



INTERNATIONAL PROJECTS GROUP

SME development

Background

The private sector is widely recognised as the engine of growth; however, in many developing economies, market constraints limit the ability of the private sector to function and to deliver the wealth anticipated of it. By working to support the efficient functioning of market systems and to facilitate the private sector to flourish, it is possible to promote sustainable growth and wealth creation. This support may entail a range of approaches, from policy development to put sound macroeconomic principles in place, to working with the financial sector to improve access to services, through to establishing a framework to safeguard property rights.

The SME sector offers opportunities for the creation of additional jobs and income: SMEs are estimated to account for nearly half of gross value added and almost two-thirds of employment globally (ACCA, 2010). Targeted support to SMEs in sectors which interface with the poor (either through direct employment, or through their supply chain) can deliver significant pro-poor impact at scale.

Access to finance is critical to private sector development, and is of particular concern to SMEs, which may struggle to grow as a result of the limited availability of credit and financial services.

Working to broaden and deepen the financial sector systems in developing economies for this purpose requires a systemic approach. From encouraging lenders to develop appropriate products for small businesses, to improving information and education about the financial sector, these are all important measures to overcome market failures such as the 'missing middle' and to broaden financial services provision in a commercially viable and sustainable way.

Our Experience

BDO's International Projects Group (IPG) has expertise in SME development, value chain and cluster approaches, and access to finance for underserved segments. We work with a range of actors to support SME growth and access to finance through market-based approaches.

This includes governments, the private sector, the third sector including non-profits and NGOs, and academic institutions and think tanks. We have delivered pro-poor market development interventions in a range of development contexts including conflict states, disaster recovery zones, and transition economies.

BDO-IPG has experience providing services to support SME development through policy advice, direct support to SMEs (e.g. business planning, capacity needs assessment and training, grant-making), and access to finance. We have supported private sector development in a range of contexts across Africa and Asia.

BDO implements SME development projects on behalf of a range of multi-lateral and bi-lateral donors. Our clients have included the World Bank, EU, DFID, DANIDA, EIB, national governments, development banks, and private clients, among others.

Our services

Combining international business practices with local knowledge and local business advice, BDO offers:

- direct support to SMEs
- SME policy advice and development
- business enabling environment
- fund management
- grant scheme management
- financial sector deepening
- SME finance
- cluster development and support
- value chain analysis
- sector selection and strategy development
- making markets work for the poor (M4P) approaches
- M&E for market development projects
- support to female entrepreneurs and green growth.



A selection of assignments

- **Somalia** - we lead the 2-year US\$ 5.2 mill. World Bank-funded “Somali Small and Medium Enterprise Facility” (SMEF), a facility which provides technical assistance, training, and coaching to entrepreneurs and SMEs, as well as building the capacity of in-country BDS and TVET providers. SMEF is also running a 9 month pilot scheme promoting employment and market access for young women.
- **Jordan** - we leading the 3-year €2.6 mill. EIB-funded SME Growth Programme, which seeks to generate jobs and additional income through support to Jordanian SMEs. The project supports the Jordan Enterprise Development Corporation (JEDCO) through capacity-building and support to organisational development, including recruitment, HR planning, and mentoring.
- **Tanzania** - 5-year DANIDA-funded project to improve market access for SMEs in the food processing and marketing sector, particularly in export promotion and import substitution. The project entailed the management of a €3.3 mill. matching grant facility and the development of M4P pilots in the dairy and sunflower sectors.
- **Bangladesh** - 2-year EU-funded technical assistance to the Ministry of Industries of the Government of Bangladesh and the SME Foundation, aimed at supporting clusters, sectoral business associations, and other business membership organisations to submit high quality applications under the SME competitiveness grant scheme.
- **Tanzania** - this 5-year £7.1 mill. DFID/World Bank-funded Business Development Gateway (BDG) worked to strengthen the entrepreneurial culture in Tanzania by enabling entrepreneurs to either establish or upgrade businesses through the provision of risk grants and advisory services.
- **Russia** - led the 2-year EU-funded Tacis Enterprise Restructuring Facility (TERF III) contract, identifying 21 enterprises operating in the high-tech and machine-building sectors and assisting these enterprises to implement best-European technologies in a wide field of disciplines (design, marketing, production, logistics, management and operations, finance, etc.), restructuring their operations in order to promote entry into western markets and/or encourage import substitution.
- **Nigeria** - we lead on two AfDB-funded sister projects (US\$ 1.8 mill. combined), working with Bank of Industry to enhance their provision of services for the SME sector. The first project works within the bank to build their technical capacity to assess and lend to SMEs, whilst the second project seeks to develop and deliver the bank’s Business Development Services to SMEs, to support improved business performance and credit-worthiness.
- **Nigeria** - we lead on a US\$ 1.1 mill. AfDB-funded project, working with the Nigerian Export-Import Bank (NEXIM) to implement a Business Development Services (‘BDS’) scheme targeted at SME exporters.
- **Egypt** - EU-funded project to provide team of four full-time experts plus pool of short-term experts to provide technical, financial, legal, marketing, valuation and other skills to the Chemical Industries Holding Company in pursuit of Government’s objective to restructure and privatise the 19 affiliates/subsidiaries of the Holding Company.
- **Bosnia and Herzegovina** - consortium member of a team implementing a DFID-funded project designed to assist in improving the performance of medium sized enterprises in BiH through a range of post-privatisation restructuring and turnaround management services. More than 30 enterprises were assisted. The project worked in both entities of BiH (the Republic Srpska and the Federation of Bosnia and Herzegovina) and in most main sectors (food processing, engineering, construction, textiles, etc.).
- **Namibia** - KfW-funded assignment to provide long term technical assistance to the Namibia Development Bank in the areas of business planning, SME lending and general internal operations.
- **Serbia** - DFID-funded review of the machine tools sector in Serbia, with a view to the development of a restructuring and privatisation programme.

For more information on our consultancy services for developing nations, emerging markets and transition economies, please contact:

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