cont'd)

- New Zealand's economy is based on natural resources and the primary production sector.
- Most large exporting companies are in the primary sector with co-operative structures.
- New Zealand, like all economies, has a preponderance of SMEs.
- SMEs matter for economic development because they are the focus of entrepreneurial activity and risk taking.

Ministry of Economic Development
Manatū Ōhanga

The Challenges for SMEs

SMEs in New Zealand face the challenges of:

- The combination of size and distance from markets.
- Having to internationalise early in their existence.
- Thin domestic capital markets.
- Surviving the recession and the credit crunch.
- Business expenditure on R&D is low at 1/3 of the OECD average.

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Manatū Ōhanga

The Government's Growth Agenda

Focused on six key drivers of growth:

- regulatory reform
- investment in infrastructure
- better public services
- education and skills
- innovation and business assistance
- a world-class tax system.

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Manatū Ōhanga

Priorities for Government Policy

- **Greater Internationalisation** – overcoming barriers created by distance.
- **Fostering Innovation** – increasing business R&D and better linking public investment in R&D with business needs.
- **Leveraging off Areas of Existing or Emerging Growth Potential** – a stronger and more targeted approach to business assistance.
- **Improving Capital Markets** – developing the size and sophistication of New Zealand's capital markets.

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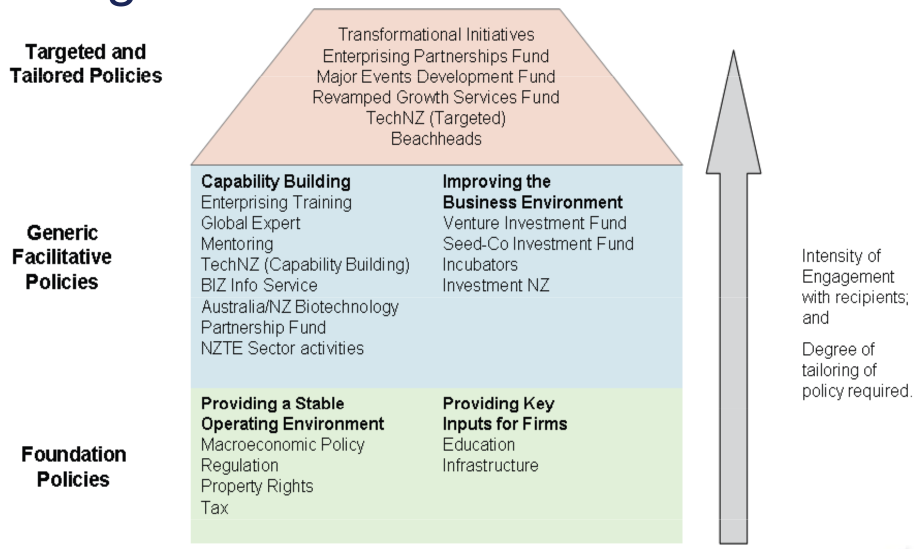
Manatū Ōhanga

Structure of Business Support Programmes



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Improving Access to Finance

Set of initiatives to improve access to finance include:

- Grants and services such as Incubators, Escalator and Investment Ready training programmes.
- R&D commercialisation services and pre-seed funding.
- Venture Capital Fund and Seed Co-Investment Fund equity investment programmes.

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Manatū Ōhanga

Responding to the Recession

- Fiscal Stimulus including infrastructure spend
- Small Business Relief Package
    - Tax changes costing $480 million
        - » Expansion of the export credit scheme
        - » Extended jurisdiction for the Disputes Tribunal
        - » Expansion of business advice services
        - » A prompt-payment requirement for government agencies

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Co-operation Is Essential

- Governments can do a lot to provide a conducive business environment and help address market failures.
- Government has to partner with the private sector to deliver value to SMEs.
- New Zealand's Small Business Advisory Group provides an on-the-job perspective on the issues SMEs face every day.
- Internationally, the Single Economic Market concept for Australia and New Zealand will help our SMEs in our closest market.

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Manatū Ōhanga

Country Report: Indonesia

Overcoming the Declining Competitiveness through SME Innovation

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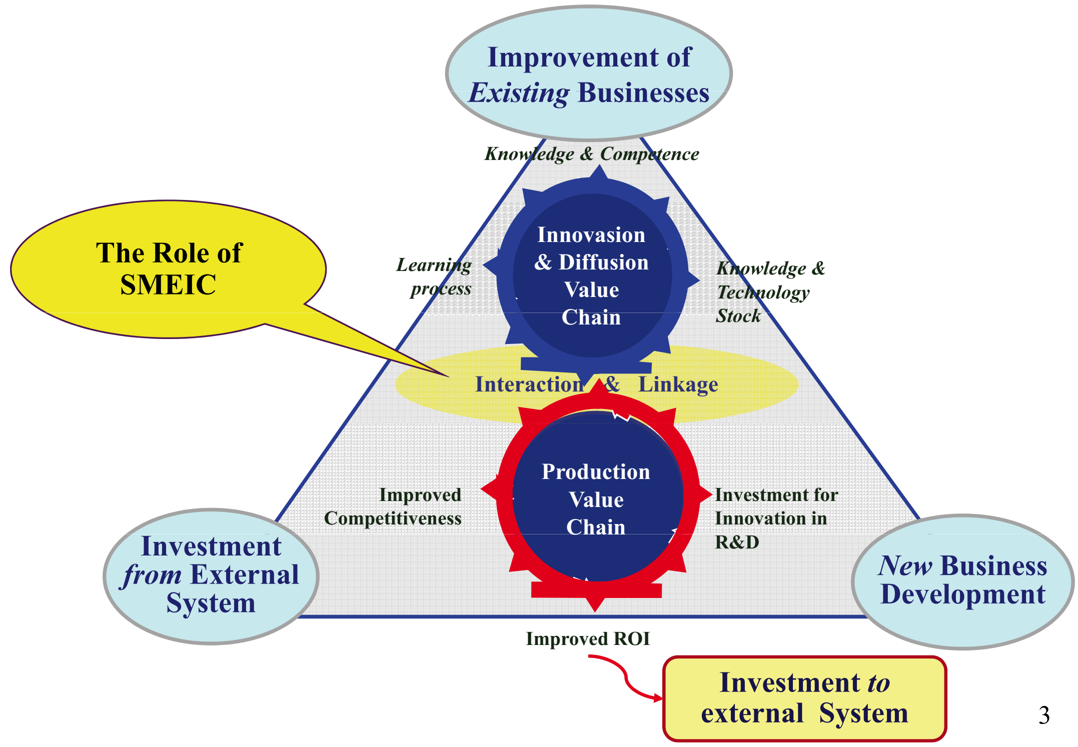
OUTLINE

National Competitiveness

- **I. Rationale & Framework**
- **II. Institutionalizing SME Development Initiatives**
- **III. Initiatives in SMEs Capacity Building**
- **IV. SMEIC** – Action in FY 2009
- **V. Modus for Synergy**
- **VI. Moving Forward -** Technology Based SME Development

2

I. Rationale & Framework



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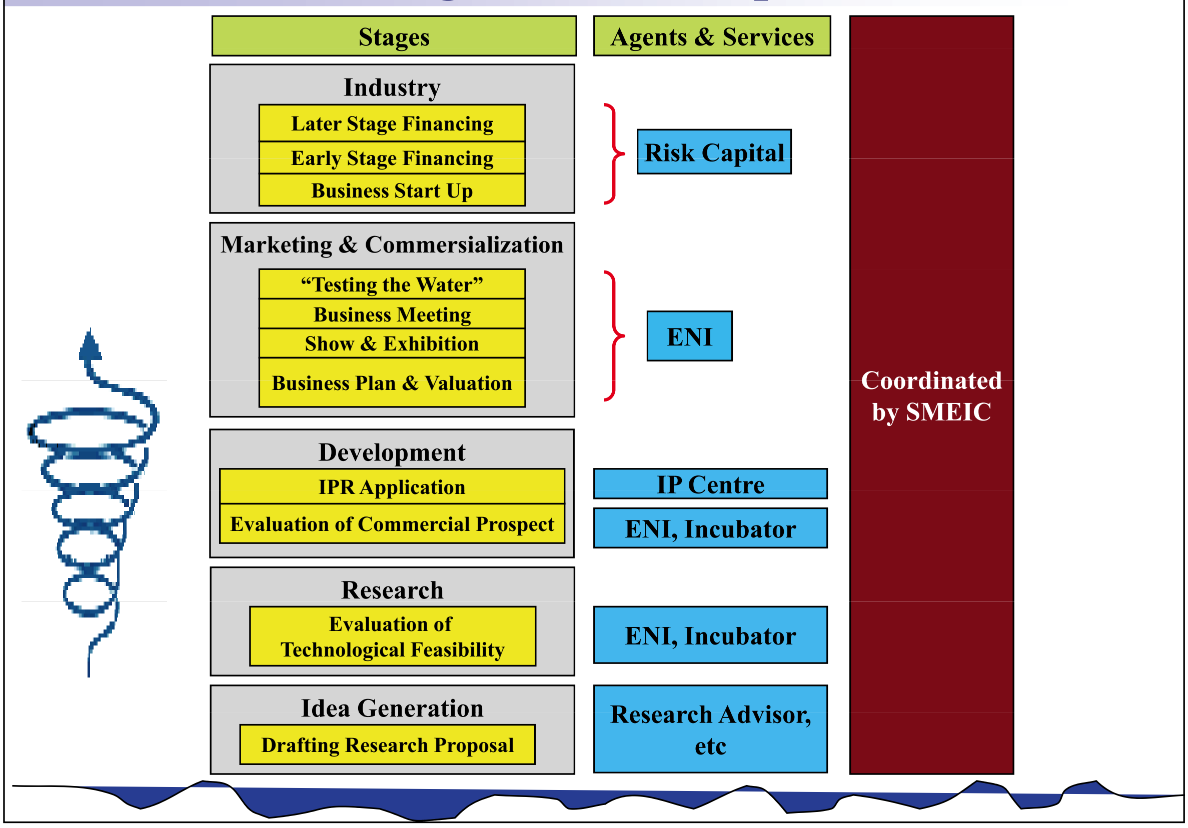
II. Institutionalizing SME Development Initiatives



II. Institutionalizing SME Development Initiatives - Towards Network of Innovations

Role	Function
◈ **Business Development**	Consultation services on productivity, general management & financial management
◈ **Technology Development**	*Prototyping,* technology licensing (technology transfer)
◈ **Business Incubation**	Development of innovative start-ups
◈ **HRD**	Training provider on apprenticeship and entrepreneurship
◈ **Facility Provider**	Provide multipurpose facilities
◈ **Expertise Provider**	Technical assistance on specific expertise
◈ **Information Provider**	Information services: technology, market, financing schema, IPR, etc
◈ **Accreditation**	Certification and accreditation of product or service
◈ **Intermediaries**	Technology, Market & Financial brokering
◈ **Networking**	Business partnership, R&D Cooperation, Consultative Forum

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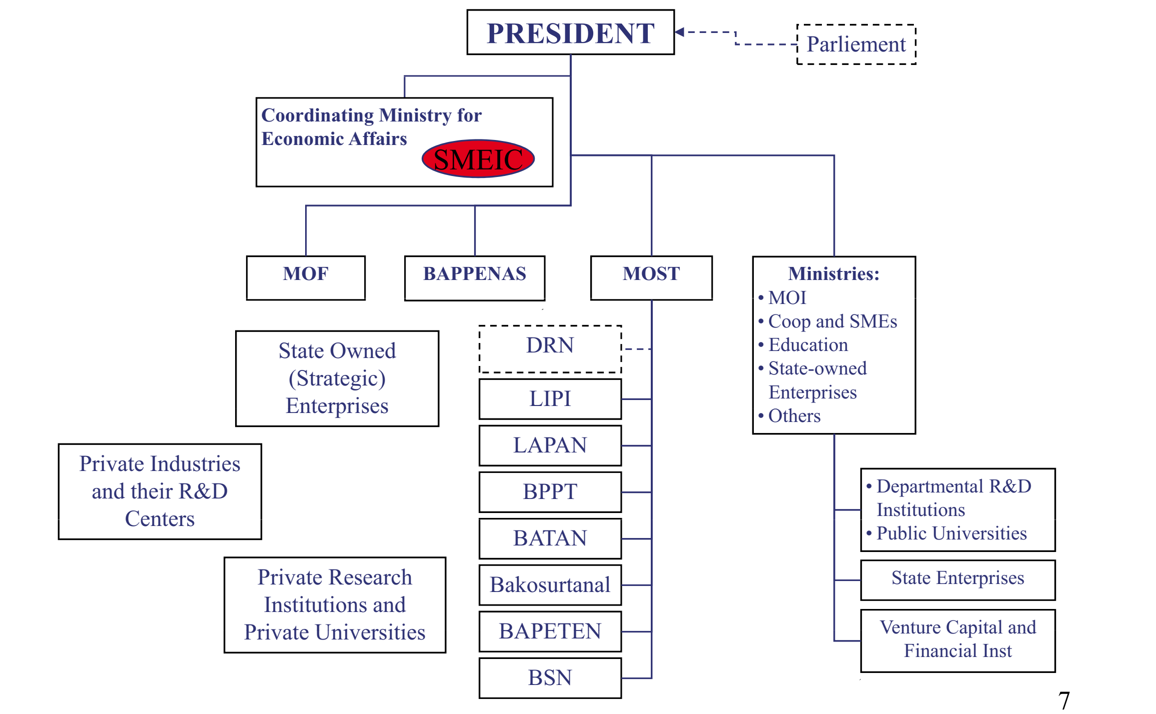
II. Institutionalizing SME Development Initiatives - Guideline Towards Fusion Networks

- Ubiquitous Center of Excellences (COEs)
- Synergy in SME development – no person is alone
  - Fusion networks built by proven capability to innovate
  - Improved by collaboration evidence (willing to share for a piece of a bigger pie)
- Grow using "guided innovation" where networks are united around common problems. What are the problems?

II. Institutionalizing SME Development Initiatives - Position within National Innovation System



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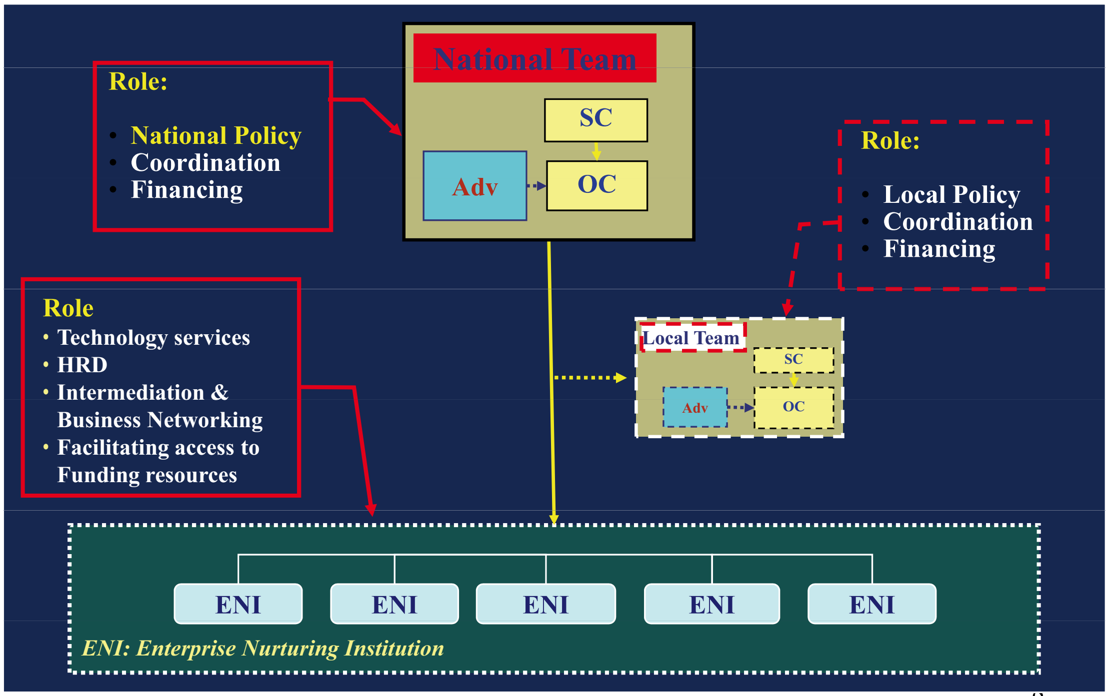
II. Institutionalizing SME Development Initiatives - SMEIC - Management



II. Institutionalizing SME Development Initiatives - SMEIC - Management

- Steering Committee
  - Chair: Coordinating Minister for Economic Affairs
  - Member: State Minister of Cooperatives & SMEs, Minister of Industry, Minister of Internal Affairs, State Minister of Research & Technology, Minister of Finance, Minister of Planning, Chairman of BPPT, etc
- Organizing Committee
  - Chair: Deputy Chairman for Technology Policy, BPPT
  - Secretary: Director of Center for the Assessment of Technology Diffusion Policy, BPPT
  - Member: Higher level Officials of Departments and related institutions

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II. Institutionalizing SME Development Initiatives – SMEIC - Working Definition

Innovation

Research, development and/or engineering activity aiming at developing of practical value and provision of new scientific context, or finding new way for the implementation of the existing Science and Technology into product or production process.

(Source: Law No. 18 Year 2002 on National Innovation System)

SME Innovation Centre

An institution that facilitates the transfer and diffusion of innovation to SMEs and promote the development of innovative SMEs

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II. Institutionalizing SME Development Initiatives - SMEIC - Roadmap

M A R K E T

2008 – 2009
Demand pull, primary extractive-increased low added value MSME based industries Sustainable – Green MSMEs

2010 – 2015
Supply push resource based, new market, higher added value, innovation based MSMEs & Innovation-based networked-symbiotic industries

> 2015
Market leader in selected niche: (genetic) resource and knowledge based MSMEs high end and *boutique* products and services

Pilot Project

Replication of *Best Practises*

Agribusiness, manufacture and creative industry

11

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II. Institutionalizing SME Development Initiatives - SMEIC – Work Breakdown Structures

WBS I. Institutional Strengthening

WBS II. Network and Basis data

WBS III. Intermediation

WBS IV. Promotion of Innovation

WBS V. Coordination, Monitoring and Evaluation

12

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II. Institutionalizing SME Development Initiatives

Interconnectivity of Processes within National Innovation System (NIS)

The strength of NIS depends on the performance of the weakest node (or link). Which node (or link) is the weakest?

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III. Initiatives in SMEs Capacity Building

Type	Number
1. Incubator	35
2. IP Center & IP Related Facilities	65
3. Business Technology Center	> 200
4. Public & Private R&D Institution	> 50

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IV. SMEIC – Action in FY 2009

- Pilot Project: *Solo Technopark* and *Batam Outsourcing Area*
- Developing Formal Curriculum on Technopreneurship for undergraduate and graduate programmes
- Developing Legal Base for Risk Capital Schemes
- Building Database Support System
- Intermediation, Promotion and Marketing, etc.

15

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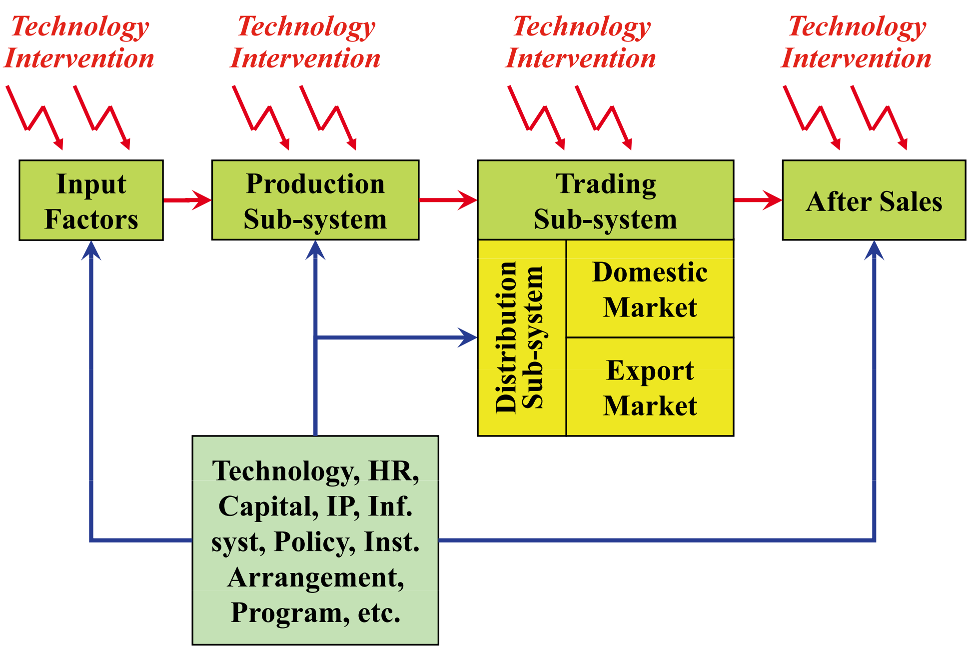
V. MODUS OF SYNERGY - TECHNOLOGY INTERVENTION ALONG *VALUE CHAIN*



V. MODUS OF SYNERGY - *Commodity Rating* Agro-based Industry

NO	COMMODITY	Replicability vs Time Delivery	Technology vs Production Chain	Risk vs Investment	Resource Availability vs Demand	Number of SME vs Multi Customers	Political Support vs Cultural Familiarity	TOTAL SCORE
1	Aesthetic Oil	5	5	3	3	3	7	26
2	Coffee	5	5	3	3	3	7	26
3	Coconut	5	5	2	3	2	6	23
4	Cacao	5	4	2	3	2	7	23
5	Rattan	5	3	3	2	3	7	23
6	Seaweed	3	3	3	3	3	7	22
7	Organic Fertilizer	5	1	3	3	3	7	22
8	Medicinal plant	3	3	3	3	3	7	22
9	Soybean	5	5	3	2	3	2	20
10	Fish Product	5	5	3	3	3	0	19
11	Latex-based Product	1	1	0	3	1	7	13
12	Rami Fiber	3	2	0	1	2	2	10

V. MODUS OF SYNERGY - *Commodity Rating* Manufacturing

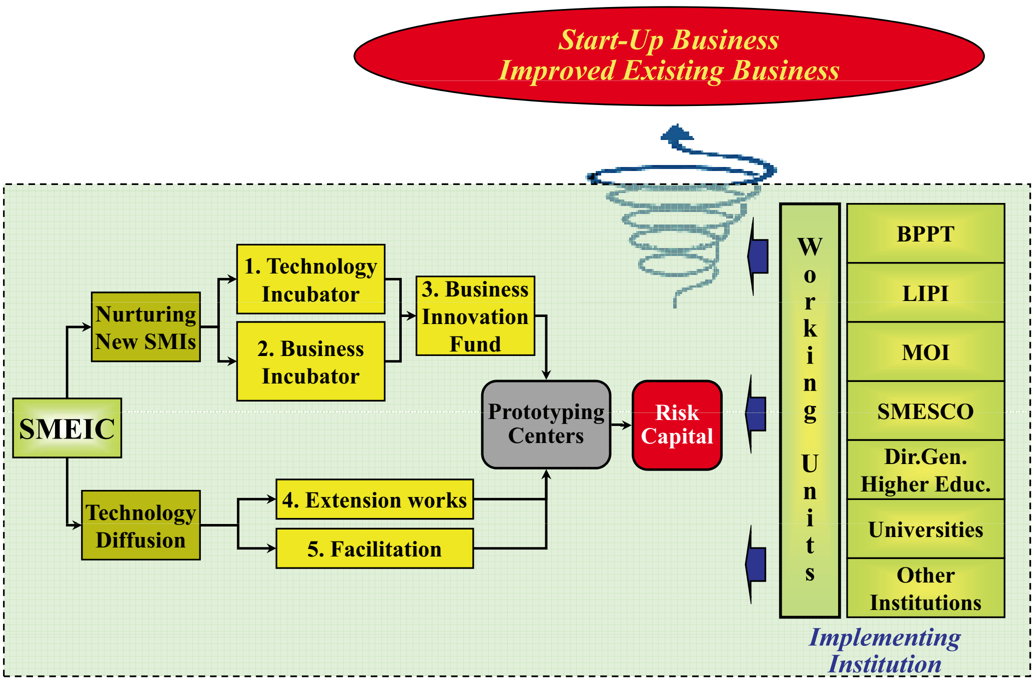
NO	COMMODITY	Replicability vs Time Delivery	Technology vs Production Chain	Risk vs Investment	Resource Availability vs Demand	Number of SME vs Multi Customer	Political Support vs Cultural Familiarity	TOTAL SCORE
1	Furniture	5	5	3	3	3	7	26
2	Waste Treatment Machinery	5	5	3	3	3	6	25
3	Ceramic Technical and Sanitary	5	5	3	3	3	6	25
4	Agro Processing Machinery	5	4	3	3	3	7	25
5	Latex-based Components	5	4	3	3	3	7	25
6	Bio Fuel	4	5	3	3	2	7	24
7	Footwear	4	4	3	3	3	6	23
8	Packaging Machinery	4	3	3	2	2	7	21
9	Automotive Parts	3	4	2	2	3	6	20
10	Textile and Apparel	3	3	2	2	3	6	19
11	Cosmetic	4	5	2	3	2	2	18
12	Food Product	3	3	2	2	2	6	18
13	Metal Works	3	1	1	2	3	7	17
14	Food Processing Machinery	5	3	2	3	2	0	15

V. MODUS OF SYNERGY - *Commodity Rating*

Creative Industry

NO	COMMODITY	Replicability vs Time Delivery	Technology vs Production Chain	Risk vs Investment	Resource Availability vs Demand	Number of SME vs Multi Customers	Political Support vs Cultural Familiarity	TOTAL SCORE
1	Batik	5	3	3	3	3	7	24
2	Handicraft	5	3	3	3	3	7	24
3	Furniture & Home Accessories	5	3	3	3	3	7	24
4	Music	5	3	3	3	3	7	24
5	Ceramic Arts	5	3	3	3	3	7	24
6	ICT	5	3	3	3	3	6	23
7	Toys	5	2	3	3	3	6	22
8	Fashion Textile	5	2	2	3	3	6	21
9	Film and animation	5	4	3	3	3	2	20
10	Publishing	5	3	2	2	2	6	20
11	Interior Design	5	2	3	3	3	2	18
12	Education Material	5	3	3	2	2	2	17
13	Fashion Accessories	4	2	2	3	3	2	16

VI. MOVING FORWARD - TECHNOLOGY BASED SME DEVELOPMENT



Recipients of SME Innovation Centre Grants FY 2009

No	Institution	Location
1	PIBI IKOPIN	Bandung
2	Universitas Hasanudin	Makassar
3	ITS Design Centre	Surabaya
4	Business Innovation Center	Jakarta
5	I- CELL ATMI	Solo
6	Young Asgar Foundation	Garut
7	Universitas Islam Indonesia	Yogyakarta
8	Lembaga Pengembangan Inovasi	Serpong

Recipients of SME Innovation Centre Grants FY 2009

No	Institution	Location
9	BDS LPPM UNS	Solo
10	Association for SME Development (PUPUK)	Bandung
11	IPB Business Incubator	Bogor
12	KADIN Semarang	Semarang
13	PPKWU UNS	Solo
14	LIPI Innovation Center	Jakarta
15	Regional Development Forum (FPESD)	Semarang
16	Universitas Haluo Oleo	Kendari

Thank you

Questions, Comments and Suggestions can be directed to

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23

Overcoming the Global Economic Crisis Through SME Innovation:

The Laguna CLEEP Experience

By:

Marilou Quinco-Toledo
Regional Director
Department of Trade and Industry
CALABARZON Region
Republic of the Philippines

Outline of Presentation

I. The Comprehensive Livelihood and Emergency Employment Program
II. The LAGUNA Comprehensive Livelihood and Emergency Employment Program
III. The Laguna CLEEP: Water Hyacinth Development Program
IV. Program Results
V. Program Assessment
VI. Recommendations

I. CLEEP: Background

– Due to the threats from the global economic crisis, President Gloria Arroyo issued on October 23, 2008 the Memorandum Circular No. 168 directing all members of the Cabinet to draw up and prepare emergency work programs and doable and fundable livelihood projects.

– The Cabinet's response to the directive: The Comprehensive Livelihood and Emergency Employment Program (CLEEP).

Program Objectives

- General Objective
  – To protect the most vulnerable sectors-the poor, hungry, returning expatriates, workers in the export industry, and out-of-school youth-from threats and consequences of reduced or lost income as a consequence of the global economic crisis.
- Specific Objectives
  1. To hire for emergency employment; and
  2. To fund and supervise livelihood projects.

Salient Features

- Emergency Employment
  - Work that is immediate, requires little or no skill or education; engages the worker only part-time (less than 40 hours a week) or short-time (e.g. 45 days or less); or allows workers to obtain more than one job
- Livelihood
  - A program or project geared towards the provision of work or an activity that will generate reliable income/earnings for a long period of time

Salient Features

- Stewardship
  - A member of the Cabinet tasked to oversee and ensure the implementation of CLEEP programs or projects in a particular region or province.
  - DTI Secretary Peter B. Favila was tasked to handle Laguna CLEEP.

Implementing Strategy

- Use of Agency Savings
  - Under Memorandum Circular 168 (s.2008), all departments and national agencies are to mobilize all their remaining resources,including contingency funds, to finance their respective livelihood and emergency employment programs.
- Partnership Building with Local Government Units and other Stakeholders
  - CLEEP shall build partnerships with local government units, non-government or people's organizations, the private sector and academe and tap their pools of expertise, resources and logistics.

Implementing Strategy

- Poverty - Reduction Approach
  - The programs or projects shall factor in the context and economic and social environment of each given region.
  - This implies that the department secretaries, acting as stewards of the region/s assigned to him/her, shall also focus on poverty data of every region.
  - This data will serve, among other pertinent information, as the baseline monitoring the performance of every department.

II. The LAGUNA Comprehensive Livelihood and Emergency Employment Program

Location

II. The LAGUNA Comprehensive Livelihood and Emergency Employment Program

Philippines

II. The LAGUNA Comprehensive Livelihood and Emergency Employment Program

II. The LAGUNA Comprehensive Livelihood and Emergency Employment Program

Proximity to Metropolitan Manila

II. The LAGUNA Comprehensive Livelihood and Emergency Employment Program

1. About the Province of Laguna

- Divisions
  – 3 component cities
  – 27 municipalities
- Land Area: 1,823.6 km²
- Population: 2,473,530 (2007 census)
- Economic Status
  – Laguna Exports: USD 7.0 Billion (1997)
    - *Philippine Exports total = USD 25 Billion*

II. The LAGUNA Comprehensive Livelihood and Emergency Employment Program

2. Effects of Global Economic Crisis

- Total number of workers affected in CALABARZON Region (as of May 8, 2009)
  - 66, 647
- Number of workers affected in Laguna
  - 27,891
- Number of displaced workers in Laguna
  - 11,269

II. The LAGUNA Comprehensive Livelihood and Emergency Employment Program

Emergency Employment Target

January to December 2009

Department of Trade and Industry	1,500
Department of Public Works and Highways	5,000
Department of Labor and Employment	2,000
Department of Environment and Natural Resources	1,000
Department of Education	1,000
Department of Social Welfare and Development	769
TOTAL	11,269

DTI CALABARZON enrolled Water Hyacinth Development Program and Enhanced Price Monitoring Emergency Employment Project to Laguna CLEEP.

II. The LAGUNA Comprehensive Livelihood and Emergency Employment Program

Agency	Project
DPWH	To implement Out-of-School Youth Serving Towards Economic Recovery (OYSTER) Program, flood control projects and fabrication of concrete blocks
DOLE	To implement Tulong Pangkabuhayan sa Ating Disadvantaged Workers (TUPAD)
DENR	To implement aggregate recycling and upland development projects
DEPED	To implement hygiene package
DSWD	To provide KALAHI Project for the unemployed

III. The LAGUNA CLEEP: Water Hyacinth Development Program

1. Background of the Project

- Water hyacinths (water lilies) proliferate in the Laguna Lake that covers 20% of the lake's surface area
- Such proliferation threatens survival of aquatic species since these plants block sunlight's penetration into the water.
- Also, water hyacinths have been considered unfriendly to the environment: contributory to the clogging of waterways and flooding in the locality.

III. The LAGUNA CLEEP: Water Hyacinth Development Program

1. Background of the Project

- It is in this view that the Laguna L.E.A.P. (Livelihood Emergency- Employment Accelerated Program) was implemented in the Province.
- This involved the cleaning up of Laguna Lake and transforming water hyacinth from waste to potential raw materials for livelihood enterprises.

III. The LAGUNA CLEEP: Water Hyacinth Development Program

2.1 General Objective

– Cleaning up of Laguna Lake and transforming Water Hyacinth from waste to raw materials to establish community-based livelihood enterprises.

III. The LAGUNA CLEEP: Water Hyacinth Development Program

2.2 Specific Objectives

– To provide direct and immediate employment initially to barangay constituents of Laguna to create jobs through water hyacinth gathering and semi-processing.
  - *About 10 persons per barangay shall be employed to clean twice a week (8x a month) for 4 months.*

– To transform water hyacinth from waste into raw materials to be utilized to develop new products

– Introduce and demonstrate new processes and technologies that may be applied to water hyacinth.

III. The LAGUNA CLEEP: Water Hyacinth Development Program

Specific Objectives

- Create and introduce prototypes of semi-processed and finished products made out of water hyacinth developed during the skills training.
- Showcase prototypes of semi-processed and finished products at trade fairs.
- Organize selling missions outside the province to assist producers of semi-processed materials and finished products market their product
- Develop a barangay-based livelihood enterprise utilizing on water hyacinth as raw materials and/or finished products.

III. The LAGUNA CLEEP: Water Hyacinth Development Program

3. Timetable

- 2008 4th Quarter to 2009 4th Quarter

4. Target Beneficiaries

- Ten (10) out-of-school youths and unemployed residents in 77 coastal barangays in 15 cities and municipalities (830 Beneficiaries)

III. The LAGUNA CLEEP: Water Hyacinth Development Program

5. Project Cost

- Php 6.16 Million salaries of Water Hyacinth Gatherers / Collectors (out-of-school youths and unemployed residents) in 77 barangays in 15 municipalities and cities
  - *Binan, Cabuyao, Calamba City, Los Banos, Lumban, Nagcarlan, Pakil, Pila, Rizal, San Pedro, San Pablo, Sta. Cruz, Sta. Rosa City, Siniloan and Victoria*
- Php 5.95 Million for capability enhancement package.

III. The LAGUNA CLEEP: Water Hyacinth Development Program

6. Breakdown of Project Cost

ITEM	Particulars	Amount
Salary of Water Hyacinth Gatherers/Collectors (10 barangays in 17 municipalities)	10 persons per barangay to clean up 8 times a month at 4 months a year at 77 barangays @ P250 per head per day (10x77xP250x8daysx4mos)	6,160,000
Product and Market Development	Designer's fee , prototyping, participation to fairs , research and development , others	1,700,000
Training Expenses	Honorarium , supplies , transportation , food , others	1,700,000
Production Equipment & Working Capital	To start the livelihood enterprise	1,700,000
Monitoring and Evaluation including Meetings and Planning	To facilitate consultative meetings, planning, monitoring, and evaluation and related activities during the implementation of the Laguna LEAP Project	850,000
	Total	**12,110,000**

III. The LAGUNA CLEEP: Water Hyacinth Development Program

7. Capability Enhancement Package

– Technology trainings
– Product development
– Marketing assistance
– Trade fairs
– Selling missions
– Setting-up of common service facilities

III. The LAGUNA CLEEP: Water Hyacinth Development Program

8. Scope of Work

- PGL / LGU
  – Identify barangay and barangay constituents to enroll in the project
  – Identify and provide the venue of the skills training.
  – Co-share the food of the participants
  – Help promote and sell new products made of water hyacinth
  – Provide assistance in setting up livelihood centers and common service facilities.

III. The LAGUNA CLEEP: Water Hyacinth Development Program

8. Scope of Work

- DTI Laguna
  - Implement the program in coordination with the LGUs of the various municipalities.
  - Coordinate with other relevant agencies or offices for assistance in technical and organizational aspect of the project
  - Organize training cum product development to be held in Laguna. Hire the services of designers.

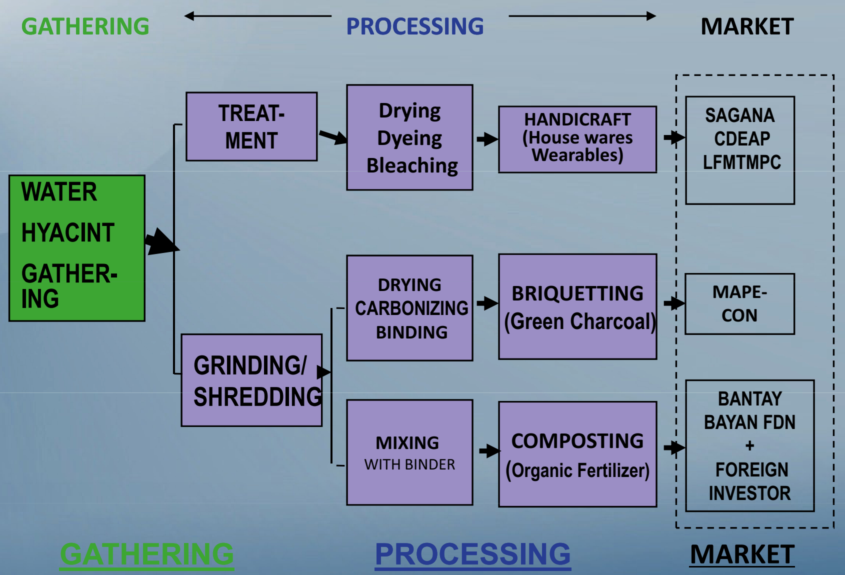
III. The LAGUNA CLEEP: Water Hyacinth Development Program

8. Scope of Work

- DTI Laguna
  - Assist in the mounting and promotion of the showcase at the provincial, regional and national trade fairs
  - Provide market matching services for Laguna suppliers of semi-processed and finished products
  - Monitor post-showcase/selling mission sales.
  - Conduct program monitoring and evaluation together with LEAP Council.

III. The LAGUNA CLEEP: Water Hyacinth Development Program

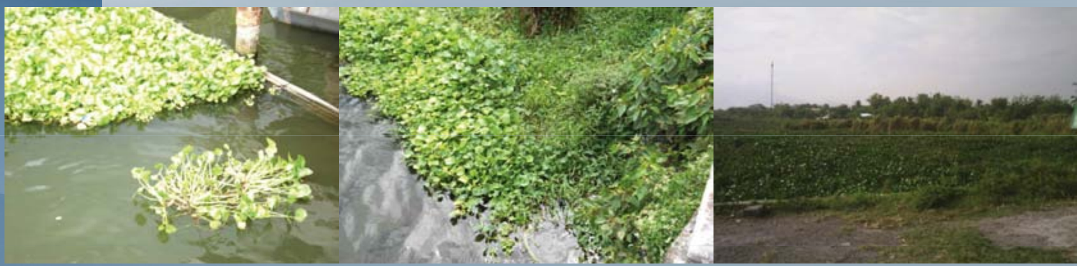
Mapping of Water Hyacinth Development



III. The LAGUNA CLEEP: Water Hyacinth Development Program

	GATHERING	PROCESSING	MARKET
JOBS	830 OSYs Water hyacinth gatherers	420 OSYs & Housewives, weavers	
INCOME/ SALARY	P 6.16 M	x	
COST c/o DTI	P 4.56M	P 2.74M	
LGU Share	P 4. 81 M		
BENEFICIARIES	15 Towns/cities covering 77 Barangays (Province of Laguna)		
SALES			P 3.85 M

IV. Program Results



1. Conduct of Briefing/Orientation on Laguna CLEEP participated by various stakeholders from the 17 cities and municipalities November 21, 2008 (Calamba City).

IV. Program Results

2. Organization of the Laguna LEAP (Livelihood Emergency – Employment Accelerated Program) Council,

November 26, 2008, Victoria, Laguna.

IV. Program Results

Laguna LEAP Council

1. Provincial Government of Laguna (PGL)
2. Local Government Units (LGUs) – 22 towns / cities
3. Department of Trade & Industry (DTI)
4. Department of Interior & Local Government (DILG)
5. Laguna Lake Development Authority (LLDA)
6. Department of Environment & Natural Resources (DENR)
7. Department of Social Welfare & Development (DSWD)
8. Department of Education – Accelerated Learning System (DepEd-ALS)
9. SAGANA San Pablo City
10. Samahan ng Coconut Prodyusers at Entreprenyur ng Laguna (SCOPE-Laguna)
11. San Roque Tulay-Akbay sa Kaunlaran Cooperative (SRTASKCO)
12. Bantay-Bayan Foundation, Inc. (BBFI)
13. Laguna Provincial Cooperative Development Council (LPCDC)

IV. Program Results

3.1. Program Launching and Awarding of Certificates of Employment to the Water Hyacinth Gatherers of Laguna,
December 10, 2008 (SM Sta. Rosa City)

IV. Program Results

3.2. MOA signing among LEAP Council Members and 15 LGUs, December 10, 2008, SM City Sta. Rosa Events Center City of Santa Rosa, Laguna

IV. Program Results

4.1. Awarding of Checks to LGUs representing Salary of Water Hyacinth Gatherers, January 28, 2009, Sta. Cruz, Laguna.

IV. Program Results

4.2. Orientation on Bayong Development Program (a Substitute to Plastic Bags) January 28, 2009, Sta. Cruz, Laguna

IV. Program Results

5.1. Launching of CALABARZON Bayong Development Program and Green Products Expo 2009, March 11, 2009 (Cultural Center of Laguna, Sta. Cruz, Laguna).

IV. Program Results

5.2. Launching of CALABARZON Bayong Development Program and Green Products Expo 2009, March 11, 2009 (Cultural Center of Laguna, Sta. Cruz, Laguna).

IV. Program Results

5.3. Launching of CALABARZON Bayong Development Program and Green Products Expo 2009, March 11, 2009

(Cultural Center of Laguna, Sta. Cruz, Laguna).

Highlights of the event was the Fashion Show feat. Bayong plus woven products and footwear.

DEPARTMENT OF TRADE & INDUSTRY PHILIPPINES

IV. Program Results

6. CALABARZON Bayong Development Program: Special exhibit at the ECO-Products International Fair, SMX Convention Center, April 19: WATER HYACINTH FIBERS AS MATERIALS FOR WEAVING BAYONG/OTHER WOVEN ITEMS INCLUDING FOOTWEAR AND HANDICRAFTS

DEPARTMENT OF TRADE & INDUSTRY PHILIPPINES

IV. Program Results

7.1. 111th National Independence Day Celebration, June12, 2009, DTI Sec. Favila, Steward for Laguna CLEEP, delivered the key note address highlighting the importance of CLEEP as a response to the global economic crisis.

IV. Program Results

7.2. Sec. Favila led the ceremonial opening of the CLEEP exhibit

IV. Program Results

7.3. Sec. Favila appreciated products made by the Cavinti weavers while RD Toledo, Gov. Lazaro and board member Nocon looked on during the June 12 Independence Day Celebration in Calamba, City.

IV. Program Results

8. **MOST INNOVATIVE.** Footwear (top left) made of water hyacinth fiber was voted the most innovative product during the opening day of the *OTOP Luzon Island Fair* on July 8, 2009, at the Megatrade Hall of the SM Megamall in Mandaluyong City. Corazon Coligado (left) of Ai-She Footwear (Liliw, Laguna), maker of the award winning footwear, shares award with designer Edna Palad (right), owner of Red Palm Ventures - maker of leatherized water hyacinth.

V. Program Assessment

1. Performance

Water Hyacinth Project in Laguna

As of June 30, 2009

Particulars	Target	Actual	% Accomplishment
No. of CLEEP Towns/Cities Covered-1st Batch	15	15	100.00
Amount of Investments Generated (PhP)	12,110,000	13,538,000	111.79
Amount of Sales Generated (PhP)	3,850,000	1,260,998	32.75
No. of Training/Seminars Implemented	46	65	141.3
No. of Benchmarking Activities/ Local Study Missions Conducted	2	3	150.00

V. Program Assessment
1. Performance

Water Hyacinth Project in Laguna

As of June 30, 2009

Particulars	Target	Actual	% Accomplishment
No. of Water Hyacinth Gatherers Developed from the 15 CLEEP Towns/Cities	830	830	100
No. of Organic Micronutrients & Fertilizer Producers	20	47	235
Green Charcoal Briquette Project	--	29	--
No. of Water Hyacinth Weavers Developed	400	592	132.25
Total No. of Jobs Generated	**1,250**	**1,498**	**119.84**

V. Program Assessment
1.1 Performance of Laguna CLEEP

Agency	Targets	Actual Output
DTI	1,500	2,008 (1498+ *510)
DPWH	5,000	400
DOLE	2,000	70
DENR	1,000	--
DepED	1,000	--
DSWD	769	48
TOTAL Emergency Employment	11,269	2,526

The Water Hyacinth Development Program contributed 59.30% of the Total Emergency Employment.
***-Enhanced Price Monitoring Emergency Employment Project**

V. Program Assessment

2. Economic Sustainability

2.1. The Water Hyacinth Project is now supported by six anchor firms engaged in handicrafts and wearables which includes Remdavies Import/Export, House2Home Inc., Sarilikha Handicrafts, Red Palm Ventures, Jody's Footwear, and Ai-she Footwear.

These anchor firms expressed their support through providing market driven design ideas and marketing assistance by developing the existing water hyacinth weavers as their sub-contractors.

2.1.1 Two LGUs invested in Organic Micronutrients Fertilizer (OMF)

2.1.2 Three LGUs invested in Green Charcoal Briquette

2.2. Replication of Water Hyacinth Project in other areas of the country, e.g Pampanga and Bicol Provinces

V. Program Assessment

3. Funding

3.1. Department of Trade and Industry (DTI) shared P5,000,000.00 to start the project.

3.2. The Local Government Units (LGUs) shared P8,538,000.00.

3.3. All these funding efforts resulted to total investment of P13.538 M, which is P111.79% higher than its original target investment of P12.11M.

V. Program Assessment

4. Convergence (Public-Private Partnership)

4.1. Department of Trade and Industry (DTI) Secretary Peter B. Favila as the steward for Laguna CLEEP ensures and oversees the implementation of Laguna CLEEP projects.

4.2. Through collective efforts of the different national and local government agencies, as well as non-government organizations (NGOs) and business groups, there was a synergy and project was implemented successfully.

4.3. Inter-phase of water hyacinth in the Bayong Development Program and the One Town One Product Program.

V. Program Assessment

5. Environmental Consideration

5.1. The gathering of water hyacinth cleaned-up Laguna Lake, thus, contributing to unclogging of waterways, mitigating flood.

5.2. Removal of water hyacinth helped improve the survival of the aquatic species in Laguna Lake.

VI. Recommendations

1. Upgrading of existing manufacturing capabilities of weavers by giving them further trainings on finishing and treatment of water hyacinth that is more cost effective and eco-friendly.
2. Introducing new technology such as “leather-effect water hyacinth”, water hyacinth materials manipulation, and its mass production.
3. Introducing new and highly customized products and designs by pooling in supply chain and technology competencies of existing suppliers to satisfy customer demands in a market-driven environment.

VI. Recommendations

4. Integrating the six new towns’ (Paete, Pagsanjan, Pangil, Bay, Mabitac, and Kalayan) CLEEP beneficiaries along the Laguna Lake and water faunas that will be given Basic Skill Trainings on Water Hyacinth Handling, Treatment and Weaving and emergency employment of 120 OSYs/displaced workers as water hyacinth gatherers to increase supply base of dried water hyacinth stalk and materials for OMF and green charcoal making.
5. Focus the CLEEP assistance to seven existing productive towns/cities (San Pablo, Calamba, Victoria, Pakil, Pila, Cabuyao, and Sta. Cruz) to support the raw materials base requirement of water hyacinth producers.

VI. Recommendations

6. Incorporation of values formation, work ethics and entrepreneurial spirit in the training program/ activities.
7. Continue the program for the next five years
8. Enhance project monitoring
9. Project fund should include hiring of additional staff and logistical support and acquisition of machinery and equipment, construction of common service facility needed by the project.

Thank You!

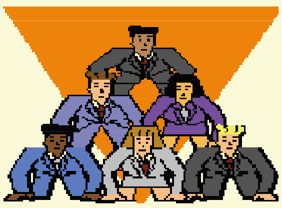
The Laguna CLEEP: An Innovative MSME Program to address the Global Economic Crisis

Innovation Through Cooperation
(The Davao Industry Cluster Experience)

Ms. MARIZON S. LORETO
Regional Director
Department of Trade and Industry
REPUBLIC OF THE PHILIPPINES

Philippine SMEs are….

- Heterogeneous segment
  -informal and highly sophisticated firms
- Possess a wide range of skills
- Suppliers or subcontractors to larger firms
- Dynamic, innovative, growth-oriented
- Others are traditional "lifestyle"
- High volatility (new start-ups and closures)



Philippine SMEs

- 53% operate consumer-oriented businesses
- 24% in extractive businesses
- 19% in transformative businesses
- 3% in business services

GOAL

Increase productivity of SMEs (32% to 40%)

SME DEVELOPMENT AGENDA

Achieve a sustainable and competitive SME growth

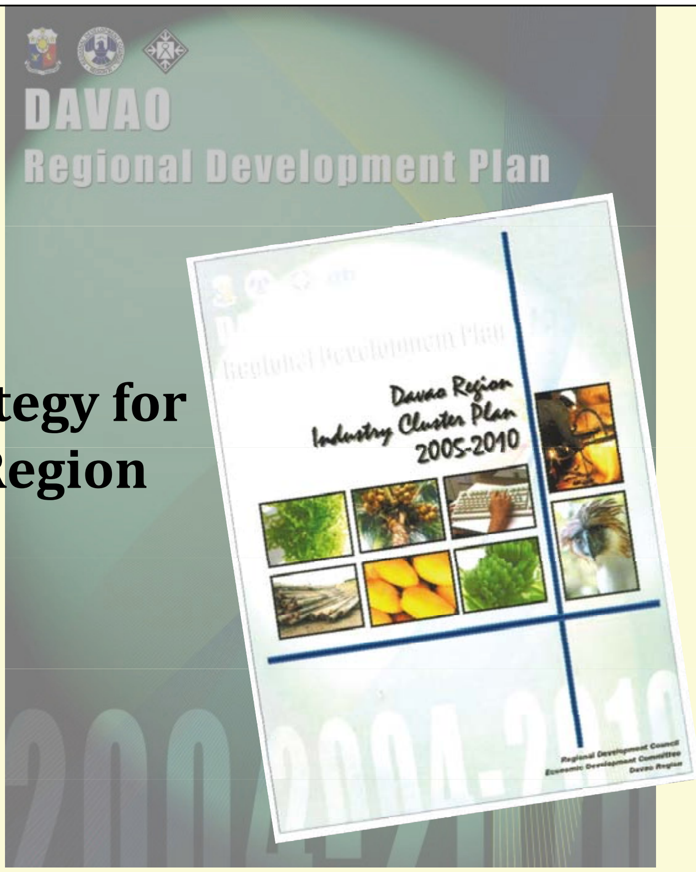
1. strengthen the support mechanism for SME development
2. build capacities of SMEs to enhance their competitiveness
3. focus on growth industries that contribute to regional development

Davao Region Development Goal

Improve quality of life and environment

OBJECTIVES

1. Increase economic growth
2. Provide more livelihood opportunities
3. Reduce the incidence of poverty
4. Focus on regional competitive quartet-
   a. Agriculture
   b. Mining
   c. Eco-tourism
   d. ICT



Clustering

key strategy for
Davao Region

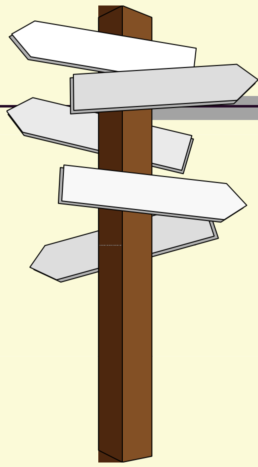
Objectives of Industry Clustering

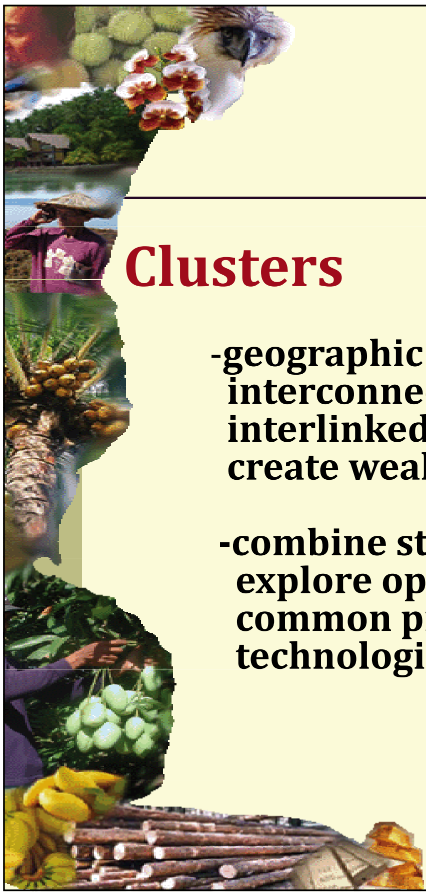
- to develop exports
- to generate jobs
- to advance agribusinesses
- to foster inter-enterprise linkages
- to strengthen collaborative networks

Clustering-

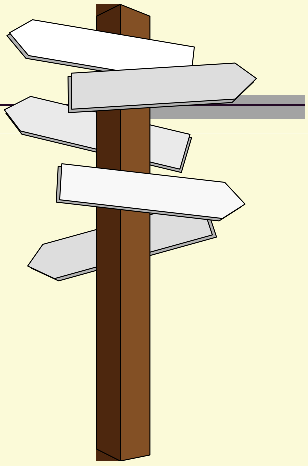
-a strategic approach to enhance regional economic growth and competitive advantage

-an effective strategy to attain regional development goals e.g. poverty alleviation and productivity enhancement





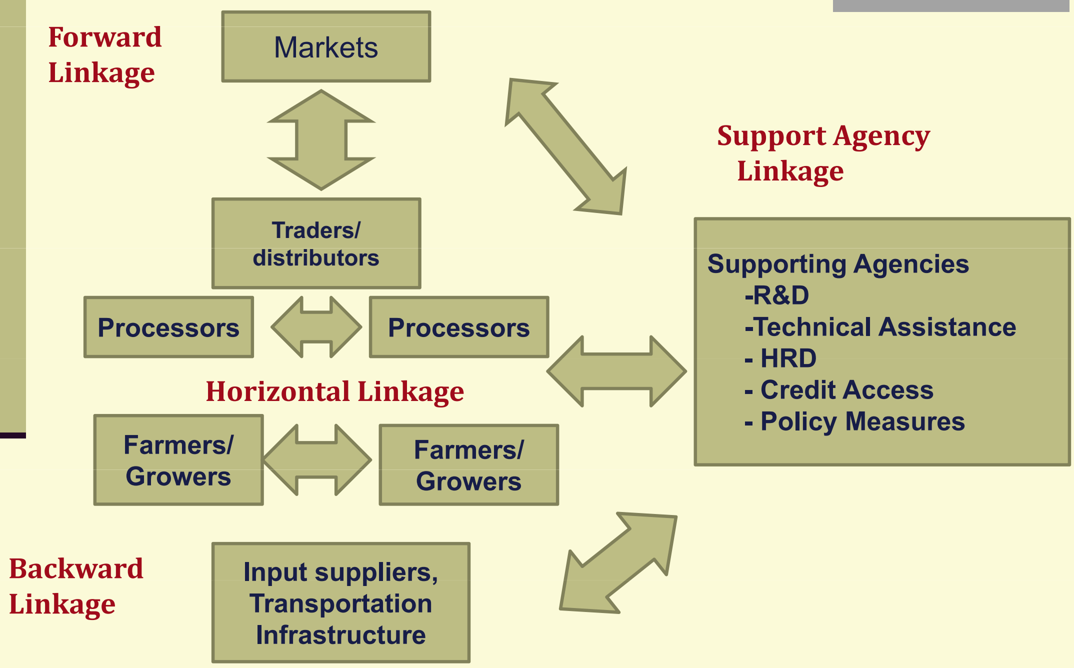
Clusters



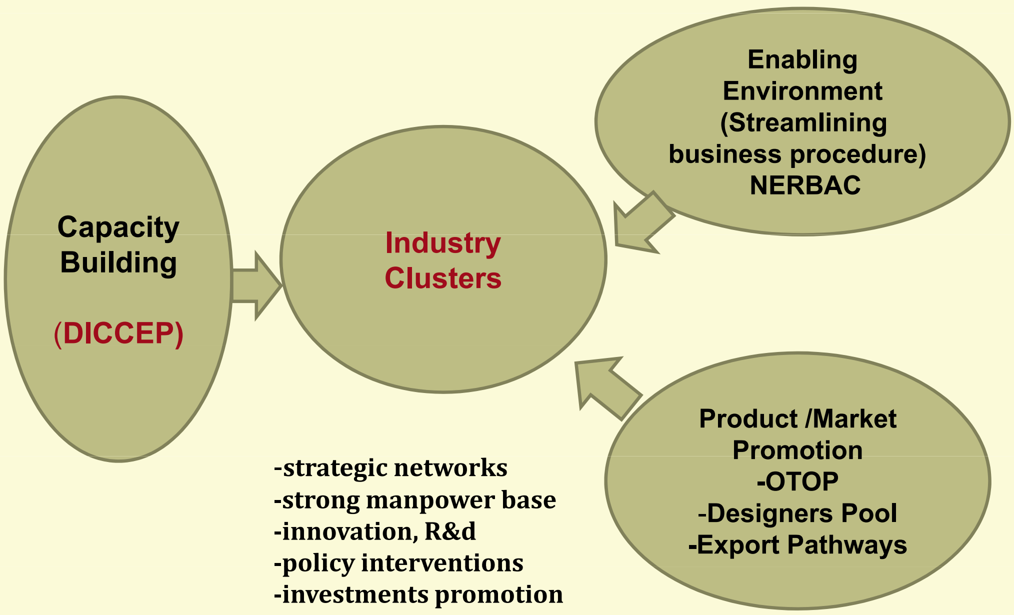
-geographic concentration of interconnected, competing yet interlinked industries that create wealth through exports

-combine strengths, collectively explore opportunities, share/solve common problems and share technologies and facilities

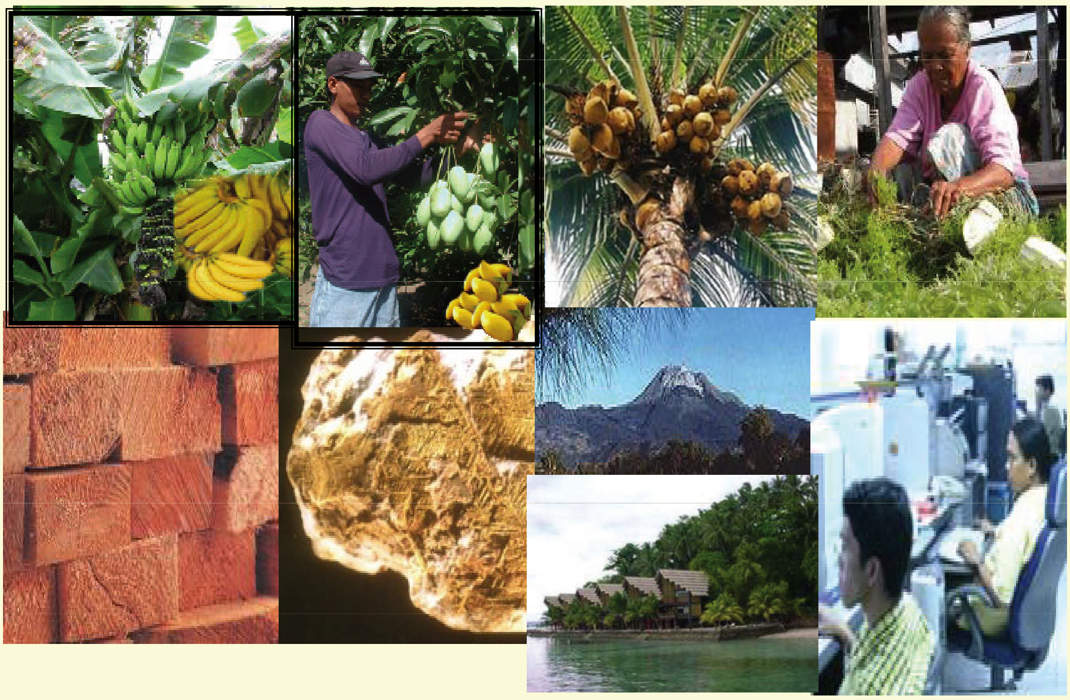
Cluster Model



Davao Industry Cluster Framework



DAVAO REGION: PRIORITY INDUSTRY CLUSTERS



BANANA INDUSTR CLUSTER

GOAL:

Maintain its position as the leading banana producer and major supplier and exporter of high quality fresh and processed bananas in the country.

Target: US$4.5B exports

2008 Performance: US$532M exports

Phil. # 2 exporter of fresh bananas

WOOD INDUSTRY CLUSTER

GOAL:

A competitive industry efficiently utilizing wood resources

2010 Target: US$70 Million exports

2008 Performance: US$13.13 Million exports

INDUSTRY
COCONUT CLUSTER

GOAL:

The leading supplier of world class coconut products

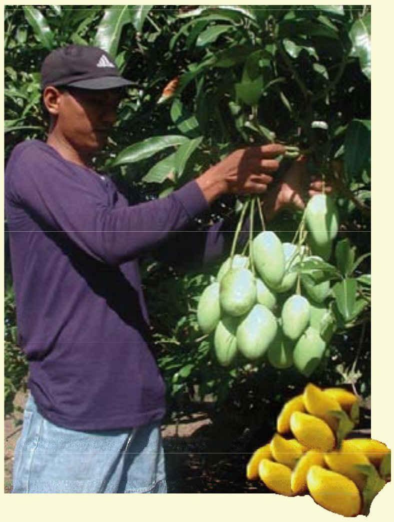
2010 Target: US$816 Million in exports

2008 Performance: US$77.6 Million

MANGO INDUSTRY CLUSTER

GOAL:

The leading profitable source and provider of quality fresh and processed mango in the country and the world.



2010 Target: US$ 140 Million in exports

2008 Performance: US$4.8 Million

GOAL:

SEAWEED INDUSTRY CLUSTER

A mutually supportive cluster that boosts globally competitive seaweeds industry for improved socio-economic conditions of stakeholders.

2010 Target: US$2.11 Million exports

GOAL:

ICT INDUSTRY CLUSTER

Enhance the global competitiveness of the ICT sector in Region XI

- **Customer contact centers**
- **Medical transcription**
- **Animation**
- **Software development**

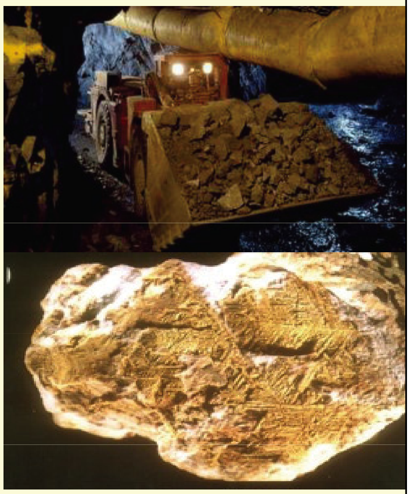
MINING INDUSTRY CLUSTER

GOAL:

A dynamic, responsible and socially acceptable mining industry for sustainable development

2010 Target : 31,000 jobs generated

2007 Performance: 4,548 new jobs

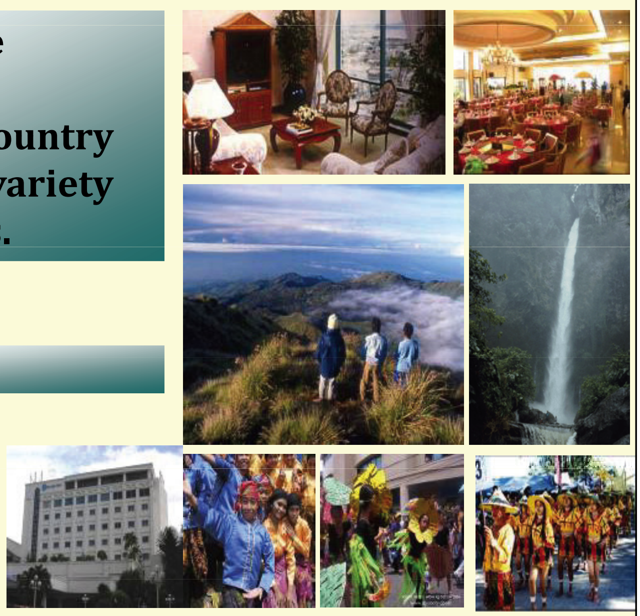


ECO-TOURISM INDUSTRY CLUSTER

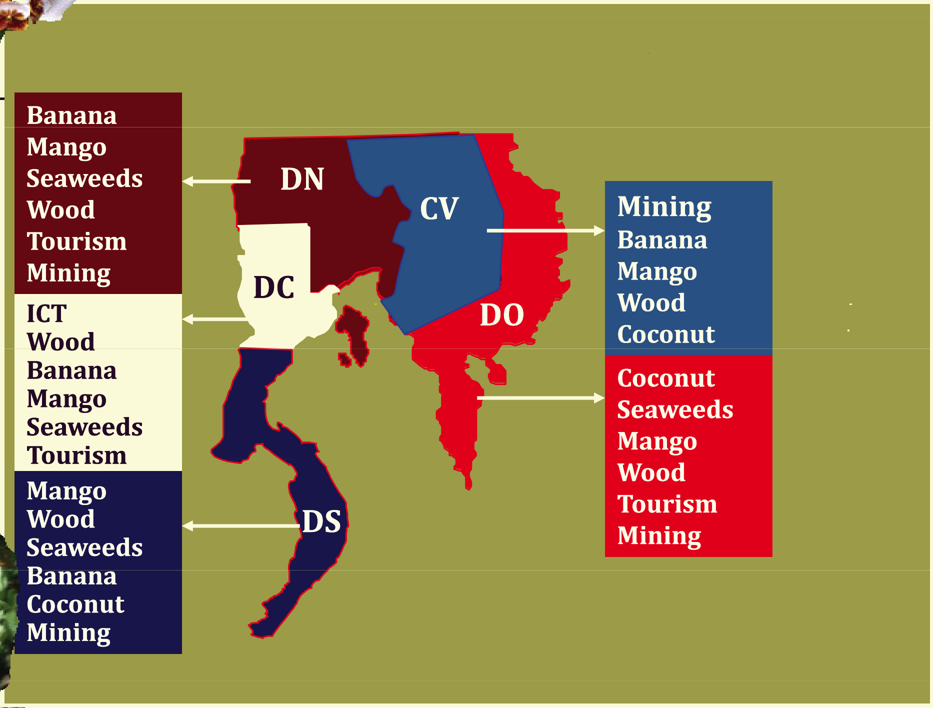
GOAL:

Davao Region as the premier tourism destination in the country with a competitive variety of tourism products.

2010 Target: 8,580 jobs



Cluster Regional Distribution



Cluster :Convergence in Action

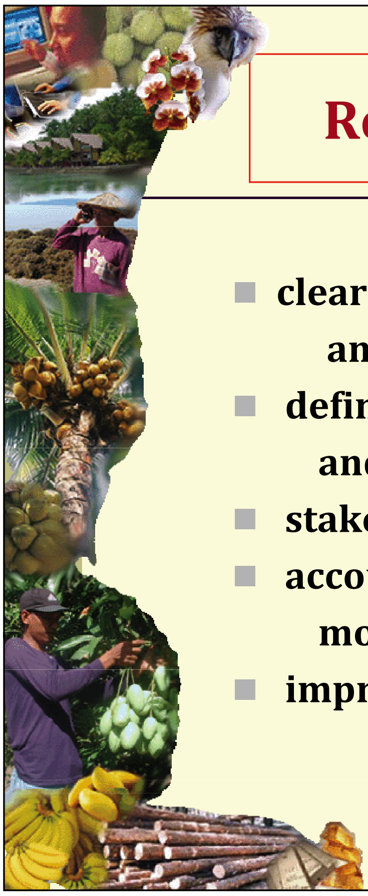
- institutionalization of cluster initiatives
- private-public sector partnership
- capability and institution building
- cluster teams organized
- private sector industry champion
- public sector support
- anchor provinces/LGUs
- academe as center for excellence
- industry cluster plans

Cluster Performance

- Clusters accounted for 72% of total regional exports
- Major investments
  - banana/mango areas expansion
  - banana processing (chips/fries/flour)
  - tourism (resorts/property devt, etc.)
  - ICT (medical transcription, animation, etc.)
  - coco fiber, coco sugar, coco peat, VCO
  - allied services: cold storage, KD pallets, packaging

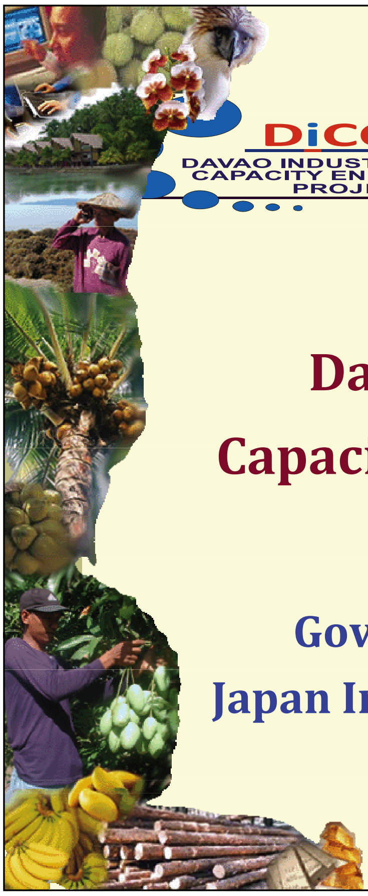
Cluster Issues

- insufficient understanding of the feature and advantages of industry clustering
- cluster activity plans not defined
- cluster stakeholders' roles not specified
- responsibility of cluster monitoring
- limited areas of convergence



Recommended Measures

- clear understanding of the advantages and limitations of IC approach
- defined cluster priority strategic actions and consensus among cluster players
- stakeholders' responsibility specified
- accountability in cluster performance monitoring
- improvement of organizational set-up



DiCCEP
DAVAO INDUSTRY CLUSTER CAPACITY ENHANCEMENT PROJECT

Davao Industry Cluster Capacity Enhancement Project

Government of the Philippines
Japan International Cooperation Agency

Objectives of the Project

Strengthen the institutional and technical capacities of cluster teams

Strengthen the partnerships to implement the Davao Region Industry Cluster Plan

Capacitate the frontline staff involved in SME development

Banana Cluster Workshop

Coconut Cluster Workshop

Conceptual Outline : Capacity Enhancement Program

Phase I

Case study: Introduction to Industry Cluster Approach, its advantage and limitations

Team management

Business planning & monitoring (Strategic planning)

Workshops:
1) Review and update of the original (current) Cluster Development Plan
2) Develop plan of actions for immediate undertaking

Approval by the Cluster Team

Select actions for immediate implementation

Phase 2

Implementation of the selected action plans

DiCCEP
DAVAO INDUSTRY CLUSTER CAPACITY ENHANCEMENT PROJECT

DICCEP Milestones

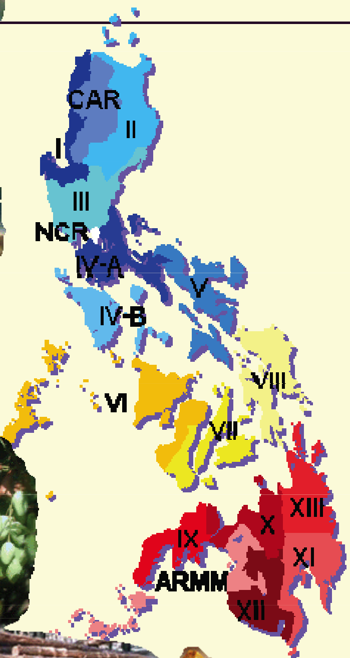
- 8 Industry Cluster Teams strengthened
- 8 Industry Cluster Action Plans prepared/updated
- 120 Cluster members/frontline staff trained
- 10 projects/cluster initiatives selected

Priority Projects & Cluster Initiatives

Policy Results

- Integration of the Cluster approach within the Region's Mid-term Development Plan
- RDC initiative to support the clusters (JOBS FIT)
- DICCEP Replication (NICCEP)

DICCEP National Expansion



Tourism (Health & Wellness, Eco-tourism)

Food - Mango, Saba,
- Aquamarine, Seaweeds

Handicrafts using indigenous materials
e.g. Bayong

Coffee

Bamboo