



# **Improving Competitiveness of EAGA SMEs in the Global Supply Chain**

**EU-EAGA Biz Tech Partnership  
Miri, Sarawak, Malaysia  
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- **Brief on BIMP-EAGA**
- **Profile of BIMP-EAGA SMEs**
- **Challenges to SME Development**
- **Business Opportunities**

# BRUNEI DARUSSALAM, INDONESIA, MALAYSIA, PHILIPPINES EAST ASEAN GROWTH AREA (BIMP-EAGA)



- National Capital
  - Provincial Capital
  - City/Town
  - National Highway
  - National Road
  - Provincial Boundary
  - International Boundary
- Boundaries are not necessarily authoritative.

0 200 400 600 800  
Kilometers





- **Vision: Mainstream EAGA in the ASEAN development process**
- **Goal: Increase trade, investments and tourism by:**
  - facilitating the freer movement of people, goods and services
  - shared development of vital infrastructure
  - coordinating the management of ecosystems and shared natural resources
- **Strategy: Promote market-driven and private sector-led growth**



## 1994-1997: Early Gains

- Improved connectivity
- Expanded private sector joint ventures in trade, tourism, and agribusiness

## 1997-2001: Momentum Lost

- Financial Crisis, El Nino/La Nina, changes in political leadership

## 2002-2004: Momentum Regained

- Renewed political commitment
- ADB appointed as Regional Development Advisor
- More focused areas of cooperation: transport, natural resource development, tourism, SME development

## 2005-2010: New Development Road Map



## SME Defined by Size of Employment

Size of Enterprise	Brunei	Indonesia	Malaysia	Philippines
Micro	-	1-4	-	1-9
Small	1-50	5-19	50 and below	10-99
Medium	51-100	20-99	51-150	100-199
Large	Over 100	100 and Above	Over 150	200 and above



## Distribution by Size of Employment

Size of Enterprise	Brunei	Indonesia	Malaysia	Philippines
Micro	-	92.5	-	99.0
Small	94.3	7.3	93.8	
Medium	3.4			0.5
Large	2.3	0.2	6.2	0.5



## Distribution By Sector

Country	Sector
Brunei Darussalam	Construction, Wholesale/Retail, Mining/Manufacturing
Indonesia	Agriculture (including food), Wholesale/Retail
Malaysia	Textiles & Apparel, Wood-based, Food Processing
Philippines	Wholesale/Retail, Services, Food Processing



- **Size of operations**
- **Credit and finance**
- **Business development services support**
- **Infrastructure facilities**
- **Policy environment**



Area of Concern	Specific Issues/Challenges
Size of operations	<ul style="list-style-type: none"><li>• Majority of enterprises are still in the small-size category</li><li>• Low productivity, high inefficiency</li><li>• Low-level technology and processes</li></ul>
Business Development Services (BDS) Support	<ul style="list-style-type: none"><li>• Lack of access to information, technology, markets</li><li>• Lack of management, financial and technical skills</li><li>• Lack of effective SME support network (e.g., angels, incubators)</li></ul>



# CHALLENGES TO SME DEVELOPMENT

Area of Concern	Specific Issues/Challenges
Access to credit and finance	<ul style="list-style-type: none"><li>• General perception that SMEs are high risk investments</li><li>• Stringent credit requirements and lack of long-term credit facilities</li><li>• Asset-based vis project-based finance</li><li>• Lack of alternative sources of finance – venture capital, private equity investment</li></ul>
Infrastructure	<ul style="list-style-type: none"><li>• Deficiencies in infrastructure facilities – farm to market roads, port facilities, warehousing, cold-chain facilities</li><li>• Deficiencies in transport logistics – shipping services</li><li>• Cumbersome CIQS rules and regulations</li></ul>



Area of Concern	Specific Issues/Challenges
Policy Environment	<ul style="list-style-type: none"><li>• Cumbersome regulations</li><li>• Lack of coordination among government agencies</li><li>• Insufficient policy support for intra-EAGA production networks</li></ul>



# INCREASING COMPETITIVENESS

## FARM

- R&D
- Production technologies
- Infrastructure development
- Green technologies
- Production arrangements
- Credit and finance
- Incentives
- Policy Support

- R&D
- Processing technologies
- Infrastructure development
- Transport systems
- Distribution systems
- Logistics development
- Credit and finance
- Incentives
- Policy Support

## MARKET

- Market Intelligence
- Simplified import/export regulations
- Promotion
- Product quality standards



- **Transport connectivity improved**
  - Expansion of air linkages
  - Crossborder movement of buses and coaches
  - Expansion of sea linkages and shipping services
  - Transit and inter-state transport of goods
- **Streamlining and simplification of border formalities underway**
  - Harmonization of border formalities
  - Upgrading of CIQS rules, regulations and procedures
- **Environment management programs formulated**
  - Heart of Borneo
  - Coral Triangle Initiative
  - Sulu-Sulawesi Marine Ecoregion (SSME) Program
- **Priority infrastructure program developed – transport and energy**
- **Alternative financing schemes assessed: equity funding being pilot-tested for SME champions**



- **Establish BIMP-EAGA as a Food Basket for ASEAN and the Rest of Asia**
- **Promote BIMP-EAGA as a Premiere Ecotourism Destination**

