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***REPORT ON  
THE TRAINING PROGRAMME ON DEVISING  
NATIONAL SME DEVELOPMENT PROGRAMME  
FOR OIC MEMBER COUNTRIES  
HELD AT DHAKA, BANGLADESH  
ON DECEMBER 10 – 13, 2007***

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**Preamble:**

Small and Medium Enterprises (SMEs) have been recognized as an important strategic factor for generating high income growth and alleviating poverty and unemployment. Almost all the countries of the world place special emphasis on SMEs because of their integrated, flexible and comparatively more rapid production capability. They are commonly recognized as an effective means of stimulating economic activity with appreciable impact on social progress. There is a need for concerted efforts in OIC Countries to exploit the fuller development of potential SMEs. It is a sector which needs to be carefully nurtured by institutional support, access to finance, business development services and lesser regulation oriented business environment.

The Islamic Commission for Economic, Cultural and Social Affairs at its 23<sup>rd</sup> Session held in January 2000 in Jeddah, Kingdom of Saudi Arabia, endorsed the proposal of Islamic Chamber of Commerce and Industry (ICCI) for the establishment of a Task Force on Small and Medium Enterprises (SMEs). The proposal was approved by the Islamic Conference of Foreign Ministers (ICFM) at its 27<sup>th</sup> Session held in Kuala-Lumpur, Malaysia in July 2000 and subsequently adopted by the Islamic Summit Conference at its 9<sup>th</sup> Session held in Doha, State of Qatar in November 2000. Accordingly, the Task Force was established in 2001 by the Secretary General of the Organization of the Islamic Conference (OIC). ICCI was given the mandate to convene Meetings of the Task Force to study and analyze the needs, problems and future requirements of SMEs in OIC Countries and to formulate strategies for their development.

Accordingly, ICCI with the collaboration of Islamic Development Bank (IDB), Member Chambers and SME Authorities has organized 5 consecutive meetings; first in Bangladesh in 2002, second in Mozambique in 2003, third in Pakistan in 2004, fourth in Thailand in 2005 and fifth in Turkey in 2006, to examine the problems and constraints of SMEs in OIC Countries, and to identify practical means of improving their performance.

**Training Programme on Devising National SME Development Programme for OIC Member Countries:**

The members of the Task Force have laid special emphasis that in order to survive in today's globalized and challenging environment, it is imperative that SMEs be competitive and resilient. Towards this end, SMEs need to continuously strengthen their capacity and capability to produce high quality products and services at competitive prices. They shall acquire new skills, techniques and technologies, and how to utilize these to improve their business operations.

Within this context, the Islamic Chamber of Commerce and Industry in collaboration with Islamic Research & Training Institute (IRTI) of Islamic Development Bank (IDB), the Perez-Guerrero Trust Fund (PGTF) and the Federation of Bangladesh Chambers of Commerce & Industry (FBCCI) organized a 4-day Training Programme on Devising National SME Development Programme for OIC Member Countries in Dhaka, Bangladesh on December 10-13, 2007.

The Training Programme was attended by 44 trainees from Member Chambers and by the representatives of SME Authorities, SME Banks, SME Associations, SMEs owners etc. from 13 OIC Countries namely, Afghanistan, Albania, Bangladesh, Egypt, Islamic Republic of Iran, Sultanate of Oman, Pakistan, Sudan, Syria, Togo, Turkey, Turkish Cyprus and Yemen. List of participants is annexed.

### **Objectives:**

The international economic scene is rapidly changing, creating new dynamics of enterprise development and competition. These forces are radically altering the organizational structures of enterprises, as well as their productive processes, marketing and distribution of goods and services, both in the domestic and foreign markets.

In this context, many of the Small and Medium Enterprises operating in OIC Member Countries would need upgrading of their technological capabilities and of their National SME development Programmes. Moreover, they will need to acquire competitiveness, through the establishment of efficient distribution networks, speedy delivery systems and a deeper knowledge of technology supplies, competitors, and their customers' needs.

The main objectives were to:

- \* develop and strengthen capabilities of SME owners and chambers for facilitating the development and growth of SMEs in their respective countries;
- \* sharpen strategies focusing on competitive edge;
- \* develop skills for the removal of functional bottlenecks hampering smooth operations of the SMEs;
- \* develop greater familiarity with new technology development in the promotion of SMEs
- \* develop greater awareness of sources and modalities of investment and of technical assistance to SME projects;
- \* Formulate functional and information network among the trainees.

### **Inaugural Session:**

The Training Programme was inaugurated on the morning of Monday, 10<sup>th</sup> December 2007 with recitation of the verses from the Holy Quran. The welcome address was delivered Mr. Syed Manzur Elahi, Administrator, Federation of Bangladesh Chambers of Commerce & Industry (FBCCI) and the opening address was delivered by the Chief

Guest Dr. Md. Nurul Amin, Secretary, Ministry of Industries, Government of the People's Republic of Bangladesh. Mrs. Attiya Nawazish Ali, Assistant Secretary General (Coordination), Islamic Chamber of Commerce and Industry (ICCI) and Mr. Abu Nasser Mohammad Abduz-Zaher, Chairman, Islami Bank Bangladesh Limited have also delivered the speeches. The message of Mr. Yiping Zhou, Director, Special Unit for South-South Cooperation (SUSSC), United Nations Development Programme (UNDP), New York was read out by Mr. Syed Nasir Ali Mirza, Manager Industrial Investment, ICCI. In the end, Mr. Syed Jamaluddin, Secretary General, FBCCI presented vote of thanks.

### **Working Sessions:**

During the four-day Training Programme, seven working sessions were held and 13 lectures were delivered from the resource persons from Bangladesh. In addition, 11 country papers were presented by the trainees, explaining the introduction and definition of SMEs; current Status of SMEs and policies to promote SMEs in their respective countries.

Apart from this, 5 resource persons from Technology Incubation Centre (TIC), National University of Science and Technology (NUST), Pakistan, Sardar & Sardar Development and Management Consultants, Pakistan, Small and Medium Enterprise Development Authority (SMEDA), Pakistan, Small & Medium Industry Development Organization (KOSGEB) Turkey and Islamic Development Bank (IDB), Jeddah have also delivered lectures. The training covered the following themes:

1. A uniform definition of SMEs in OIC member states;
2. Problems faced by SMEs related to finance, marketing, technical, management and regulatory;
3. Technology Incubators and their Networking;
4. Business incubators, clusters of innovative SMEs and barriers to innovation of SMEs;
5. Developing data and statistical information as a basis for establishing measures to address the issues of SME financing;
6. Venture Capital and Credit Guarantee Funds;
7. Network of all technological and innovative centres, business centers, incubators, etc. to share experience;
8. Customized forms of finance for SMEs (special credit facilities, micro-credit schemes, seed capital, guarantee schemes, leasing, venture capital, concept of business angles) and other suitable forms;
9. IDB's technical and financial support to SMEs through its various financing facilities and windows;
10. Research and Development Facilities. Transfer of technology and know-how from advanced market economies;

11. Linkages between universities, research organizations and industries;
12. Sub-contracting and inter-firm linkages;
13. Key success factors for National SME Development Programme;
14. SME Baseline Survey (Issues in SME Growth);
15. Role of Government, Chambers & Private Sector;
16. Specialized Services for SMEs

### **Visit to Bangladesh Machine Tool Factory (BMTF):**

Apart from the lecture sessions during the 4-day training programme, the trainees also took advantage of a half-day visit to the Bangladesh Machine Tools Factory (BMTF) on the 4<sup>th</sup> Day of the training at Gazipur, which is 30 kilometers away from the capital city of Dhaka.

Upon arrival, the trainees were given a presentation on the facilities which are currently being assembled and manufactured at the BMTF for a variety of operations including the following:

- Assembling military and other vehicles, such as trucks, pick-up, ambulance, etc.
- Making lathe and other machines
- Making many different parts for the industries in Bangladesh

BMTF is well equipped with variety of high production machinery and equipment for various Engineering products. It has basic production facilities like casting, forging, machining, heat and surface treatment etc.

By visiting the various workshops and assembly lines at the BMTF, the trainees got a clear picture of how it is supporting SMEs in the light engineering and automobile sectors. The guided tour provided by BMTF to the trainees helped them to grasp the importance of such an infrastructure to adapt machineries and technology facility for SME development.

### **Observations by the Trainees included:**

- Facilitating access to accurate information on market opportunities for subcontracting and on potential foreign partners through market reports and data bases, trade fairs, exhibitions abroad and electronic trading platforms or subcontracting exchanges.
- Encouraging SME investment by facilitating companies' efforts to expand their business globally through information services and other means.
- Supporting the establishment and development of industry groupings (i.e. clusters) on regional, cross-regional, or cross-border levels.

- Promoting business linkages through identifying and matching potential partners while ensuring diversification of partners. Helping SMEs to develop their negotiating capacities and skills through institutional support (awareness building) and training measures.
- For a planned and sustained growth and development of micro enterprises, it becomes imperative to enact a ‘Micro, Small and Medium Enterprise Development Act’ in all those OIC countries where such legislation is either non-existent or inadequate. The Act should cover aspects such as the definition, institutional set-up, including national-level promotional organizations with representatives from private sector to take in to account its concerns, broad policy parameters, including finance related funding of development programmes, protection and monitoring.
- A compendium may be prepared of all authorities and institutions involved in the development of SMEs in OIC Countries.
- A roundtable of SME owners, SME authorities and institutions, which are actively engaged in the task of SME development, be convened to share and learn experiences from each other.
- National Chambers of Commerce and Industries and Professional Associations in OIC countries should create database for providing general or specialized information on SMEs.
- A mechanism be developed through relevant OIC Institutions to prepare the feasibility studies and business plans of SMEs in different sectors for export oriented projects for all OIC member countries, which has the priorities in terms of financial support by IDB.
- Development of SMEs of OIC member countries by taking various initiatives like incubation centers, joint ventures etc. demands for an effective information sharing and follow-up mechanism among OIC member countries. In order to meet the above mentioned objective, a network, which is comprised of a centralized body like ICCI and focal agencies in the respective OIC Countries need to be established and strengthened.
- Active and effective service of a technology cum-business incubator may be of great help for the growth of SMEs to overcome the problems related to access to finance, innovation, achieving international quality of products / services, development of appropriate skilled human resources, properly marketing their products / services etc. OIC Countries can get experience from developed countries in this regard.
- ICCI could initiate projects among some of the institutions in OIC Countries, such as Islamic University of Technology in Bangladesh, and Islamic University in Niger, etc. to build the capacity of these institutions, so that they can act as technology incubators and innovation centers.

- Members in the SME development bodies in OIC member countries are mostly from government organizations and relatively little participation is seen from the private sector. This is one of the main reasons that lack the dynamism of SME development support initiatives in OIC Countries.
- Access to finance is hardly the main constraint for an SME entrepreneur; rather lack of problem solving and entrepreneurial skills are the main reasons behind the setbacks faced by SME owners and managers.
- OIC countries have many universities and research institutions but there is no corresponding number of inventions, innovations or patents in the global scenario.
- Many best practices exist in OIC member countries but because of lack of systematic information exchange, SMEs do not get the benefit from experiences of other countries.
- Islamic Chamber Research & Information Centre (ICRIC) has offered to launch the Muslim World SMEs Website, which will be soon applicable for all ICCI Member Chambers and SME Owners.

#### **For Follow-up Activities:**

- ICCI may support training and capacity building via skill development programmes and business development service programmes so that SMEs can acquire the specific technical skills and business services required to develop, grow, expand and sustain.
- SME Authorities in OIC Countries need to promote clusters and networks to improve SME participation in global value chains through fostering and strengthening links between universities, research institutions and SME Owners.
- ICCI may follow-up with the SME Owners / Government Authorities in OIC Member Countries to introduce a Japanese concept of 'One-Village One-Product' to develop specialization and distinct identity to enterprises in that village. This would greatly help in exploiting the traditional skills of entrepreneurs, giving a boost to ethnic products, besides improving the local economy. The same concept has already been introduced through Aik-Hunar-Aik-Nagar (AHAN) in Pakistan, One Tomon One Product in Thailand and Bangladesh is in the process of introducing One-District One Product (ODOP).
- Since UN Agencies and other multilateral organizations have devised different programmes to help the growth and development of SME sector, effective international cooperation between ICCI and these UN Agencies would be very useful in sharing the best practices in addressing different issues of SMEs.

#### **Outcomes:**

At the conclusion of the Training Programme, the trainees gained an improved knowledge of SME profiles and strategies of:

- 1) Supporting SME through professional development activities in the workplace in their respective countries, with a primary emphasis on National SME Development Programme, learning resources and transfer of knowledge and skills for the benefit of others.
- 2) Providing accurate and timely advice to SMEs on the integration of their products with their business development programmes and processes.
- 3) Working with other SME Authorities, SME Banks, SME Associations, SMEs owners etc. to reduce skills gaps and shortages in the SME sector in their respective countries.
- 4) Developing networks of policymakers, enterprise support agencies, chambers of commerce and SME owners to share knowledge and experiences in devising National SME Development Programme in respective OIC member countries.
- 5) Gaining an understanding of the importance of improving competitiveness in order to compete in the global market through producing high quality products at reasonable prices.

### **Training Evaluation:**

The evaluation by the trainees to the training programme was completed before the concluding session, in which each trainee filled-in the prescribed evaluation questionnaire. The response of the trainees provided information about the benefits of the training programme. They were more equipped with enough conceptual framework and practical examples of how to develop knowledge and generate new ideas that offers the only true sustainable competitive edge in this knowledge driven global economy. The trainees agreed that the training programme was very useful and instrumental. The discussion, group work sessions and exercises were very fruitful in applying the information required in the lecture sessions. The trainees also recognized the importance of keeping abreast of changing technologies, production and marketing techniques as well as business management practices to improve competitiveness and increase productivity.

Trainees expressed their desire for holding of tailor-made training programmes in key sectors for SMEs by ICCI for enhancing the growth and development of SMEs and for improving their business operating environment to compete on a global scale. They also stressed the need of introduction of financial support schemes to increase the Research and Development and to support SMEs by offering innovative ideas and more active support of their export initiatives. The good cooperation between R & D institutions, universities and SMEs shall guarantee the increase of innovativeness and competitiveness of SMEs in OIC Countries.

### **Closing Session:**

The closing session of the Training Programme was held on Thursday, 13<sup>th</sup> December 2007. The closing ceremony was started with the recitation of the verses from the Holy Quran. Mr. Syed Nasir Ali Mirza, Manager Industrial Investment, ICCI presented the Report of the Training Programme.



Mrs. Attiya Nawazish Ali, Assistant Secretary General (Coordination), Islamic Chamber of Commerce and Industry (ICCI) presented the closing address. She said that this Training Programme would assist the trainees in building capabilities and capacities of SMEs for enhancing growth and competitiveness. She was sure that trainees have greatly benefited from this Training Course and would be able to assist the SMEs by their enhanced performance in their respective companies, organizations and chambers. She was confident that activities such as these training programmes will lead towards achieving ICCI's objectives. She expressed her thanks and appreciations to Federation of Bangladesh Chambers of Commerce & Industry (FBCCI) for all their support and cooperation in successfully organizing this training course. She also thanked IRTI/IDB and PGTF/UNDP for their generous financial support towards this operation.

In his closing address, Mr. Syed Manzur Elahi, Administrator, Federation of Bangladesh Chambers of Commerce & Industry (FBCCI) said that the findings of this Training Programme will provide us with a guideline to develop stronger SME and overcome the internal and external weaknesses such as lack of capabilities and resources, poor management, lack of modern technology, lack of inadequate infrastructure, low investment, lack of R & D facilities etc. He believed that this programme would help in making building blocks for establishing a network of Small and Medium Industries among the Members Countries that will eventually lead to institutionalize a new foundation. The recommendations made from the programme will help chalk out various specific areas of economic cooperation. He recommended that the Chambers of Commerce and Industry of all Islamic Countries should engage themselves in a process of interaction with their respective Governments for formulation of a pragmatic SME policy aiming greater trade liberalization, freer movement of capital, technology and people among the member countries. In the end, he thanked the trainees, Islamic Chamber of Commerce and Industry (ICCI), Islamic Research & Training Institute of Islamic Development Bank (IDB) and Perez-Guerrero Trust Fund (PGTF) of United Nations Development Programme (UNDP) for their cooperation and support in organizing this Course. He considered the programme a great success.

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