



**APEC SME Innovation Seminar**  
(Effective Implementation and Assessment of SME Innovation Policy, SME01/2009A)

**SME Working Group**  
August 25 - 28, 2009, Seoul, Korea



Asia-Pacific  
Economic Cooperation

# APEC SME Innovation Seminar

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SME01/2009A  
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# SESSION VII

Assessment Framework for the SME Innovation Action Plan  
(SMEIAPS)



# Background on the Daegu Initiative and Development of an Assessment Framework for the Daegu Initiative SME IAP

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## Agenda for Today

1. Overview of the Daegu Initiative
  - How It Came About
  - Purpose
2. How the Daegu Initiative Works
3. Area by Area Overview
4. On Writing Best Practice Examples
5. Preparation for the Second Cycle



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# Overview of the Daegu Initiative



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## Daegu Initiative

- Part of overall SME related work in APEC
- Emphasizes SME's role in innovation
- Endorsed by the SME Ministers in Daegu, Korea on Sept. 1-2, 2005



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# Objective of the Daegu Initiative

- Create economic and policy environments conducive to SME innovation in the APEC region
- Identify cooperative measures based on voluntary reviews
- Share policy experiences among member economies



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# How the Daegu Initiative Works



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## Implementation Strategy of the Daegu Initiative (1)

- Daegu Initiative is a long term measure which will run in five year cycles between 2006 and 2020.
- Member economies submit Innovation Action Plans (IAP) based on a common template that includes past achievements, current status and future plans for selected areas which are important for encouraging innovation by SMEs.



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## Implementation Strategy of the Daegu Initiative (2)

- Members will implement the IAPs and conduct peer reviews at the SME Working Group Meetings.
- Members will submit a self-assessment report on the progress of SME IAP at the end of each five years of the cycle.
- At the end of the five year cycle (the end of the first cycle in 2010) SME Working Group, based on members' reports, will prepare a report on facilitating SME innovation and submit the report to SME



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## Implementation Strategy of the Daegu Initiative (3)

- This cycle will repeat every five years. The areas considered by the SME IAP may be re-adjusted after each five year cycle.
- The SME Working Group may conduct the final review on implementation results of SME innovation policies by member economies at the end of the third (the final) cycle in 2020.

## Summary

- Three Five Year Cycles (2006–2020)
- During each cycle
  - IAPs in selected areas during the cycle
  - Self assessment reports at the end of cycle
  - End-of-the-Cycle Reports by the Working Group
  - Reexamination of areas for the next cycle
- End of third cycle (2020)
  - Final report by the working group summarizing results from all three cycles



# Development of an Assessment Framework for the Daegu Initiative SME IAP (1)

- Daegu Initiative areas of consideration and elements within each area act as both “policy advice” and “evaluation criterion”
- Growing recognition that there needs to be more detailed guideline and criteria for assessment of SME IAPs
  - What do each area and elements mean?
  - What type of answers are expected from the member economies?
  - How will the progress be measured?

# Development of an Assessment Framework for the Daegu Initiative SME IAP (2)

- APEC Innovation Center launched a project in March 2008 to provide clearer guidelines for SME IAPs
  - Provide a clearer idea on what is expected of member economies when submitting their IAPs
  - What might the final product (best practice report) may look like?

# Development of an Assessment Framework for the Daegu Initiative SME IAP (3)

- Two parts of the Project
- First part
  - For each of the seven areas, and subordinate elements in the first cycle of Daegu Initiative, provide concrete “checklist items” which the member economies should provide, and which can be used to measure progress;
    - (to be made public)

# Development of an Assessment Framework for the Daegu Initiative SME IAP (4)

- Second part
  - Use these checklist items along with current IAP submissions to provide a template for the Working Group report due in 2010.
    - This report is intended to be a “trial test”
    - The template trial report will have limited distribution

# Development of an Assessment Framework for the Daegu Initiative SME IAP (5)

- This seminar introduces the final versions of the checklist items for each area
  - Use these checklist items for 2010 self-assessment reports and for submitting or revising IAPs

# What Should Be in the National Self-Assessment Reports?

- Ultimately up to each economy
  - Economies may choose not to follow the self-assessment template
- Self-Assessment Reports should include:
  - Self assessment based on the checklist
  - Best practices for each area (if applicable)
  - Progress made, or any other factors that the economy wants to emphasize concerning the areas in question

## What Should Be Included in the Working Group Report?

- Based on IAP and Self-Assessment Reports, summarize and write:
  - Trends and comparisons between countries for each area
  - Summary for each economy
  - Best practices and lessons learned
- Test samples for areas A, C, E are available.

## Terms and Definitions

- Areas
  - 7 areas defined in the original Ministerial announcement
- Element
  - Specific sub-factors dealing with each area
- Checklist item
  - What each economy should report within each element.

# First Cycle

# First Cycle

- Areas
  - Included in the Ministerial report
- Elements
  - Chosen by Working Group
  - Need change and reorganization
- Checklist items
  - Chosen by the IAP Innovation Center research team
  - Based on elements chosen by the Working Group



## Seven Areas of the Daegu Initiative SME IAP (First Cycle)

1. Developing human resources and technology through linkage between industry and educational and research institutions
2. Access to specialist assistance and advice
3. Enhancing availability of capital to innovative SMEs
4. Networking and clustering for innovative SMEs
5. Establishing appropriate legal and regulatory structures
6. Establishing a market consistent economic environment
7. Developing methodologies for effectively measuring progress in the implementation of innovative programs for SMEs



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## Progress on the Daegu Initiative (First Cycle)

- Early 2006: elements for each area of the SME IAP selected
- 2006–2008: Member economies have submitted SME IAP reports each year for one or two areas
- 2009–2010: Additional submission of SME IAP reports as well as revisions and additions to IAPs expected
- 2010: Submission of first self–assessment reports, and submission of first best practice report by the Working Group



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# Daegu Initiative Activities: 2006– 2008

As of 14 August, 2008

- Participation in Daegu Initiative on SME IAPs
  - 14 member economies submitted IAPs for Area A in 2006
  - 13 member economies submitted Areas E and F in 2007
  - 12 member economies submitted Areas B & C in 2008
- Best practices submitted by
  - Hong Kong, Indonesia, Malaysia

	Area	A	B	C	D	E	F	G
1	Australia	○				○	○	
2	Brunei Darussalam	○	○	○		○	○	
3	Canada	○	○	○		○	○	
4	Chinese Taipei	○	○	○	○			
5	Hong Kong	○	○	○		○	○	
6	Indonesia	○	○	○	○	○	○	○
7	Japan		○	○		○	○	
8	Korea	○	○	○		○	○	
9	Malaysia	○	○	○		○	○	
10	Mexico	○	○	○	○	○	○	○
11	Peru	○	○	○	○	○	○	○
12	Philippines	○				○	○	
13	Singapore	○	○	○		○	○	
14	Thailand	○	○	○				
15	Viet Nam	○				○	○	



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# Daegu Initiative: 2009–2010

- Self assessment reports should be assigned, filled out and returned
  - Likely to require experts from various ministries
- IAPs should be updated if required
  - Should reflect the new checklist and template
- Best practices in seven areas should be found and reported
  - Best practices should be in the seven areas as defined by the report template



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# Checklist Self-Assessment

- Most items require self-reporting whether policies or measures exist
  - 1 = no policy or measure
  - 2 = planning to introduce policy or measure; or policy or measure exist but is not effective
  - 3 = no policy or measure required
  - 4 = policy or measure exist and is effective
  - 5 = policy or measure exist, and is best practice
- Some items have other requirements
  - Mostly reporting statistics

## Example of a Checklist Item: Establishing an Appropriate Legal and Regulatory Structure

Element	Checklist Item	Evaluation Criteria	Comments
Providing Legal Support for Innovative SMEs	E-1-2. <i>Are there mechanisms to explain IPR laws to SMEs, and help SMEs make the most of rights and protection as specified in the national IPR laws?</i>	1 if there are no such mechanisms; 2 if there is such mechanisms but it has not been effective, or if such a mechanism is to be introduced in the near future; 3 if there is no such mechanism, but SMEs already have effective access to information concerning rights and protection under the IPR laws; or if the member economy believes that no such mechanism is necessary; 4 if there is such mechanism, and it is effective; 5 if there is such mechanism, and it has been very effective, and can be considered APEC best practice.	If an economy submits a 2, explain if and when the mechanism is to be introduced; If an economy submits 3, explain why the economy feels that no mechanism is necessary, or why it believes SMEs already have effective access to information; If an economy submits 4, explain why the economy considers the mechanism to have been effective (i.e. what are the criteria for effectiveness?); If an economy submits 5, please submit a "best practice" report.

# Elements and Checklist Items for the First Cycle



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## Area A: Developing Human Resources and Technology through Linkage between Industry and Educational and Research Institutions



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## Developing Human Resources and Technology through Linkage between Industry and Educational and Research Institutions

- Human resources and technology development are the raw material for innovation. Since educational institutions are responsible for human resource development, and research institutions are responsible for research and development of science and technology, it is important to facilitate cooperation between industry and educational and research institutions

## Importance of Human Resources and Linkages

- Importance of Human Resources for Innovative SMEs
  - Need for entrepreneurial spirit and skills
  - Need for science and technology skills
- Linkage between three functions
  - Education (universities), Research (institutes) and Commercial Activities (industry)
  - Leads to knowledge diffusion
    - Room for collaboration (e.g. R&D)



# Elements

1. Joint research and development among university–industry–institutes
2. Patent or technology transfer
3. Utilization of human resources and research facilities in universities and institutes
4. Incentives to attract young talents to SMEs
5. Supply of human resources that meet the needs of SMEs

## Joint Research and Development among University–Industry–Institutes

- Are there any targeted research collaboration programs that involve SMEs as designated participants of research projects?
- 2 Basic statistics on R&D investment flows: 1) The level of R&D investment performed by university that is financed by industry; 2) The level of R&D investment performed by university that is financed by government; 3) The level of R&D investment performed by government research institutes that is financed by industry; 4) The level of R&D investment performed by industry that is financed by government

# Patent or Technology Transfer

- What proportion of issued patents is owned by SMEs (the patents issued in each member state's patent office)?
- Does the government provide special incentives or institutional supports to SMEs for patent application?
- Are there mechanisms to promote technology transfer from public research organizations to SMEs? Is there any incentive given to public organizations for licensing publicly own patents? What proportion of public/university patents are licensed to SMEs?

# Utilization of Human Resources and Research Facilities in Universities and Institutes

- Are there policies that enable SMEs to consult scientists and engineers in public institutes? (including universities)?
- Are there policies that stimulate public research institutes (including universities) that open research facilities to private sector? Does government provide additional incentives if the users are SMEs?

## Incentives to Attract Young Talents to SMEs

- Are there policies to promote and teach students entrepreneurial spirits and awards young entrepreneurs?
- Are there policies that stimulate SME to hire postgraduate science/engineering degree holders to increase technological competence of SMEs?

## Supply of Human Resources that Meet the Needs of SMEs

- Are there dedicated education programs customized to SME requests? Is the program operated at the level of a separate department or at the level of additional courses? Does government play roles in the modification of curriculum?
- Are there government sponsored training programs that train employees to upgrade skills? (If so, are they targeted for SMEs?)

## Area B

# Accessing Specialist Assistance and Advice

## Accessing Specialist Assistance and Advice in the Daegu Initiative

- SMEs face barriers in fully exploiting innovative opportunities due to size and capability constraints. Allowing them to gain easy and inexpensive access to specialist technical and managerial expertise should help them in getting their innovative products and services to market more quickly.

# The Importance of Specialist Assistance and Advice

- SMEs may have little talent pool to draw on
  - Lack of human resources
  - Lack of capital
- Governments can facilitate and mediate between specialists and innovative SMEs
  - Personnel databases
  - Help lines

# The Importance of Specialist Assistance and Advice

- Policy Imperatives
  - Find what innovative SMEs need
  - Government should act as matchmakers to find appropriate experts that innovative SMEs need
  - Give access to equipment and digitalization
  - Educate potential talent for innovative SMEs
  - Government must give good service in general



# Elements

1. Accessing Technological Problems Faced by SMEs
2. Consulting SMEs' Digitalization
3. Research equipment and human resources search system
4. Expanding public service benefits
5. Innovation education for SME employees
6. Others

## Accessing Technical Problems Faced by SMEs

- Does your government regularly meet with representatives from innovative SMEs, and discuss their needs?

## Consulting SMEs' Digitalization (1)

- Does your economy have broadband connections widely available to your businesses? If not, is there a plan on introduce broadband connections to businesses?
  - UNCTAD ICT Statistics on:
    - Proportion of enterprises using a computer
    - Proportion of enterprises using Internet
    - Proportion of enterprises with a website
    - Proportion of enterprises receiving order over Internet
    - Proportion of enterprises placing order over Internet
    - Proportion of enterprises accessing Internet by ISDN, fixed line connection under 2 Mbps and over 2 Mbps

## Consulting SMEs' Digitalization (2)

- Does your economy offer advice to your SMEs on how best to digitalize their businesses? Does your economy also offer financial and/or fiscal (tax) assistance for SME digitalization?

# Research Equipment and Human Resource Search System

- What type of programs does your economy maintain for making required equipment available to innovative SMEs?
- Does your economy's government maintain a database of expert consultants who would be useful for innovative SMEs, and can innovative SMEs access that database to find experts that they need?

# Expanding Public Service Benefits

- Does your economy provide consulting services for SMEs concerning technical, entrepreneurial, legal or tax issues?

# Innovation Education for SME Employees

- Does your economy encourage high school and college educational programs dealing with running innovative businesses?
- Does your economy have programs to encourage SME employees to get further education?

# Others

- Does your economy have any other programs to facilitate specialist assistance and advice to innovative SMEs?

## Area C: Enhancing Availability of Capital to Innovative SMEs

## Enhancing Availability of Capital to Innovative SMEs

- Capital is the fuel for SMEs engaged in innovation. Thus, healthy SME innovation requires adequate availability of capital, both debt and equity, for credit-worthy enterprises.



# Importance of Facilitating Capital to Innovative SMEs

- SMEs face finance gap
  - Banks and investors have been more reluctant to finance SMEs – especially technology start ups in their early days
    - SMEs are higher risk
    - Information asymmetry from SMEs lack of accounting information
    - High administrative / transaction costs
    - ISME success is hard to value
    - ISMEs lack tangible assets
    - ISME products have no track record
- Room for government assistance and intervention exists

## Elements

1. Providing financial incentives for innovative SMEs
2. Providing SMEs with Policy loans based on technological competence or feasibility evaluation
3. Establishing an institution dedicated to providing SMEs with guaranteed loans
4. Strengthening support for guarantee
5. Streamlining SME financing procedures
6. Considering SMEs outside policy support

## Providing Financial Incentives for Innovative SMEs

- Are there R&D grant programs for innovative SMEs, and if such programs exist, what are their amounts and effectiveness?
- Are there tax incentive programs for innovative SMEs, and if such programs exist, what are their amounts and effectiveness?
- Are there public procurement programs for innovative SMEs, and if such programs exist, what are their amounts and effectiveness?

## Providing SMEs with Policy Loans Based on Technological Competence or Feasibility Evaluation

- Are there policy-loan programs for innovative SMEs, and if such programs exist, what are their amounts and effectiveness?
- Are there evaluation processes of technological competence and feasibility in policy loan programs?

## Establishing an Institution Dedicated to Providing SMEs with Guaranteed Loans

- Are there special SME banks or financial institutions which are established for providing policy-loans for SMEs, and if such banks or institutions exist, what are their amounts and effectiveness?

## Strengthening Support for Guarantee

- Are there loan guarantee programs for innovative SMEs, and if such programs exist, what are their amounts and effectiveness?
- Are there government loan guarantee institutions which are established for providing guarantees for SME loans and if such programs exist, what are their amounts and effectiveness?

# Streamlining SME Financing Procedures

- Do banks have special programs for streamlining SMEs' financing procedures, and if such programs exist, what are their amounts and effectiveness?
- Are there governmental promotion programs for streamlining SMEs' financial procedures?



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# Considering SMEs Outside Policy Support

- Are there government venture capital programs for innovative SMEs, which can be either direct equity financing programs or hybrid-funds with private venture capital, loans and if such programs exist, what are their amounts and effectiveness?
- Are there policy programs for promoting networks of venture capitalists, which are often called as business angel networks



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## Area D: Network and Clustering for Innovative SMEs

## Network and Clustering for Innovative SMEs

- Networking and clustering have been shown to have positive externalities. Further, networking and clustering accelerate innovation by gathering resources, for example, specialists and experts, and allowing them to share knowledge

# Importance of Networking and Clustering

- Highly competitive industrial regions attract academic and business interests
  - E.g. science parks
- In a cluster, physical resources and infrastructure can be shared and collaborations more easily considered
  - More knowledge spillovers and knowledge sharing
  - Complementary linkages can take place
- Vertical and horizontal clusters can be encouraged
- Clusters can also serve as business incubators

# Elements

1. Policy for clustering SMEs by region
2. Policy for clustering SMEs by industry
3. Policy for promoting clustering SMEs
4. Strengthening network among clusters



## Policy for Clustering SMEs by Region

- What kinds of policies exist that provide incentives for the regional clustering of firms? Are there policies specifically designed for facilitating regional networks between public research institutes and SMEs?
- Are there special subsidies / policies for SMEs prepared by regional governments?

## Policy for Clustering SMEs by industry

- Does government pay special attention to the industrial associations comprised mainly of SMEs?
- Does government provide benefits for SMEs of local supply chain by setting up industrial districts?

## Policy for Promoting Clustering SMEs

- How many public incubating centers are operated and how much resources are invested for its operation? – Please provide financial support level of government in terms of the absolute amount and relative share of funding (public/ private).
- Are incubating centers mainly located at university campuses, private sector buildings, or government research institutes?

## Strengthening Network Among Clusters

- Are there policies to promote knowledge sharing between different clusters or between industrial associations (mainly comprised of SMEs)?
- Are there policies that link the SME clusters internationally? Does government sponsor international SME centers to encourage global operation of SMEs?

## Area E: Establishing Appropriate Legal and Regulatory Structure



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## Establishing Appropriate Legal and Regulatory Structure in the Daegu Initiative

- Robust legal and regulatory structures designed to establish and enforce intellectual property rights, competition policy, and facilitate the quick and inexpensive establishment of firms are vital to all SMEs and especially important in encouraging innovation among SMEs. The absence of such structures can stifle innovation while undermining the ability of SMEs to compete.



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# The Importance of Appropriate Legal and Regulatory Structure

- Right legal and regulatory structure is necessary for encouraging innovative SMEs
  - IPR laws
  - Ease of entry and exit
  - Reduction of red tape
  - Fair standards and conformance

# The Importance of Appropriate Legal and Regulatory Structure

- A comprehensive legal and regulatory basis to assist innovative SMEs can be useful
  - Transparent and effective legislation and regulation to assist SMEs
    - Minimize negative side-effects and undue protection
  - Encourage customers to seek innovative SME products
    - Including government procurement

# The Importance of Appropriate Legal and Regulatory Structure

- It is not enough to make / streamline laws and regulations
  - Increase access of information on laws and regulations to SMEs
    - Reduce compliance costs
    - Raise compliance
  - Review and reform regulations
    - Continually seek to minimize regulatory burdens on innovative SMEs

# The Importance of Appropriate Legal and Regulatory Structure

- Policy Imperatives:
  - IPR
    - Compliance with international treaties
    - Make information available to SMEs
  - Technical Standards and Conformance
    - Consideration to SMEs
    - Level playing ground for SMEs and large firms
  - Regulatory Reform
    - pro-innovation
    - Foster a level playing ground
    - Reduce regulatory burden on innovative SMEs

# The Importance of Appropriate Legal and Regulatory Structure

- Policy Imperatives:
  - Comprehensive plan (including legislation and regulation) on assisting innovative SMEs
  - Measures to inform potential customers of innovative SME products
  - Market consistent economy (To be considered in the next area)
    - Competition policy
    - Ease of entry and exit
    - Market liberalization

## Elements

1. Providing legal support for innovative SMEs
2. Promoting public institutions' purchases of SME products
3. Enhancing support for technically competent SMEs
4. Enhancing support for R&D Area
5. Others

## Providing Support for Innovative SMEs (1)

- Does your economy have a legal definition of an innovative SME? If not, does your economy have a widely used working definition of an innovative SME?
- Are there mechanisms to explain IPR laws to SMEs and help SMEs make the most of rights and protections as specified in the national (and international) IPR laws?
- Are there processes in place to consider effects of new legislation on SMEs?



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## Providing Support for Innovative SMEs (2)

- How efficiently does your economy enforce private contracts?
  - World Bank Doing Business Indicator
- Does your economy have a comprehensive plan to assist innovative SMEs, and are they set in legislation?



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## Promoting Public Institutions' Purchases of SME Products

- Are there official processes or mechanisms to introduce innovative SME products to public institutions who may be potential customers
- Are there official rules or guidelines encouraging public institutions to purchase from SMEs?
- Are there official rules, guidelines or programs encouraging public institutions to purchase from innovative SMEs?

## Enhancing Support for Technically Competent SMEs (1)

- Does the technical standards and conformance system contain provisions which give due consideration to difficulties faced by SMEs? If so, what are they? Are there any indicators of effectiveness?
- Do the technical standards and conformance authority or the SME authority offer assistance to SMEs applying for technical standards, or conformance certification? If so, what are they? Are there any indicators of effectiveness?

## Enhancing Support for Technically Competent SMEs (2)

- What other support does your economy offer for technically competent SMEs?

## Enhancing Support for R&D Area

- Are there support and incentives for R&D, and are SMEs eligible? If there are performance indicators for such incentives (such as amount disbursed or number of projects), report or refer to them in the report.

# Others

- Does a regulatory review and reform system exist, and does it take problems of SMEs into account?
- Does the regulatory review and reform system give due consideration to the introduction of new products and processes?
- In the area of legal and regulatory structure, what other relevant measures are in place?

# Area F: Establishing a Market Consistent Environment

## Establishing a Market Consistent Environment in the Daegu Initiative

- Under a market consistent economic environment, innovative, efficient SMEs will have the greatest opportunities to access the resources they merit and require while facilitating firms to freely enter and exit the market.

## The Importance of Market Consistent Economy

- Some controversy over whether innovative SMEs should be protected, or open to competition
- Latest research seems to show that competition fosters innovation better than protection
- Daegu Initiative:
  - Under a market consistent economic environment, innovative SMEs will have the greatest opportunities to access the required resources

# The Importance of Market Consistent Economy

- How to encourage competition and innovation: “Creative Destruction”
  - Easy to start and grow a business
  - Rewards for productive entrepreneurial activity
    - Rule of law, property rights, implementation of contracts, IPR
  - Disincentives for unproductive activity
  - Incentives to keep firms innovating
  - Easy to close a business

# The Importance of Market Consistent Economy

- Required:
  - Stable macroeconomy
  - Competition policy to protect SMEs
  - Market liberalization for technical diffusion, competition, and potential export markets
  - Easy entry and exit of firms to maintain competition, and free up resources

# Elements

1. Strengthening Cooperation between Large Companies and SMEs
2. Facilitating Digitalization of SMEs
3. Supporting SMEs to Make Inroads into Overseas Markets
4. Facilitating SME Restructuring
5. Others

## Strengthening Cooperation between Large Companies and SMEs

- Are there programs which promote partnerships between innovative SMEs and appropriate large businesses?

# Facilitating Digitalization of SMEs

- Are there programs to facilitate the digitalization of SMEs?

# Supporting SMEs to Make Inroads to Overseas Markets (1)

- Are there programs to support innovative SMEs exporting to foreign markets?
- How easily can innovative SMEs export their products?
  - Doing Business Indicator
- Are there programs to facilitate foreign investment (inward and outward) by innovative SMEs?



## Supporting SMEs to Make Inroads to Overseas Markets (2)

- What is the level of your trade barrier? What is the simple and import-weighted average tariff rate for your economy? What is the variance of tariff rates for your economy? What is the level of non-tariff barriers for your economy?
  - Average tariff rates and their variance are available from APEC Tariff Database and APEC TILF-IAPs
  - Doing Business Indicators for Trading Across Borders (Imports) or IMF Trade Restrictiveness Indicator

## Supporting SMEs to Make Inroads to Overseas Markets (3)

- What is the level of barriers for FDI for your economy?
  - UNCTAD FDI Inward FDI Indices (FDI Performance Index and FDI Potential Index)

# Facilitating SME Restructuring

- How easy is it to establish and close a business in your economy?
  - Doing Business Indicator for starting a business; and Doing Business Indicator for closing a business
- Are there programs to facilitate SME restructuring in your economy?

## Others (1)

- When formulating and implementing competition policy, does your economy have processes and mechanisms which consider the problems faced by SMEs in general, and innovative SMEs in particular?

## Others (2)

- Did your economy maintain a relatively stable macroeconomy?
  - Five years' worth of statistics for
  - Annual CPI inflation rates
  - Unemployment rates
  - Real GDP growth rates
  - Government budget deficit
  - Prime interest rates and/or 1 year commercial paper rate for best companies (borrowers)
- In the area of establishing a market consistent economy, what other relevant measures are in place?

## Area G: Developing Methodology for Effectively Measuring Progress in the Implementation of Innovation Programs for SMEs

## Developing Methodology for Effectively Measuring Progress in the Implementation of Innovation Programs for SMEs

- The development of statistics and other methodologies for measuring progress concerning SMEs and innovation is required if further and more in-depth analyses of SMEs and innovation are to be made on a factual and scientific basis. In order to establish such statistics and measurements, APEC member economies may choose to develop mutually compatible definitions, so that data can be compared across members

## Importance of Measuring Progress

- Narrow and broad policy evaluations
  - Narrow: measure the effect of policy / program implementation
  - Broad: evaluate the concepts, implementation process, structure and governance of the policy / program
- Four “poles” of evaluation
  - Qualitative and quantitative evaluation
  - Summative and formative evaluation
- Customer-Oriented Evaluation System
  - RIAs

# Elements

1. Customer-oriented evaluation system
2. SME policy disclosure and evaluation system
3. SME policy comparing system
4. SME policy proposal system

# Customer-Oriented Evaluation System

- Are there proper channel of consultation and communication involving key actors from private SME sector in order to represent SME interest from the drafting stage of SME legislation and policy?
- Are Regulatory Impact Assessments, involving key actors from private SME sector in order to represent SME interest, applied to monitoring and assessing the impact of SME support measures?

## SME Policy Disclosure and Evaluation System

- Are there SME-specific single on-line portal which is dedicated to disseminating information on SME policies and allows interaction (request of information and applications by SMEs) between SME administration and SMEs?
- Are there statistics measuring innovative SMEs' activities and performances, and for evaluating SME innovation policies?
- Are there policy learning systems for SME innovation policies based on the cycles of policy experimentation, evaluations, adaptations and reviews and how effective are those programs?
- Are there SME policy implementation agencies, which is the main body for SME strategy and policy proposal, evaluation, implementation and reporting?

## SME Policy Comparing System

- Are there international cooperation and benchmarking programs for SME innovation policies, which fosters learning from good practices, and how effective are those programs?

# SME Policy Proposal System

- Are there on-line/off-line policy proposal systems for SMEs, and what are the number of proposals and adaptations on an annual basis?
- Are there organized-and-independent SME associations and craft associations operating at national level, which have capacity to conduct constructive and regular policy proposals on a wide range of SME policy issues, and what are their activities?

# On Writing Best Practices Report



# Guide to Writing Best Practice Reports (1)

- Purpose
  - Publicize your policies and their results
  - Let other economies know
- Should include:
  1. Short introduction on policy
  2. Why the policy was needed, what its goals were
  3. Details of the policy
    - How did they affect people and firms?
  4. Results of policy – How did it achieve the goals

# Guide to Writing Best Practice Reports (2)

- Four Sections of the Report
  1. Introduction and Background
    - Why was the policy needed?
  2. Description of Policy and Implementation
  3. The results of the policy
    - Why is this policy considered 'best practice?'
- Should include concrete details without getting too technical
  - How it affected people – not just listing of laws and regulations
- Must be related to the areas and elements of the Daegu Initiative

# Preparations for the Second Cycle

## Items for Working Group to Consider for the Second Cycle

- Should the project continue?
  - Should second and third cycles be pursued?
- Should the Areas be changed?
  - To reflect changing environment for SME innovation and latest research results
- Should the elements and checklist items be changed?