



**Asia-Pacific
Economic Cooperation**

2012/SMEWG34/006

Agenda Item: 9

Brunei SMEs in Perspective – Issues and Challenges, Opportunities

Purpose: Information
Submitted by: Brunei Darussalam



**34th Small and Medium Enterprises Working
Group Meeting
Jerudong, Brunei Darussalam
25-26 April 2012**

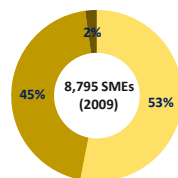


Introduction

❖ SMEs Definition

SMEs are commonly defined as those business establishments having 100 employees or less.

- Micro enterprises (1 – 5 employees)
- Small enterprises (6 – 50 employees)
- Medium enterprises (51 – 100 employees)



3

National Vision 2035 (*Wawasan Brunei 2035*)

❖ Eight (8) Development Strategies

- 1) Education strategy;
- 2) Economic strategy;
- 3) Security strategy;
- 4) Institutional development strategy;
- 5) Local business development strategy;
- 6) Infrastructure development strategy;
- 7) Social security strategy; and
- 8) Environmental strategy.

4

Economic Diversification Framework

❖ Economic Development Strategy (11 Policy Directions)

- Ensuring continued macroeconomic stability.
- Ensuring high rates of economic growth so that work is always available for our young people entering the labour market each year.
- Developing further a strong capital market including the Islamic bond market (sukuk) to help finance domestic growth.
- Promoting national economic competitiveness through policies that encourage productivity, economic openness and competition.
- Investing in downstream industries and other economic clusters selected on the basis of Brunei Darussalam's competitive strengths, export potential and employment opportunities for local people.
- Investing in the world class infrastructure that is required to attract foreign and domestic investment in new export industries.

5



Economic Diversification Framework

❖ Economic Development Strategy

- Developing an energy policy that accords proper priority to our oil and gas industry while giving due consideration to the need to create new industries through downstream diversification.
- Privatising those services currently provided by the public sector that are best undertaken by the private sector.
- Developing the expertise and skills required by commerce and industry through investment in our educational institutions; in research and development; and through collaboration with business.
- Promoting international economic cooperation, bilaterally and multilaterally.
- Encouraging equal opportunities for women in the work force and in nation building.

6



Economic Diversification Framework

❖ Local Business Development Strategy

(7 Policy directions)

- Introducing well-designed and well-funded programs and more effective ways of financing local enterprises to help local SMEs and entrepreneurs gain business skills and become more competitive.
- Developing incubation centres to assist and promote local SMEs and entrepreneurs in areas such as ICT.
- Maximizing the indirect benefits of foreign direct investments for local SMEs and entrepreneurs.
- Encouraging the use of local products, local suppliers and contractors by major businesses and industries.
- Privatizing, commercializing and outsourcing of government services as a way of expanding opportunities for local SMEs and entrepreneurs.
- Reducing the cost of doing business for local SMEs and entrepreneurs by simplifying government procedures.
- Ensuring prompt government decisions and payment to local contractors and suppliers.

7



Brunei's Status on Global Ranking

❖ Ease of Doing Business

- 2012: Overall Ranking 83 out of 183 economies
- 2011: ranked 86 out of 183 economies, change in rank ↑ 3

TOPICS	DB 2012	* ADJUSTED DB 2011		PUBLISHED DB 2011	
		RANK	CHANGE IN RANK	RANK	CHANGE IN RANK
OVERALL RANKING	83	86	+3	112	+29
Starting a Business	136	134	-2	133	-3
Dealing with construction permits	83	82	-1	74	-9
Registering property	107	118	+11	183	+76
Getting credit	126	116	-10	116	-10
Protecting investors	122	120	-2	120	-120
Paying taxes	20	17	-3	22	+2
Trading across borders	35	55	+20	52	+17
Enforcing contracts	151	153	+2	159	+8
Closing a business	44	43	-1	42	-2
Getting electricity	28	41	+13	-	-

* Adjusted DB 2011 Ranking was based on recalculation of data correction and with the inclusion of Getting Electricity Indicator.

8



Issues and Challenges

Current Initiatives:

- ❖ **Human resource**
 - Human capacity building:
 - HRD programs for SMEs are offered by government agencies and NGOs
 - Entrepreneurial Development Centre of the Ministry of Industry and Primary Resources do offers short courses and organise seminars, workshops, and conferences every year.
 - Subject areas:
 - Entrepreneurship, finance, marketing, business management, HRM, Quality & Standards (Q & S), etc.
 - Other agencies like iCentre of Brunei Economic Development Board (BEBD) and LiveWIRE Brunei.









9

Issues and Challenges

- ❖ **Access to finance**
 - Government supports on SME financing facilities
 - Loans:
 - Enterprise Facilitation Scheme
 - Micro-credit Financing Scheme
 - Export Refinancing Scheme
 - Grants:
 - Micro Grant Scheme (MGS)
 - Local Enterprise Application & Products (LEAP) Programme
 - AITI Grant Scheme
 - Other financial support initiatives:
 - Accel –X Venture Capital Fund
 - Promising Local Enterprise Development Scheme (PLEDS)



10

Issues and Challenges

❖ Market access

- Domestic market
 - Local wholesale and retail outlets (e.g. supermarket chains like Giant and Hua Ho), local distributors and marketing agents
- Overseas market
 - Direct exporters, traders



❖ Business information

- Readily available market information
 - E-commerce, e-trade such as Buy Brunei Portal www.padian.com. Online business and marketing portal that serve as a platform to promote trade and partnership between local and international businesses.
 - Brunei directory & information portal such as 1-BN Online.



Issues and Challenges

❖ Technology application & Innovation

- Outsource and adaptability
 - Acquire readily adaptable new technology application to enhance productivity (fully automated versus manually conventional system)
- Innovation
 - iCentre (ICT-based incubation centre), nurturing ICT entrepreneurs to develop Made-in-Brunei products and applications (mobile phone contents, barcode and RFID applications, software and public portal development.
- Knowledge Hub
 - (K-Hub), serves as technology-based research and development (R & D) centre



Issues and Challenges

Research Findings: 5i's Framework SME Development Model

❖ Internalisation

- Core fundamentals of the business i.e. internal strengths: business model, structure, core competencies and functional strategies

❖ Integration

- Firms visibility and interaction with the business community: social media, business networks and marketing information

❖ Innovation

- Innovate to improve productivity levels, packaging and branding

13

Issues and Challenges

❖ Investment

- Effectiveness and extent of SMEs sources of funding
- Bankability and eligibility

❖ Internationalisation

- Readiness, preparation and methods adopted by SMEs to venture into overseas market

14

Opportunities

❖ Government's Perspectives:

- Review, realign existing policy and rules and regulations that are best fit to economic and local business development strategic directions i.e. in pursuit of attaining Brunei's agenda on economic diversification
- Coordinate SMEs development initiatives amongst government agencies and NGOs
- Optimise resources through 'pool of expertise and talents'
- Provide distinctive platform for generic growth in terms of economic and socio-economic development
- Equality in demographic participation: youth, women and less fortunate people
- Synergise stakeholders' efforts toward realising 'Vision 2035'
- Promote and facilitate 'Foreign Direct Investments (FDIs)' opportunities

15

Opportunities

❖ SMEs' Perspective:

- Emergence of new industries
 - Halal industry
 - Creative industry
 - ICT-based products innovation
 - Pharmaceuticals
 - Petrochemicals
 - Biomedical engineering
 - Biotechnology and nanotechnology
 - Engineering and technology-based products/services
- Active participation in economic diversification programs/activities
 - Own business entity/sole investor
 - Private partnership
 - Joint-venture (JV)
 - Public-Private Partnership (PPP)



16

Opportunities

❖ SMEs' Perspective:

- Business facilitations
 - Sites and basic infrastructures
 - Incentives
 - Financing facilities
 - Human resource development
 - Incubator program
 - Marketing and market outlets (domestic and overseas markets)
 - Business and trade information
- Entrepreneurship
- Innovation
- Commercialisation of local products (One Village One Product)



17

Conclusion

❖ Approaches

- Holistic and dynamic

❖ Impacts

- SMEs participation in economic activities
 - Contribution to GDP
 - Employment / job creation
 - Multiplier effects
- Incremental growth
- Sustainability
- Corporate Socially Responsibilities(CSRs)

❖ Judgment calls

- Leadership
- Stakeholders' stewardship and accountability

18

Thank you

For more information, please visit our Websites:

www.bruneimipr.gov.bn

www.emipr.gov.bn

www.bebd.com.bn